



# FOCUS & SCALE



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**WE HAVE WORLD-CLASS EXPERTISE  
BUILDING WORLD-CLASS BUSINESSES.  
WE ARE HAYS.**



# FOCUS & SCALE

## WHAT DO WE DO?

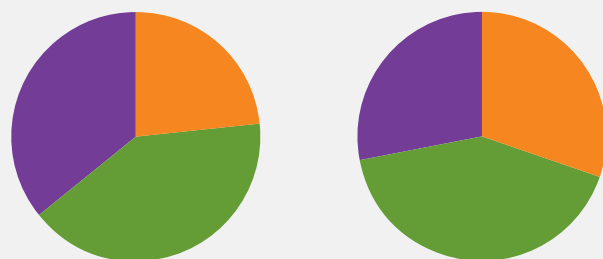
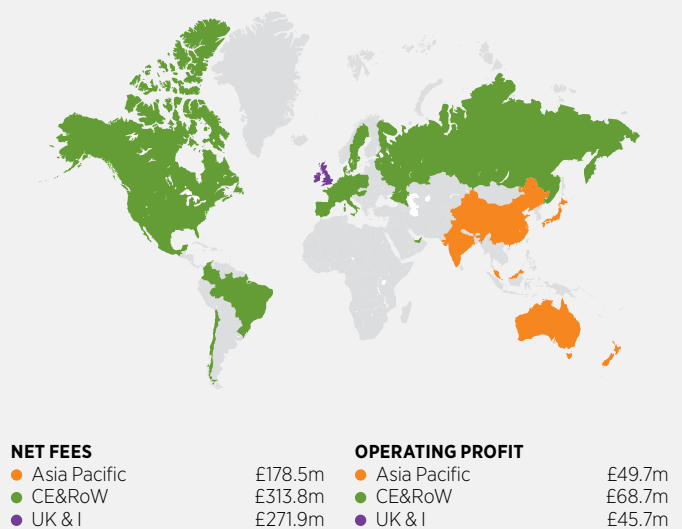
We are leading global experts in qualified, professional and skilled recruitment and employ 9,023 people around the world. Every day our expert consultants help thousands of candidates find their next role, and they also help clients reshape workforces and deal with talent shortages.

### KEY FY15 STATISTICS



## HOW ARE WE ORGANISED?

We group our 33 country businesses into three regions: Asia Pacific; Continental Europe & Rest Of World (CE&RoW); and the UK & Ireland.



## HOW DID WE PERFORM THIS YEAR?

**NET FEE INCOME<sup>(1)</sup>**  
(2014: £724.9m)

£764.2m

**BASIC EARNINGS PER SHARE**  
(2014: 6.13p)

7.44p

**OPERATING PROFIT<sup>(1)</sup>**  
(2014: £140.3m)

£164.1m

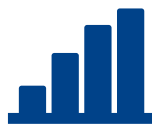
**CASH CONVERSION<sup>(2)</sup>**  
(2014: 125%)

116%

**DIVIDEND PER SHARE**  
(2014: 2.63p)

2.76p

[Financial Review p30](#)



## WHAT WAS THE MARKET BACKDROP?

Market conditions were supportive in the vast majority of countries, including our three core profit drivers:

### AUSTRALIA

Returned to growth, led by Perm in the non-mining states, though mining regions were tough.

### GERMANY

Regulatory uncertainty persisted in Temp markets, but trading conditions remained good throughout the year.

### UK & IRELAND

Continued broad-based market recovery increased confidence levels across the UK.



[Market Overview p12](#)

## WHAT IS OUR INVESTMENT CASE?

- 1 The strength of our business model by sector and contract type...
- 2 ...with a balanced exposure to both mature and structural growth markets...
- 3 ...drives superior financial performance through the cycle...
- 4 ...and generates significant cash flow and dividend potential.



[Our Investment Case p6](#)

## HOW DO WE CREATE VALUE?

The scale, balance and diversity of our business model makes us unique in our industry.

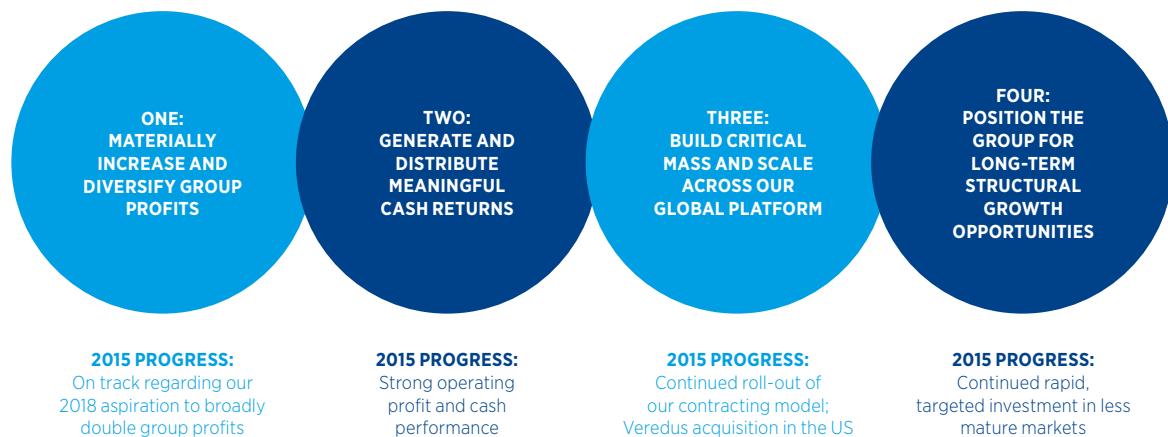
The breadth of our expertise by contract type, geography and specialism positions us well to withstand the different stages of the macroeconomic cycle.

Expert local teams with sector-leading technology, supported by a world-class brand, enable us to consistently create value for our candidates, clients, employees and shareholders.



[Our Business Model p7](#)

## WHAT ARE OUR STRATEGIC PRIORITIES?



[Chief Executive's Review p14](#)

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

(2) Cash conversion is the conversion of operating profit into operating cash flow (before exceptional items and capital expenditure).

## FINANCIAL HIGHLIGHTS

# GROWTH & LEVERAGE

NET FEES (£M)<sup>(1)</sup>

Up 9%

2011	672.1
2012	734.0
2013	719.0
2014	724.9
2015	764.2

## BASIC EARNINGS PER SHARE (PENCE)

Up 21%

2011	5.19p
2012	5.47p
2013	5.14p
2014	6.13p
2015	7.44p

OPERATING PROFIT (£M)<sup>(1)</sup>

Up 25%

2011	114.1
2012	128.1
2013	125.5
2014	140.3
2015	164.1

CASH CONVERSION<sup>(2)</sup>

Of 116%

2011	85%
2012	127%
2013	109%
2014	125%
2015	116%

CONVERSION RATE<sup>(2)</sup>

Up 210 bps

2011	17.0%
2012	17.5%
2013	17.5%
2014	19.4%
2015	21.5%

## CORE DIVIDEND PER SHARE (PENCE)

Up 5%

2011	5.80p
2012	2.50p
2013	2.50p
2014	2.63p
2015	2.76p

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

(2) Cash conversion is the conversion of operating profit into operating cash flow (before exceptional items and capital expenditure).

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

## CHAIRMAN'S STATEMENT

# PERFORMANCE & PROGRESS



“In 2015 we have delivered a strong set of results with excellent operating profit growth and a strong cash performance. We have also made further strategic progress, notably completing the acquisition of Veredus in the US.”

We delivered good net fee growth of 9%<sup>(1)</sup>, as we capitalised on continued strength in the majority of our markets, further improvements in the UK and a return to growth in Australia. We converted this net fee growth into excellent operating profit

growth of 25%<sup>(1)</sup> and EPS growth of 21%<sup>(1)</sup>. Taking into account this financial performance, and in line with our policy of building dividend cover towards 3x earnings, the Board proposes to increase to the full year core dividend by 5%.

The Hays business is broad-based, well diversified and balanced. We have grown into new geographies and new sector specialisms, primarily through organic replication of our business, supplemented by acquisitions when appropriate.

This year we completed the acquisition of Veredus Corp., a US-based IT staffing company, which has provided us with a great platform to build scale rapidly in what is the world's largest recruitment market. This, along with our existing worldwide operations, enables us to serve the needs of our multinational clients and our internationally mobile candidates by offering them a truly global service around

the clock, delivered around the world by talented local experts. This scale and breadth makes us unique in the world of specialist recruitment, and is a key driver of the Group's success.

I and the Board have had the opportunity to visit many Hays offices this year in countries such as Germany, France and the US and have, as ever, been greatly impressed by the professionalism, talent and expertise of our people. Everyone in the Group shares the same aim of making Hays the world's pre-eminent specialist recruitment business and their drive and commitment has underpinned this year's strong financial and operational performance. I would therefore like to thank everyone in the Group for their contribution over the last 12 months and we look forward to another successful year in 2016.

**ALAN THOMSON**  
CHAIRMAN

# STRENGTH & DELIVERY

<p><b>1</b></p> <p><b>THE STRENGTH OF OUR BUSINESS MODEL BY SECTOR AND CONTRACT TYPE...</b></p>	<ul style="list-style-type: none"> <li>• We have built a global platform with unrivalled scale, balance and diversity</li> <li>• Balanced exposure across permanent, temporary and contractor recruitment markets</li> <li>• Execution in local markets built on the best people, sector-leading technology and a world-class brand</li> <li>• Strong operational and senior regional management across the Group</li> <li>• All focused on delivering the best solutions for clients and candidates</li> </ul> <p><a href="#">+ For more information, see p7</a></p>	<p><b>COUNTRIES</b></p> <p>33</p> <p><b>SPECIALISMS</b></p> <p>20</p>
<p><b>2</b></p> <p><b>...WITH A BALANCED EXPOSURE TO BOTH MATURE AND STRUCTURAL GROWTH MARKETS...</b></p>	<ul style="list-style-type: none"> <li>• Many markets across our global platform represent clear structural growth opportunities</li> <li>• Growth in these immature markets is driven by first-time outsourcing of the recruitment of skilled staff</li> <li>• 37% of our Group net fees are generated in these structural growth markets such as Germany, Latin America and Japan</li> <li>• 63% of our Group net fees are generated in mature markets such as UK &amp; Ireland, Australia and North America</li> </ul> <p><a href="#">+ For more information, see p8</a></p>	<p><b>GROUP NET FEES</b></p> <ul style="list-style-type: none"> <li>• Mature markets</li> <li>• Structural growth markets</li> </ul> 
<p><b>3</b></p> <p><b>...DRIVES SUPERIOR FINANCIAL PERFORMANCE THROUGH THE CYCLE...</b></p>	<ul style="list-style-type: none"> <li>• We remain on track to deliver on our aspiration to broadly double 2013's operating profit of £125 million to £250 million in 2018</li> <li>• As well as delivering this profit growth, we remain focused on diversifying the make-up of our profitability</li> <li>• We continue to generate sector-leading conversion rates with superior leverage of our net fee growth into operating profit growth</li> </ul> <p><a href="#">+ For more information, see p31</a></p>	<p><b>FY15 OPERATING PROFIT</b></p> <p>£164.1m</p> <p><b>DROP-THROUGH OF NET FEE GROWTH INTO OPERATING PROFIT GROWTH</b></p> <p>51%</p>
<p><b>4</b></p> <p><b>...AND GENERATES SIGNIFICANT CASH FLOW AND DIVIDEND POTENTIAL.</b></p>	<ul style="list-style-type: none"> <li>• Delivering our plan would allow us to generate material cash returns, build a net cash position and grow the Group's dividend</li> <li>• We target dividend cover of 2-3x earnings across the economic cycle and are building cover towards the upper end of this range</li> <li>• Once we have built a net cash position of c.£50 million, any free cash generated over and above this level will be distributed to shareholders annually when the business is growing, most likely as a special dividend, supplementing the core dividend</li> </ul> <p><a href="#">+ For more information, see p33</a></p>	<p><b>CASH CONVERSION<sup>(1)</sup></b></p> <p>116%</p> <p><b>DIVIDEND PER SHARE</b></p> <p>2.76p</p>

(1) Cash conversion is the conversion of operating profit into operating cash flow (before exceptional items and capital expenditure).



## OUR BUSINESS MODEL

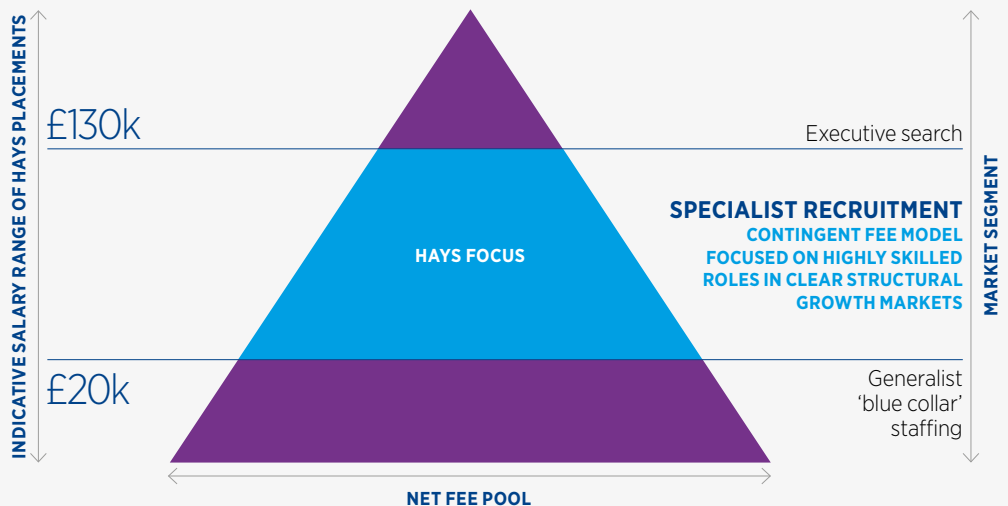
# RESILIENCE & BREADTH

### HOW WE GENERATE FEES

We focus 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 roughly £20,000 p.a. to £130,000.

Our fees, which are paid by the client, are calculated as a percentage of the salary of the candidate placed.

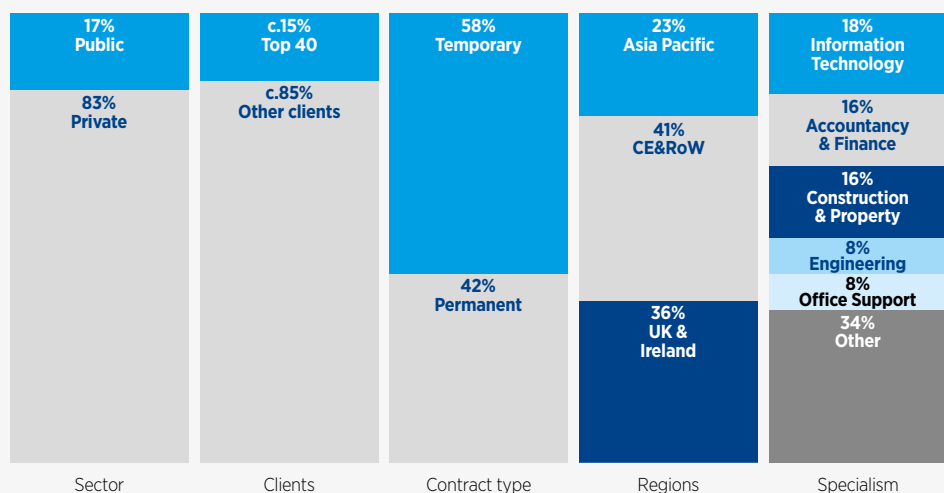
THE STRUCTURE OF THE GLOBAL RECRUITMENT MARKET



### BALANCED EXPOSURE ACROSS MARKETS IS KEY TO OUR MODEL

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

BREADTH OF EXPERTISE



# OUR BUSINESS MODEL CONTINUED

## EXPERT LOCAL TEAMS WITH WORLD-CLASS TOOLS AND SERVICES DRIVE OUTPERFORMANCE

Delivering world-class results for clients and candidates every day in local markets relies on having the best people in our industry. We believe that by equipping them with the latest technology tools and products, and a world-class brand we can be even more effective.

### PEOPLE

Hays is the ultimate people business. Our success relies on hiring, retaining and training the best expert recruitment consultants and operational management in the industry. To do this, we have dedicated recruitment teams in every major business, award-winning attraction tools and the best formal training programmes in the market.



### TECHNOLOGY

In today's data-rich world it is essential that our people are equipped with the latest technology tools and products. This philosophy is at the heart of our business. Recognising and responding to the fact that clients and candidates interact with us in multiple evolving ways using various different channels, such as web or mobile, is key, as is providing the technology solutions demanded by our clients.



### BRAND

A world-class global brand positions Hays as the leader in the specialist recruitment market. Our reputation is key and we focus on building and enhancing it by supplementing our core brand with thought-leadership products such as The Hays Journal, Hays Global Skills Index and various salary guides. This is all designed to enhance the perceptions of Hays as leader in the world of work.



## UNRIVALLED SCALE, BALANCE AND DIVERSITY

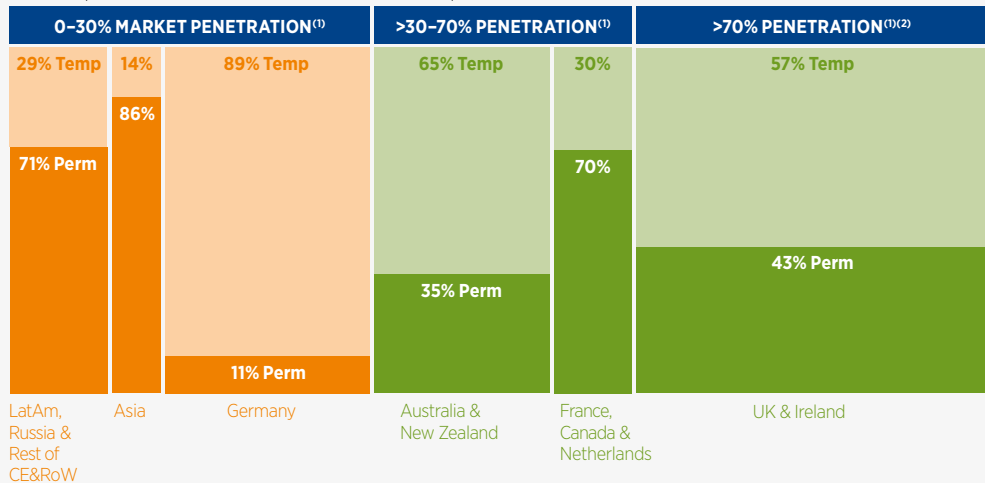
The right-hand side of the chart shows that 63% of our Group net fees are generated in mature markets such as UK & Ireland. Here we have established scale and can generate high levels of profit growth and cash generation when the market environments are favourable.

On the left side are clear structural growth opportunities where we earn 37% of our net fees. Often these are well-developed economies, such as Germany or Japan, where the use of recruitment firms to source skilled candidates remains a relatively recent development.

### NET FEES BY GEOGRAPHY, TYPE, AND MARKET MATURITY

**STRUCTURAL/IMMATURE**  
37% Group net fees

**CYCLICAL/MORE MATURE**  
63% Group net fees



(1) Market penetration represents the percentage of skilled and professional recruitment that is outsourced, based on Hays' management estimates.  
(2) USA considered a more mature market but excluded from the chart for business size reasons (1% of Group net fees).

## OUR MODEL GENERATES CLEAR OUTCOMES FOR ALL STAKEHOLDERS

Our business has been deliberately built to ensure we drive maximum financial performance at all stages of the economic cycle. This is what sets Hays apart.

### CANDIDATES

CVs

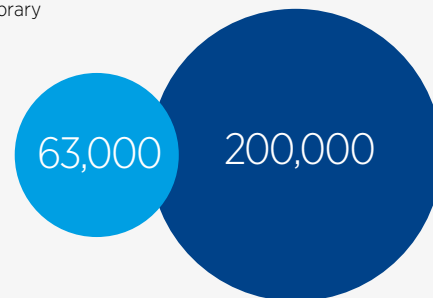


We work with candidates to help them find their next permanent job or temporary assignment. In many cases this is a life-changing event. We work to understand every candidate we place, interviewing them all to ensure we provide them the best opportunity to match their needs. This year alone we received 10 million CVs and placed around 63,000 people into their new permanent roles and 200,000 people into temporary assignments.

### CLIENTS

ROLES FILLED

- Permanent
- Temporary

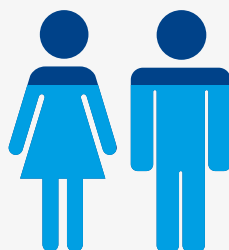


We work with clients to find the skilled people they need to help drive growth in their businesses. We help clients navigate and solve skills shortages in certain markets, and reshape workforces in others. Simultaneously we continuously evolve our product offering, and how we meet the needs of our clients, both large and small, as those needs change.

### EMPLOYEES

EMPLOYEE ENGAGEMENT 2015

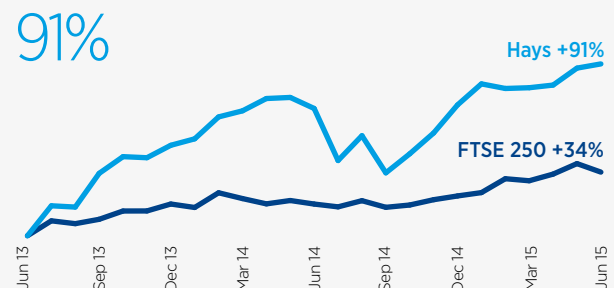
84%



Our ability to attract, train and develop people is the key to our business. Hays' employee engagement survey tracks our employees' sense of belonging, discretionary effort, personal motivation and job satisfaction. In FY15 employee engagement was again very high. Over the year we conducted more than 3,000 training days globally and 240 senior managers have now attended our Fast Forward and Advanced Management leadership programmes.

### SHAREHOLDERS

TWO-YEAR TOTAL SHAREHOLDER RETURN<sup>(1)</sup>



The breadth, scale and balance of our business model allows us to deliver superior financial performance through the cycle. Exposure to Temp markets adds resilience to earnings in more challenging times and our large Perm business ensures rapid earnings growth in better markets. This, combined with our focus on working capital management and the cash generative nature of the business, means we have the potential to return meaningful cash to shareholders as our business grows.

(1) Total shareholder return combines share price performance and dividends paid to show the total return to the shareholder as an annualised percentage.

# GLOBAL & LOCAL



ASIA PACIFIC

## Cross-discipline recruitment with Vodafone New Zealand

Hays is the market-leading specialist recruitment company in New Zealand, having operated in the country since 1999. Our breadth of experience and technical expertise across a large range of specialisms enables us to act as a key partner to many of the leading companies in the country.

We have worked closely with Vodafone New Zealand for over a decade. Last year we made more than 500 permanent placements for the company across many varied divisions including Technology, Finance, Human Resources and Systems Engineering. We work with the client to provide expert advice throughout the recruitment lifecycle; from initial briefing discussions through to advertising, social media campaigns, testing, screening and compliance.



CE&ROW

## Working across France to source talent with Crédit Agricole

Hays works with a variety of established companies in the financial sector with clients looking to fill Permanent and Temporary roles. We have been a major supplier of Temporary employees to Crédit Agricole across France since 2007 and last year developed the relationship further to place over 250 Permanent candidates with them in Strasbourg. Following that success we have evolved the relationship further this year, placing Permanent candidates across Lille, Lyon, Tours and Paris. Additionally we are now working with Crédit Agricole to build a management training plan.

Stéphane Bourdareau, HR Director, noted: "The partnership we have built with Hays has enabled us to achieve our recruitment goals. Hays is always able to react quickly and mobilise local resources to answer our specific and individual needs, offering valuable advice on the appropriate processes to secure the best candidates."



UK & IRELAND

## Working with IT leaders in the UK to develop teams and careers

At the heart of how we work are the strong, long-standing relationships we build with candidates and clients. Over the past nine years Hays has placed Wendy Naisby, a senior IT specialist, into roles at Virgin Group, Gada Group, and most recently Moët Hennessy Europe (LVMH). In her current position as European IT Director, Wendy has also worked with Hays to fill roles within her own team and she often attends our client-focused events.

Wendy noted: "Since I moved to the UK, Hays has not only successfully placed me in key positions, but has also effectively managed my career progression. My experience is that Hays differentiates itself in the market by working hard to understand your profile and ambition, developing its relationship with you through impressive online thought-leadership articles and hosting worthwhile events. My consultants are experts in their fields and I have enjoyed working with them to fill important roles within my respective teams."

## GLOBAL EXPERTS AND LOCAL SPECIALISTS

Our business model is designed to allow our consultants across 33 countries to deliver the best solutions for clients and candidates in every local market. Supported by an array of local marketing events, this year we filled over 1,000 jobs every working day around the world.

### ASIA PACIFIC

The annual Hays Salary Guide launch was attended by over 4,000 clients and journalists across 30 events and seven countries in Asia Pacific. A variety of Hays Directors presented our 2015 Hays Salary Guide findings, discussing salary movements, hiring intentions, employment trends and economic outlooks. Guests also presenting included speakers from Standard Chartered Bank, NAB, ANZ Bank and Suncorp.

#### SALARY GUIDE LAUNCH ATTENDEES

4,000+



### ASIA

Hays spoke to 145 CFOs in Asia about their background, experience, business, career and interests to uncover the 'DNA of a CFO'. A detailed paper was launched across five countries with over 200 clients, candidates and journalists attending events in Tokyo, Shanghai, Beijing and Guangzhou. Hays Directors presented the findings of the report and guest speakers, including CFOs from Armstrong Investment, Domino's Pizza, Sirius Wells and Lafarge, all shared their advice.



### GERMANY

Hays-Forum is a series of events that provides a platform for our German team to share knowledge with over 1,500 clients and candidates each year across nine cities. At the events, we present our latest thought-leadership findings, supported by a keynote speaker. This year Thomas Sattelberger, former Chief Human Resources Officer at Deutsche Telekom and a board member at Lufthansa, talked about the future vision of leadership in organisations and the working world as a whole.



### UNITED STATES

In December 2014 Hays completed the acquisition of Veredus, a pure-play IT staffing company headquartered in Florida. This year we sponsored the Enterprise Project World Conference, an event that was hosted in Orlando and brought together project managers from top listed global companies. By supporting the event, our IT consultants were able to network directly with over 120 professional experts in the field of Project Management. This included a combination of customers and consultants that consisted of CIOs, CTOs, project managers, directors, managers and project leaders, enabling our consultants to build valuable relationships at all levels.

## LEADING THE DEBATE

Every year we connect clients and candidates with the world of work through events that include inspirational speakers, coaching, seminars and networking opportunities.



### UNITED KINGDOM

More than 80 people from organisations such as PwC, Bank of England, Hewlett Packard and American Express attended an evening panel to discuss workforce diversity. Chaired by Robert Potter, Hays Group Human Resources Director, clients were invited to network and listen to our senior panel discuss how to build and retain a diverse workforce whilst exploring examples of recruitment best practice.

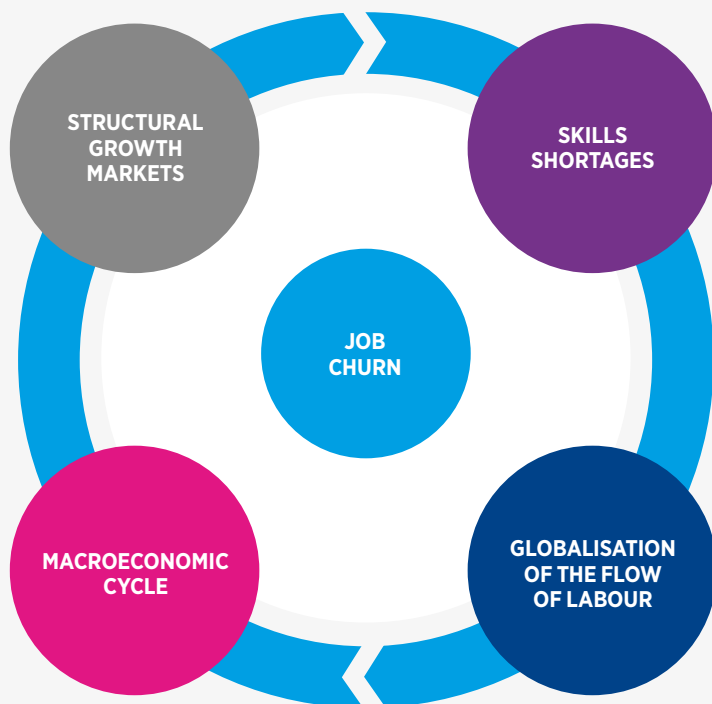
### UNITED KINGDOM

Over 100 senior women from companies such as Lloyds Banking Group, Goldman Sachs and Sainsbury's attended the latest quarterly seminar hosted by Hays Leading Women. At this event Jay Surti, a business presentation mentor, gave advice on effective communication and talked about how to improve public speaking skills and bring gravitas to contributions made in meetings.

# MATURE & EMERGING

The global specialist recruitment market is driven primarily by confidence among businesses to hire skilled people and candidate confidence to move jobs. We call this ‘job churn’.

In addition, we identify four further factors which drive our markets: the emergence of structural growth markets in specialist recruitment; skills shortages in certain recruitment markets; the globalisation of the flow of labour; and the macroeconomic cycle.



## LONGER-TERM KEY TRENDS

### LABOUR FORCE EVOLUTIONS

These include the rise of the digital economy, increased IT spend and demand for more flexible, project-based work. This, together with the greater mobility of experienced workers and globalisation of jobs, is contributing to the increase in the number of people offering their skills as independent contractors.

### EVOLVING TECHNOLOGY

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, the digitalisation of both supply and demand creates vast quantities of data to be analysed and put to use.

### CHANGING CLIENT BEHAVIOUR

Many companies are adding flexibility to their workforce by employing skilled people on a contract or project basis. In return, they benefit from a workforce that has been building up a wide portfolio of relevant experience.

### CHANGING BUSINESS PRACTICES

These include increased outsourcing of recruitment in many immature markets around the world where most professional recruitment is still done in-house, as well as the increased levels of procurement seen in large corporates.



## AUSTRALIA

## RETURNED TO GROWTH BUT RESOURCES TOUGH

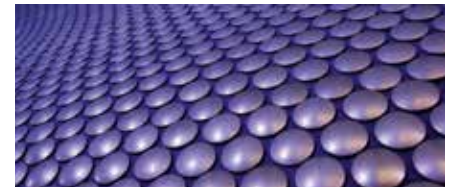
In Australia, overall sentiment improved during the year, despite there being a degree of caution over the differing conditions experienced across the regions. Mining investment remained subdued as iron ore and other commodities' prices experienced unprecedented lows. After a series of interest rate cuts earlier in the year the economy experienced a transition phase led by the services sector, which showed signs of improvement especially during the latter part of the year.



## GERMANY

## CONDITIONS REMAIN SOLID

The German economy showed signs of resilience during the year despite being impacted by continuing challenges within the Eurozone, as well as lower growth in some of its other key export markets, including China. These were offset by increases in private consumption and investment in construction. Regulatory uncertainty in the labour market persisted and, as of the end of the year, the current coalition government had yet to ratify the proposed legislation governing some Temp and Contractor markets.



## UK

## CONTINUED BROAD-BASED RECOVERY

The UK economy continued its broad-based recovery during the year, despite the sustained fragility and geopolitical instability in the neighbouring Eurozone weighing down optimism. There was a brief spell of deflation in the year, pushing further back a potential interest rate rise by the Bank of England. This, together with falling unemployment and rising wages, led to an increase in consumer and business confidence and a continuation in strong levels of activity in the Construction and Property sectors.

# ECONOMIC BACKDROP

The state of the macroeconomic cycle and outlook, and prevailing sentiment in our markets have a direct and often significant impact on activity levels. This can be both positive and negative, particularly with respect to the confidence levels of the businesses to invest, and candidates to move jobs.

The year to June 2015 was characterised by improved conditions in several key markets, such as Australia and across mainland Europe, where many countries saw significantly better candidate sentiment after several tough years. Elsewhere, market conditions remained supportive overall in the vast majority of our countries.

Despite persisting Eurozone uncertainties, geopolitical instability in parts of the world such as the Middle East and Ukraine, and volatile conditions in energy markets, there has been a lack of major economic shocks or significant negative events in the year, which is key to supporting sentiment amongst our clients and candidates. Proposed legislation governing some German Temp and Contractor markets continued to be a source of uncertainty for certain client segments, impacting on their recruitment decision-making. In Australia the decline in commodity prices impacted activity levels in the resources-focused regions. Otherwise, the backdrop in our key markets remained good.

Major central banks maintained supportive monetary policy measures, with historic low interest rates in the UK and the US, and a further cut to the Eurozone's base rate. China cut its benchmark interest rate three times in the space of six months, prompted by lower growth and declining property prices, while Australia also saw further cuts to its base rates fuelling a rise in property values in New South Wales and Victoria as well as driving down the Australian dollar, contributing to a general improvement in business confidence in the second half of the year.

In the US the Federal Reserve announced the end of the quantitative easing programme it started in 2008. By contrast, in Europe the European Central Bank initiated its own bond-purchasing programme as the single-currency block drifted into a period of deflation. The UK also witnessed a spell of deflation, for the first time since the 1960s, which was generally seen as benign and a boost to consumer spending. As a result, with inflation far below the Bank of England's target of 2%, the prospects of an interest rate rise receded.

The UK took centre stage in the political arena during the year: Scotland voted to remain part of the UK and later in the year a new

government was formed, following a clear outcome from the UK general election. Elections also took place in Japan and Greece, with the latter result increasing speculation over a potential Greek exit from the Eurozone.

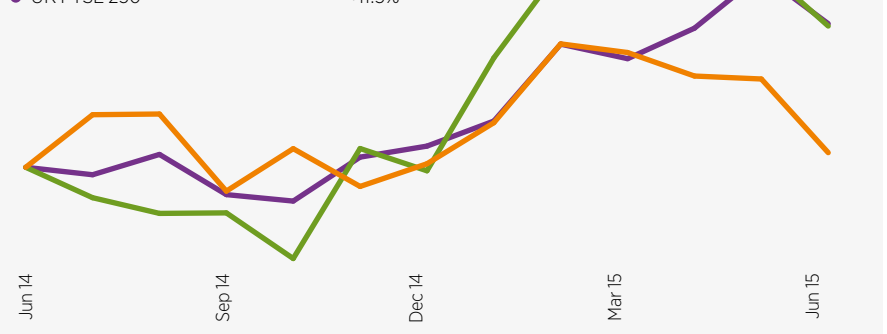
Looking ahead, the International Monetary Fund expects global growth to remain moderate, but overall conditions are expected to continue to see steady improvement. Therefore, although risks will continue to exist the outlook remains positive.

[+ Divisional Operating Reviews p22-27](#)

### ANNUAL PERFORMANCE OF MARKET INDICES

More optimistic sentiment was reflected in equity markets over the year.

● Australian ASX 200 +1.2%  
● German DAX 30 +11.3%  
● UK FTSE 250 +11.5%



# FOCUS & SCALE



## KEY INSIGHTS INTO THE YEAR, FROM CHIEF EXECUTIVE ALISTAIR COX

“We delivered growth in all of our core markets around the world for the first time since 2008.”

In this section I'll provide my view on how the Group has performed this year, as well as providing an update on the significant strategic and operational progress we have made over the last twelve months against the priorities I set out last year. Finally, I'll outline our long-term goals and our key areas of focus for 2016.

The role we play in the business world and society in general is an important one: to help our clients find the right person for the right job at the right time, and to help our candidates find the perfect role to develop the next stage of their own career. Every day, we work with organisations from the world's largest to the smallest to help them find the talent they need to thrive and grow. As the global economy has continued to recover, many of our clients are investing in growing their workforce to cater for the increased demand for their products and services.

At the same time, they are dealing with greater levels of attrition as current employees become more confident and move jobs. All of this creates a vibrant recruitment market, exacerbated as the demand for skills in many sectors now exceeds supply. This in turn leads to wage inflation and skills shortages becoming more commonplace around the world. This increasing demand for talent enabled us to help over a quarter of a million people find their next job last year. That is real scale. In doing so, we worked with thousands of organisations in both the public and private sectors to find the skilled people they needed to build their businesses. We are proud of this and it is what we call Powering the World of Work. It is the role we play in helping to drive forward the world's businesses, economies and societies and it is why we exist as a business.

✉ Feedback via [ir@hays.com](mailto:ir@hays.com)  
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## OUR OBJECTIVES

1

### CONTINUE TO IMPROVE CONSULTANT PRODUCTIVITY

#### PRIORITIES WE SET OUT LAST YEAR:

- Equipping consultants with the best tools to make them as effective as possible
- Utilising new technologies
- Investing in and developing our training and development programmes worldwide

#### PROGRESS WE HAVE MADE IN 2015:

- UK & Ireland productivity up 3%, helping to drive £19.6 million<sup>(1)</sup> divisional profit improvement
- Reinvested in Asia and Germany to drive future growth
- Group consultant average headcount, excluding the Veredus acquisition, up 9% in the year; Group net fees also up 9%<sup>(1)</sup>
- Focus on training management and the effectiveness of all consultants

2

### CONTINUE TO INVEST SELECTIVELY TO DRIVE PROFITABLE GROWTH

- Targeted investment in those businesses which need additional capacity
- Focus resources on those businesses best positioned to deliver meaningful contribution to the Group's results over the next five years
- Take tough decisions to protect profitability where appropriate

- Group consultant closing headcount, excluding the Veredus acquisition, increased 9% in the year, as we added 464 consultants
- Headcount was targeted at high-growth markets such as Asia, up 20%, and Germany, up 14%, as we invested in the areas of our business which are focused on small- and medium-sized clients

3

### BUILD SCALE ACROSS OUR PLATFORM

- Replicating the strength of our UK, Australia and Germany businesses in more countries around the world
- Be aggressive with investment in markets offering long-term growth opportunities such as US and Japan

- Completion of the Veredus acquisition in the US, providing the Group with a strong platform for growth in the world's largest recruitment market
- Continued roll-out of our Contracting model to capitalise on a macro shift in the skilled workforce marketplace. The Veredus acquisition added a further 700 contractors

4

### CONTINUE TO SEARCH FOR WAYS TO IMPROVE EFFICIENCY AND EFFECTIVENESS

- Build on the technology lead we enjoy in the industry
- Research and develop new and emerging technology tools and routes to market

- Consistent focus on maximising productivity and effectiveness of all processes around the Group
- German back-office automation project under way to increase efficiencies
- Innovation team continue to research, analyse and build relationships with new and emerging business models

#### 2015 IN REVIEW

This has been another strong year for Hays. We grew our net fees by 9%<sup>(1)</sup> and increased operating profit by 25%<sup>(1)</sup>. Our cash performance was also strong as we converted 116% of operating profit into operating cash flow, and we ended the year with £31 million of net debt, down from £63 million last year. Our goal is to eliminate net debt and build a net cash position in the business and we are well on the way to achieving this. Our strong financial performance has allowed us to propose to increase our core dividend by 5%, while also continuing to build our core dividend cover towards the goal of 3x earnings. Paul Venables, Group Finance Director, discusses our financial performance in more detail from page 30.

#### SUPPORTIVE MARKETS

Market conditions remained supportive in the vast majority of our 33 countries throughout the year. Stable economic conditions and lack of major economic shocks reinforced greater confidence amongst our clients to replace leavers and hire new staff and our candidates to move jobs. Importantly, we delivered growth in all of our core markets around the world for the first time since 2008.

In the UK & Ireland net fees increased 11%<sup>(1)</sup> and our exceptionally strong profit leverage in this business allowed us to increase operating profits by £19.6 million<sup>(1)</sup>, with 74%<sup>(1)</sup> of incremental net fees flowing through into incremental profit. In Germany, our largest business in profit terms, conditions were good throughout the year, and we produced another record year for net fees and operating profits, which were both up 6%<sup>(1)</sup>.

In the rest of Europe we delivered strong double-digit<sup>(1)</sup> growth in key businesses such as Belgium, Switzerland and Poland. Several markets that have been challenging for some time, including Spain and Italy, returned to strong growth and we continued to grow rapidly in France, a market where we are now creating real scale as we outperform our competitors.

In Australia we saw a return to growth for the first time since 2012 as confidence returned to a number of our market segments, particularly in the permanent recruitment markets in the non-mining states. In Asia conditions were good throughout the year, as our Japan business grew 15%<sup>(1)</sup> to deliver a record year and Malaysia, Hong Kong and China all saw strong double-digit<sup>(1)</sup> growth.

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

# CHIEF EXECUTIVE'S REVIEW CONTINUED

In South America, conditions in Brazil remained challenging and we took appropriate action to reduce our cost base. Elsewhere, the rest of our Latin America business in Mexico, Chile and Colombia continued to deliver excellent growth with net fees in each country growing by over 40%<sup>(1)</sup>.

In North America, our Canadian business was up 10%<sup>(1)</sup> but ended the year flat as the slowdown in the energy and resources industries impacted the overall economy. In the USA, however, conditions continued to be very positive and we not only grew our existing business aggressively, but we also took the important step of acquiring Veredus Corp., instantly providing us with a significant platform to grow further in this attractive market. You can read more about this later in this section.

## CONTINUED PROGRESS TOWARDS OUR FINANCIAL GOALS

Back in 2013, we outlined our five-year aspirations for the Group. Our financial aspirations are to broadly double the Group's operating profit between 2013 and 2018, and to diversify from where we earn our profits. These aspirations assumed a global macroeconomic backdrop of modest but consistent overall growth. In today's world we fully expect the occasional minor economic shock, but our base case assumes no major destabilising event. So far, two years into that five-year period, this assumption has proved accurate and remains valid. The major economies of the world, including our own key markets, have returned to steady economic growth. Issues clearly remain in the Eurozone, Russia and the Middle East, but no single event has escalated and derailed the solid recovery we continued to enjoy. Against this backdrop, we believe we can be very successful. Two years into our plan, overall trading has been ahead of where we originally anticipated and many of our businesses are performing better than we planned, although the recent strength of sterling has been an obvious headwind which has materially diluted our translated results. Regardless, the business has performed very well on a like-for-like basis and we finished 2015 on track to deliver on our original 2018 aspirations, even after the currency impact to date has been accounted for. Looking forward, sterling's strength means we will have to work hard and deliver significantly beyond our original expectations to meet our five-year goals on a headline basis, but we remain confident of doing so.

Throughout the year we have continued to focus on improving our consultants' productivity and making selective, rapid investment into the business where we see further growth opportunities. In the UK we increased productivity by 3% and that was a key driver in the improved profitability of this business. That extra profit gave us the space to invest in additional capacity in places such as Asia where we see buoyant markets, and in Germany where we invested in the areas of our business which are focused on small- and medium-sized clients.

Excluding the acquisition of Veredus, closing Group consultant headcount was up 9%, which equated to an addition of 464 new consultants to our business. Our approach to this investment has been consistent for many years now. We appraise each opportunity on its own merits and we invest selectively where we see clear and compelling opportunities for growth. Decisions are taken on an office-by-office and a desk-by-desk basis, and we review our options constantly. The key to our success is our ability to understand and interpret trends in local markets quickly and accurately. This relies on high-quality management teams running our businesses around the world, but also requires real-time information and data. One of the advantages of the front- and back-office system investments we completed globally in 2012 is the quality, accuracy and speed of the data we are able to produce to inform rapid decision-making based on facts, informing the investment decisions we make into the business.

## SIGNIFICANT STRATEGIC AND OPERATIONAL PROGRESS

We have made significant strategic and operational progress in a number of areas this year. One of the most important was our acquisition, in December 2014, of IT staffing company Veredus Corp. in the US. This is an important milestone in our strategic development, about which you can read more on the opposite page. The US is the world's largest recruitment market, the industry there is long-established and well understood, but significant further growth potential undoubtedly remains. I expect the Hays US business to quickly become one of the largest in our Group, and it immediately joins our Future Material Profit Drivers: those businesses with the potential to reach £10 million of operating profit by 2018. Since the acquisition we have successfully integrated Veredus into Hays and have

"Veredus is delighted to become Hays' partner in the US market. We are focused on growing and expanding our existing IT Contractor and Permanent business and introducing new specialisms into our branch network."

**DAN RODRIGUEZ**  
CEO VEREDUS, NOW MD HAYS USA

developed an exciting plan for how we will create significant value in the US business. As part of that plan, the original Veredus leadership team are now the Hays US leadership team, incorporating the existing Hays Life Sciences and Oil & Gas businesses in New York and Houston into the Veredus network and rebranding the business accordingly. Having brought the businesses together, our initial priorities are now to invest aggressively in building scale in the existing IT Contracting business, reinforce the permanent recruitment offering and add new specialisms across the current 12 office footprint, starting with Construction & Property. Having a meaningful presence in the US is also increasingly important to many of our global clients and the opportunity to leverage existing relationships both into and out of the US is significant. We are already making excellent progress at leveraging those relationships and winning work both in the US and around the rest of the world as a result of the unique scale and coverage we now have in our industry. With an excellent platform in place and a world-class management team driving the business forward, I am very optimistic about the growth we will now be able to deliver from the world's biggest market.

Elsewhere we have made further strategic progress rolling out our market-leading IT Contracting business, led by experts from our Germany business, into other markets where we believe the model can be successful, including Canada, France and Japan. This initiative is designed not only to drive further diversification of our global revenue stream and profitability, but also to respond to one of the macro trends we see in the global skilled labour market, namely the increasing requirement for temporary and flexible labour in a number of disciplines and skill sets to

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



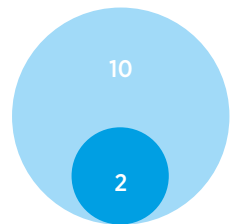
# HAYS COMPLETED THE ACQUISITION OF 80% OF VEREDUS CORP. IN DECEMBER 2014.



A new partnership in recruiting experts

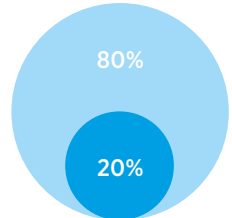


**OFFICES**  
● Veredus  
● Hays US



**VEREDUS NET FEES SINCE ACQUISITION**

- Temp
- Perm



Initially paying \$44 million for 80% of the equity of the business, Hays has the option to acquire the remaining 20% from the selling shareholders (who hold an equivalent option to sell) which is first available in March 2018.

Veredus is a pure-play IT staffing company that generates c.80% of its net fees from Contracting and Temp assignments and c.20% from Perm placements. Established in 2000, it is headquartered in Tampa, Florida, with 10 offices focused in the Southeast and Midwest of the USA. On acquisition it had 150 employees and has over 700 contractors currently active on assignments with a broad range of clients, and in the last year made placements across 30 states.



# CHIEF EXECUTIVE'S REVIEW CONTINUED

36m

HITS ON HAYS  
WEBSITES  
PER ANNUM

MORE THAN  
1,000

JOBS FILLED EVERY  
WORKING DAY  
LAST YEAR

complement a client's permanent workforce. Again, I see huge opportunities for us to build a much bigger contractor base around the world and we have all the components, systems and skills to do that in a world-class way.

In summary, we have enjoyed a successful year, delivering strong financial results, making profound steps forward in building our global network, reinforcing our brand, bringing new ideas into the business and placing huge numbers of professional talent into new and exciting roles around the world. However, none of this would have been possible without the hard work and commitment of the 9,023 people who are Hays and I would like to place on record my personal thanks to them all for what they have delivered this year.

## OUR STRATEGY

Our long-term aim is clear: to be the undisputed world leader in specialist recruitment, and, as we build towards this aim, we focus on delivering well-diversified, profitable, cash-generative growth.

Back in November 2013 we outlined our view of where we believed we could take our business from a financial perspective. We set out our aspiration to broadly double the Group's operating profit from the 2013 level of £125 million to £250 million by 2018, and to materially diversify the make-up of that operating profit by sector and geography. Historically, we have delivered the majority of our profits from our largest three markets in the UK, Australia and Germany. Going forward, we are seeking to develop a number of other countries which we believe can make a meaningful contribution to the Group's financial performance. So whilst our big three businesses will still be hugely important to us and constitute the majority of our profits as a Group for some time, our reliance on them will be reduced over time and we will be able to leverage the opportunities available in so many other areas.

In building this future portfolio, we rigorously prioritise our investments. To achieve this, we segment our 33 country businesses into four categories, thereby helping inform and decide where we focus resources, whether those be capital or people. Each of these categories is described in detail in the boxes on pages 20 and 21.

However, being the world leader in our industry is about more than just delivering superior financial performance. It also means having the best brand in our industry, recognised not only for the quality of the service we offer our clients and candidates, but also for our reputation in the communities in which we operate and as thought-leaders in the world of work and recruitment.

There is huge value in a compelling and powerful brand and I believe our brand is stronger today than ever before. We are very publicly recognised in today's world of social media as a leader in our field and now benefit from over one million followers on the LinkedIn platform, making us the seventeenth most followed company in the world and far and away the most followed recruiter on this important network. Our partnerships with Manchester City FC in the English Premier League and New York City FC in Major League Soccer in the USA take our message out to billions of followers around the world on a weekly basis, driving very high levels of awareness of our business. Our sponsorship of the annual CBI conference in the UK puts us very publicly at the heart of the business debate in Britain. Elsewhere around the world, every day we are building our local brand to achieve our goal of being the most recognised and most highly regarded company in our sector. Each of these initiatives is designed to raise awareness of our business and position us as the go-to specialist recruiter in every one of our local markets.

Equally, being the world leader means having world-class services to offer clients, and evolving those services as clients' needs evolve. Equipping our consultants with state-of-the-art tools so that they may build better networks and solve our clients' problems faster and better than our competitors is also key to success in our industry. That's why we invested significantly throughout the recession to build new front- and back-office systems and databases across the Group, creating and owning the intellectual property of these tools along the way. As the economy and trading conditions have improved, we are now seeing the benefits of those investments crystallise in the form of a more effective business, improving consultant productivity, raising service levels and gaining market share as

our people utilise the technology and tools at their disposal. Building those systems was challenging. Now they are complete, I believe it will be difficult for others to copy our approach, thereby providing us a clear competitive advantage in the industry. However, we do not stand still and we are already exploring new tools and ideas to enhance our business further.

Ultimately though, Hays is a people business. Our people are and will always be at the very heart of what we do. To be the world leader we must therefore be the company that the best people in our industry aspire to work for. We believe in a meritocratic culture and a rewards system that promotes high performance. We believe in promoting from within, developing our own future managers and leaders and offering them the chance to build their entire career at Hays. We have also invested to develop the best training and development programmes available, both to make our consultants the experts they need to be in their own field, but also to ensure we have a strong pipeline of local management developing throughout the business so that we may capitalise on all the opportunities we see around the world.

Building a strong community within Hays in which all our people are actively engaged in the development of the business is important to me as I believe such engagement fosters a powerful culture. To gauge our progress in this area, we survey our people every year for their input and I was delighted that this year 80% of our colleagues globally gave us their feedback on things we might do better. The leadership teams around the world use these insights to continually refine our people policies to ensure we remain an employer of choice. We are now seeing public recognition for our efforts in this area and I am proud our company has won a number of People and Culture Awards over the last year, including Best Places to Work in 2015 in the UK and Employer of Choice for Gender Equality 2014 in Australia.

## OUR STRATEGY

To be the undisputed world leader in specialist recruitment



To deliver well-diversified, profitable and cash-generative growth

## AREAS OF FOCUS TO DELIVER OUR OBJECTIVES

- To deliver on our aspiration of £250 million operating profit by 2018, and materially diversify the geographic mix of those profits versus prior peak
- To tactically invest in our business to capitalise on all market opportunities and support long-term growth in structurally opening markets
- To hire, retain, train and develop the best and most productive people in our industry. Focus on culture, quality of leadership and reward
- To develop Hays as the thought-leading authority on the world of work and the most respected specialist recruitment brand in each of our markets
- To continue to equip and respond to new and emerging media, technologies and routes to market

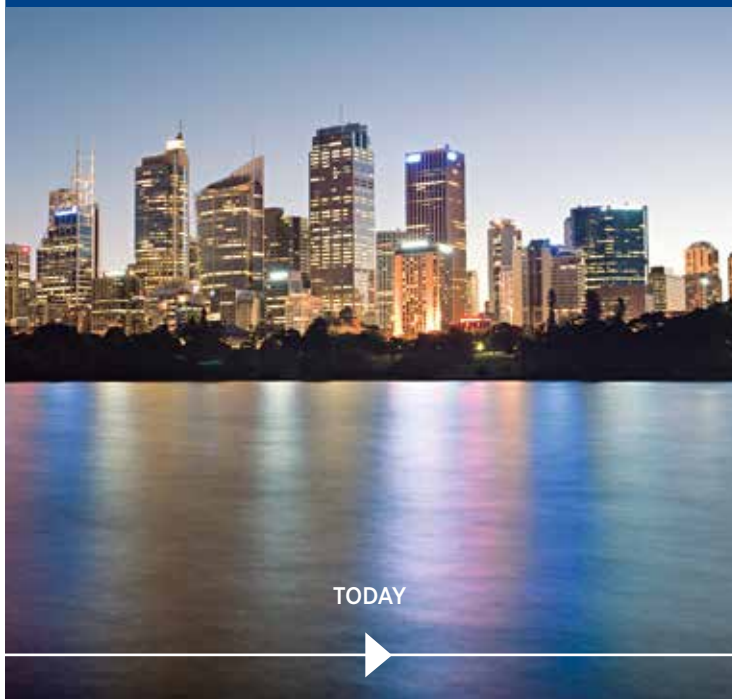
# CHIEF EXECUTIVE'S REVIEW CONTINUED

# TODAY & TOMORROW

As market conditions remain favourable and continue to show gradual and steady improvement, our focus and priorities remain largely unchanged as we enter year three of our five-year plan.

## CURRENT CORE PROFIT DRIVERS

(Germany, Australia and the UK)



These markets are large, well-established businesses with world-class management teams. The UK and Australia are more mature recruitment markets and we are the market-leading specialist recruiter in each, having been operating in these markets for over 40 years. By contrast in Germany, the specialist recruitment market is far less mature. We estimate that only around 20% of all skilled jobs are filled by a third-party agency such as Hays and so the key driver in this market is less about the macroeconomy and more about the growth in the proportion of the recruitment market which is outsourced.

## FUTURE MATERIAL PROFIT DRIVERS

(France, Japan, US, Canada)



We are clear in our need to build more of the businesses within Hays which can materially contribute to the Group's overall earnings. This increased diversification reduces our reliance on a small number of countries and will add more resilience to our earnings through the various stages of the economic cycle. Each of these businesses is capable of delivering £10 million operating profit by 2018. In each case, we will be investing to rapidly build headcount, office capacity and introduce new specialisms where and when appropriate.

### LOOKING FORWARD TO 2016

We will continue to focus on maximising the productivity and effectiveness of our consultant teams around the world. That means focusing on hiring the best people and training them to be the best in the industry. Furthermore, we will then equip them with the latest tools and technology they need to gain a competitive edge and to fulfil their true potential.

We will continue to invest in additional capacity where we see strong demand and today that means investment across large parts of the network. Our objective is to capitalise both on short-term market opportunities as well as investing to support the long-term growth and development of the Group. We intend to make further progress in rapidly developing a number of our emergent businesses across Europe, the Americas and Asia so that they might complement our larger businesses in the

UK, Germany and Australia. However, the economic cycle influences our business, so we continually monitor conditions in our markets to be able to respond quickly if conditions become unfavourable. Our advanced systems provide us real-time information that allows us to be better informed than ever before when making these decisions.

We will continue to promote our brand through multiple routes globally so that we become the go-to expert when clients are looking to recruit professional and technical staff. Digital engagement is a key part of this strategy and we will continue to invest in and innovate with tools and platforms to build our reputation in our client and candidate marketplaces.

Finally, we will continue to research and respond to new and emerging technologies and business models which we believe can

have an impact on our business. We have our own in-house Innovation team, reporting to me, who continually assess this evolving world so that we spot opportunities early in their lifecycle. Through this process, we have already engaged with many interesting ideas and I expect this to continue as we seek to remain at the forefront of these innovations.

Overall, we have positioned the business to capitalise on a growing market and we are now seeing the fruits of our earlier work as markets move steadily forward. We have a highly engaged and motivated team around the world, a world-class client network, unprecedented access to the candidates our clients need and the tools and capabilities to ensure we reinforce our market-leading position. While risks obviously exist in the world, our business is strong and dynamic and I am optimistic about our prospects for 2016 and beyond.

## MEANINGFUL CONTRIBUTORS

(New Zealand, Switzerland, Belgium, China, Mexico, Brazil)



5-10 YEARS



In some cases, these businesses are already contributing in a meaningful way to Group earnings, with profits at £5 million or more, but these markets, by their nature, will always be of limited size. Others have the potential to reach that level in the near term or move beyond it. We also see other cases such as Latin America or China, which can become very large businesses on a long-term basis. Our investment approach will be driven by the long-term opportunity to reach significant scale where we see the potential as well as the short-term need to deliver profits along the way.

## NETWORK CRITICAL

(20 other countries)



ONGOING



Several of our country businesses, while individually not delivering levels of profitability which are material at the Group level, are critical to the success of our network. They play a role to serve global clients in local markets, provide us access to candidates and deliver attractive returns given the scale of their local markets. We will continue to run these businesses to grow profits ahead of net fees.

# ASIA PACIFIC



**Hays is the market-leading specialist recruitment company in Australia, having been a pioneer of the industry in the country since 1976.**

This year our Australian business returned to year-on-year growth for the first time since 2012, driven by our Perm business as candidate confidence improved in several key markets, and our New Zealand business also delivered good growth. Asia accounts for 22% of our Asia Pacific division and this year all five of our countries delivered record net fees. We expect our Australian business to continue to make a significant contribution to Group profits while our focus in Asia remains on building strong, leading positions in these newer, less mature markets.

CONSULTANTS

1,195

OFFICES

45



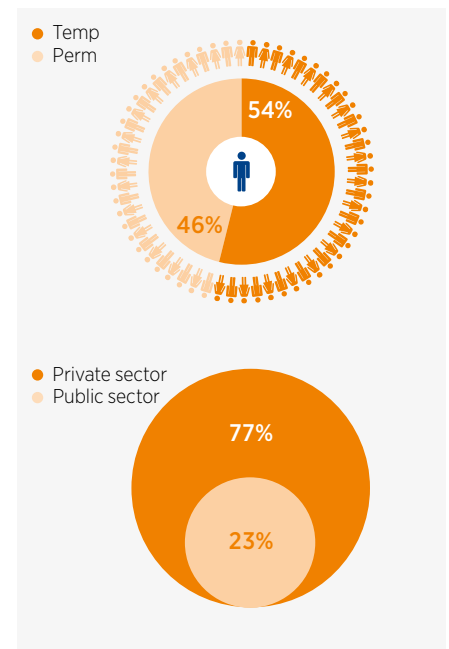
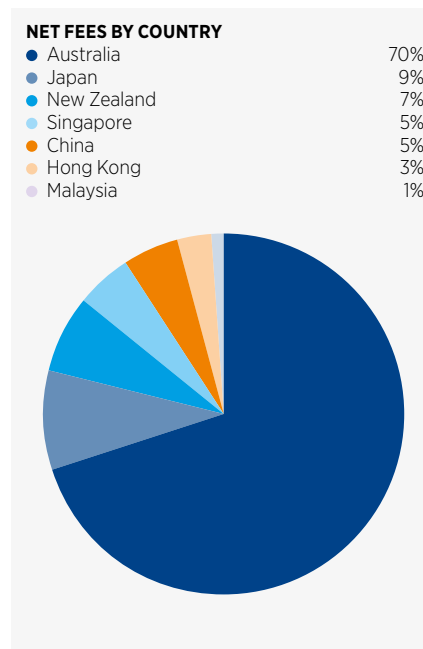
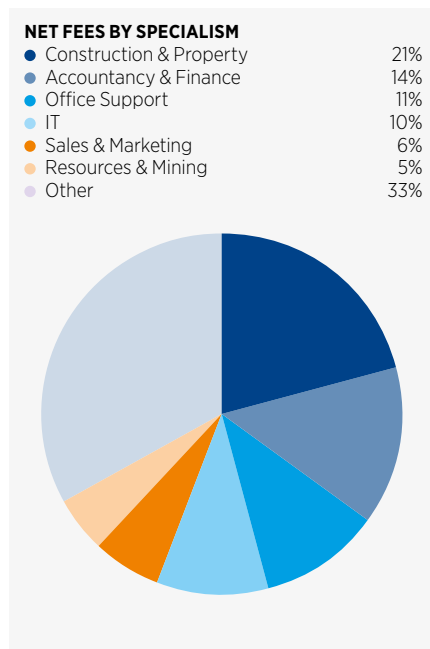
## OPERATING PERFORMANCE

Year ended 30 June	2015	2014	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	178.5	173.9	3%	8%
Operating profit (£m)	49.7	49.7	0%	7%
Conversion rate <sup>(2)</sup>	27.8%	28.6%		
Period-end consultant headcount <sup>(3)</sup>	1,195	1,055	13%	

(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 (before exceptional items).

(3) Closing consultant headcount as at 30 June.



In Asia Pacific, net fees increased by 3% (8% on a like-for-like basis<sup>(1)</sup>) to £178.5 million and operating profit was flat (up 7% on a like-for-like basis<sup>(1)</sup>) at £49.7 million, representing a conversion rate of 27.8% (2014: 28.6%). The difference between actual growth and like-for-like growth rates is primarily the result of the material depreciation in the rate of exchange between the Australian Dollar and Japanese Yen versus sterling during the year, which reduced net fees in the division by £9.2 million and operating profits by £3.1 million.

In Australia & New Zealand net fees were up 7%<sup>(1)</sup> and operating profit was up 5%<sup>(1)</sup>. Growth was driven by the permanent recruitment business, where we delivered strong net fee growth of 17%<sup>(1)</sup>, as candidate confidence improved in several key markets. Temp net fees grew by 2%<sup>(1)</sup>. Our public sector business was up 15%<sup>(1)</sup>, as we saw a return to activity levels more in line with historical norms in that market after a subdued period,

and our private sector business was up 4%<sup>(1)</sup>. In Australia we delivered good net fee growth of 7%<sup>(1)</sup>. In New South Wales and Victoria, which represented 52% of Australian net fees, net fees were up 15%<sup>(1)</sup> and 5%<sup>(1)</sup> respectively. Queensland was up 3%<sup>(1)</sup>, although Western Australia was down 12%<sup>(1)</sup> as reduced activity in the Resources & Mining sector continued to significantly impact trading across the state. The remaining smaller states delivered excellent growth, notably Australian Capital Territory, which is predominantly a public sector business and grew by 53%<sup>(1)</sup>. We saw good net fee growth of 9%<sup>(1)</sup> in New Zealand.

In Asia, which accounted for 22% of the division's net fees, we delivered strong net fee growth of 13%<sup>(1)</sup> and operating profits increased by 22%<sup>(1)</sup> to £5.5 million. All countries in the region delivered record net fees. In Japan, net fees increased by 15%<sup>(1)</sup> and market conditions were good throughout the year. Net fees in China grew 17%<sup>(1)</sup>, Hong Kong 10%<sup>(1)</sup>, Malaysia 52%<sup>(1)</sup> and Singapore 1%<sup>(1)</sup>.

Consultant headcount in the Asia Pacific division increased by 13% year-on-year. Consultant headcount in Australia & New Zealand increased by 10% as we invested to take advantage of the initial stages of recovery we have seen in that market. In Asia we ended the year with over 420 consultants, increasing headcount by 20% as we invested to drive growth, capitalise on supportive market conditions across the region and build strong, leading positions in newer, less mature markets.

# CONTINENTAL EUROPE & REST OF WORLD



We entered the German market in 2003 and we have built a business that is today our largest contributor to Group operating profits. It still represents a unique structural opportunity for Hays and our focus remains on making Germany a £100 million operating profit business.

Elsewhere, 13 of our other 23 countries in the division delivered record net fee performances. This year we have continued the roll-out of our contractor model and the Veredus acquisition has given us a platform from which to drive growth in the US, the world's largest recruitment market.

CONSULTANTS<sup>(3)</sup>

2,423

OFFICES<sup>(3)</sup>

86

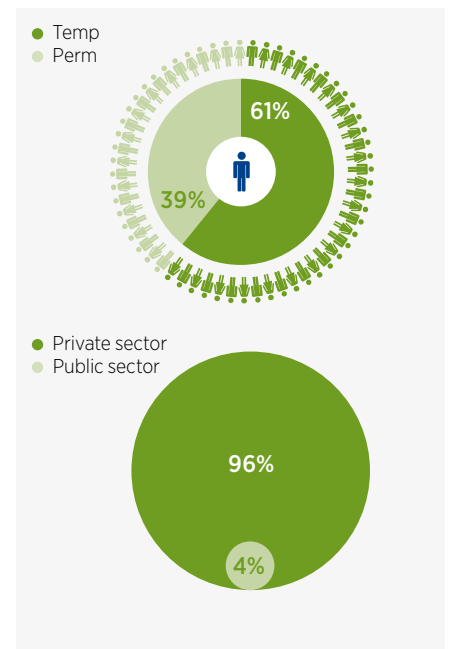
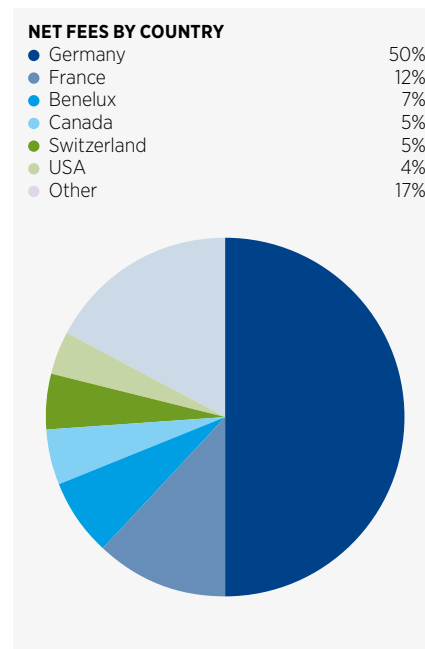
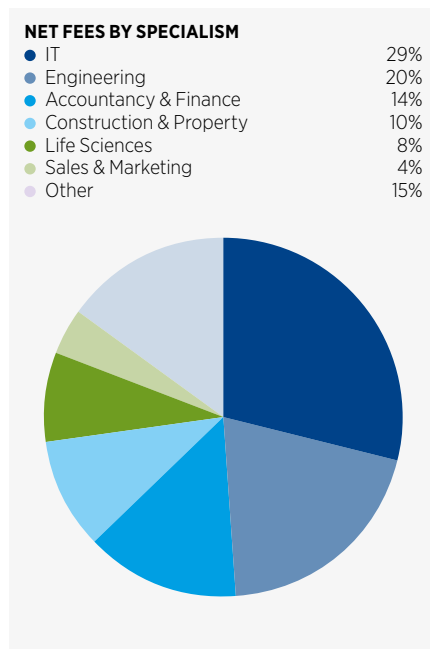
## OPERATING PERFORMANCE

Year ended 30 June	2015	2014	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	313.8	305.0	3%	9%
Operating profit (£m)	68.7	64.4	7%	18%
Conversion rate <sup>(2)</sup>	21.9%	21.1%		
Period-end consultant headcount <sup>(3)</sup>	2,423	2,145	13%	

(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 (before exceptional items).

(3) Closing consultant headcount at 30 June and excludes the impact of the Veredus acquisition.



In Continental Europe & RoW, we delivered net fee growth of 3% (9% on a like-for-like basis<sup>(1)</sup>) to £313.8 million, driving operating profit growth of 7% (18% on a like-for-like basis<sup>(1)</sup>) to £68.7 million. The difference between actual and like-for-like growth rates is primarily the result of the material depreciation in the rate of exchange between the Euro versus sterling, which reduced net fees by £26.0 million and operating profit by £6.4 million. The conversion rate of the division increased to 21.9% (2014: 21.1%) driven by good net fee growth and strong drop-through of incremental net fees into operating profit, notably across several continental European markets.

Germany, which represented 50% of the division's net fees, delivered good net fee growth of 6%<sup>(1)</sup>. We saw growth across Contracting and Temp, which together grew by 6%<sup>(1)</sup>, and Perm which also grew by 6%<sup>(1)</sup>. We saw strong growth in our newer specialisms, which now represent 27% of

net fees in Germany, particularly Accountancy & Finance, Sales & Marketing and Healthcare which all grew by more than 10%<sup>(1)</sup>. Net fees in IT, which represents 41% of the Germany business, grew by 7%<sup>(1)</sup> whilst net fees in Engineering increased by 2%<sup>(1)</sup>.

Across the rest of the division, net fees were up 12%<sup>(1)</sup> and operating profit increased by £71 million<sup>(1)</sup>, a 44%<sup>(1)</sup> drop-through of incremental net fees into operating profit. France, our second largest country in the division, delivered strong net fee growth of 10%<sup>(1)</sup>, and operating profit growth of 48%<sup>(1)</sup> against a subdued market backdrop.

In North America, Canada delivered strong net fee growth of 10%<sup>(1)</sup> and our business in the US, excluding the Veredus acquisition, continued to perform well and increased net fees by 34%<sup>(1)</sup>. In Latin America, Chile, Colombia and Mexico all grew rapidly, although Brazil remained challenging and net fees were down 13%<sup>(1)</sup>.

Within the division, 16 countries delivered net fee growth of 10%<sup>(1)</sup> or more and 14 countries delivered record net fee performances, including Germany, Belgium, Canada, Poland and Switzerland.

Consultant headcount in the division increased by 13%<sup>(4)</sup> year-on-year. In Germany consultant headcount increased 14%, primarily in the second half, as we invested in the areas of our business which are focused on small- and medium-sized clients. In France, consultant headcount increased 10% as we invested to support the growth and strong performance of that business, and we also invested in markets which demonstrated clear growth opportunities, many of which, such as Spain where consultant headcount was up 23%, showed sustained recovery after having been challenging for some time.

# UK & IRELAND



**We entered our home market in 1969 and today we are the leading specialist recruiter in what is arguably the world's most mature and competitive market.**

This year we delivered excellent operating profit leverage of 74%<sup>(1)</sup> and strong net fee growth across all regions, driven by our Perm business as candidate confidence remained strong. Our UK & Ireland business remains well placed to take full advantage of the current supportive market conditions and our focus is very much on continuing to deliver material profit growth.

CONSULTANTS

2,203

OFFICES

99

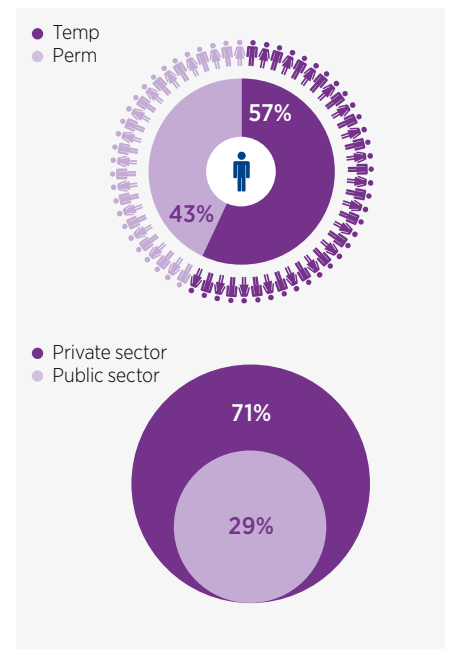
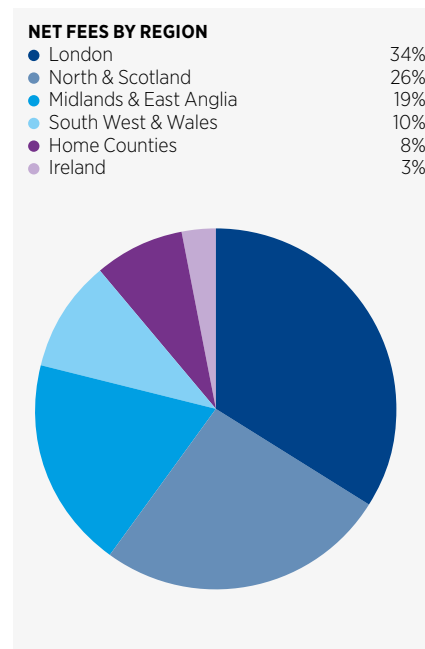
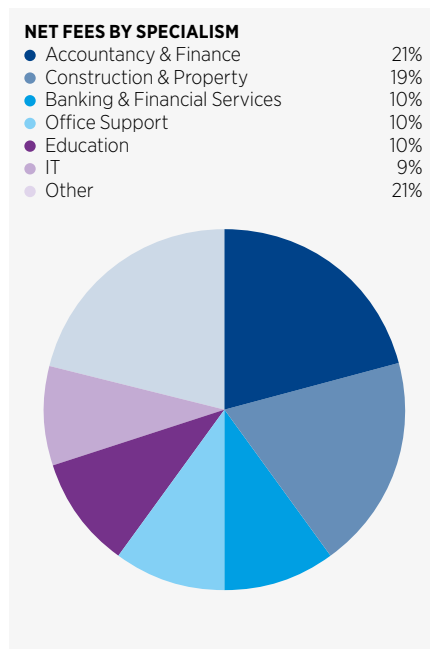
## OPERATING PERFORMANCE

Year ended 30 June	2015	2014	Actual growth	LFL growth <sup>(1)</sup>
Net fees (£m)	271.9	246.0	11%	11%
Operating profit (£m)	45.7	26.2	74%	75%
Conversion rate <sup>(2)</sup>	16.8%	10.7%		
Period-end consultant headcount <sup>(3)</sup>	2,203	2,157	2%	

(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 (before exceptional items).

(3) Closing consultant headcount as at 30 June.



The UK & Ireland delivered strong net fee growth of 11%<sup>(1)</sup> to £271.9 million and generated material improvement of operating profit to £45.7 million (2014: £26.2 million), representing a conversion rate of 16.8% (2014: 10.7%). Our Temp business delivered good growth of 7%<sup>(1)</sup>, whilst our Perm business delivered strong growth of 16%<sup>(1)</sup> as candidate confidence remained strong.

Activity levels were strong and broad-based, with all regions and most specialisms delivering net fee growth. We saw standout performances from North West, Midlands, East, London (excl. City) and South of England, each of which grew by more than 15%. In Ireland our business delivered net fee growth of 1%<sup>(1)</sup>.

At the specialism level, IT delivered excellent growth of 22%<sup>(1)</sup>, Construction & Property performed strongly and was up 14%<sup>(1)</sup>, whilst net fees in our largest specialism of

Accountancy & Finance grew by 13%<sup>(1)</sup>, within which our Senior Finance business grew by 12%<sup>(1)</sup>.

Our private sector business, which represented 71% of the division's net fees, delivered strong net fee growth of 11%<sup>(1)</sup> and our public sector business also delivered strong net fee growth of 11%<sup>(1)</sup>, driven by particularly good performances in Education and IT.

The improvement in profitability in the UK & Ireland business was driven by strong net fee growth of 11%<sup>(1)</sup>. Over the year, average consultant headcount numbers increased 8% and consultant productivity increased 3%, which, along with the ongoing benefits from our largely automated back-office platform drove an improved conversion rate. These factors combined generated the excellent 74%<sup>(1)</sup> drop-through of incremental net fee growth into operating profit. Our UK & Ireland business remains strongly placed to take full

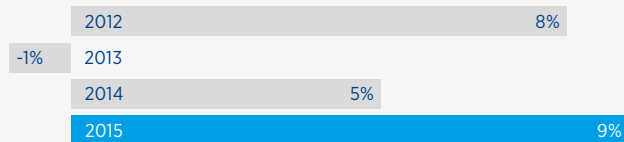
advantage of the current supportive market conditions. Going forward we anticipate a drop-through of incremental net fees into operating profit of c.60%<sup>(1)</sup>.

Consultant headcount in the division was up 2% year-on-year, as we paused investment in the run-up to the general election in May following the significant investment we made in the first half of the year, and focused on improvements in consultant productivity.

## KEY PERFORMANCE INDICATORS

# PERFORMANCE & PROGRESS

## LIKE-FOR-LIKE NET FEE GROWTH<sup>(1)</sup>



### WHAT DOES IT DEMONSTRATE?

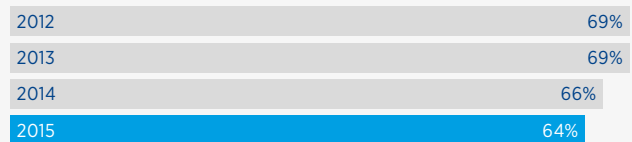
A measure of how the Group's business is developing and growing over time.

### PROGRESS IN FY 2015

We delivered good net fee growth of 9%<sup>(1)</sup> this year, with all three divisions delivering good growth.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Delivering growth; achieving our 2018 aspirations.**

## PROPORTION OF GROUP NET FEES GENERATED BY OUR INTERNATIONAL BUSINESS<sup>(2)</sup>



### WHAT DOES IT DEMONSTRATE?

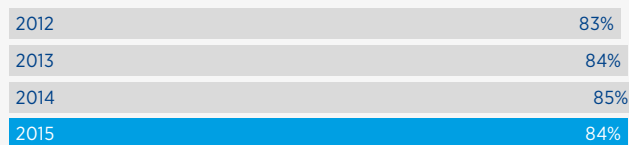
A measure of the Group's internationalisation and relative exposure to markets which are more immature and underpenetrated than the UK.

### PROGRESS IN FY 2015

64% of Group net fees were generated outside of the UK & Ireland this year. This is down slightly on last year as our UK & Ireland business delivered further strong growth and as sterling strengthened against the Euro and Australian Dollar.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Diversifying the geographic mix of our business.**

## EMPLOYEE ENGAGEMENT



### WHAT DOES IT DEMONSTRATE?

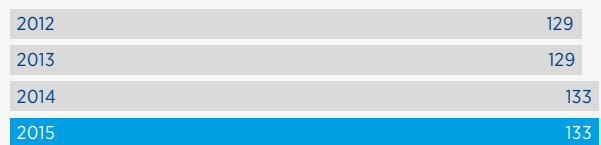
Hays' employees participation in our employee engagement survey which tracks their sense of belonging, discretionary effort, personal motivation and job satisfaction.

### PROGRESS IN FY 2015

Over 80% of our employees again engaged in our annual TALKback survey this year which is an excellent response rate for an international support services business.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Our focus on culture, quality of leadership and reward.**

## LIKE-FOR-LIKE NET FEES PER CONSULTANT (£000)<sup>(3)</sup>



### WHAT DOES IT DEMONSTRATE?

A measure of the productivity of the Group's fee earners.

### PROGRESS IN FY 2015

Overall net fees per consultant for the year were flat. In the UK productivity rose 3%, generating profit that allowed us to invest additional capacity into under-penetrated Asian markets and to expand our Germany network.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**To have the most productive people in our industry.**

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

(2) International defined as outside of the UK & Ireland.

(3) Continuing operations only, excluding exceptional items.

Our long-term goal is to be the world's pre-eminent specialist recruitment business. Along the way, we are focused on delivering well-diversified, profitable and cash-generative fee growth. We measure our progress in this respect, as well as against our areas of operational focus, using a series of KPIs.

#### HEADLINE INTERNATIONAL NET FEE BASE (£m)<sup>(2)</sup>

2012	509
2013	497
2014	479
2015	492

##### WHAT DOES IT DEMONSTRATE?

A measure of the absolute scale of the International business and the size of the platform for growth in these less mature markets.

##### PROGRESS IN FY 2015

Like-for-like net fees in the International business grew by a good 9% in the year, although adverse currency movements reduced headline growth to 3%.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Diversifying the geographic mix of our business.**

#### BASIC EARNINGS PER SHARE GROWTH<sup>(3)</sup>

2012	5%
2013	-6%
2014	19%
2015	21%

##### WHAT DOES IT DEMONSTRATE?

Measures the underlying profitability of the Group.

##### PROGRESS IN FY 2015

Basic earnings per share grew by 21% in 2015, as a result of our excellent operating profit growth and lower effective tax rate.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Delivering profitable growth, and £250m of operating profit by 2018.**

#### CONVERSION RATE<sup>(5)</sup>

2012	17.5%
2013	17.5%
2014	19.4%
2015	21.5%

##### WHAT DOES IT DEMONSTRATE?

Conversion of net fees into operating profit (EBIT). Measures the Group's effectiveness in controlling costs and managing our level of investment for future growth.

##### PROGRESS IN FY 2015

Conversion rate improved to 21.5% this year, back above 20% for the first time since 2009 and driven primarily by further strong profit growth in the UK and CE&RoW.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**Delivering profitable growth, and £250m of operating profit by 2018.**

#### CASH CONVERSION<sup>(6)</sup>

2012	127%
2013	109%
2014	125%
2015	116%

##### WHAT DOES IT DEMONSTRATE?

A measure of the Group's ability to convert profit into cash.

##### PROGRESS IN FY 2015

We had a strong cash performance in the year, converting 116% of operating profits into operating cash flow. We ended the year with £31 million of net debt, down £32 million on last year, despite the £36 million acquisition of Veredus.

WHICH ELEMENTS OF OUR STRATEGY DOES IT MEASURE?  
**To deliver cash-generative growth.**

(4) Consultant headcount in each year represents the average consultant headcount.

(5) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(6) Cash conversion is the conversion of operating profit into operating cash flow (before exceptional items and capital expenditure).

# PROGRESSIVE & EFFICIENT



“This is another strong financial performance as we delivered excellent 25%<sup>(1)</sup> operating profit growth and further increased our sector-leading conversion rate.”

**PERFORMANCE HIGHLIGHTS**

- 17% headline growth in operating profit despite a £9.6 million foreign exchange headwind
- Excellent like-for-like profit growth of £33.1 million from like-for-like net fee growth of £65.1 million, a 51% drop-through
- Consultant headcount up 9%<sup>(3)</sup>, as we invested on a targeted basis to support growth opportunities
- Strong cash performance, with 116% conversion of operating profit into operating cash flow, and net debt reduced by £32 million to £31 million despite the £36 million spend in relation to the acquisition of Veredus in the US
- Strong growth in EPS of 21%, reflecting strong operating profit performance and lower effective tax rate
- Full year dividend increased 5%, in line with our strategy to build full year cover towards 3.0x earnings

**INCREASE IN GROUP NET FEES<sup>(1)</sup>**

+9%

**INCREASE IN OPERATING PROFIT<sup>(1)</sup>**

+25%

**CONVERSION RATE OF GROUP NET FEES INTO OPERATING PROFIT<sup>(2)</sup>**

+21.5%

**GROUP CONSULTANT HEADCOUNT UP 9% OVER THE YEAR (2014: 5,357)<sup>(3)</sup>**

5,821



## SUMMARY INCOME STATEMENT

Year ended 30 June (£m)	2015	2014	Actual growth	LFL growth <sup>(1)</sup>
Turnover <sup>(5)</sup>	<b>3,842.8</b>	3,678.5	4%	9%
Net fees <sup>(5)</sup>	<b>764.2</b>	724.9	5%	9%
Operating profit from continuing operations	<b>164.1</b>	140.3	17%	25%
Cash generated by operations	<b>189.8</b>	175.6	8%	
Profit before tax	<b>156.1</b>	132.3	18%	
Basic earnings per share	<b>7.44p</b>	6.13p	21%	
Dividend per share	<b>2.76p</b>	2.63p	5%	

(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 (before exceptional items).

(3) Closing consultant headcount at 30 June and excludes the impact of the Veredus acquisition.

(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.

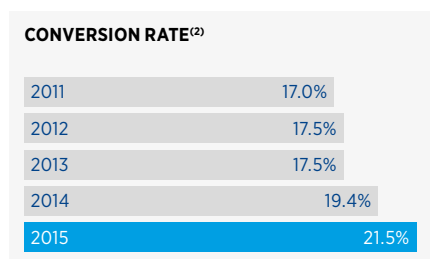
(5) Net fees of £764.2 million (2014: £724.9 million) are reconciled to statutory turnover of £3,842.8 million (2014: £3,678.5 million) in note 5 to the Consolidated Financial Statements.

## INTRODUCTION

Turnover for the year to 30 June 2015 was up 4% (9% on a like-for-like basis<sup>(1)</sup>) and net fees increased by 5% (9% on a like-for-like basis<sup>(1)</sup>). Operating profit increased by 17% (25% on a like-for-like basis<sup>(1)</sup>). Exchange rate movements decreased net fees and operating profit by £35.8 million and £9.6 million respectively, primarily as a result of a material depreciation in the rate of exchange of the major currencies to which the Group has exposure versus sterling, most notably the Australian Dollar and the Euro which remain significant sensitivities for the Group.

Operating costs were 3% higher than prior year (6% higher on a like-for-like basis<sup>(1)</sup>), primarily due to a rise in commission payments in line with net fees and costs associated with the 9%<sup>(3)</sup> increase in Group consultant headcount. Tight control was maintained on the overhead cost base across the Group.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, improved by 210 basis points to 21.5% as a result of this net fee growth, the ongoing benefit of our largely automated back-office platform and our continued strong control of operating costs.



Consultant headcount at the end of June 2015 was 5,821<sup>(3)</sup>, up 9% year-on-year and also up 4% versus December 2014, as we invested on a targeted basis to support growth opportunities. In our UK & Ireland business consultant headcount was up 2% year-on-year. In our International business, we increased consultant headcount by 13%<sup>(3)</sup> year-on-year.

## FOREIGN EXCHANGE

Currency movements versus sterling represented a significant headwind for the reported performance in the year. Over the course of the year to June 2015, the total combined operating profit impact of exchange movements was £9.6 million negative. Exchange rate movements remain a material sensitivity and by way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £0.6 million and £1.7 million respectively per annum; and operating profits by £0.2 million and £0.6 million respectively per annum.

The rate of exchange between the Australian Dollar and sterling over the year ended 30 June 2015 averaged A\$1.8894 and closed at A\$2.0397. As at 25 August 2015 the rate stood at A\$2.2019. The rate of exchange between the Euro and sterling over the year ended 30 June 2015 averaged €1.3144 and closed at €1.4112. As at 25 August 2015 the rate stood at €1.3627. If we retranslate the Group's full year operating profit of £164.1 million at 25 August 2015 exchange rates, it reduces by c.£12 million to c.£152 million.

## STRONG PERM PERFORMANCE AND GOOD CONSISTENT TEMP GROWTH

Net fees in the Perm business increased by 13%<sup>(1)</sup> as volumes increased 10%, driven by improved client and candidate confidence in several key markets, most notably the UK, Australia and several European countries. This was supported by an increase in the average fee per placement of 3%, as we saw a general increase in wage inflation, especially where candidate shortages became apparent. Net fees in the Temp business, which represented 58% of Group net fees, increased by 7%<sup>(1)</sup>. Volumes were up 7%, mix/hours worked was down 2% and underlying Temp margins<sup>(4)</sup> were up 30 basis points to 16.9% (2014: 16.6%).

## PROGRESS ON THE ACQUISITION OF VEREDUS CORP. IN THE US

In December 2014, we completed the acquisition of Veredus Corp. (Veredus), a pure-play IT staffing company headquartered

in Florida, for an initial consideration of approximately £36 million, comprising £30 million with respect to the initial acquisition, and £6 million in relation to a tax equalisation payment. At the time of acquisition, Veredus had 134 consultants in 10 offices focused in the Southeast and the Midwest of the US.

The integration is proceeding well, and the business delivered record temp levels and perm fees in June. For the period since acquisition to June 2015, Veredus delivered net fees of £10.0 million and operating profit was break even, with a good trading performance offset by the amortisation of the legacy Veredus brand, and one-off costs related to the transaction and post-acquisition development of the business. Our OneTouch global database system was successfully installed across the business in June and the branding integration process is well progressed. We have started the roll-out of a Construction & Property specialism alongside the core IT business in specifically targeted markets, and invested to build consultant headcount within the business, which was 148 at the end of June, up 10% since acquisition.

## PROGRESS AGAINST OUR 2018 ASPIRATIONS

In November 2013, based on a clear assumption regarding the macroeconomic backdrop, we outlined our aspiration to broadly double the Group's operating profit to £250 million by June 2018, and materially diversify where we generate those profits. Two years into this five-year plan, we are on schedule to deliver on these aspirations. Since June 2013, we have increased operating profit from £125 million to £164 million, representing excellent organic profit growth of £57 million, partially offset by £18 million of foreign exchange headwinds. If we were to retranslate our 2018 operating profit aspiration of £250 million at current prevailing spot rates of exchange, it would be some £30 million lower. Despite this, and notwithstanding the lack of forward visibility inherent in our business, we remain confident of delivering our operating profit aspiration of £250 million in 2018.

# FINANCIAL REVIEW CONTINUED

## MOVEMENTS IN CONSULTANT HEADCOUNT

Throughout the year we invested to drive growth where markets were strong and opportunities for growth were clear, including those which are recovering from a period of more challenging conditions, such as Australia and parts of Europe. Investment was also made in those immature markets such as Asia and certain Latin American businesses, where we are seeking to build a leading position.

Overall Group consultant headcount, excluding Veredus, ended June at 5,821, up 4% versus December 2014 and up 9% year-on-year. In Asia Pacific, consultant headcount was up 13% year-on-year. In the UK & Ireland consultant headcount was up 2% whilst in our Continental Europe & Rest of World (CE&RoW) division we increased consultant headcount by 13%<sup>(3)</sup>.

### CONSULTANT HEADCOUNT <sup>(3)</sup>

2011	4,943
2012	5,013
2013	5,037
2014	5,357
2015	5,821

## CURRENT TRADING

We continue to see good overall net fee growth. We see many clear opportunities to grow further and we will continue to invest in a targeted way to capitalise on these opportunities.

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, and have had an additional negative impact of £1 million since the Q4 Trading Update in July.

## ASIA PACIFIC

We continue to see good levels of growth in Australia overall, albeit against subdued market confidence. Growth in New South Wales and Victoria was strong, but conditions remain tough in Western Australia. We continue to see strong growth in our Perm business, but limited growth in our Temp business. Growth remains strong in the public sector and solid in the private sector. In Asia overall growth remains strong. Based on the prevailing conditions across the division and after significant investment in FY15, we expect headcount to increase modestly in the first half of the year.

## CONTINENTAL EUROPE & ROW

In CE&RoW, growth remains good overall. In Germany we continue to see good growth and in the rest of the division, conditions in most markets are good and in many markets are strong. Overall we expect headcount in the division to increase on a selective basis in the first half of the year.

## UNITED KINGDOM & IRELAND

In the UK & I, we continue to see good overall net fee growth, albeit we have not seen a post-election acceleration in activity levels. Growth remains broad-based across all regions and most specialisms, and is good in Perm and Temp and in the public and private sectors. Overall we expect to increase headcount in the division on a selective basis in the first half of the year.

## NET FINANCE CHARGE

The net finance charge for the year was £8.0 million (2014: £8.0 million). The average interest rate on gross debt during the period was 2.5% (2014: 2.8%), generating net bank interest payable including amortisation of arrangement fees of £4.1 million (2014: £5.0 million) with the reduction primarily due to the lower levels of average net debt compared to the prior year. The net interest charge on defined benefit pension scheme obligations was £3.0 million (2014: £2.6 million) and the Pension Protection Fund

levy was £0.5 million (2014: £0.4 million). The unwind of the discount applied to the future Veredus acquisition liability is recorded within interest, and was £0.4 million. We expect the net finance charge for the year ending 30 June 2016 to be around £7.5 million.

## TAXATION

Taxation for the year was £50.7 million (2014: £46.3 million), representing an effective tax rate of 32.5% (2014: 35.0%). The effective tax rate reflects the Group's geographical mix of profits, with the reduction in the rate due to the material improvement of profitability in the UK and the reduction in the number of countries generating tax losses. We expect the Group's effective tax rate to be 31.0% for the year to June 2016.

## EARNINGS PER SHARE

Basic earnings per share increased by 21% to 7.44 pence (2014: 6.13 pence), reflecting the Group's higher operating profit and lower effective tax rate.

## CASH FLOW AND BALANCE SHEET

Cash flow in the year was strong with 116% conversion of operating profit into operating cash flow (2014: 125%); a result of good working capital management throughout the year and the favourable day upon which the year end fell.

### CASH CONVERSION

2011	85%
2012	127%
2013	109%
2014	125%
2015	116%

Net capital expenditure was £11.9 million (2014: £11.7 million). The acquisition cost related to Veredus was approximately £36 million, as explained in the earlier section. We expect capital expenditure to be around £13 million for the year to June 2016.

## Q1: GROWTH IN EVERY REGION

The first quarter of our financial year saw a 9%<sup>(1)</sup> increase in net fees at Group level and growth in every division, with our three largest businesses of the UK, Australia and Germany growing simultaneously for the first time in nearly four years. Particularly pleasing was Australia's return to growth for the first time in two years, driven by a strong Perm performance. The UK & Ireland saw a strong broad-based growth of 13%<sup>(1)</sup>, with our main specialisms of Accountancy & Finance, IT and Construction & Property all growing by over 15%<sup>(1)</sup>. Elsewhere, many European, American and Asian markets continued to improve and 11 of our businesses delivered record quarterly net fees, including Canada, Switzerland and Germany.

## Q2: VEREDUS ACQUISITION

Perm growth accelerated in each of our three regions during the second quarter, contributing to an 11%<sup>(1)</sup> increase in net fees at Group level. Conditions were good in the majority of our markets and it was encouraging to see a continuation of growth in Australia where net fees grew 11%<sup>(1)</sup>. The UK & Ireland delivered another strong quarter, with a 14%<sup>(1)</sup> net fee growth. Germany continued to deliver good growth and within CE&RoW 15 countries delivered 10%<sup>(1)</sup> growth or more, including France, up 14%<sup>(1)</sup>. During the quarter we completed the acquisition of Veredus Corp., a US IT staffing company, providing us with a significant platform to rapidly expand in the world's largest recruitment market.

Dividends paid in the year totalled £37.9 million and pension deficit contributions were £14.0 million. Net interest paid, including debt arrangement fees, was £5.2 million and the cash tax payment was £43.6 million.

Net debt reduced from £62.7 million at the start of the year to £30.7 million at the end of the year. We expect to move into a net cash position in the year to June 2016.

### RETIREMENT BENEFITS

The Group's pension liability under IAS19 at 30 June 2015 of £58.7 million increased by £14.8 million compared to 30 June 2014 primarily due to a significant decrease in the discount rate, which was only partially offset by Company contributions, a decrease in the inflation rate and an increase in asset values.

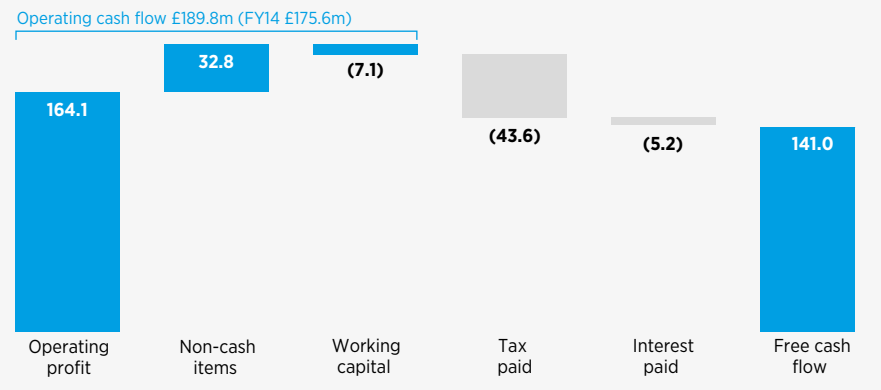
During the year the Company contributed £14.0 million of cash to the defined benefit scheme (2014: £13.5 million) in line with the agreed deficit recovery plan. The 2012 triennial valuation quantified the actuarial deficit at c.£150 million and the recovery plan comprises an annual payment of £12.8 million from July 2012 with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to future accrual in June 2012 and the result of the next valuation, which will be based on data as at June 2015, is expected in early 2016.

### 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.

Taking into account the financial performance of the Group this year and as we build core dividend cover towards 3x earnings, the Board proposes to increase the final core dividend by 5% to 1.89 pence, resulting in an increase to the full year dividend to 2.76 pence, also up 5% on the prior year. As such, the full year dividend will be covered 2.7x by earnings.

### OPERATING PROFIT TO FREE CASH FLOW CONVERSION (£m)



The Board remains committed to this sustainable and progressive dividend policy and will continue to review the core dividend level in line with our stated dividend cover policy. Additionally, we reiterate our policy regarding the uses of excess free cash flow as follows. Once we have built a net cash position in the region of £50 million and assuming a positive outlook, it is our intention that any excess free cash flow generated over and above this net cash position 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.

The final dividend will be paid, subject to shareholder approval, on 13 November 2015 to shareholders on the register on 9 October 2015.

### TREASURY MANAGEMENT

The Group's operations are financed by retained earnings and bank borrowings. The Group completed the refinancing of its five-year unsecured revolving credit facility in April 2015. The new arrangement includes a reduction in the core debt facility from £300 million to £210 million and an extension in maturity to April 2020. The financial covenants remain unchanged and require the Group's interest cover ratio to be at least

4:1 (June 2015: 46:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (June 2015: 0.2:1). 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%.

All borrowings are raised by the Group's UK-based treasury department, which manages the Group's treasury risk in accordance with policies set by the Board. The Group's treasury department does not engage in speculative transactions and does not operate as a profit centre.

The Board considers it appropriate to use certain derivative financial instruments to reduce its exposure to interest rate movements under its floating rate revolving credit facility. The Group holds two interest rate swaps which exchange a fixed payment for floating rate receipt on a total debt value of £10 million and have maturities of up to one year. The Group does not hold or use derivative financial instruments for speculative purposes.

Counterparty risk primarily arises from the investment of any surplus funds. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits exposure to each institution.

## Q3: PERM LEADS GROWTH

The start to the second half saw good net fee growth of 8%<sup>(1)</sup> at Group level, led by our Perm business, against challenging comparatives. Conditions remained supportive in the majority of our markets and we delivered growth of 10%<sup>(1)</sup> or more in 15 countries, including key growth markets such as France, China, Japan and the US. Our Australia business continued to recover, with net fees up 8%<sup>(1)</sup>, while Germany had a solid quarter, with good growth in newer specialisms such as Accountancy & Finance, up 10%<sup>(1)</sup>. Growth in the UK & Ireland was good, although overall rates of growth slowed modestly as the quarter progressed and the UK general election approached.

## Q4: GOOD END TO THE YEAR

The final quarter of our financial year saw all three of our key divisions delivering further good growth, driving Group net fee growth of 9%<sup>(1)</sup>, led again by the strong performance of our Perm business. In the UK the clear election outcome removed a potential uncertainty from the recruitment market and our UK & Ireland business grew by 9%<sup>(1)</sup>. The recovery in Australia continued, notably in New South Wales and Victoria, though mining-focused regions remained tough. Our CE&RoW business continued to deliver broad-based growth, with 14 countries delivering 10%<sup>(1)</sup> growth or more. We reiterated full year operating profit guidance, with second half profits slightly ahead of first half, despite the material negative impact of foreign exchange movements.

# MANAGEMENT & CONTROL

RISK MANAGEMENT ACTIONS TO MITIGATE RISK

## CYCLICAL NATURE OF OUR BUSINESS

<p>The performance of the Group is significantly impacted by changes to underlying economic activity, particularly in the UK, Germany and Australia.</p>	<p>The Group has diversified its operations to include a balance of both temporary and permanent placement 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 somewhat the Group's reliance on the UK, Germany and Australia. The acquisition of Veredus Corp. is an important development in this regard.</p>	<p>The Group's cost base is highly variable and is carefully managed to align with business activity.</p> <p>The Group has ensured that net debt has been kept at a low and manageable level.</p> <p>The Group is highly cash generative, requiring low levels of asset investment. Cash collection is a key priority and the Group has made appropriate investment in its credit control and working capital management processes.</p>
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## BUSINESS MODEL

<p>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.</p>	<p>We have leveraged our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations. This has strengthened our relationship with these clients and increased our share of their recruitment spend.</p> <p>We monitor changes in the market in terms of industry trends including social</p>	<p>media and insourcing, and continue to invest in our online presence to provide a high-quality customer experience. An in-house innovation team, reporting to the Chief Executive, continually assess the market to identify opportunities and developments.</p> <p>Our strategic relationships, e.g. with LinkedIn, increase our exposure to online professional networking and recruitment portals on a global basis.</p>
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## TALENT

<p>The Group is reliant on its ability to recruit, train, develop and retain staff to deliver its growth plans internationally.</p>	<p>We provide sustainable career development paths for new recruits, starting with a structured induction programme and ongoing training as they progress their careers at Hays.</p> <p>Development centres focus on the progress of high-potential individuals, providing further development opportunities but also helping to identify any talent gaps.</p> <p>We continue to invest in our leadership and development programmes, which are aligned with the Group's business strategy.</p>	<p>We continue to ensure that overall remuneration packages are competitive. These include a long-term incentive scheme, which is offered to some 320 senior managers and aids retention.</p> <p>Annual succession plans are undertaken at Board and Management Board levels and across all regions to identify future potential leaders of the business and produce individual development plans.</p>
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## RISK

## MANAGEMENT ACTIONS TO MITIGATE RISK

**COMPLIANCE**

**Increased legislation and regulations specific to certain business sectors and for temporary workers, in particular, necessitate pre-assignment checks, which may increase the Group's exposure to potential legal, financial and reputational risk.**

All new fee-earning employees receive training in respect of the relevant operating standards applicable to their recruitment role, with additional support provided by compliance functions.

Compliance processes and monitoring are tailored to specific specialisms, ensuring additional focus is given to our high-risk specialisms such as Education and Healthcare in the UK.

Operational and support 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. An example of this is in occupational health and safety in Australia.

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

**RELIANCE ON TECHNOLOGY**

**Our dependence on technology in our day-to-day business means that systems failure and loss of data would have a high impact on our operations.**

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

Ongoing asset lifecycle management programmes mitigate risks of hardware 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.

**DATA GOVERNANCE**

**The Group works with confidential personal data in 33 countries on a daily basis under a variety of laws and regulations. A material data breach would expose the Group to potential legal, financial and reputational risk.**

Robust procedures for handling, storing and transfer of confidential personal data are in place across the Group.

Data protection and information security policies and procedures are also 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 and to best mitigate the risks of cyber crime.

**CONTRACTS**

**The Group enters into contractual arrangements with clients, some of which can be on onerous terms.**

During contract negotiations management seeks 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.

The Group Finance Director reviews all commercial contracts with onerous

non-standard terms in accordance with the Group's risk appetite.

Reviews are performed on a risk basis across key contracts to identify 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 appropriate management of key contractual obligations.

**FOREIGN EXCHANGE**

**The Group has significant operations outside the UK and is therefore exposed to foreign exchange translation risk.**

Profits from Euro-based markets and Australia are a material proportion of the Group's profitability. There is no active management of foreign exchange translation risk; however, it is actively monitored and its impact on our business disclosed to investors so it is fully understood.

# ENGAGED & DIVERSE



“At Hays we view our corporate social responsibility as an integral part of the way we do business.”

WORLDWIDE IN 2015 WE FILLED OVER

1,000

JOBS EVERY WORKING DAY

The very nature of our business is based on one of the most fundamental and core needs in society, the importance of an individual's career and their work. It gives people the means to earn a financial income, allows them to be self-sufficient, gain self-respect and dignity, support their loved ones and, in turn, to make their own contribution to society. Equally, helping businesses around the world to source the talented people they need is essential to help economies and businesses grow and succeed.

In the last 12 months alone, Hays has helped 63,000 people around the world to find their next permanent job and 200,000 people to find their next contract or temporary role. Finding the right role for our candidates and the right person for our clients can transform an individual's life and enhance a business.

In addition, having a global footprint and a profound understanding of many industries

and economies means that we can also help candidates and businesses to prepare for the future world of work and sustain future generations. In this way, we contribute to the wider growth and success of the economies and communities in which we operate. We call it Powering the world of work and it's why we exist as a business.

Looking forward, we need a business-friendly legal framework that encourages the development of a highly skilled and flexible labour force, helping companies to provide incentives and appropriate training to boost skills among all employees. Vocational education, skilled migration and training are all central to the future of the global economy.

**ALISTAIR COX**  
CHIEF EXECUTIVE

27 August 2015

# HELPING TO FIND JOBS FOR THE WORKFORCE OF TODAY

## PREPARING THE WORKFORCE FOR THE JOBS OF TOMORROW

Operating across 33 countries and employing a diverse workforce of over 9,000 employees, Hays is uniquely positioned to understand the world of work: both the current recruiting challenges faced by clients within a wide spectrum of specialised industries and economies, and the importance to candidates of securing a role that suits their skills and offers them the opportunity to reach their potential.

However, not only do we share the depth and breadth of our expertise in order to place the right person in the right position today, but we also aim to help influence the future shape of work and prepare both candidates and clients for the challenges ahead. In this way, we can play an important role in society both now and in the future and ensure that we have a sustainable business model that can survive changing economies, technologies, demographics and business cycles.

## THE UK

Hays has voiced a 'blueprint for jobs growth' in the UK that includes:

- Encouraging greater collaboration between education and business to identify future skills needs and create appropriate courses;
- Working with employers to retrain older workers in order to plug gaps in skills-short areas;
- Providing employers with fiscal incentives to take on apprentices; and
- Identifying skilled roles that cannot be filled by local workers and fast-track visa applications for these positions.

## JAPAN

Our seminars help to make the future workforce more employable.

In partnership with local universities, Hays is running Gaishikei job hunting seminars to advise students who want to work for a foreign affiliated company ('gaishikei') and help them understand how foreign companies are different from domestic ('nikkei') companies.



## THE NETHERLANDS

Hays has signed up to support the government-initiated project called 'Werkakkoord' which aims to help tackle youth unemployment.

Hays helps young people to prepare for work offering interview techniques and CV writing.



## CANADA

Networking is key when people move location.

Linking with the Newcomer Centre of Peel, Hays ran a networking event to advise newcomers to Canada on how to join the job market including advice on application processes and job search.



# TURNING THE CHALLENGES OF TODAY INTO OPPORTUNITIES FOR TOMORROW

The world of work is changing and is being influenced by a number of trends – in particular the state of the global economy, changing demographics, the focus on diversity, key skills shortages, global migration and the impact of evolving technologies.

## OUR PRINCIPLES BEGIN AT HOME

How we demonstrate our values with Hays’ own employees

Hays believes in taking positive action to tackle these issues in a practical way to help the communities in which we operate. In addition, Hays strongly believes that we should also demonstrate our values and beliefs within our own Company and amongst our own employees. It is key to our success that Hays is a company that people want to work for as well as do business with.

In fulfilling our aim to be the world leader in specialist recruitment, highly responsive to the evolving needs of our clients, we need to recruit the best people in the sector and ensure we are both efficient and operationally effective. Our global presence and in-depth knowledge of diverse industries allows us to have global thought-leadership on the world of work across the geographical areas in which we operate.

### We have high employee engagement

Each year we conduct TALKback, our global employee engagement survey. For 2015, we had an 80% participation rate and an employee engagement level of 84%. The key drivers of employee engagement in Hays during 2015 were leadership and direction, along with learning and development.

Year	2015	2014	2013	2012
% employee engagement	84%	85%	84%	83%

### Learning and development

Employees at all levels of our business are supported by structured, tailored learning and development programmes. This starts with a comprehensive induction programme and then at each level as our employees progress through the organisation.

Strong leadership and management are essential to our business. Executives are supported in their career at Hays through our Fast Forward and Advanced Management Programmes which deliver a broad executive curriculum.

### Global mobility

Our employees are actively encouraged to develop their careers by moving internationally. We specifically advertise many key roles outside their country of location and support the movement of our employees to share skills and expertise globally. During 2015, over 70 employees relocated to a Hays office overseas.

### Employee welfare

We strive to safeguard the health and safety of our employees and visiting clients and candidates. A health and safety programme covers the full range of workplace issues from accident reporting to home working.

Our people are key to our success and their welfare is important to us. All employees have access to a free and confidential employee assistance programme.



## Hays recognises changing demographics and diversity

Hays believes that corporate social responsibility is an integral and natural way of doing responsible and ethical business.

As the ultimate people business, it is vital that we make a positive impact on our candidates, our clients, our shareholders, our employees and the communities in which we operate, both now and in the future. Our responsibility embraces the concepts of human rights, diversity, ethical conduct, good corporate governance, giving back to society and minimising environmental impact.

### 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.

### 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).

## We were named as one of the Best Places to Work in the UK

In the 2015 Glassdoor Employees' Choice Award we were named as one of the top 25 Best Places to Work, the only recruiter listed to receive this award. 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.



## Gender diversity within Hays

Role	2015	2014
Female plc Board directors	2 out of 9 (22%)	2 out of 9 (22%)
Female senior leadership and management	10 out of 51 (20%)	12 out of 59 (20%)
Female employees	5,589 out of 9,023 (62%)	5,025 out of 8,237 (61%)

# CORPORATE RESPONSIBILITY REPORT CONTINUED

## OUR DEMOGRAPHICS ARE CHANGING

People will be expected to work for longer and may need to learn new skills as they get older.

The focus on diversity in the workforce is therefore key – this is not only about gender diversity and advancing the careers of women but recognising the value of a truly diverse working population.

Hays actively supports young people by helping them prepare for working life and champions diversity issues in our global locations.



## BELGIUM

Young employees of the future are likely to change jobs several times during their working lifetime or have a portfolio career. Hays can help identify transferable skills.

Every Hays office in Belgium has a local partnership with a university. Hays offers students support in how to apply for jobs, CV writing and enhancing their social media profiles, for example on LinkedIn.



## THE UK

There is an under-representation of women in science and engineering, making up just 13% of the UK workforce.

With 2.74 million job opportunities predicted in engineering companies by 2020, there are many opportunities for careers in this sector. Hays linked with the Institution of Civil Engineers to help 50 female schoolchildren from year nine to build a giant tetrahedron and learn about life as an engineer.

**JOB OPPORTUNITIES PREDICTED  
IN ENGINEERING COMPANIES BY 2020**

2.74m

## SPAIN

Hays believes in helping young people to reach their potential.

Hays worked with the Fundacion Tomillo which aims to increase the employability of children from disadvantaged backgrounds. This included giving English lessons to a group of students, two of whom are now going to have a two-month internship in the UK. Having never travelled outside of Spain before, this support included advising on the working environment and cultural differences.



## COLOMBIA

Hays feels that education should be available to everyone and is key to ensuring future employment.

Together with a foundation called Vision Mundial, Hays has sponsored the education of a local girl, including tuition fees and study books.



## POLAND

Hays Poland took part in the New Energy Forum Conference, organised by the Foundation Leslaw Paga.

The conference was aimed at young people who wished to develop a career in the energy industry. In addition, Hays has participated in lectures at the University of Gdansk discussing labour market requirements in the life-sciences field.



## THE ENVIRONMENT IN WHICH WE WORK

Hays employs over 9,000 people and operates in 33 countries and therefore we are very aware of our local communities and responsibilities to our employees, our neighbours and the environment.

### WE TRY TO MINIMISE IMPACT ON THE GEOGRAPHIES IN WHICH WE WORK

Hays is a services-based business and therefore our impact on the environment is relatively low. However, our strategy is to do more each year to use fewer natural resources and limit any impact on the geographical areas in which we operate. We want to:

- Reduce carbon dioxide emissions;
- Reduce waste;
- Reduce paper consumption; and
- Reduce energy usage.

We recycle paper, have a 'Switch-it-Off' campaign around the Group with particular focus on turning off office lighting, air conditioning and IT equipment when not in use, and encourage teleconferencing to reduce travel-related emissions.

Hays in the UK has ISO 14001 environmental management certification, which demonstrates our commitment to environmental management.

### WE HAVE RIGOROUS PROCEDURES TO REVIEW OUR CARBON EMISSIONS

In order to assess our carbon footprint, Hays gathers data from every office around the world, including information on operational and vehicle use, electricity consumption, refrigerant, other Transport and Distribution (T&D) loss calculations and business travel in order to calculate our greenhouse gas (GHG) emissions.

Our data is independently verified by Carbon Smart who conduct the verification engagement in accordance with ISO 14064-3:2006(E) – specification with guidance for the validation and verification of greenhouse gas assertions. The Hays global carbon footprint, including the process for arriving at this carbon footprint, was prepared in accordance with the (WRI) Greenhouse Gas Protocol.

### WE MEASURE HOW WELL WE ARE DOING

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 to 31 March and this year our employee intensity per tonne CO<sub>2</sub>e was 1.98 (against 2.22 last year).

### COMMUNITY SUPPORT

Our passion for people goes beyond recruitment to help support various local charities and causes that are important to our communities and to our employees. We encourage our employees to take part in volunteering, fundraising activities and to donate funds to charities nominated at country and local levels.

During 2015, among many activities, employees have supported the 'Movember' campaign to raise awareness of men's health issues, abseiled buildings to support young people in crisis regain their health, raised money for cerebral palsy, run for breast cancer, organised Christmas toy giving events, funded a kindergarten in Nepal and raised money for the Brain Tumour Charity.

Impact	Scope	Resource	2015		2014	
			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
Direct	Scope 1	Operational fuel	199	1	136	1
		Vehicle fuel	4,201	24	4,962	28
		Refrigerant	264	2	59	0
Indirect	Scope 2	Electricity <sup>(2)</sup>	6,546	37	5,937	33
		District heating	370	2	263	1
	Scope 3	Air travel	4,569	26	5,341	30
		Rail travel	611	3	687	4
		Electricity T&D losses	602	3	481	3
		Private cars (business use)	377	2	0	0
<b>Total direct and indirect</b>			<b>17,739</b>	<b>100</b>	<b>17,866</b>	<b>100</b>

(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 2015. Out of scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 106 tonnes of CO<sub>2</sub>e (38 tonnes in FY14).

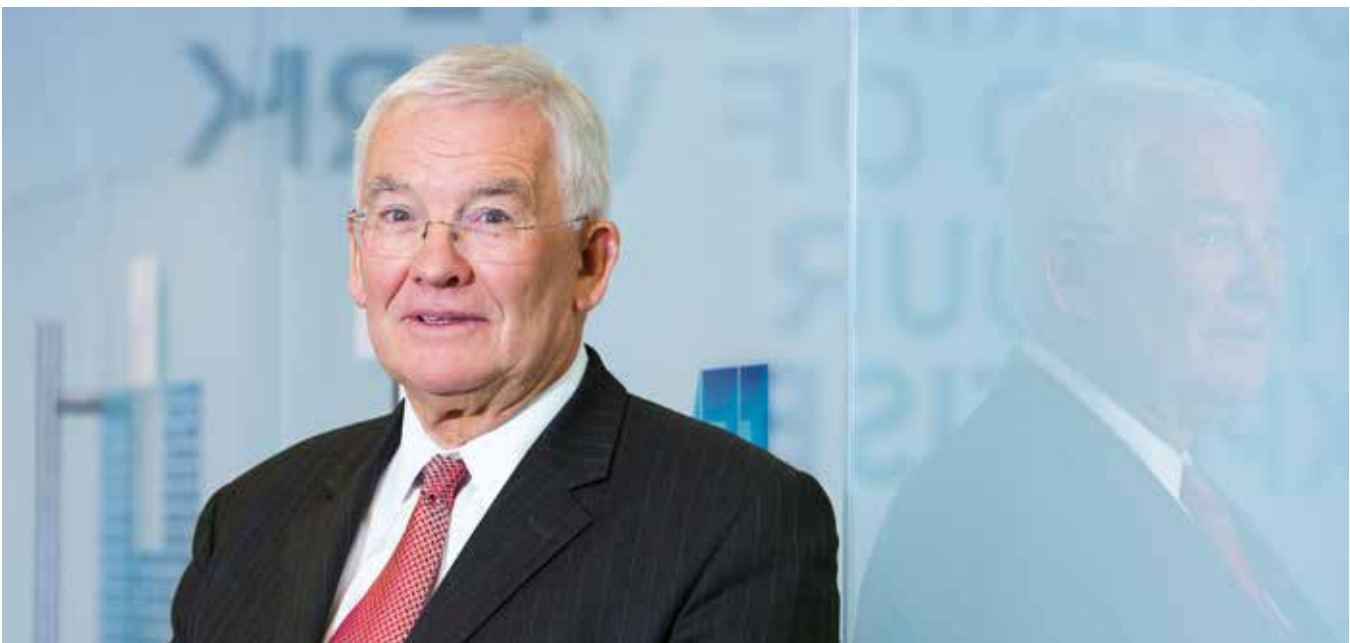
(2) All international electricity-related emissions were calculated based on a CO<sub>2</sub> conversion factor. CO<sub>2</sub>e conversion factors are not currently available for international electricity.

By order of the Board

**DOUG EVANS**  
COMPANY SECRETARY

27 August 2015

# CHAIRMAN'S STATEMENT



## DEAR SHAREHOLDER

I am pleased to present to you the Governance section of our 2015 Annual Report and, further, to report that we have complied with the 2012 Edition of UK Corporate Governance Code (the Code) throughout the year; further detail can be found in the Corporate Governance Statement. We have already taken the steps necessary for compliance with the 2014 edition of the Code and will report to you on that next year. As your Chairman, the strong governance framework we have in place at Hays continues to be of the utmost importance to me and you will hopefully see over the following pages that this framework ensures your Board acts with integrity, transparency and diligence. As both a people business and a global business, these values are core to everything we do, and I, and the rest of your Board understand the behaviours expected of us, and we keep very much in focus the interests of all stakeholders in this

Company, from shareholders, clients and candidates to the wider community of which we are very much a part.

As I reported to you last year, William Eccleshare retired from the Board at our AGM last year. In February this year we were very pleased to welcome Peter Williams as a valuable addition to our number. As one of the longest serving CFOs in the FTSE prior to stepping down as Group Finance Director of Daily Mail & General Trust plc, coupled with his recent time as a non-executive director of a leading digital sports media company, Peter's experience provides further strength and depth to the Board.

At our forthcoming AGM Richard Smelt will be retiring from his position as a non-executive director. Richard was appointed to the Board in November 2007 and during his tenure has been an invaluable asset, not only because of his corporate experience but also

through his knowledge and wisdom as what might be described as an 'end-user' of the services offered by Hays. On behalf of the whole Board, I would like to record our thanks to Richard for his knowledge and insight provided during his time with us.

We are looking to add further to the Board's membership, to ensure we continue to have the right mix of skills and experience to tackle the challenges faced by the business in the ever-evolving environment in which we operate. In so doing, we will continue to take into account the principles of diversity, in all its forms, notwithstanding that we will always seek to appoint the most suitable candidate.

Ensuring the Board has the right composition is only one aspect of its effective performance. The Board evaluation process undertaken in 2014 provided an opportunity for further improvement to its effective functioning and I am pleased to report that, following the 2015

Board evaluation process, these have been well received and with noticeable results. Ensuring the individual members, as well as the executive and non-executive groups, are working optimally ensures the Board is providing the necessary stewardship required to fulfil the goal of effective governance and appropriate accountability. We will be conducting an external evaluation of the Board next year, not simply because we are required to, but because we recognise the merit that such an external 'lens' can provide.

We have welcomed some new colleagues to Hays this year with our acquisition of the Veredus business in December 2014. This is a great fit for us and enables us to build on our existing presence in the US and further strengthens the global offering we provide our clients. I met the new US senior management team across three of their offices on a recent visit and saw first-hand what a great business we have been able to add to the Hays Group, and look forward to a further visit with the Board over the course of the coming year. We shall also be visiting our Sydney and Tokyo operations

this year, in two countries where we are the market leader but which represent more mature and immature markets respectively.

As the world becomes more connected, and disruptive technologies challenge the norm, the Board keeps under constant review the Group's appetite for risk and ensures the framework within which that is managed is appropriately balanced against potential rewards. Strong corporate governance is at the heart of how we operate and I encourage you to read further on that in the coming pages.

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**

27 August 2015

## 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.

## OUR GOVERNANCE FRAMEWORK

### BOARD OF DIRECTORS

Responsible for the overall management of the organisation of our business

- Sets standards, values, policies and strategic aims
- Ensures we have the resources in place to meet our objectives
- Monitors and reviews material strategic issues, financial performance and risk management

[+](#) p46

#### AUDIT COMMITTEE

- Reviews and monitors financial statements
- Oversees external audit
- Reviews internal audit plans

[+](#) p54

#### REMUNERATION COMMITTEE

- Sets, reviews and recommends overall remuneration policy and strategy
- Reviews and approves remuneration arrangements for executive directors and senior management

[+](#) p61

#### NOMINATION COMMITTEE

- Makes recommendations to the Board on its composition and that of its Committees

[+](#) p52

#### MANAGEMENT BOARD

Day-to-day management of our business and operations, responsibility for monitoring detailed performance of all aspects of our business

[+](#) p46

#### GROUP RISK COMMITTEE

Provides strategic leadership, direction and oversight of risk

[+](#) p51

CHIEF  
EXECUTIVE

## BOARD OF DIRECTORS



### 1. ALAN THOMSON (68) NON-EXECUTIVE CHAIRMAN

**Appointed:** 1 October 2010 (and as Chairman on 10 November 2010)

**Committees:** Nomination (Chairman)

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

**Principal external appointments:** Chairman of Bodycote plc; Non-executive Director of Alstom SA.

### 2. ALISTAIR COX (54) 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.

**Principal external appointments:** Non-Executive Director of 3i Group plc.

### 3. PAUL VENABLES (53) 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 (51) SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Appointed:** 8 May 2007 (and Senior Independent Director on 9 November 2011)

**Committees:** Remuneration (Chairman), Audit and Nomination

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

### 5. VICTORIA JARMAN (43) 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 is currently a Non-Executive Director of De La Rue plc, where she is Chairman of the Audit Committee and a member of its Ethics, Nomination and Remuneration Committees, and a Non-Executive Director of Equiniti Group Limited where she is the Chairman of the Audit Committee and a member of the Risk Committee.



#### 6. TORSTEN KREINDL (52) 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. He is a partner in Grazia Equity, a Munich-based capital firm, and a member of the Swisscom AG board.

#### 7. RICHARD SMELT (58) INDEPENDENT NON-EXECUTIVE DIRECTOR

**Appointed:** 15 November 2007

**Committees:** Audit, Nomination and Remuneration

**Skills and experience:** A psychology graduate from Leeds University with an MBA from the London Business School, Richard is a Fellow of the Chartered Institute of Personnel and Development with a 30-year career in Human Resources. Richard has previously been the Human Resources Director for Carphone Warehouse Group plc and Northern Rock plc, post nationalisation, and has also worked in private equity. Richard is presently the HR Director of McCain Foods.

#### 8. PIPPA WICKS (52) INDEPENDENT NON-EXECUTIVE DIRECTOR

**Appointed:** 1 January 2012

**Committees:** Audit, Nomination and Remuneration

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

#### 9. PETER WILLIAMS (62) 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. Since 2011 Peter has been a Non-Executive Director of Perform Group, a leading digital sports media company; he is also a Trustee of the Royal Academy and a member of the Industrial Advisory Board of GVQ Asset Management, a UK equity management company.

#### 10. DOUG EVANS (52) 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.

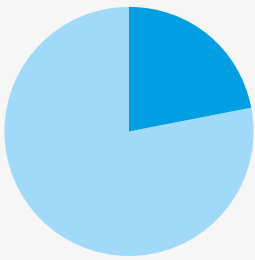
# CORPORATE GOVERNANCE STATEMENT

## 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 September 2012. 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 2015 and to the date of this document.

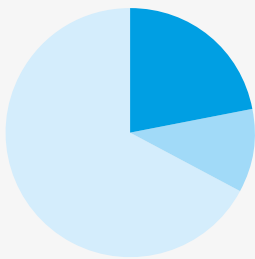
### GENDER COMPOSITION

● Female	22%
● Male	78%



### BOARD COMPOSITION

● Executive	22%
● Chairman	11%
● Non-executive	67%



### THE HAYS BOARD COMPOSITION OF THE BOARD

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

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. With two female independent non-executive directors, namely Victoria Jarman and Pippa Wicks, 22% of the current Board is female (representing 28.5% of non-executives). Further information and statistics on gender diversity can be found within our Corporate Responsibility Report on page 39. 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.

### BOARD CHANGES DURING THE YEAR

Board composition is routinely reviewed to ensure that the balance of skills, knowledge and experience of the Hays Board remains appropriate to its business. William Eccleshare retired from the Board at the conclusion of our 2014 Annual General Meeting (AGM); Peter Williams was appointed to the Board in February 2015. Richard Smelt will retire from the Board following the conclusion of the Company's 2015 AGM on 11 November 2015. Work to add to the Board's number continues and further information can be found in the Nomination Committee Report on page 52.

### ELECTION AND RE-ELECTION OF DIRECTORS AT THE 2015 AGM

In accordance with the Company's Articles of Association and the principles of the Code, with the exception of Richard Smelt all Directors of the Company will offer themselves for election or re-election at the 2015 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each director is qualified for election or re-election by virtue of their skills, experience and commitment to the Board.

### OPERATIONAL GOVERNANCE THE MANAGEMENT BOARD

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

The Management Board, which meets monthly, is chaired by the Chief Executive and also comprises the Group Finance Director, the Company Secretary & General Counsel, the Group HR Director, the Chief Marketing Officer, the Group Technology Director and the Managing Directors of the Group's three main 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.

### LEADERSHIP THE ROLE OF THE HAYS PLC BOARD

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



The Board also provides leadership of the Company and direction for management, ensuring that the necessary financial and human 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 Objectives, set out on page 15. The Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the appropriate risk-reward culture. The Board has established a core set of values, which it adheres to and promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being ambitious, being passionate about people, being expert at what we do and being inquisitive about the world of work. These values have helped to engender the entrepreneurial culture within Hays, which has been 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. All of Hays' directors are believed to act in the best interests of the Company.

#### CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

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

#### SENIOR INDEPENDENT DIRECTOR

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

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

#### DIRECTORS' TENURE AS AT 30 JUNE 2015

Alan Thomson	4 yrs 9 mths
Alistair Cox	7 yrs 10 mths
Paul Venables	9 yrs 2 mths
Paul Harrison	8 yrs 2 mths
Victoria Jarman	3 yrs 9 mths
Torsten Kreindl	2 yrs 1 mth
Richard Smelt	7 yrs 7 mths
Pippa Wicks	3 yrs 6 mths
Peter Williams	4 mths

## CORPORATE GOVERNANCE STATEMENT CONTINUED

Key roles and responsibilities			
<p><b>CHAIRMAN</b> <b>ALAN THOMSON</b></p> <ul style="list-style-type: none"> <li>• Leadership and the effective operation of the Board</li> <li>• Chairing the Board and Nomination Committee</li> <li>• Setting the agenda, style and tone of Board discussions including promoting openness, debate and effective individual contribution</li> <li>• Ensuring that all directors receive clear and accurate information on a timely basis</li> <li>• Ensuring the effectiveness of the Board through induction, ongoing training and regular evaluations</li> <li>• Effective communications with shareholders</li> </ul>	<p><b>CHIEF EXECUTIVE</b> <b>ALISTAIR COX</b></p> <ul style="list-style-type: none"> <li>• Day-to-day management of the Group's business</li> <li>• Formulating strategic business objectives for Board approval and implementing approved strategic objectives and policies</li> <li>• Managing and optimising the operational and financial performance of the business in conjunction with the Group Finance Director</li> <li>• Fostering a good working relationship with the Chairman</li> <li>• Chairing the Management Board and developing senior talent within the business for succession planning</li> </ul>	<p><b>SENIOR INDEPENDENT DIRECTOR</b> <b>PAUL HARRISON</b></p> <ul style="list-style-type: none"> <li>• Acting as a sounding board for the Chairman</li> <li>• Serving as an alternative contact and intermediary for other directors and shareholders</li> <li>• Leading the Chairman's annual performance appraisal and ultimate succession</li> </ul>	<p><b>COMPANY SECRETARY &amp; GENERAL COUNSEL</b> <b>DOUG EVANS</b></p> <ul style="list-style-type: none"> <li>• Acting as Secretary to the Board, its Committees and the Management Board</li> <li>• Providing legal and governance support to the Board as a whole and directors individually</li> <li>• Ensuring that the Group complies with all relevant legal, regulatory and governance requirements</li> </ul>

#### BOARD EFFECTIVENESS 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 material contracts;
- 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;
- 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 fees received by each of the executive directors for the year ended 31 March 2015 (the year-end date of the relevant companies) are shown below:

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

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. It was noted Alan Thomson stepped down during the year as a non-executive director of HSBC Bank plc in October 2014 and as Chairman of Polypipe Group plc in May 2015.

#### 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.

Board focus during 2015 – What the Board has done in the year		
<p><b>DEVELOPING A SUCCESSFUL STRATEGY</b></p> <ul style="list-style-type: none"> <li>• Attended a Group Strategy away day, with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business</li> <li>• Approved the Group strategy and reviewed associated performance</li> <li>• Visited operations in Germany and the UK, receiving presentations from senior management on business performance, the state of the market, strategy and opportunities</li> <li>• Reviewed strategy plans and received reports on the operational performance for the Group's regions</li> <li>• Reviewed and approved the acquisition of Veredus Corp. in the US</li> <li>• Received reports on technology and innovation and related industry developments</li> <li>• Reviewed Group risk</li> </ul>	<p><b>ENSURING APPROPRIATE FINANCIAL MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>• Received and considered regular reports on the Group's financial performance</li> <li>• Approved financial announcements for publication</li> <li>• Approved the annual budget</li> <li>• Approved dividend policy, payments and recommendations as appropriate, including consideration of a special dividend</li> <li>• Reviewed and approved the Group's refinancing of its new revolving credit facility</li> <li>• Met with the Company's financial advisers and corporate brokers</li> <li>• Considered ad hoc property and finance-related transactions</li> </ul>	<p><b>IMPLEMENTING GOVERNANCE AND ETHICS AND MONITORING RISK</b></p> <ul style="list-style-type: none"> <li>• Performed the annual review of the effectiveness of internal control and the nature and extent of risks identified together with mitigation plans</li> <li>• Reviewed regular reports on legal and compliance matters from the Company Secretary</li> <li>• Received formal training updates on corporate reporting, legal and regulatory matters</li> <li>• Reviewed Board and Committee effectiveness</li> <li>• Reviewed and approved changes to the terms of reference of the Remuneration Committee</li> <li>• Reviewed the Directors' Conflicts of Interest procedures</li> <li>• Reviewed the Company's compliance with the Code</li> </ul>
<p><b>MOTIVATING EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• Considered the results from TALKback, the Group's employee engagement survey</li> <li>• Considered and approved invitations under the Company's all-employee share plans</li> </ul>	<p><b>ENGAGING WITH INVESTORS</b></p> <ul style="list-style-type: none"> <li>• Received regular updates on views and feedback from investors</li> <li>• Considered the Company's investor relations strategy</li> </ul>	<p><b>BUILDING STRONG LEADERS</b></p> <ul style="list-style-type: none"> <li>• Considered the tools employed in the leadership and development strategy</li> <li>• Reviewed the Group's succession plans and assessed risks and options</li> </ul>

### 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 Mannheim, Germany. One ad hoc Board meeting was held during the year.

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	-	2 of 2	-
Alistair Cox	7 of 7	-	-	-
Paul Venables <sup>(1)</sup>	6 of 7	-	-	-
Paul Harrison	7 of 7	4 of 4	1 of 2	3 of 3
Victoria Jarman	7 of 7	4 of 4	2 of 2	3 of 3
Torsten Kreindl	7 of 7	4 of 4	2 of 2	3 of 3
Richard Smelt	7 of 7	4 of 4	2 of 2	3 of 3
Pippa Wicks <sup>(2)</sup>	6 of 7	4 of 4	2 of 2	3 of 3
Peter Williams <sup>(3)</sup>	2 of 2	1 of 1	0 of 0	1 of 1
William Eccleshare <sup>(4)</sup>	4 of 4	2 of 2	2 of 2	2 of 2

(1) Unable to attend one Board meeting due to serious family illness.

(2) Unable to attend ad hoc Board meeting due to prior commitment.

(3) Appointed to the Board on 24 February 2015.

(4) Retired from the Board on 12 November 2014.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

**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 2015 financial year the Board assessed its own effectiveness through an internal Board evaluation process. The 2015 evaluation was facilitated by the Chairman. All 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; 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 areas for improved operation identified and agreed.

There was general agreement that, overall, the Board and its Committees continued to operate effectively throughout the period and that its operation had improved since the last review. Board members' experience remains a key strength, notwithstanding that it could be bolstered further with additional member(s) with relevant experience; the number of Board meetings was considered to be appropriate, and acknowledgement was made of the improvement to the scheduling of meetings over the year. It was noted that the benefit of closer time management in Board meetings was evident but that the interaction with regional management teams could be enhanced.

In accordance with the Code, an externally facilitated Board evaluation will be conducted in 2016.

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 2014 Board evaluation has been made during the year. These included risk, succession planning and communication between the executive and non-executive elements of the Board.

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

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's interim and final results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with almost two hundred institutions around the world, interacting with shareholders and potential shareholders. Presentations to analysts are posted on the Company's website at [haysplc.com](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).

Individual investors met in FY15	Continental			Total
	United Kingdom	Europe	North America	
Alistair Cox	55	32	29	116
Paul Venables	97	15	22	134
Investor Relations team	110	41	48	199
Other senior management	9	3	0	12

As a reflection of the success of Hays' investor relations efforts, Hays was ranked No. 3 in the 2015 Extel Survey for best investor relations by a listed company in the European Support & Business Services category, and also top three in the equivalent Institutional Investor Survey. In addition, Paul Venables and David Walker were also ranked in the top three of their respective categories of best Chief Financial Officer and best IR Professional in the 2015 Extel Survey, and David Walker, Hays' Head of Investor Relations, was ranked No. 1 as best investor relations professional in the 2015 Institutional Investor Survey, as voted by sell-side research analysts.

### 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.

### ACCOUNTABILITY 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.

In order to enhance the risk management process a Group Risk Committee was established in the financial year in order to assist 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 both operational and finance functions. Meetings are held three times a year, with activities and recommendations reported to the Management Board. The Hays plc Board also has oversight of the Committee and its activities.

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

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

The Group's internal control procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing significant risks. This is in accordance with the Revised Turnbull Guidance on Internal Control. 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. A confirmation of any necessary actions is therefore not provided.

# NOMINATION COMMITTEE REPORT



“In ensuring we fulfil our aim to be the world’s pre-eminent specialist recruitment business, the Nomination Committee adopts a rigorous and transparent approach to Board succession and director recruitment to ensure the best-placed individual with the right skills, knowledge and experience to enhance the performance of the business is appointed.”

## DEAR SHAREHOLDER

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

With William Eccleshare having retired during the year and Richard Smelt retiring from the Board at the forthcoming AGM, the Nomination Committee has been working on the profile of individual or individuals required to be recruited to ensure the Board has the right skills and experience to fulfil the Board’s aim for Hays to be the world’s pre-eminent specialist recruitment business.

The Zygus Partnership were appointed to facilitate the appointment of Peter Williams, and they remain engaged as our search for additional candidate(s) continues.

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.

Further non-executive appointments to the Board remain under consideration.

## ALAN THOMSON NOMINATION COMMITTEE CHAIRMAN

27 August 2015

## 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](http://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 twice during the year and all members were in attendance except Paul Harrison who could not attend one meeting due to prior commitments. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

## MAIN COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

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

### 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 Peter Williams' appointment and they remain engaged as further non-executive director appointments are considered. The Zygos Partnership is an independent executive search consultancy and it has no other connection with the Company.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates.

### 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 2015 financial year has been on identifying a suitable replacement for Richard Smelt, as well as planning for the succession of other Board members.

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

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

### TENURE OF NON-EXECUTIVE DIRECTORS

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

### DIRECTOR PERFORMANCE

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for election or re-election at the 2015 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, with the exception of Richard Smelt, all current directors of the Company be proposed for election or re-election, at the forthcoming AGM.

Committee member	Meeting attendance FY15
Alan Thomson (Chairman)	2 of 2
William Eccleshare <sup>(1)</sup>	2 of 2
Paul Harrison	1 of 2
Victoria Jarman	2 of 2
Torsten Kreindl	2 of 2
Richard Smelt	2 of 2
Pippa Wicks	2 of 2
Peter Williams <sup>(2)</sup>	0 of 0

(1) William Eccleshare retired from the Board on 12 November 2014.

(2) Peter Williams was appointed to the Board on 24 February 2015.

# AUDIT COMMITTEE REPORT



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

## DEAR SHAREHOLDER

I am pleased to present to you the Audit Committee report prepared in accordance with the 2012 edition of the Code. The Committee has considered the additional requirements of the revised UK Corporate Governance Code introduced in September 2014 and has ensured the necessary steps are under way in order that we can properly report to you against those next year and beyond.

The Committee has continued to ensure the Company’s enterprise risk management framework remains fit for purpose. The Committee provides oversight of the risk process and continues to be satisfied that the Board maintains sound risk management and internal controls; the establishment of the Group Risk Committee is a welcome development in that regard. The Board has again been supported by the Committee in ensuring the Annual Report is fair, balanced and understandable. The Committee reviews the full and half year results with both management and the external auditor and reviews the work of Internal Audit and other assurance providers, thereby ensuring the integrity of the Group’s financial statements and the effectiveness of internal control. This in turn enables the Committee to provide shareholders with the necessary information for them to assess the Company’s performance, business model and strategy.

In addition to discharging its financial reporting, internal control and risk management responsibilities, during the course of the year the Committee also considered, amongst other matters, audit effectiveness (both internal and external) and technological developments affecting the Group. Further detail on the Committee’s activities during the year under review is provided below.

## VICTORIA JARMAN AUDIT COMMITTEE CHAIRMAN

27 August 2015

## 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.

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

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met four times during the financial year and all members were in attendance at all meetings during their tenure.

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

### MAIN COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

- Approved the annual Committee programme
- Reviewed financial results for publication
- Considered the external audit plan and reviewed the results of the audit
- Approved the Internal Audit plan and reviewed its findings
- Reviewed the new requirements relating to external auditor appointments and audit partner rotation
- 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
- Reviewed the performance and effectiveness of the external Auditor and considered its reappointment
- 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
- Recommended the Audit Committee Report for approval by the Board
- Reviewed senior finance personnel across the Group
- Held discussions with the external Auditor and the Head of Internal Audit without management being present

### ANNUAL REPORT REVIEW

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

### FAIR, BALANCED AND UNDERSTANDABLE

In making its recommendation to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable, the Committee enhanced its existing robust governance arrangements, which include:

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

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

Committee member	Meeting attendance FY15
Victoria Jarman (Chairman)	4 of 4
William Eccleshare <sup>(1)</sup>	2 of 2
Paul Harrison	4 of 4
Torsten Kreindl	4 of 4
Richard Smelt	4 of 4
Pippa Wicks	4 of 4
Peter Williams <sup>(2)</sup>	1 of 1

(1) William Eccleshare retired from the Board on 12 November 2014.

(2) Peter Williams was appointed to the Board on 24 February 2015.

## AUDIT COMMITTEE REPORT CONTINUED

### 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 to each cash-generating unit, compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by Deloitte in testing the projections and performing sensitivity analysis on the key assumptions. 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 21. The Committee reviewed the pension items, including those relating to the adoption of IAS 19 Employee Benefits (Revised), by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the deficit and related income statement items. The Committee also considered the work performed by Deloitte's specialist pension team in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

### ACQUISITION ACCOUNTING

The main areas of judgment following the acquisition of 80% of the shareholding of Veredus Corp. are the assessment of whether or not Hays acquired control of Veredus, considering the specific requirements of IFRS 10 including the application of the substance principle; the fair value of deferred consideration consequently recognised; and the assessment of the fair value of the assets acquired. The Committee reviewed and discussed a detailed report prepared by management setting out the basis for the key assumptions adopted, and also considered the work performed by Deloitte which included reviewing the terms of the acquisition agreement, and the findings from the local US audit. The Committee is satisfied that the acquisition has been appropriately accounted for and that the judgments made are appropriate.

### EXTERNAL AUDITOR

Both the Committee and the Board keep the external Auditor's independence and objectivity under close scrutiny, particularly in regard to its reporting to shareholders. Deloitte LLP has been the external Auditor of the Group since listing in October 1989. Professional rules require that the Company's audit partner at Deloitte be rotated every five years; the current lead partner, Stephen Griggs, was appointed following the 2011 year-end results.

As noted previously, the Committee resolved to undertake a full tender of the Company's external audit contract following the 2016 year-end results, when the tenure of the current audit partner at Deloitte comes to an end. The Committee has further reviewed this position following the publication of the new EU regulations and decided that a tender

process will commence in early 2016. Any recommendation for the appointment of the external Auditor will continue to be the subject of rigorous review each year.

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES POLICY

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

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

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

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

Deloitte's fee in respect of its 2014 financial year audit of Hays was £0.9 million. Accordingly, the maximum value of non-audit services that Deloitte could have been engaged by Hays to provide during the financial year 2015 was £0.9 million. The total audit fee for non-audit services provided by Deloitte during the 2015 financial year was £0.4 million (2014: £0.3 million). The main components of the £0.4 million non-audit services were as follows:

- Half year review: £0.1 million;
- Taxation compliance: £0.1 million; and
- Tax advice and other services: £0.2 million.

No single non-audit project undertaken by Deloitte during the 2015 financial year exceeded £170,000. The Company did not pay any non-audit fees to Deloitte on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 6 to the Consolidated Financial Statements.

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

### EFFECTIVENESS OF THE EXTERNAL AUDITOR

The annual effectiveness review was conducted under the guidance of the Committee Chairman, on behalf of the Committee, and covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications, and Deloitte's independence and objectivity. Overall feedback was positive with resulting improvements, which were largely country-specific, discussed and implemented. On the basis of this review, the Committee was satisfied with the performance of Deloitte in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process. Accordingly, the Committee has recommended to the Board that Deloitte be reappointed as external Auditor to the Group.

### 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 2015 financial year, which was focused on addressing both financial and overall risk management objectives across the Group. During the year, 35 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 operating companies across the globe to further develop and embed the framework methodology at a local level. The formation of a Group Risk Committee chaired by the Group Finance Director and comprising senior operators from each region will assist in the strategic management of risk in the Group.

### RAISING CONCERNS AT WORK

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

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

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

### ANTI-BRIBERY AND CORRUPTION

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

### AUDIT COMMITTEE EFFECTIVENESS

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

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

# 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 on environmental, employee, social and community matters, including information on gender diversity within the Group, is detailed in the Corporate Responsibility Report.

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 30 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 0.87 pence (2014: 0.83 pence) per Ordinary share was paid to shareholders on 8 April 2015. The Board recommends the payment of a final dividend of 1.89 pence (2014: 1.80 pence) per Ordinary share, representing a total dividend of 2.76 pence (2014: 2.63 pence) for the financial year ended 30 June 2015. Subject to the shareholders of the Company approving this recommendation at the 2015 AGM, the final dividend will be paid on 13 November 2015 to those shareholders appearing on the register of members as at 9 October 2015. The ex-dividend date is 8 October 2015.

## FINANCIAL INSTRUMENTS

Details of the financial instruments used by the Group are set out in notes 18 to 19 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 33 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 2015 financial year, with the exception of Peter Williams, who joined the Board on 24 February 2015. In addition, William Eccleshare served on the Board during the year until his retirement on 12 November 2014.

## GENERAL POWERS OF DIRECTORS

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

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

## DIRECTORS' POWERS TO ALLOT AND BUY BACK SHARES

The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

## APPOINTMENT AND REPLACEMENT OF DIRECTORS

Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

## DIRECTORS' INTERESTS

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

## DIRECTORS' INDEMNITIES

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

## SHARE CAPITAL

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2015, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 43,062,351 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 2015, 2.94% 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 2015 financial year, Hays transferred 14,806,893 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; further details can be found in note 28 to the Consolidated Financial Statements on page 106. 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 on dilution limits provide that the overall dilution under all share plans operated by a company should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans. The Company's share plans operate within ABI recommended guidelines on dilution limits.

### MAJOR SHAREHOLDERS

As at 30 June 2015, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
BlackRock Inc	10.9%
Virtus Trust Limited	7.4%
Baillie Gifford & Co	6.6%
Cedar Rock Capital Limited	6.5%
Columbia Threadneedle	4.5%
Marathon Asset Management	4.2%
Heronbridge Investment Management LLP	3.4%

No changes to the above have been disclosed to the Company as at 3 September 2015.

### EMPLOYEES

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

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled whilst working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

### EMPLOYEE INVOLVEMENT

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

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

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

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

### 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 and 19 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.

### ARTICLES OF ASSOCIATION

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

## DIRECTORS' REPORT CONTINUED

### 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.

### 2015 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 11 November 2015 at the offices of UBS, 100 Liverpool Street, London EC2M 2RH.

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

### POLITICAL DONATIONS

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will however as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2015 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 14 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 2016 AGM.

### AUTHORITY TO ALLOT SHARES

At the 2014 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 2015 AGM. Accordingly, Resolution 15 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2016 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 16 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 16 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2016 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 17 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 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2016 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 18 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 2016 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

27 August 2015

# REMUNERATION REPORT



“Our professional reputation and integrity is vital for our candidates, clients, shareholders and business. We extend these values in our approach to reward and we are pleased to have received a strong favourable vote for our Remuneration Policy at last year’s AGM. While we encourage the link of high performance to reward, this year we have introduced clawback to our incentive plans in recognition of the importance sound risk management plays in driving long-term shareholder value.”

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- 63 At a Glance – Key features of 2015
- 64 Remuneration Policy Summary – showing key reward features, link to strategy, link to risk management and what we have done in 2015
- 66 Annual Report on Remuneration – including the single figure of remuneration (audited)

I am pleased to introduce our Directors’ Remuneration Report for 2015.

### OUR BUSINESS CONTINUES TO GROW AND PROSPER

2015 has been another strong year for Hays. With our markets broadly supportive, management invested to drive good growth of 9%<sup>(1)</sup> in net fees and, through effective operational management, delivered excellent operating profit leverage, with profits up 25%<sup>(1)</sup> with strong cash conversion. This performance was industry leading. Such strong results, allied to a clear outperformance in Hays’ share price over the last three years relative to its competitors, has directly contributed towards the reward outcomes for the executive directors both in the annual and the long-term incentive schemes, as will be covered below.

### OUR EXECUTIVE REWARD FOR 2015 REFLECTS THESE STRONG RESULTS

- Annual Bonus Awards reflected the 2015 performance and were 98.0% of the maximum award (122.50% of salary) for the CEO and 97.0% of the maximum award (121.25% of salary) for the CFO. (Maximum opportunity was 125% of salary.) 40% of each award was deferred into shares for three years
- The 2012 PSP vested at 100% of the award (175% of salary) reflecting its three year performance period that ended on 30 June 2015
- The executive directors received base salary increases of 2.0% effective from 1 July 2015. This was in line with the average pay increase for other UK employees

- Executive directors will receive an FY16 PSP grant of 175% of salary which will vest in 2018 dependent on performance criteria being met

No discretion was exercised.

- Our Chairman’s fee was also increased by 2.0% and the Board reviewed the fees for other non-executive directors (NEDs) and made some adjustments

Full details of the executive directors’ remuneration for 2015 can be found in the single figure on page 66 and the full Annual Report on Remuneration on pages 66 to 77.

Details of the Chairman’s and NEDs’ fees can be found on page 74.

### OUR REMUNERATION POLICY RECEIVED A POSITIVE VOTE AND NO CHANGES ARE PROPOSED

At last year’s AGM, our Remuneration Policy received a binding vote of 92.6%, demonstrating the strong support for our executive directors’ reward structure and approach.

We are grateful for the time and effort provided by the Company’s shareholders to engage with us in formulating this Policy as it is fundamental to our remuneration approach to have an active and engaged dialogue with our shareholders.

We remain committed to the Policy framework that was agreed and, therefore, there are no proposed changes to our remuneration policy this year that require further shareholder approval. However, during the year we have continued to monitor

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

## REMUNERATION REPORT CONTINUED

and discuss the ongoing debate around risk mitigation and the link of risk management to reward. The Committee has also reviewed and debated the new guidance on clawback. This has helped us to make appropriate 'fine-tuning' to our Policy administration.

### WE HAVE SELECTED THE RIGHT PERFORMANCE METRICS

When establishing the annual Group budget, the Board seeks to ensure that achievable, yet stretching, targets are appropriately balanced with risk.

The performance metrics used in our Annual Bonus Plan and Performance Share Plan (PSP) were chosen as they reflect the executives' ability to manage day-to-day operational efficiency and long-term business sustainability.

### WE HAVE INTRODUCED CLAWBACK PROVISIONS TO OUR INCENTIVE PLANS FURTHER LINKING RISK MANAGEMENT AND REWARD

In addition, and in line with the revised UK Corporate Governance Code issued in September 2014, the Committee has taken the decision to include clawback provisions in its Annual Bonus Plan and the PSP.

These provisions will apply to the PSP grant made in 2015 and any bonus award made in 2016 in relation to performance in the 2016 financial year. Our incentive plans already incorporate malus provisions, but the trigger events have been adjusted to align with those of the new clawback provision.

The Committee debated the length of time during which clawback would apply. In introducing clawback and adjusting the malus provisions, the Committee took into consideration the short-term and cyclical nature of our business and therefore decided that:

- For the annual bonus plan, clawback will apply for three years from the date of award for the cash element and malus applies on the deferred element during the three-year deferral period; and
- For the PSP, malus applies during the three-year performance period and

clawback will apply for two years post vesting.

The trigger events for both clawback and malus have been aligned and are:

- Material misstatement of accounts (previously the only trigger for malus);
- Computation errors in the award calculation;
- Computation errors in the calculation of the performance conditions; and
- Gross misconduct.

### WE ARE COMMITTED TO BEHAVING IN A RESPONSIBLE WAY

Hays' expertise enables us to match the skills of our candidates to our client needs and a successful placement helps to mitigate risk at a high level. The incorporation of clawback reinforces the Committee's commitment to managing risk and complements the Company's culture of ensuring we behave in a responsible and appropriate way towards our candidates, clients, shareholders and other stakeholder groups.

In addition, during 2015, we formed a new Group Risk Committee, details of which can be found on page 51 of this Annual Report. We will be working closely with the Group Risk Committee to ensure that our current framework of linking risk management and reward remains robust and appropriate.

More information on our approach to risk can be found on pages 57 of the Annual Report and its link to reward on pages 64 to 65 of this Report.

### WE AIM TO BE CLEAR AND CONCISE IN OUR REPORTING

We aim to make the Directors' Remuneration Report clear, concise and easy to follow. As there is no change this year to our formal approved Remuneration Policy, we have chosen to put this on our website. It can be found at [haysplc.com](http://haysplc.com). This complements our approach to becoming more digital.

We have included a Policy Summary in this report which highlights the key features of our reward components. It demonstrates how they link to our strategy, how they take into account our principal areas of risk, and gives details of how the Policy has been implemented in 2015.

### WE ARE COMMITTED TO OPEN AND CONSTRUCTIVE DIALOGUE WITH OUR SHAREHOLDERS

The Committee is mindful of the continuing debate among the investor community and wider public audience around executive pay. As such, we welcome feedback from shareholders and representative bodies and, in turn, the Committee will continue to consult with shareholders when appropriate.

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

We trust that you will find this report clear and helpful, that it 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

27 August 2015



## AT A GLANCE

### OUR REMUNERATION POLICY AND STRUCTURE

Key reward component	Key features
Base salary and core benefits	Competitive salary and benefits to attract right calibre of executive
Annual Bonus	Max. potential 125% of salary <ul style="list-style-type: none"> <li>60% EPS</li> <li>20% Cash conversion</li> <li>20% Personal</li> </ul>
Performance Share Plan	Max. potential 175% of salary <ul style="list-style-type: none"> <li>1/3 EPS</li> <li>1/3 Cash conversion</li> <li>1/3 TSR</li> </ul>
Shareholding requirements	Chief Executive – 200% of salary Group Finance Director – 100% of salary Ensure material personal stake in the business

- Strong link of reward to performance
- Take into account risk management and our incentive plans incorporate malus and, new for FY16, clawback.

[See p64 for more details](#)

### HOW HAVE WE PERFORMED?

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

Metric	Target	Actual	% achieved
EPS	<b>7.02p</b>	<b>7.74p*</b>	<b>100%</b>
Cash conversion	<b>86%</b>	<b>108.5%</b>	<b>100%</b>
Personal – Chief Executive	–	<b>90%</b>	<b>90%</b>
Personal – Group Finance Director	–	<b>85%</b>	<b>85%</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.

**September 2012 PSP award** Metrics reflect success in delivering strong results through the three-year cycle

Metric	Target	Actual	% achieved
Relative TSR against comparator group	<b>Upper quartile (UQ)</b>	<b>UQ</b>	<b>100%</b>
EPS	<b>17.39%</b>	<b>18.71%</b>	<b>100%</b>

#### KEY FY15 GENERAL BUSINESS HIGHLIGHTS

- Like-for-like net fee growth of 9%<sup>(1)</sup>
- Operating profit up 25%<sup>(1)</sup>
- Strong cash conversion
- Acquisition of Veredus

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

[See p68 for more details](#)

### WHAT DID WE DO?

Reward component	What we have done
Base salary	Increased salaries for Chief Executive and Group Finance Director by 2.0% from 1 July 2015. <b>New salaries:</b> Chief Executive: £709,294 Group Finance Director: £511,400 Increase in line with budget set for UK employees of 2.0%
Bonus	Chief Executive: 98% of maximum i.e. 122.5% of salary equating to a bonus of £851,848 Group Finance Director: 97% of maximum i.e. 121.25% of salary equating to a bonus of £607,915 40% of the above awards are deferred into shares for three years
PSP	175% of salary awarded
Shareholdings at 30 June 2015	Chief Executive: 607% of base salary (requirement = 200%) Group Finance Director: 311% of base salary (requirement = 100%)

The Single Figure can be found on page 64

[See p64 for more details](#)

### WHAT CHANGES HAVE WE MADE?

There are **no changes** to our Remuneration Policy.

We received a binding vote of 92.6% in favour of the Policy at the November 2014 AGM indicating strong support for our approach.

However, in line with the revised UK Corporate Governance Code we have:

- Introduced clawback provisions into our incentive plans. These will apply to the FY16 PSP awards made in 2015 and any deferred bonus awards made in 2016 in relation to FY16 performance. Further details are on page 75
- We have further elaborated on how our reward policy takes into consideration Hays' principal areas of risk. Further details are on page 65

Our full Remuneration Policy can be found on pages 60 to 70 of the 2014 Annual Report and on our website, [haysplc.com](http://haysplc.com).

A summary of the Policy can be found on pages 64 to 65 of this Report.

[See p64 for more details](#)

# REMUNERATION REPORT CONTINUED

## SUMMARY OF OUR REMUNERATION POLICY AND WHAT WE HAVE DONE DURING THE YEAR

Our Remuneration Policy was approved by shareholders at the Company's AGM on 12 November 2014 and received strong support.

There is no material change to the Remuneration Policy this year but shareholders are asked to note that:

- In line with the revised UK Corporate Governance Code (the Code) issued in September 2014, we have now included clawback provisions in our incentive plans. In accordance with the Code, these will be effective in relation to all awards made in the financial year 2016. Clawback provisions will therefore apply to the PSP awards which will be made in September 2015 and the deferred element of any bonus award made in 2016 in relation to performance in the 2016 financial year.

Our full approved Remuneration Policy (Policy) can be found in the Directors Remuneration Report in the 2014 Annual Report pages 60 to 70 and on our website at [haysplc.com](http://haysplc.com). This summary is not designed as a substitute or for any voting purposes. It is intended simply to highlight the key features of our Policy and what we have done this year. We hope shareholders will find it helpful. We aim to be clear and transparent in our approach and take our responsibility to shareholders seriously. We hope this summary will demonstrate how we balance maintaining a competitive and motivated workforce with market concerns about the level and structure of pay and the need to balance reward with appropriate risk management.

### TIME HORIZON KEY



Key remuneration component and time horizon	Key features	How our Remuneration Policy links to our strategy
<b>SALARY AND CORE BENEFITS</b> 	Salary set annually from 1 July.  Broadly aligned with pay increases for other UK employees in the Company.  Core benefits include cash allowance in lieu of pension (30% of base salary), private medical insurance, life assurance and other benefits in line with UK employees.	Base salary, associated benefits and variable pay elements combine to attract, retain and motivate the calibre of executives required to shape and execute strategy and generate superior shareholder returns.
<b>CASH BONUS</b> 	Maximum potential 125% of base salary.  60% of any bonus earned is paid in cash and 40% deferred – see below.  Threshold level of performance earns 20% of salary based on achieving threshold EPS and cash conversion.  Cash bonus in relation to FY16 onwards will be subject to clawback provisions for three years post award.	Financial and personal objectives are set with reference to our business strategy approved by the Board.  Current weighting and measures are:  60% Earnings per share* 20% Cash conversion* 20% Personal  * Key Performance Indicators (KPIs).  The metrics focus on shareholder returns (via EPS), while ensuring ongoing business efficiency (cash conversion) and continued focus on planning for the future (personal goals).
<b>DEFERRED BONUS</b> 	40% of any bonus earned is deferred into shares for three years.  Deferred bonus is subject to malus provisions during the three-year deferral period.	Deferred bonus is awarded in shares and therefore helps align future focus with that of shareholders and longer-term strategy.
<b>PERFORMANCE SHARE PLAN (PSP)</b> 	Normal maximum potential for executive directors is 175% of base salary.  Normally granted annually.  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 FY2016, will be subject to clawback provisions for up to two years post vesting.	Key financial performance metrics are set in line with the Company's long-term strategy approved by the Board.  Current performance conditions are: <ul style="list-style-type: none"> <li>• One-third based on total shareholder return (TSR) relative to comparator group, with vesting subject to satisfactory financial performance over the period, as determined by the Committee;</li> <li>• One-third based on cumulative earnings per share; and</li> <li>• One-third based on cash conversion.</li> </ul>
<b>SHAREHOLDING REQUIREMENTS</b> 	Chief Executive – 200% of base salary.  Group Finance Director – 100% of base salary.	Shareholding requirements ensure that executive directors' interests are aligned with shareholders over a longer time horizon.

How our Remuneration Policy takes into account risk	What we have done
<p>A principal risk is the loss of specialised talent.</p> <p>This is mitigated by offering a competitive package against businesses of a comparable size and comparable peer group as well as recognising the breadth of the role and individual experience the role-holder brings to the Company.</p>	<p>With effect from 1 July 2015, base salaries for the executive directors were increased by 2.0%.</p> <p><b>Alistair Cox</b> – Annual salary moved from £695,386 to £709,294</p> <p><b>Paul Venables</b> – Annual salary moved from £501,373 to £511,400</p> <p>The salary pay review budget for UK employees was 2.0%.</p> <p><b>Where you can find more information:</b> <b>Page 66 of the Annual Report on Remuneration</b></p>
<p>In establishing the annual Group budget, the Board seeks to ensure that achievable, yet stretching, goals are properly balanced with risk. Financial targets for reward are then linked to budget.</p> <p>The financial metrics chosen are KPIs of the business and therefore reflect how well management mitigates our principal financial and reputational business risks which include:</p> <ul style="list-style-type: none"> <li>• Its cyclical nature, closely linked to the economy;</li> <li>• Ensuring we have the right business model to deal with market changes;</li> <li>• The importance of compliance and data governance when operating across 33 countries with multiple regulatory and legal frameworks; and</li> <li>• Increased reliance on technology and the associated risk of data loss or system failure.</li> </ul> <p>The <b>EPS</b> metric is a measure that is aligned with shareholder interests. The targets are set taking into account market conditions and expectations of performance set through a robust budget process.</p> <p><b>Cash conversion</b> promotes free cash flow through working capital and capital expenditure control and is a key indicator of the efficiency of the business.</p> <p><b>Personal objectives</b> are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy. They include operating within our Group risk framework.</p> <p><b>Bonus deferral</b> into shares helps focus on long-term outcomes.</p> <p>The annual bonus also has <b>malus provisions</b> during the three-year deferral period and <b>clawback provisions</b> (new for any bonus made in relation to FY16 and going forward, and applicable for three years post cash award).</p>	<p>Following the issue of the Code, we have introduced clawback provisions which will apply to any cash bonus that may be awarded for performance in relation to the full financial year 2016 and going forward. Clawback will be applicable to the cash element for up to three years from award.</p> <p><i>There is no change to any other aspect of our bonus policy.</i></p> <p>Bonuses awarded in relation to full year 2015 performance are as follows:</p> <p><b>Alistair Cox, CEO</b> – £851,848 Of this 60% i.e. £511,109 will be awarded in cash and the balance deferred – see below.</p> <p><b>Paul Venables, CFO</b> – £607,915 Of this 60% i.e. £364,749 will be awarded in cash and the balance deferred – see below.</p> <p>40% of the above bonus was deferred into shares for three years as follows:</p> <p><b>Alistair Cox</b> – £340,739</p> <p><b>Paul Venables</b> – £243,166</p> <p>The shares will be granted on 4 September 2015 using the closing share price on the preceding day.</p> <p><b>Where you can find more information:</b> <b>Page 67 of the Annual Report on Remuneration</b></p>
<p>The PSP metrics mitigate risk by providing a balanced approach of actual financial performance and business efficiency over a longer time period, together with relative performance against comparable businesses and longer-term alignment with shareholders.</p> <p>The <b>TSR</b> metric measures the relative return from Hays shares against a basket of comparator companies and the result is underpinned by the Company's underlying financial performance.</p> <p>The <b>EPS</b> metric targets are calculated taking into account the Company budget for Year 1 plus growth around a fixed range of RPI+4% and RPI+12% per annum for Years 2 and 3.</p> <p>The <b>Cash conversion</b> metric indicates the continuous focus for ongoing business cash efficiency whatever the trading circumstances of the business.</p> <p>The <b>award in shares</b> focuses on alignment with shareholders.</p> <p><b>Malus provisions</b> (during the three-year performance period) and <b>clawback provisions</b> (new for awards from FY16 and applicable for two years post vesting) are also in place to mitigate risk.</p>	<p>Following the issue of the Code, we have introduced clawback provisions which will apply to the PSP grant awarded in the 2016 financial year and that will vest at the end of the 2018 financial year. Clawback would apply for two years following vesting.</p> <p><i>There is no change to any other aspect of our PSP policy.</i></p> <p>The Committee has determined to make the following awards which will be granted on 10 September 2015 based on the closing share price on the preceding day.</p> <p><b>Alistair Cox</b> – 175% of salary. This equates to a face value at grant of £1,241,265.</p> <p><b>Paul Venables</b> – 175% of salary. This equates to a face value at grant of £894,950.</p> <p>The number of shares that vest will be dependent on performance against the metrics.</p> <p><b>Where you can find more information:</b> <b>Page 67 of the Annual Report on Remuneration</b></p>
<p>Encouraging a <b>material, personal stake in the business</b> through substantial shareholding requirements helps to align executives with shareholders and focus on delivering long-term shareholder value which includes risk mitigation.</p>	<p><i>There is no change to any aspect of our shareholding policy.</i></p> <p>Shareholdings as a % of base salary as at 30 June 2015 using only those shares that are fully vested and where the executive directors have beneficial ownership:</p> <p><b>Alistair Cox, CEO</b> – 607% of salary</p> <p><b>Paul Venables, CFO</b> – 311% of salary</p> <p>Shareholding requirements fully met.</p> <p>Share price of £1.634 as at 30 June 2015.</p> <p><b>Where you can find more information:</b> <b>Page 72 of the Annual Report on Remuneration</b></p>

# REMUNERATION REPORT CONTINUED

## ANNUAL REPORT ON REMUNERATION

### SINGLE FIGURE OF REMUNERATION (AUDITED)

The following table shows the single total figure of remuneration for each executive director in respect of qualifying services for the 2015 financial year. Comparative figures for the 2014 financial year have also been provided. Details of non-executive directors' (NEDs) fees are set out on page 74.

£000s	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>2015</b>								
Alistair Cox <b>Chief Executive</b>	695	43	208	0	852	1,798	2,464	4,262
Paul Venables <b>Group Finance Director</b>	501	33	150	0	608	1,292	1,777	3,069
<b>2014</b>								
Alistair Cox	678	46	204	1	831	1,760	1,066	2,826
Paul Venables	489	29	147	1	599	1,265	769	2,034

(1) 2015 PSP figures exclude the value of the dividend equivalent shares relating to the dividend which is subject to approval at the 2015 AGM, but for which the awards qualify. 2014 PSP figures now reflect actual vesting price; the total has therefore also been adjusted.

### COMPONENTS OF THE SINGLE FIGURE AND HOW THE CALCULATIONS ARE WORKED

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

#### SALARY - NOTE 1 (AUDITED)

Salary Policy summary and explanation	Name	Salary for FY15	% increase over FY14	Salary for FY14
Set annually from 1 July Broadly aligned with salary increases for UK employees. Salaries were increased by 2.5% wef 1 July 2014.	Alistair Cox	£695,386	2.5%	£678,425
	Paul Venables	£501,373	2.5%	£489,144

#### BENEFITS - NOTE 2 (AUDITED)

£000s	Executive director	PMI	Life assurance	Income protection	Travel and mileage	Car allowance	Total
<b>2015</b>							
Core benefits align with those for other UK employees.	Alistair Cox	2	8	9	4	20	43
	Paul Venables	2	4	9	-	18	33
<b>2014</b>							
	Alistair Cox	2	10	8	6	20	46
	Paul Venables	2	3	6	-	18	29

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

**PENSION – NOTE 3 (AUDITED)**

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.

£000s		
Pension Policy summary and explanation	Executive director	Pension
Cash allowance: 30% of base salary. There is no other pension provision.	<b>2015</b>	
	Alistair Cox	208
	Paul Venables	150
	<b>2014</b>	
	Alistair Cox	204
	Paul Venables	147

**OTHER BENEFITS – NOTE 4 (AUDITED)**

£000s		
Other benefits explanation	Executive director	Other
The 2014 figure shows the value of the discount on SAYE options as at the date of grant.	<b>2015</b>	
	Alistair Cox	0
	Paul Venables	0
Neither Alistair Cox nor Paul Venables participated in the 2015 SAYE as they were already saving at the maximum limit permitted under the Scheme.	<b>2014</b>	
	Alistair Cox	1
	Paul Venables	1

**ANNUAL BONUS – NOTE 5 (AUDITED)**

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 2015 and 2014 performance, 40% of the figure shown is deferred into shares for three years. There are no further performance conditions but leaver terms apply.

See page 68 for detailed information on performance against targets.

£000s					
Annual Bonus Policy summary and explanation	Executive director	Annual Bonus	Of which cash – 60%	Of which deferred – 40%	% of salary achievement
Maximum bonus potential is 125% of base salary, of which 60% is paid in cash and 40% of any award is deferred into shares.	<b>2015</b>				
	Alistair Cox	852	511	341	122.50%
	Paul Venables	608	365	243	121.25%
	<b>2014</b>				
	Alistair Cox	831	499	332	122.50%
	Paul Venables	599	359	240	122.50%

**PSP – NOTE 6****2012 PSP AWARD VESTING 2015**

The value of the 2012 PSP (vesting in November 2015) is based on a share price of 161.26 pence, which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was 81.55 pence. The award vested in full.

See page 69 for detailed information on performance against targets.

# REMUNERATION REPORT CONTINUED

## 2011 PSP AWARD VESTING 2014

The value of the 2011 PSP (which vested in 2014 and was disclosed in the 2014 Single Figure) was based on a share price of 148.88 pence which was calculated using an average for the final quarter of the 2014 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was 70.90 pence. The actual share price on the date of vesting on 23rd September 2014 was 119.18 pence. This price has been used to restate the value of the 2011 PSP awards in the Single Figure for 2014 in the table above.

£000s		Value in 2015 Single Figure based on share price of 161.26p		
PSP Policy Summary and explanation	Executive director		Restatement	
Maximum potential is 175% of base salary. Three-year performance period.	<b>2015</b>		Value will be restated in FY16 report when vesting share price is known and dividend equivalent shares have been added.	
	Alistair Cox	2,464		
	Paul Venables	1,777		
	<b>2014</b>			
		Value in 2014 Single Figure based on share price of 148.88p		Value restated based on actual share price at vesting of 119.18p
	Alistair Cox	1,332		1,066
	Paul Venables	960	769	

## ADDITIONAL INFORMATION ON THE 2015 ANNUAL BONUS AWARDS AND 2012 PERFORMANCE SHARE PLAN AWARDS (PSP) VESTING IN 2015

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

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

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

## ANNUAL BONUS AWARD FOR 2015 PERFORMANCE SUMMARY

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>60% on <b>earnings per share (EPS)</b>: focuses on shareholder returns;</p> <p>20% on <b>cash conversion</b>: ensures ongoing business efficiency; and</p> <p>20% on <b>personal objectives</b>: safeguard and plan for the Company's future.</p> <p><b>Personal objectives include:</b>  <b>Alistair Cox:</b></p> <ul style="list-style-type: none"> <li>• Overseeing a successful US acquisition</li> <li>• Further growth in the Asia business</li> </ul> <p><b>Paul Venables:</b></p> <ul style="list-style-type: none"> <li>• Managing all aspects of a US acquisition including successful integration</li> <li>• Further embedding the enterprise risk management process</li> </ul> <p>Due to the strategic nature of the personal objectives for the Chief Executive and Group Finance Director, the Company feels that other objectives, which are ongoing in nature and about developing our business, are commercially sensitive.</p>	<p>The Committee reviews both the Company's results and executive directors' performance against their personal objectives.</p> <p>The basic <b>EPS</b> targets and actual performance were measured at budget exchange rates.</p> <p><b>Cash conversion</b> 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 <b>executives' overall performance</b> 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><i>The Committee has not exercised any discretion in relation to bonus outcomes.</i></p>	<p><b>Alistair Cox</b>            Achieved 122.5% of salary (out of 125% maximum potential i.e. 98% of maximum).            This equates to a bonus of £851,848 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> <li>• 60% or £511,109 will be paid as cash; and</li> <li>• 40% or £340,739 will be deferred into shares for three years. There are no further performance conditions.</li> </ul> <p><b>Paul Venables</b>            Achieved 121.25% of salary (out of 125% maximum potential i.e. 97% of maximum).            This equates to a bonus of £607,915 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> <li>• 60% or £364,749 will be paid as cash; and</li> <li>• 40% or £243,166 will be deferred into shares for three years. There are no further performance conditions.</li> </ul>

## ACTUAL RESULTS (AUDITED)

Annual Bonus 2015 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%	6.55p	7.48p	7.74p*	15 – 75	75%	522	75%	376	
Cash conversion	20%	71%	101%	108.47%	5 – 25	25%	174	25%	125	
Personal	20%	–	100%	85-90%	0 – 25	22.5%	156	21.25%	107	
<b>Total 2015</b>	<b>100%</b>			<b>These totals are in the 2015 Single Figure</b>		<b>122.5%</b>	<b>852</b>	<b>121.25%</b>	<b>608</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	511	Of which cash	365	
						Of which deferred – 40%	341	Of which deferred – 40%	243	
						Total bonus achieved in 2014	122.5%	831	122.5%	599
						Of which cash	499	Of which cash	359	
						Of which deferred – 40%	332	Of which deferred – 40%	240	

The personal objectives outlined on page 68 were successfully achieved. In December 2014, Hays purchased Veredus in North America and this acquisition will help cement our business in the USA. During 2014, a Group Risk Committee was established to add further governance and enhance our already robust risk management framework. As set out on page 23, Hays delivered strong net fee and operating profit growth in Asia.

Both the Chief Executive and Group Finance Director have personal objectives that are also linked to developing and growing our business in the long term as well as improving financial performance through increased efficiencies and technology. The specific objectives are considered commercially sensitive as they are ongoing in nature.

## 2012 PERFORMANCE SHARE PLAN (PSP) VESTING IN 2015 SUMMARY

The performance metrics (Legacy Plan prior to 2014 Policy)	Assessment	Achievement and what happens now
<p><b>Three-year plan</b> Performance period: 1 July 2012 to 30 June 2015.</p> <p><b>Granted:</b> 8 November 2012 and will vest 8 November 2015 (first working day thereafter).</p> <p><b>Metrics</b> 50% on cumulative earnings per share (EPS): focuses on longer term shareholder returns. 50% on relative total shareholder return (TSR): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA CDI Corporation Kelly Services, Inc. ManpowerGroup Inc. Michael Page International plc Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc USG People N.V.</p>	<p><b>Cumulative Earnings Per Share</b> is the consolidated basic earnings per share of the Company calculated in accordance with IAS33 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>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 the end of the performance period, divided by the average market values (in sterling terms) of a notional shareholding in that company on all dealing days for three-month period prior to the start of the performance period. The TSR for Hays shares is ranked against the respective TSR performances of the comparator group.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p><i>The Committee has not exercised any discretion in relation to PSP outcomes.</i></p>	<p><b>Alistair Cox</b> Awarded 1,427,302 shares in 2012. 100% of the award has vested. 1,528,218 shares will be released in November 2015 which includes accrued dividend equivalent shares, with the exception of those relating to the dividend to be approved at this year's AGM. This equates to a value of £2,464,404 using a preliminary share price of £1.6126 – see below. This value will be restated in 2016's Report once the final share price and number of dividends are known.</p> <p><b>Paul Venables</b> Awarded 1,029,082 shares in 2012. 100% of the award has vested. 1,101,841 shares will be released in November 2015 which includes accrued dividend equivalent shares, with the exception of those relating to the dividend to be approved at this year's AGM. This equates to a value of £1,776,829 using a preliminary share price of £1.6126 – see below. This value will be restated in 2016's Report once the final share price and number of dividends are known.</p>

# REMUNERATION REPORT CONTINUED

## ACTUAL RESULTS (AUDITED) PSP 2012 (GRANTED IN FY13) VESTING 2015

Performance period	1 July 2012 to 30 June 2015
Grant date	8 November 2012
Release date (or first working day thereafter)	8 November 2015

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			PSP value Actual achieved as % of salary
				Below threshold	Threshold	Maximum	
Relative TSR	50%	Median of the comparator group	Upper quartile of the comparator group	0	21.875	87.5	UQ 87.5%
EPS <sup>(1)</sup>	50%	14.86p	17.39p	0	21.875	87.5	18.71p 87.5%
Total	100%			0	43.75	175	- 175%
					25% of award	100% of award	

(1) For the FY2013 PSP award the three year cumulative target was calculated such that Year 1 target growth was based on the Reuters consensus forecast for FY2013 of 4.86 pence, established on the working day preceding the date of grant of the awards. FY2013 threshold and maximum range around this target was +/- 4% respectively. Years 2 and 3 required further growth on FY2013 of RPI + 4% to 12% per annum for threshold and maximum growth respectively. The initial targets assumed RPI was 2.6% per annum. The final threshold and maximum figures shown above reflect actual RPI.

Name	% of 2012 salary awarded	Face value at award £000s	Share price at award p	Maximum number of shares	Number of shares that vested including dividend equivalent shares	Release date	Value (figure shown in Single Figure of Remuneration) £000s <sup>(1)</sup>	2011 award value that vested in 2014 as stated in 2014 Single Figure £000s	2011 award value restated using share price at release date £000s <sup>(2)</sup>
Alistair Cox	175%	1,164	81.55	1,427,302	1,528,218	8 Nov	2,464	1,332	1,066
Paul Venables	175%	839	81.55	1,029,082	1,101,841	8 Nov	1,777	960	769

(1) The value of the 2012 PSP is based on a share price of 161.26 pence which was calculated using an average for the final quarter of the 2015 financial year in accordance with the Regulations as the vesting will occur after the date of this report. It excludes the dividend equivalent shares relating to the dividend to be approved at the 2015 AGM, for which the awards qualify.

(2) The value of the 2011 PSP disclosed in the 2014 Single Figure was based on a share price of 148.88 pence which was calculated using an average for the final quarter of the 2014 financial year in accordance with the Regulations as the vesting occurred after the date of the report. The share price on award was 70.90 pence. The actual share price on the date of vesting on 23 September 2014 was 119.18 pence. This price has been used to restate the value of the 2011 PSP awards in the Single Figure for 2014 in the table above.

## WHAT ELSE HAPPENED IN 2015? PERFORMANCE SHARE PLAN (PSP) AWARDS MADE IN FY15

The table below sets out the details of the PSP awards granted as nil cost options in the 2015 financial year, and 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. The share price used to calculate the award is 124.6 pence, being the closing price on the day preceding the grant date.

## PSP 2014 (GRANTED IN FY15) VESTING 2017 (AUDITED)

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

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

(1) The Committee takes into account the following factors when setting the EPS targets for an award:

- Budget (the setting of which is a robust and transparent process): Company budget for FY15 and the expectations for performance; strategic direction of the business over the period covered by the PSP award; market conditions and visibility of future trading.
- FY15 threshold and maximum range around this target was +/- 4% respectively.
- Threshold and maximum ongoing growth expectations for years two and three set around a fixed range currently RPI+4% to RPI+12%. The initial targets assume RPI of 3% per annum. The final threshold and maximum figures will be adjusted to reflect the actual RPI once known.
- Analyst forecasts.



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

### OTHER OUTSTANDING AWARDS

For information, other outstanding PSP awards, deferred annual bonus awards made in prior years and executive directors' outstanding share options are shown below.

### OUTSTANDING 2013 PSP AWARD (GRANTED IN FY14 AND VESTING IN 2016) (AUDITED)

This award was granted in line with the legacy plan and has the same performance conditions and vesting ability as the PSP granted in 2012 that vested in 2015 (see page 69).

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

Name	% of 2012 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	175	1,187	1.139	1,042,356	260,589
Paul Venables	175	856	1.139	751,538	187,839

### OUTSTANDING DEFERRED ANNUAL BONUS AWARDS (DAB) (AUDITED)

The table below shows the shares held under the DAB that were awarded or vested during the financial year 2015. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2015 relate to deferred annual bonus in relation to performance in the financial year 2014. 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 2014	Awards granted in FY 2015	Grant price (Market price at date of award) £	Face value of award granted in FY15 (at grant price) £	Awards vesting in FY 2015	Awards outstanding as at 30 June 2015
Alistair Cox	798,866	250,699	1.326	332,427	339,828	709,737
Paul Venables	579,026	180,754	1.326	239,680	248,060	511,720

### 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 2015.

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

# REMUNERATION REPORT CONTINUED

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

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. 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 2015 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 2015	Base salary as at 1 July 2014	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	2,583,871	£1.634	£695,386	607%	Yes
Paul Venables	100%	953,014	£1.634	£501,373	311%	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 holding period or 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	Type	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 subject to performance conditions
Alistair Cox	Shares	2,583,871	4,222,045						
	Options			709,737	1,159,710				3,446,324
	Total					3,293,608	5,381,755	774%	
Paul Venables	Shares	953,014	1,557,225						
	Options			511,720	836,150				2,484,795
	Total					1,464,734	2,393,375	477%	

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

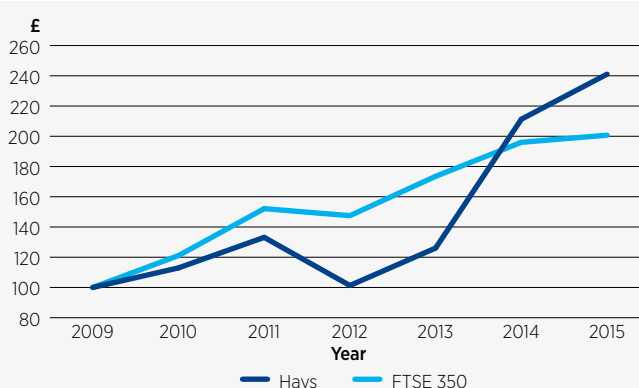
(2) Share price as at 30 June 2015 and used in the above table was £1.634.

There have been no changes to the above holdings as at 3 September 2015.

## OTHER INFORMATION

### 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.



### CHIEF EXECUTIVE HISTORIC REMUNERATION

The table below sets out the total remuneration delivered to the Chief Executive over the last six years, valued using the methodology applied to the total single figure of remuneration. The 2014 figure has been restated to take into consideration the actual share price on date of PSP vesting, as previously explained on page 68.

Chief Executive	2010	2011	2012	2013	2014	2015
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	4,262
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A

### CHANGE IN CHIEF EXECUTIVE'S REMUNERATION COMPARED WITH UK EMPLOYEES

The following table sets out the change in the remuneration paid to the Chief Executive from 2014 to 2015 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 using P60 and P11d data from tax years 2014 and 2015. 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 employee analysis is done on a matched basis, that is, the same individuals appear in the 2014 and 2015 populations.

The comparison figures are based on 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.

	Salary			Taxable benefits			Variable pay		
	£000s 2015	£000s 2014	% change	£000s 2015	£000s 2014	% change	£000s 2015	£000s 2014	% change
Chief Executive	695	678	2.5%	43	46	-6.5%	852	831	2.5%
UK total pay	37,710	45,010		1,328	1,404		22,680	24,014	
Number of employees	1,001	1,284		1,001	1,284		1,001	1,284	
Average per employee	37	35	5.7%	1	1	0%	23	19	21%

### EXTERNAL APPOINTMENTS

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

For the 12 months ended 31 March 2015, the fees earned and retained by the executive directors was as follows:

Alistair Cox: £80,000 (3i Group plc)  
Paul Venables: £53,000 (Wincanton plc)

### RELATIVE IMPORTANCE OF THE SPEND ON PAY

The table below sets out the relative importance of the spend on pay in the 2015 financial year and the 2014 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2015 financial year £m	Disbursements from profit in 2014 financial year £m	% change
Profit distributed by way of dividend	39.3	37.2	5.6%
Overall spend on pay including directors	440.6	424.4	3.8%

### PAYMENTS TO PAST DIRECTORS/PAYMENT FOR LOSS OF OFFICE DURING 2015

There were no payments made in relation to either of the above in the financial year 2015.

This information has been audited by Deloitte

### STATEMENT OF VOTING AT THE ANNUAL GENERAL MEETING (AGM) 2014

The table below shows the binding vote on the 2014 Remuneration Policy and advisory vote on the 2014 Report on Remuneration at the Company's 2014 AGM. The Committee believes that the favourable voting outcome shows strong shareholder support for the Group's remuneration arrangements.

	Votes FOR	%	Votes AGAINST	%	Abstentions
Remuneration Policy (binding vote)	967,894,803	92.62%	77,110,744	7.38%	4,758,892
Annual Report on Remuneration (advisory vote)	1,032,178,351	98.55%	15,157,505	1.45%	2,428,583

### NON-EXECUTIVE DIRECTORS (NEDS)

#### FEES FOR 2015

The table below shows the current fee structure and actual fees paid in 2015. There were no taxable benefits paid in 2014 or 2015.

# REMUNERATION REPORT CONTINUED

## NON-EXECUTIVE DIRECTORS (AUDITED)

£000s	Alan Thomson	Paul Harrison	William Eccleshare <sup>(2)</sup>	Victoria Jarman	Torsten Kreindl	Richard Smelt	Pippa Wicks	Peter Williams <sup>(3)</sup>
	Chairman	SID						
		R	R	R	R	R	R	R
	N	N	N	N	N	N	N	N
		A	A	A	A	A	A	A
Base	240	52.5	21.7	52.5	52.5	52.5	52.5	18.3
Committee fee	-	-	-	-	-	-	-	-
Committee Chairman <sup>(1)</sup>	-	12	-	12	-	-	-	-
SID	-	5	-	-	-	-	-	-
<b>Total fee 2015</b>	240	69.5	21.7	64.5	52.5	52.5	52.5	18.3
Total fee 2014	230	68	51	63	51	51	51	-

### Key

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

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

(2) William Eccleshare retired from the Board on 12 November 2014 and his fees represent the period from 1 July 2014 to 12 November 2014.

(3) Peter Williams joined the Board on 24 February 2015 and his fee represents the period from 24 February 2015 to 30 June 2015.

## SHAREHOLDINGS IN 2015 (AUDITED)

The table below shows the NEDs' shareholdings as at 30 June 2015.

Non-executive director	Shares held at 30 June 2015	Shares held at 30 June 2014 or date of joining if later
Alan Thomson	200,000	200,000
Paul Harrison	8,678	8,678
Victoria Jarman	14,000	14,000
Torsten Kreindl	-	-
Richard Smelt	8,267	8,267
Pippa Wicks	-	-
Peter Williams <sup>(1)</sup>	6,946	6,946

(1) Peter Williams joined the Board on 24 February 2015.

There have been no changes to the above holdings as at 3 September 2015.

## REMUNERATION FOR EMPLOYEES BELOW BOARD

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 HR Director 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.

## STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE FOLLOWING FINANCIAL YEAR

Below are the Remuneration Policy decisions implemented for the financial year 2016.

There have been no material changes to our Remuneration Policy during FY15. However, the Remuneration Committee took account of the Code and has introduced clawback into the executive incentive plans. In reviewing the periods during which clawback should apply, the Committee took into consideration the relatively short-term and cyclical nature of our business. The incentive plans already incorporated malus. However, the Committee took the opportunity to align the trigger events for both malus and clawback. A summary of how malus and clawback will operate is given below. Clawback will be introduced in relation to the PSP granted in 2015 and to any annual bonus awarded in 2016 in relation to performance in FY16.

## SUMMARY OF MALUS AND CLAWBACK PROVISIONS ANNUAL BONUS

- Clawback to apply to the cash element for three years from date of award
- Malus to apply to the deferred element during the three-year deferral period

## PSP

- Malus to apply during the three-year performance period
- Clawback to apply for two years post the vesting date

For clarity, clawback provisions and the new trigger events for both malus and clawback will not apply to any annual bonus or PSP already granted.

## TRIGGER EVENTS

- Material misstatement of accounts (previously the only trigger for malus)
- Computation errors in the award calculation
- Computation errors in the calculation of the performance conditions
- Gross misconduct

## IMPLEMENTATION OF REMUNERATION POLICY IN FINANCIAL YEAR 2016 EXECUTIVE DIRECTORS

Position	Name	Base salary from 1 July 2015	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£709,294	125%	175%	No change
CFO	Paul Venables	£511,400	125%	175%	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other employees in the UK.	See below for performance conditions.	See Remuneration Policy and Policy Summary on page 64 for performance conditions.	

## BONUS PERFORMANCE CONDITIONS

The weighting of the performance conditions remain as follows for 2016:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is otherwise as set out in the Remuneration Policy and the Policy Summary on page 64. 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%	

## 2015 PSP PERFORMANCE CONDITIONS (GRANTED IN FY16)

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	

(1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee.

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

- Budget (the setting of which is a robust and transparent process);
  - Company budget for 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.
- FY16 threshold and maximum range around this target was +/- 4% respectively.
- Threshold and maximum ongoing growth expectations for years two and three set around a fixed range, currently RPI+4% to RPI+12% per annum. The initial targets assume RPI of 3% per annum. The final threshold and maximum figures will be adjusted to reflect the actual RPI once known.
- Analyst forecasts.

## REMUNERATION REPORT CONTINUED

The Committee reviewed the Group Chairman's fee during FY15 and determined that it should increase by 2.0% for FY16. This is in line with the pay review for other employees in the Company.

The Board reviewed the fees for the other non-executive directors (NEDs) during FY15. They determined that their base fee should increase by 2.0% for FY16 in line with other increases across the Company. In addition, to recognise the increased time commitment of the SID, the additional SID fee will move from £5,000 p.a. to £10,000 p.a. for FY16. There were no changes to Committee Chairman fees. All increases are effective from 1 July 2015.

The table below shows the changes.

Position	Fee for FY16	Fee for FY15
Chairman	£244,800	£240,000
Base fee	£53,550	£52,500
Committee Chairman	£12,000	£12,000
SID	£10,000	£5,000

### GOVERNANCE AND APPROACH

#### SERVICE CONTRACTS

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

	Current contract start date	Unexpired term	Notice period from Company	Notice period from executive
Alistair Cox	Sep 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).

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

### REMUNERATION COMMITTEE

#### MEMBERS AND ATTENDEES

The table below shows the members and attendees of the Remuneration Committee during 2015.

Remuneration Committee members	Position	Comments
Paul Harrison	Chairman of the Remuneration Committee	Independent
William Eccleshare	Member from 24 November 2004 to 12 November 2014	Independent
Victoria Jarman	Member from 1 October 2011	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Richard Smelt	Member from 15 November 2007	Independent
Pippa Wicks	Member from 1 January 2012	Independent
Peter Williams	Member from 24 February 2015	Independent

Remuneration Committee attendees	Position	Comments
Alan Thomson	Group Chairman and standing attendee by invitation	Independent upon appointment on 1 October 2010.
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion about his own reward.
	The Group HR Director and Group Head of Reward attend by invitation as executives responsible for advising on the remuneration policy. The Company Secretary acts as Secretary to the Committee.	
PwC	Committee's independent adviser.	Attend by invitation.

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

### 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.

### MEETINGS IN 2015

The Committee normally meets at least four times per year. During 2015, it formally met three 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 2016 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;
- Consideration of the introduction of clawback into the executive's incentive arrangements following the issue of the Code; and
- A review of the Committee's Terms of Reference.

### ADVISERS TO THE REMUNERATION COMMITTEE

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

The Committee is satisfied that the advice received was objective and independent. PwC is a member of the Remuneration Consultant's 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 2015 in relation to Committee work was £121,850 excluding VAT. While fee estimates are generally required for each piece of work, fees are calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

### 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. It is felt that the voting outcomes at the 2014 AGM indicated strong support for the current remuneration approach but the Committee will continue to

keep this under review as corporate governance and regulatory requirements develop as well as to ensure that the remuneration policy remains appropriate for Hays future business. The Committee will consult shareholders on any material changes to its remuneration structure or approach.

### CONSIDERING RISK

Each year, the Committee considers the executive remuneration structure in the light of its key areas of risk. The summary table on pages 64 and 65 indicates how the remuneration policy takes into account these risks. The Committee takes into consideration whether the achievement of objectives and any payment from plans have taken into account the overall risk profile of the Company when it evaluates the executives' performance.

### GENERAL GOVERNANCE

The Directors' Report on Remuneration has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the revised provisions of the Code and the Listing Rules.

By order of the Board

**DOUG EVANS**  
COMPANY SECRETARY

27 August 2015

## DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

### RESPONSIBILITY STATEMENT

The Board confirms to the best of its knowledge that:

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

By order of the Board

**ALISTAIR COX**  
CHIEF EXECUTIVE

**PAUL VENABLES**  
GROUP FINANCE DIRECTOR

27 August 2015



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

## OPINION ON FINANCIAL STATEMENTS OF HAYS PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and parent Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## GOING CONCERN

As required by the Listing Rules we have reviewed the directors' statement contained within the Directors' Report that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In addition to the risks which we identified in the previous year's financial statements, following the acquisition of Veredus Corporation in the current year we have identified an additional risk in relation to the acquisition accounting.

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
<p><b>DEBTOR AND ACCRUED INCOME RECOVERABILITY</b></p> <p>The recoverability of trade receivables, accrued income and the level of provisions for bad debts are considered to be a significant 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. At 30 June 2015, the total receivables and accrued income balances net of provisions included in note 17 was £558.9 million.</p> <p>Refer to note 17 to the financial statements for further detail.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• challenged management regarding the level and ageing of receivables and accrued income, along with the consistency and appropriateness of receivables and accrued income provisioning by assessing recoverability with reference to cash received in respect of debtors and billings raised against accrued income. In addition we have considered the Company's previous experience of bad debt exposure, the individual counterparty credit risk, the level of provision held by other recruitment businesses and the general economic environment in each jurisdiction;</li> <li>• critically assessed the recoverability of overdue unprovided debt with reference to the historical levels of bad debt expense and credit profile of the counterparties;</li> <li>• tested these balances on a sample basis through agreement to post period end invoicing, post period end cash receipt or agreement to the terms of the contract in place, as appropriate; and</li> <li>• 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 through discussion with management on their rationale and obtaining evidence to support judgment areas.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

Risk	How the scope of our audit responded to the risk
<p><b>VEREDUS ACQUISITION ACCOUNTING</b></p> <p>There are three key audit judgments arising from the acquisition of 80% of the shareholding in Veredus Corporation:</p> <ul style="list-style-type: none"> <li>assessment of whether the Group has obtained control of Veredus, considering the specific requirements of IFRS 10 'Consolidated Financial statements';</li> <li>assessment of the appropriateness of the fair value of the deferred consideration of £8.6 million. This is judgmental as it requires management to make an estimate of future earnings of Veredus; and</li> <li>assessment of the reasonableness of the fair value of the assets, liabilities and contingent liabilities recognised in accordance with IFRS 3 'Business Combinations'. The fair value of the net assets acquired, intangible assets, and goodwill recognised in the financial statements are £10.0 million, £3.0 million and £34.3 million respectively.</li> </ul> <p>Refer to note 32 to the financial statements for further detail.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>reviewed the acquisition agreement, specifically considering the rights relating to voting and the share of profits and the manner in which the option to acquire the remaining 20% can be executed;</li> <li>agreed the up-front cash consideration to bank statements;</li> <li>challenged the reasonableness of the forecast future earnings of Veredus by comparison to historical performance and assumptions regarding future outlook to external macroeconomic data;</li> <li>used Deloitte Valuation experts to assist with challenging and benchmarking the key assumptions made by management in determining the fair value of the intangibles acquired and the residual goodwill arising on the transaction; and</li> <li>reviewed the disclosures included in the financial statements with reference to the requirements of IFRS 3.</li> </ul>
<p><b>REVENUE RECOGNITION</b></p> <p>The key risks on revenue recognition are:</p> <ul style="list-style-type: none"> <li>cut-off where revenue is not recognised in line with Group policy, which is to recognise revenue associated with temporary placements over the period that temporary workers are provided, and permanent placements on the start date; and</li> <li>the presentation of temporary placements where Hays acts as a principal and revenue is recognised and presented on a gross rather than a net basis.</li> </ul> <p>The risks noted above in relation to revenue are areas that can involve management judgment, therefore they are considered to be significant risks.</p> <p>Refer to note 1 to the financial statements for further detail on the accounting policies adopted.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the design and implementation of key controls around all streams of revenue recognised;</li> <li>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;</li> <li>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; and</li> <li>confirmed that all material temporary worker contractual arrangements where Hays acts as a principal and maintains the majority of the risk and rewards associated with the underlying agreement have been recognised and presented on a gross revenue basis in the financial statements.</li> </ul>
<p><b>GOODWILL IMPAIRMENT</b></p> <p>The total goodwill balance at 30 June 2015 was £198.4 million.</p> <p>Management is required to carry out an annual impairment test. This process is complex and highly judgmental given the indefinite nature of the goodwill. It is based on assumptions about future growth and discount rates, which can be sensitive particularly in certain jurisdictions where the growth rates are typically linked to individual country GDP and country wage inflation.</p> <p>Therefore, a risk exists that goodwill is overstated on the balance sheet should any judgments or assumptions be considered inappropriate.</p> <p>Refer to note 13 to the financial statements for further detail.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>performed a detailed review and challenge of the models used including the macroeconomic assumptions used;</li> <li>compared key assumptions (including discount rates and growth rates) used across the Group used in the model to external data and where possible, to information provided by Deloitte Valuations experts;</li> <li>assessed the reasonableness of forecast future cash flows by comparison to historical performance and future outlook;</li> <li>performed sensitivity analysis on key assumptions, including discount rates adopted; and</li> <li>performed a detailed review and challenge of the disclosures in respect of impairments and impairment testing adopted by management.</li> </ul>

Risk	How the scope of our audit responded to the risk
<p><b>PENSION ACCOUNTING</b> Pension accounting is complex and contains areas of significant judgment, notably the discount and inflation rates used in the valuation of the net liability. Therefore, a risk exists that inappropriate rates are used resulting in an inaccurate pension valuation at year end.</p> <p>The net pension liability balance at 30 June 2015 was £58.7 million. The net pension liability recognised is lower than the present value of future contributions to fund the existing deficit.</p> <p>Refer to note 21 to the financial statements for further detail.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the actuarial assumptions (discount rate, inflation rates, and mortality assumptions) adopted by the Group for the valuation of its retirement benefit obligations, with specific focus on changes to demographic assumptions in the year;</li> <li>utilised internal specialists to consider these assumptions and benchmarked them against a relevant comparator Group;</li> <li>reviewed the pension scheme liability. Whilst the scheme is currently in a net deficit position, the net pension liability recognised is lower than the present value of future contributions to fund the existing deficit. In order to assess whether an additional liability would need to be recognised, we reviewed the pension scheme trust documents to assess whether Hays has an unconditional right to any scheme surplus; and</li> <li>reviewed the disclosures made in note 21 and compared these to the requirements of IAS 19 'Employee Benefits'.</li> </ul>

The Audit Committee's consideration of these risks is set out on page 56.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

#### OUR APPLICATION OF MATERIALITY

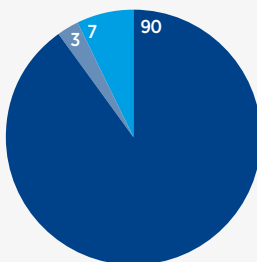
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £7.4 million (2014: £7.0 million), which is approximately 5% (2014: 5.3%) of profit before tax, and below 3% (2014: 3%) of equity.

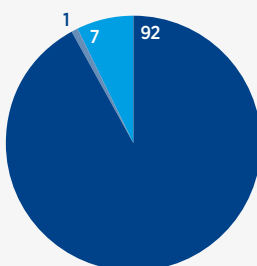
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £150,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

##### NET FEES (%)



##### PROFIT BEFORE TAX (%)



- Full scope audit
- Agreed upon procedures
- Head office review

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work at 33 (2014: 32) locations. Of these, 19 (2014: 18) were subject to a full audit, whilst the remaining 14 (2014: 14) were subject to an audit of specified account balances/specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. These 19 locations represent the principal business units within the Group's three reportable segments and account for 90% (2014: 90%) of the Group's net fees and 92% (2014: 98%) of profit before tax. The three key locations are Australia (Asia Pacific), Germany (CE&RoW) and UK (UK & Ireland) which account for 74% of net fees and 81% of profit before tax. Our audit work at the 33 locations were executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £1.2 million to £4.7 million (2014: £1.1 million to £4.4 million).

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the material locations where the Group audit scope was focused at least once every two years. During the 2015 audit, the Senior Statutory Auditor visited the UK, Germany and the USA. In addition, senior members of the audit team visited Spain, Portugal and France. In years when we do not visit a significant component we will include the component audit team in our team planning and risk briefing, discuss their risk assessment, participate in the close meeting and review documentation of the findings from their work.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

<b>OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006</b>	<p>In our opinion:</p> <ul style="list-style-type: none"> <li>the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and</li> <li>the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.</li> </ul>
<b>MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION</b> ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS	<p>Under the Companies Act 2006 we are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>we have not received all the information and explanations we require for our audit; or</li> <li>adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>the parent Company financial statements are not in agreement with the accounting records and returns.</li> </ul> <p>We have nothing to report in respect of these matters.</p>
<b>DIRECTORS' REMUNERATION</b>	<p>Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.</p>
<b>CORPORATE GOVERNANCE STATEMENT</b>	<p>Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.</p>
<b>OUR DUTY TO READ OTHER INFORMATION IN THE ANNUAL REPORT</b>	<p>Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:</p> <ul style="list-style-type: none"> <li>materially inconsistent with the information in the audited financial statements; or</li> <li>apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or</li> <li>otherwise misleading.</li> </ul> <p>In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.</p>
<b>RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR</b>	<p>As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, and independent partner reviews.</p> <p>This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.</p>
<b>SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS</b>	<p>An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.</p>

**STEPHEN GRIGGS (SENIOR STATUTORY AUDITOR), FCA  
FOR AND ON BEHALF OF DELOITTE LLP  
CHARTERED ACCOUNTANTS AND STATUTORY AUDITOR  
LONDON, UNITED KINGDOM**

27 August 2015

## CONSOLIDATED INCOME STATEMENT

for the year ended 30 June

(In £s million)	Note	2015	2014
<b>Turnover</b>			
Continuing operations		<b>3,842.8</b>	3,678.5
<b>Net fees<sup>(1)</sup></b>			
Continuing operations	4	<b>764.2</b>	724.9
<b>Operating profit from continuing operations</b>	4	<b>164.1</b>	140.3
Finance income	8	<b>0.5</b>	0.5
Finance cost	8	<b>(8.5)</b>	(8.5)
<b>Profit before tax</b>		<b>156.1</b>	132.3
Tax	9	<b>(50.7)</b>	(46.3)
<b>Profit from continuing operations after tax</b>		<b>105.4</b>	86.0
<b>Profit from discontinued operations</b>	10	<b>0.2</b>	4.9
<b>Profit attributable to equity holders of the parent Company</b>		<b>105.6</b>	90.9
Earnings per share from continuing operations			
– Basic	12	<b>7.44p</b>	6.13p
– Diluted	12	<b>7.31p</b>	6.00p
Earnings per share from continuing and discontinued operations			
– Basic	12	<b>7.46p</b>	6.47p
– Diluted	12	<b>7.33p</b>	6.34p

(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

(In £s million)	2015	2014
Profit for the year	<b>105.6</b>	90.9
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial remeasurement of defined benefit pension schemes	<b>(25.8)</b>	(21.8)
Tax relating to components of other comprehensive income	<b>6.3</b>	1.2
	<b>(19.5)</b>	(20.6)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustments	<b>(31.3)</b>	(21.4)
Mark to market valuation of derivative financial instruments	<b>0.1</b>	0.4
Other comprehensive income for the year net of tax	<b>(50.7)</b>	(41.6)
Total comprehensive income for the year	<b>54.9</b>	49.3
Attributable to equity shareholders of the parent Company	<b>54.9</b>	49.3

**CONSOLIDATED BALANCE SHEET**

at 30 June

(In £s million)	Note	2015	2014
<b>Non-current assets</b>			
Goodwill	13	<b>198.4</b>	170.6
Other intangible assets	14	<b>29.8</b>	36.5
Property, plant and equipment	15	<b>15.6</b>	17.6
Deferred tax assets	16	<b>36.4</b>	35.1
		<b>280.2</b>	259.8
<b>Current assets</b>			
Trade and other receivables	17	<b>600.5</b>	579.3
Cash and cash equivalents	18	<b>69.8</b>	48.0
		<b>670.3</b>	627.3
<b>Total assets</b>		<b>950.5</b>	887.1
<b>Current liabilities</b>			
Trade and other payables	20	<b>(478.7)</b>	(457.7)
Current tax liabilities		<b>(19.5)</b>	(18.6)
Bank loans and overdrafts	19	<b>(0.5)</b>	(0.7)
Provisions	22	<b>(3.0)</b>	(3.4)
Derivative financial instruments		<b>-</b>	(0.1)
		<b>(501.7)</b>	(480.5)
<b>Non-current liabilities</b>			
Bank loans	19	<b>(100.0)</b>	(110.0)
Acquisition liabilities		<b>(8.6)</b>	-
Retirement benefit obligations	21	<b>(58.7)</b>	(43.9)
Provisions	22	<b>(11.9)</b>	(12.0)
		<b>(179.2)</b>	(165.9)
<b>Total liabilities</b>		<b>(680.9)</b>	(646.4)
<b>Net assets</b>		<b>269.6</b>	240.7
<b>Equity</b>			
Called up share capital	23	<b>14.7</b>	14.7
Share premium	24	<b>369.6</b>	369.6
Capital redemption reserve	25	<b>2.7</b>	2.7
Retained earnings	26	<b>(138.2)</b>	(197.7)
Cumulative translation reserve	27	<b>2.1</b>	33.4
Other reserves	28	<b>18.7</b>	18.0
<b>Total shareholders' equity</b>		<b>269.6</b>	240.7

The Consolidated Financial Statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 27 August 2015.

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 2015

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2014	14.7	369.6	2.7	(197.7)	33.4	18.0	240.7
Currency translation adjustments	-	-	-	-	(31.3)	-	(31.3)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	0.1	0.1
Remeasurement of defined benefit pension schemes	-	-	-	(25.8)	-	-	(25.8)
Tax relating to components of other comprehensive income	-	-	-	6.3	-	-	6.3
Net expense recognised in other comprehensive income	-	-	-	(19.5)	(31.3)	0.1	(50.7)
Profit for the year	-	-	-	105.6	-	-	105.6
Total comprehensive income for the year	-	-	-	86.1	(31.3)	0.1	54.9
Dividends paid	-	-	-	(37.9)	-	-	(37.9)
Share-based payments	-	-	-	10.5	-	0.4	10.9
Tax on share-based payment transactions	-	-	-	0.8	-	-	0.8
Other share movements	-	-	-	-	-	0.2	0.2
<b>At 30 June 2015</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>(138.2)</b>	<b>2.1</b>	<b>18.7</b>	<b>269.6</b>

for the year ended 30 June 2014

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2013	14.7	369.6	2.7	(244.3)	54.8	18.9	216.4
Currency translation adjustments	-	-	-	-	(21.4)	-	(21.4)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	0.4	0.4
Remeasurement of defined benefit pension schemes	-	-	-	(21.8)	-	-	(21.8)
Tax relating to components of other comprehensive income	-	-	-	1.2	-	-	1.2
Net expense recognised in other comprehensive income	-	-	-	(20.6)	(21.4)	0.4	(41.6)
Profit for the year	-	-	-	90.9	-	-	90.9
Total comprehensive income for the year	-	-	-	70.3	(21.4)	0.4	49.3
Dividends paid	-	-	-	(35.1)	-	-	(35.1)
Share-based payments	-	-	-	10.1	-	(1.7)	8.4
Tax on share-based payment transactions	-	-	-	1.3	-	-	1.3
Other share movements	-	-	-	-	-	0.4	0.4
At 30 June 2014	14.7	369.6	2.7	(197.7)	33.4	18.0	240.7

Details of the Other reserves are explained in note 28.

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 30 June

(In £s million)	Note	2015	2014
<b>Operating profit from continuing operations</b>		<b>164.1</b>	140.3
Adjustments for:			
Exceptional items		(0.1)	(0.2)
Depreciation of property, plant and equipment		8.7	9.2
Amortisation of intangible fixed assets		13.7	12.9
Loss on disposal of property, plant and equipment		–	0.5
Net movements in provisions and other items		(0.4)	(2.0)
Share-based payments		10.8	8.7
		<b>32.7</b>	29.1
<b>Operating cash flow before movement in working capital</b>		<b>196.8</b>	169.4
Movement in working capital:			
Increase in receivables		(53.0)	(32.6)
Increase in payables		45.9	38.6
		(7.1)	6.0
<b>Cash generated by operations</b>		<b>189.7</b>	175.4
Pension scheme deficit funding		(14.0)	(13.5)
Income taxes paid		(43.6)	(59.3)
<b>Net cash inflow from operating activities</b>		<b>132.1</b>	102.6
<b>Investing activities</b>			
Purchase of property, plant and equipment		(7.8)	(5.7)
Proceeds from sales of business and related assets		0.2	0.1
Purchase of intangible assets		(4.3)	(6.1)
Acquisition of subsidiaries		(35.7)	–
Cash paid in respect of acquisitions made in previous years		(1.6)	(0.3)
Interest received		0.5	0.5
<b>Net cash used in investing activities</b>		<b>(48.7)</b>	(11.5)
<b>Financing activities</b>			
Interest paid		(5.7)	(8.4)
Equity dividends paid		(37.9)	(35.1)
Proceeds from exercise of share options		1.8	0.6
Decrease in bank loans and overdrafts		(10.2)	(34.5)
<b>Net cash used in financing activities</b>		<b>(52.0)</b>	(77.4)
<b>Net increase in cash and cash equivalents</b>		<b>31.4</b>	13.7
<b>Cash and cash equivalents at beginning of year</b>	33	<b>48.0</b>	40.0
Effect of foreign exchange rate movements		(9.6)	(5.7)
<b>Cash and cash equivalents at end of year</b>	33	<b>69.8</b>	48.0



# 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 2015. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2014 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2014.

- IFRS 10 Consolidated Financial Statements (EU adoption from 1 January 2014)
- IFRS 11 Joint Arrangements (EU adoption from 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (EU adoption from 1 January 2014)
- IFRS 10, IFRS 12 and IAS 27 (amendments) Investment Entities (effective 1 January 2014)
- IAS 27 (revised) Separate Financial Statements (EU adoption from 1 January 2014)
- IAS 28 (revised) Investments in Associates and Joint Ventures (EU adoption from 1 January 2014)
- IAS 32 (amendment) Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36 (amendment) Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- IFRIC 21 (interpretation) Levies (effective 1 January 2014)

There have been no alterations made to the accounting policies as a result of considering all other 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 our accounting periods beginning on or after 1 July 2015. These new pronouncements are listed as follows:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts and Customer (effective 1 January 2017)
- IFRS 10 and IAS 28 (amendment) Investments in Associates and Joint Ventures (effective from 1 January 2016)
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
- IAS 16 and IAS 38 (amendment) Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- IAS 1 (amendments) Presentation of Financial Statements (effective from 1 January 2016)
- IAS 19 (amendments) Employee Benefits (EU adoption from 1 February 2015)
- IAS 27 (amendments) Equity Method in Separate Financial Statements (effective from 1 January 2016)
- Annual Improvements to IFRSs 2012 (EU adoption from 1 February 2015)
- Annual Improvements to IFRSs 2013 (EU adoption from 1 January 2015)
- Annual Improvements to IFRSs 2014 (effective 1 January 2016)

The directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations.

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 in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments. Financial instruments have been recorded on a fair-value basis.

## B 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 on pages 6 to 29. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 30 to 35. In addition, notes 18 and 19 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 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 is recognised at the time the candidate commences full-time employment. Provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period.

Turnover arising from temporary placements 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 behalf of other recruitment agencies, turnover represents amounts invoiced and collected on behalf of other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the temporary workers.

### 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 EXCEPTIONAL ITEMS

Exceptional items as disclosed on the face of the Consolidated Income Statement are items which due to their size and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to show the underlying profits of the Group.

### G 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.

### H 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 are recognised immediately in the Consolidated Income Statement to the extent that benefits have vested or, if not vested, on a straight-line basis over the period until the benefits vest.

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 adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contribution to the scheme.

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

### I 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.

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.

### J 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.

### K 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.

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.

Deferred tax is provided on unremitted earnings of subsidiaries and associates where the Group is unable to control the timing of the distribution, and it is probable that the temporary difference will reverse in the future.

## L 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.

## M 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 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.

## N 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%

## O TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at fair value 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.

## P 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.

## Q TRADE PAYABLES

Trade payables are measured at fair value.

## R BANK BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct-issue costs.

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.

## S DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses certain derivative financial instruments to reduce its exposure to interest rate movements. The Group does not hold or use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the Consolidated Income Statement.

The Group uses a range of 80% to 125% for hedge effectiveness, in accordance with IAS 39, and any relationship which has effectiveness outside this range is deemed to be ineffective and hedge accounting is suspended.

The fair values of interest rate swaps represent the replacement costs calculated using observable market rates of interest and exchange. The fair value of long-term borrowing is calculated by discounting expected future cash flows at observable market rates.

Amounts deferred in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects net income.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is either retained in equity until the firm commitment or forecasted transaction occurs, or where a hedge transaction is no longer expected to occur, is immediately credited or expensed in the Consolidated Income Statement.

## T 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.

## U 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### REVENUE RECOGNITION

The main areas of judgement 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 acts on a gross basis rather than a net basis. Turnover and Net fees are described in note 1 (d) and (e) to the Consolidated Financial Statements.

### 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 revised 'Employee Benefits', the Group has recognised a pension deficit of £58.7 million (2014: £43.9 million). A number of assumptions have been made in determining the pension deficit and these are described in note 21 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.

### ACQUISITION ACCOUNTING

Following the acquisition of 80% of the shareholding of Veredus Corp. the Group has considered the specific requirements of IFRS 10 including the application of the substance principle; the fair value of deferred consideration consequently recognised; and the assessment of the fair value of the assets acquired. These are set out in note 32 to the Consolidated Financial Statements.

## 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 83. The reconciliation of turnover to net fees can be found in note 5.

(In £s million)	2015	2014
<b>Net fees from continuing operations</b>		
Asia Pacific	178.5	173.9
Continental Europe & Rest of World	313.8	305.0
United Kingdom & Ireland	271.9	246.0
	<b>764.2</b>	<b>724.9</b>

(In £s million)	2015	2014
<b>Operating profit from continuing operations</b>		
Asia Pacific	49.7	49.7
Continental Europe & Rest of World	68.7	64.4
United Kingdom & Ireland	45.7	26.2
	<b>164.1</b>	<b>140.3</b>

## 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.

(In £s million)	As reported internally	Foreign exchange	2015	As reported internally	Foreign exchange	2014
<b>Net trade receivables</b>						
Asia Pacific	55.1	(6.0)	<b>49.1</b>	69.6	(5.6)	64.0
Continental Europe & Rest of World	185.7	(18.8)	<b>166.9</b>	184.0	(12.4)	171.6
United Kingdom & Ireland	153.8	(0.1)	<b>153.7</b>	146.2	(0.6)	145.6
	394.6	(24.9)	<b>369.7</b>	399.8	(18.6)	381.2

## 5 OPERATING PROFIT FROM CONTINUING OPERATIONS

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £s million)	2015	2014
Turnover	<b>3,842.8</b>	3,678.5
Remuneration of temporary workers	<b>(2,941.5)</b>	(2,805.8)
Remuneration of other recruitment agencies	<b>(137.1)</b>	(147.8)
Net fees	<b>764.2</b>	724.9

Operating profit is stated after charging the following items to net fees of £764.2 million (2014: £724.9 million):

(In £s million)	2015	2014
Staff costs (note 7)	<b>440.6</b>	424.4
Depreciation of property, plant and equipment	<b>8.7</b>	9.2
Amortisation of intangible assets	<b>13.7</b>	12.9
Operating lease rentals payable (note 31)	<b>30.8</b>	31.2
Impairment loss on trade receivables	<b>2.5</b>	3.4
Auditor remuneration (note 6)		
– for statutory audit services	<b>0.9</b>	0.9
– for other services	<b>0.4</b>	0.3
Other external charges	<b>102.5</b>	102.3
	<b>600.1</b>	584.6

## 6 AUDITOR REMUNERATION

(In £s million)	2015	2014
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	<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>0.7</b>	0.7
Total audit fees	<b>0.9</b>	0.9
Half year review pursuant to legislation	<b>0.1</b>	0.1
Tax and other services	<b>0.3</b>	0.2
Total non-audit fees	<b>0.4</b>	0.3

Other services, principally relating to technical accounting advice, totalled £33,000 (2014: £59,000). No services were performed pursuant to contingent fee arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

**7 STAFF COSTS**

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2015	2014
Wages and salaries	370.8	357.4
Social security costs	46.4	46.1
Other pension costs	12.6	12.2
Share-based payments	10.8	8.7
	<b>440.6</b>	<b>424.4</b>

Average number of persons employed (including executive directors):

(Number)	2015	2014
<b>Continuing operations:</b>		
Asia Pacific	1,577	1,435
Continental Europe & Rest of World	3,504	3,067
United Kingdom & Ireland	3,742	3,494
	<b>8,823</b>	<b>7,996</b>

Closing number of persons employed (including executive directors):

(Number)	2015	2014
<b>Continuing operations:</b>		
Asia Pacific	1,639	1,458
Continental Europe & Rest of World	3,643	3,124
United Kingdom & Ireland	3,741	3,655
	<b>9,023</b>	<b>8,237</b>

**8 FINANCE INCOME AND FINANCE COST****FINANCE INCOME**

(In £s million)	2015	2014
Interest on bank deposits	0.5	0.5

**FINANCE COST**

(In £s million)	2015	2014
Interest payable on bank loans and overdrafts	(4.6)	(5.5)
Interest unwind on acquisition liability	(0.4)	-
Pension Protection Fund levy	(0.5)	(0.4)
Net interest on pension obligations	(3.0)	(2.6)
	<b>(8.5)</b>	<b>(8.5)</b>
Net finance cost	<b>(8.0)</b>	<b>(8.0)</b>

## 9 INCOME TAXES RELATING TO CONTINUING OPERATIONS

The tax (expense)/credit for the year is comprised of the following:

### CURRENT TAX

(In £s million)	2015	2014
Current tax expense in respect of the current year	<b>(49.6)</b>	(42.5)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>(0.2)</b>	(2.8)
	<b>(49.8)</b>	(45.3)

### DEFERRED TAX

(In £s million)	2015	2014
Deferred tax credit in respect of the current year	<b>0.2</b>	0.8
Adjustments to deferred tax attributable to changes in tax rates and laws	<b>(0.8)</b>	(1.8)
Adjustments to deferred tax in relation to prior years	<b>(0.3)</b>	-
	<b>(0.9)</b>	(1.0)
Total income tax expense recognised in the current year relating to continuing operations	<b>(50.7)</b>	(46.3)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2015	2014
Profit before tax from continuing operations	<b>156.1</b>	132.3
Income tax expense calculated at 20.75% (2014: 22.50%)	<b>(32.4)</b>	(29.8)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	<b>(3.7)</b>	1.3
Effect of unused tax losses not recognised as deferred tax assets	-	(1.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(13.8)</b>	(11.6)
Effect on deferred tax balances due to the changes in income tax rates	<b>(0.8)</b>	(1.8)
Effect of share-based payment charges and share options	<b>0.5</b>	(0.1)
	<b>(50.2)</b>	(43.5)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>(0.2)</b>	(2.8)
Adjustments to deferred tax in relation to prior years	<b>(0.3)</b>	-
Income tax expense recognised in the Consolidated Income Statement relating to continuing operations	<b>(50.7)</b>	(46.3)
Effective tax rate for the year on continuing operations	<b>32.5%</b>	35.0%

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 20.75% (2014: 22.50%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

## 10 DISCONTINUED OPERATIONS

The results of the discontinued operations which have been included in the Consolidated Income Statement were as follows:

(In £s million)	2015	2014
Profit from discontinued operations	-	5.0
Profit before tax	-	5.0
Tax credit/(charge)	<b>0.2</b>	(0.1)
Profit from discontinued operations after tax	<b>0.2</b>	4.9

The profit of £0.2 million arose from the write-back of tax provisions which in light of subsequent events were no longer required. In the prior year the profit of £4.9 million arose primarily from the write-back of provisions that were established when the Group completed the disposal of its non-core activities between March 2003 and November 2004 and were no longer required.

The cash outflows generated from discontinued operations were £0.3 million (2014: £2.0 million).

There were no cash inflows generated from discontinued operations (2014: £nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 11 DIVIDENDS

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2015 pence per share	2015 £s million	2014 pence per share	2014 £s million
Previous year final dividend	1.80	25.6	1.67	23.5
Current year interim dividend	0.87	12.3	0.83	11.6
		37.9		35.1

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2015 pence per share	2015 £s million	2014 pence per share	2014 £s million
Interim dividend (paid)	0.87	12.3	0.83	11.6
Final dividend (proposed)	1.89	27.0	1.80	25.6
	2.76	39.3	2.63	37.2

The final dividend for 2015 of 1.89 pence per share (£27.0 million) will be proposed at the Annual General Meeting on 11 November 2015 and has not been included as a liability as at 30 June 2015. If approved, the final dividend will be paid on 13 November 2015 to shareholders on the register at the close of business on 9 October 2015.

## 12 EARNINGS PER SHARE

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>For the year ended 30 June 2015</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	105.4	1,416.4	7.44
Dilution effect of share options	-	24.5	(0.13)
Diluted earnings per share from continuing operations	105.4	1,440.9	7.31
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	0.2	1,416.4	0.01
Dilution effect of share options	-	24.5	-
Diluted earnings per share from discontinued operations	0.2	1,440.9	0.01
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	105.6	1,416.4	7.46
Dilution effect of share options	-	24.5	(0.13)
Diluted earnings per share from continuing and discontinued operations	105.6	1,440.9	7.33

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>For the year ended 30 June 2014</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	86.0	1,403.9	6.13
Dilution effect of share options	-	30.0	(0.13)
Diluted earnings per share from continuing operations	86.0	1,433.9	6.00
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	4.9	1,403.9	0.35
Dilution effect of share options	-	30.0	(0.01)
Diluted earnings per share from discontinued operations	4.9	1,433.9	0.34
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	90.9	1,403.9	6.47
Dilution effect of share options	-	30.0	(0.13)
Diluted earnings per share from continuing and discontinued operations	90.9	1,433.9	6.34

The weighted average number of shares in issue for both years exclude shares held in treasury and shares held by the Hays plc Employee Share Trust.



### 13 GOODWILL

(In £s million)	2015	2014
<b>Cost</b>		
At 1 July	170.6	177.3
Exchange adjustments	(8.1)	(6.7)
Additions during the year	35.9	-
At 30 June	198.4	170.6

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 additions during the year of £35.9 million relate primarily to the acquisition of Veredus Corp. a pure-play IT staffing company based in Florida USA.

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 9.0% and 13.3% (2014: 13.0%) 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 generally based on the weighted average cost of capital (WACC) adjusted for the risk-free rate for 10-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, which are consistent with a minimum average estimated growth rate of 5.0% (2014: 5.0%), reflecting 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 2.0% (2014: 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 possible by management. This included a change in the discount rate of up to 1% and changes in the long-term growth rate from Year 2 onwards between 0% and 2% in absolute terms.

The sensitivity analysis shows no impairment would arise under each scenario for any of the CGUs.

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2015	2014
Asia Pacific	19.1	18.8
Continental Europe & Rest of World	86.2	58.7
United Kingdom & Ireland	93.1	93.1
	198.4	170.6

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 14 OTHER INTANGIBLE ASSETS

(In £s million)	2015	2014
<b>Cost</b>		
At 1 July	91.2	87.7
Exchange adjustments	(1.1)	(1.4)
Acquired	3.0	-
Additions	4.3	6.1
Disposals	(4.2)	(1.2)
At 30 June	93.2	91.2
<b>Amortisation</b>		
At 1 July	54.7	43.3
Exchange adjustments	(0.8)	(0.8)
Charge for the year	13.7	12.9
Disposals	(4.2)	(0.7)
At 30 June	63.4	54.7
<b>Net book value</b>		
At 30 June	29.8	36.5
At 1 July	36.5	44.4

Following the acquisition of Veredus Corp. during the year, an intangible asset of £3.0 million has been recognised in respect of the acquired Veredus brand. The asset, which represents its fair value, will be amortised on a straight-line basis over three years from the date of acquisition.

All other intangible assets relate to computer software additions, and of the additions in the current year, £3.1 million relate to internally generated assets (2014: £4.1 million).

The estimated average useful life of the computer software related intangible assets is seven years (2014: seven years). Software incorporated into major 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 (2014: £nil).

## 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 2014	1.8	12.1	26.1	28.0	68.0
Exchange adjustments	(0.1)	(1.2)	(1.8)	(1.5)	(4.6)
Capital expenditure	-	1.7	4.4	1.7	7.8
Acquired	-	-	-	0.2	0.2
Reclassification	(1.1)	1.6	1.1	(1.6)	-
Disposals	-	(1.8)	(0.7)	(4.2)	(6.7)
<b>At 30 June 2015</b>	<b>0.6</b>	<b>12.4</b>	<b>29.1</b>	<b>22.6</b>	<b>64.7</b>
<b>Accumulated depreciation</b>					
At 1 July 2014	1.1	9.5	18.2	21.6	50.4
Exchange adjustments	(0.2)	(0.9)	(1.3)	(1.2)	(3.6)
Charge for the year	-	1.3	5.1	2.3	8.7
Acquired	-	-	-	0.1	0.1
Reclassification	(0.5)	1.0	0.9	(1.4)	-
Disposals	-	(1.7)	(0.7)	(4.1)	(6.5)
<b>At 30 June 2015</b>	<b>0.4</b>	<b>9.2</b>	<b>22.2</b>	<b>17.3</b>	<b>49.1</b>
<b>Net book value</b>					
<b>At 30 June 2015</b>	<b>0.2</b>	<b>3.2</b>	<b>6.9</b>	<b>5.3</b>	<b>15.6</b>
At 1 July 2014	0.7	2.6	7.9	6.4	17.6

There were no capital commitments as was the case in the prior year.

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>					
At 1 July 2013	1.9	12.5	32.1	30.1	76.6
Exchange adjustments	(0.1)	(1.0)	(1.3)	(1.1)	(3.5)
Capital expenditure	-	1.1	2.5	2.1	5.7
Disposals	-	(0.5)	(7.2)	(3.1)	(10.8)
At 30 June 2014	1.8	12.1	26.1	28.0	68.0
<b>Accumulated depreciation</b>					
At 1 July 2013	1.0	9.4	21.1	22.8	54.3
Exchange adjustments	-	(0.8)	(1.0)	(0.9)	(2.7)
Charge for the year	0.1	1.4	5.3	2.4	9.2
Disposals	-	(0.5)	(7.2)	(2.7)	(10.4)
At 30 June 2014	1.1	9.5	18.2	21.6	50.4
<b>Net book value</b>					
At 30 June 2014	0.7	2.6	7.9	6.4	17.6
At 1 July 2013	0.9	3.1	11.0	7.3	22.3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 16 DEFERRED TAX

Deferred tax assets in relation to:

(In £s million)	1 July 2014	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2015
Accelerated tax depreciation	16.8	(3.3)	–	–	–	13.5
Retirement benefit obligation	8.8	–	2.9	–	–	11.7
Share-based payments	4.1	0.5	–	(0.1)	–	4.5
Provisions	2.2	0.2	–	–	(0.3)	2.1
Losses	–	1.2	–	–	–	1.2
Other short-term timing differences	3.2	0.5	–	–	(0.3)	3.4
	35.1	(0.9)	2.9	(0.1)	(0.6)	36.4

(In £s million)	1 July 2013	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2014
Accelerated tax depreciation	16.7	0.4	–	–	(0.3)	16.8
Retirement benefit obligation	8.3	(0.7)	1.2	–	–	8.8
Share-based payments	3.3	(0.5)	–	1.3	–	4.1
Provisions	2.5	(0.2)	–	–	(0.1)	2.2
Other short-term timing differences	3.4	–	–	–	(0.2)	3.2
	34.2	(1.0)	1.2	1.3	(0.6)	35.1

The UK deferred tax asset of £30.4 million (2014: £29.2 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 £4.7 million arise in the other jurisdictions 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 United Kingdom Government announced the reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% from 1 April 2020. These changes have not been substantively enacted and have not therefore been included in the disclosure above. The impact of the future rate reductions will be accounted for to the extent that they are enacted at future balance sheet dates, however it is estimated that this will not have a material impact on the Group.

## UNRECOGNISED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES AND UNUSED TAX CREDITS

(In £s million)	2015	2014
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Tax losses (revenue in nature)	40.1	45.7
Tax losses (capital in nature)	4.4	4.4
	44.5	50.1

## UNRECOGNISED TAXABLE TEMPORARY DIFFERENCES ASSOCIATED WITH INVESTMENTS AND INTERESTS

(In £s million)	2015	2014
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	3.8	3.0
Tax thereon	0.2	0.2

## 17 TRADE AND OTHER RECEIVABLES

(In £s million)	2015	2014
Trade receivables	385.2	397.2
Less provision for impairment	(15.5)	(16.0)
Net trade receivables	369.7	381.2
Prepayments and accrued income	230.8	198.1
	600.5	579.3

The directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 35 days (2014: 38 days).

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2015	2014
Not yet due	297.4	284.1
Up to one month past due	55.7	77.9
One to three months past due	16.6	19.2
	369.7	381.2

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 £1.1 million and £0.2 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2015	2014
At 1 July	16.0	16.9
Exchange movement	(0.8)	(0.5)
Charge for the year	2.5	3.4
Uncollectable amounts written off	(2.2)	(3.8)
At 30 June	15.5	16.0

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 page 34 within the Strategic Report form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 18 CASH AND CASH EQUIVALENTS

(In £s million)	2015	2014
Cash at bank and in hand	69.8	48.0

The effective interest rate on short-term deposits was 1.3% (2014: 0.8%). The average maturity of short-term deposits was one day (2014: one day).

## CREDIT RISK

Counterparty credit risk on liquid funds is closely monitored using the credit ratings assigned by international credit rating agencies to financial institutions. A credit limit is applied to each bank and deposits held are monitored against those limits.

## INTEREST RATE RISK PROFILE OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents carry interest at floating rates based on local money market rates.

## 19 BANK LOANS AND OVERDRAFTS

(In £s million)	2015	2014
Bank loans	100.0	110.0
Overdrafts	0.5	0.7
	100.5	110.7

## RISK MANAGEMENT

A description of the Group's treasury policy and controls is included in the Financial Review on page 33.

## INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk on floating rate bank loans and overdrafts. At 30 June 2015 the Group had drawn down £100 million (2014: £110 million) from its unsecured revolving credit facility. In 2011 the Group entered into interest rate derivatives to partially hedge this risk. The fair value of these derivatives at 30 June 2015 was £nil (2014: £0.1 million).

The interest rate profile of bank loans and overdrafts is as follows:

(In £s million)	2015	2014
Floating rate – sterling	100.5	110.7

The floating rate liabilities comprise bank loans and unsecured overdrafts bearing interest at rates based on local market rates.

## COMMITTED FACILITIES

The Group completed the refinancing of its five-year unsecured revolving credit facility on 23 April 2015. The new arrangement includes a reduction in the core debt facility from £300 million to £210 million and an extension in maturity to April 2020. The financial covenants remain unchanged and 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 2015, £110 million of the committed facility was undrawn.

## INTEREST RATES

The weighted average interest rates paid were as follows:

	2015	2014
Bank borrowings	2.5%	2.8%

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.

### MATURITIES OF BANK LOANS AND OVERDRAFTS

The maturity of borrowings are as follows:

(In £s million)	2015	2014
Within one year	0.5	0.7
More than one year	100.0	110.0
	<b>100.5</b>	<b>110.7</b>

### 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.

### 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, and remains committed to paying a sustainable and progressive dividend. Further details can be found in the Financial Review on page 33.

The capital structure of the Group consists of net debt, which is represented by cash and cash equivalents (note 18), bank loans and overdrafts (note 19) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 23 to 28.

The Group is not restricted to any externally imposed capital requirements.

### FOREIGN CURRENCY RISK

The Group did not have a material income statement exposure to foreign exchange gains or losses on monetary assets and liabilities denominated in foreign currencies at 30 June 2015.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

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 £0.6 million and £0.2 million change in operating profit respectively.

### 20 TRADE AND OTHER PAYABLES

(In £s million)	2015	2014
<b>Current</b>		
Trade creditors	116.6	110.7
Other tax and social security	66.2	72.6
Other creditors	34.3	28.4
Accruals	261.6	246.0
	<b>478.7</b>	<b>457.7</b>

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 30 days (2014: 28 days).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

**21 RETIREMENT BENEFIT OBLIGATIONS**

The Group operates a number of retirement benefit schemes in the UK and in other countries including both defined benefit and defined contribution schemes. The Group's principal schemes are operated 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.

**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 4% to 15% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £6.2 million (2014: £5.9 million) represents employer's contributions payable to the money purchase arrangements. Contributions of £0.5 million (2014: £0.5 million) were outstanding at the end of the 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 employee's 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 2012 and quantified the deficit at c.£150 million. A revised deficit funding schedule was agreed with effect from 1 July 2012 which maintained the annual contribution at £13.1 million, subject to a 3% per annum fixed uplift over a period reduced to just under 10 years. During the year the Group made a contribution of £13.5 million to the Hays Pension Scheme (2014: £13.1 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

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.

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)	2015	2014
Present value of defined benefit obligations	<b>(685.3)</b>	(612.3)
Less fair value of defined benefit scheme assets:		
Equities	<b>131.8</b>	120.5
Bonds and gilts	<b>277.2</b>	267.8
Absolute return funds	<b>37.2</b>	34.3
Cash and LDI funds	<b>159.1</b>	132.9
Real estate	<b>21.3</b>	12.9
	<b>626.6</b>	568.4
Net liability arising from defined benefit obligation	<b>(58.7)</b>	(43.9)

Virtually all scheme assets have quoted prices in active markets. Real estate can be classified as Level 3 instruments.



The change in the present value of defined benefit obligations was:

(In £s million)	2015	2014
<b>Change in benefit obligation</b>		
Opening defined benefit obligation at 1 July	(612.3)	(560.2)
Current service cost	(1.3)	(1.3)
Interest on defined benefit scheme liabilities	(26.6)	(26.5)
Net remeasurement gains – change in experience assumptions	11.2	–
Net remeasurement losses – change in financial assumptions	(74.5)	(41.3)
Benefits and expenses paid	18.2	17.0
Closing defined benefit obligation at 30 June	(685.3)	(612.3)
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	(675.6)	(602.1)
Plans that are wholly unfunded	(9.7)	(10.2)
Total	(685.3)	(612.3)

The defined benefit schemes liability comprises 72% (2014: 68%) in respect of deferred scheme participants and 28% (2014: 32%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting period is 23.0 years (2014: 22.8 years).

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2015	2014
<b>Change in the fair value of scheme assets</b>		
Fair value of plan assets at 1 July	568.4	527.2
Interest income on defined benefit scheme assets	24.9	25.2
Return on scheme assets	37.5	19.5
Employer contributions	14.0	13.5
Benefits and expenses paid	(18.2)	(17.0)
Fair value of plan assets at 30 June	626.6	568.4

The amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2016 is £13.9 million. Following the closure of the Schemes at 30 June 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2015	2014
Net interest expense	(1.7)	(1.3)
Current service cost	(1.3)	(1.3)
Net expense recognised in the Consolidated Income Statement	(3.0)	(2.6)

The net expense in the current and prior year was recognised as finance costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

**21 RETIREMENT BENEFIT OBLIGATIONS CONTINUED**

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2015	2014
The return on plan assets (excluding amounts included in net interest expense)	37.5	19.5
Actuarial remeasurement:		
Net remeasurement loss – change in experience assumptions	11.2	–
Net remeasurement losses – change in financial assumptions	(74.5)	(41.3)
Remeasurement of the net defined benefit liability	(25.8)	(21.8)

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2015 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 2015 are listed below.

	2015	2014
Discount rate	3.8%	4.4%
RPI inflation	3.3%	3.4%
CPI inflation	2.3%	2.4%
Rate of increase of pensions in payment	3.2%	3.3%
Rate of increase of pensions in deferment	2.3%	2.4%

The discount rate has been constructed as a gilt yield of 2.8% per annum (2014: 3.5%) plus a credit spread on high-quality debt instruments of 1.0% per annum (2014: 0.9%). The gilt yield of 2.8% is the flat yield equivalent to valuing the liabilities of the gilt curve published by the Bank of England.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 23 years) less a 0.2% per annum inflation risk premium. This approach 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 2011 model with a long-term improvement rate of 1.25% per annum and 'non peaked' short-term future improvements. On this basis a 65-year-old current pensioner has a life expectancy of 24.6 years and 25.9 years for males and females respectively.

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%	£83m
RPI inflation	0.5%	£52m
Assumed life expectancy at age 65 (rate of mortality)	+1 year	£21m

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.

## 22 PROVISIONS

(In £s million)	Property	Other	Total
At 1 July 2014	5.3	10.1	15.4
Exchange adjustments	-	(0.1)	(0.1)
Charged to income statement	-	2.2	2.2
Credited to income statement	(2.2)	-	(2.2)
Utilised	(0.2)	(0.2)	(0.4)
<b>At 30 June 2015</b>	<b>2.9</b>	<b>12.0</b>	<b>14.9</b>

(In £s million)	2015	2014
Current	3.0	3.4
Non-current	11.9	12.0
	<b>14.9</b>	<b>15.4</b>

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2015 and the amounts will be paid over this period.

Other provisions mainly relate to potential warranty claim liabilities arising as a result of the business disposals that were concluded in 2004, and deferred employee benefit provisions.

Of these provisions, £3.0 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.

## 23 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 2014 and 30 June 2015	1,464,097	14.7

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 2015, the Company held 43.1 million (2014: 57.9 million) Hays plc shares in treasury.

## 24 SHARE PREMIUM ACCOUNT

(In £s million)	2015	2014
At 30 June	369.6	369.6

## 25 CAPITAL REDEMPTION RESERVE

(In £s million)	2015	2014
At 30 June	2.7	2.7

## 26 RETAINED EARNINGS

(In £s million)	2015	2014
At 1 July	(197.7)	(244.3)
Remeasurement of defined benefit pension schemes	(25.8)	(21.8)
Tax on items taken directly to reserves	7.1	2.5
Profit for the year	105.6	90.9
Dividends paid	(37.9)	(35.1)
Share-based payments	10.5	10.1
At 30 June	<b>(138.2)</b>	<b>(197.7)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 27 CUMULATIVE TRANSLATION RESERVE

(In £s million)	2015	2014
At 1 July	33.4	54.8
Currency translation adjustments	(31.3)	(21.4)
At 30 June	2.1	33.4

## 28 OTHER RESERVES

(In £s million)	2015	2014
Own shares	-	(0.2)
Equity reserve	18.7	18.3
Hedging reserve	-	(0.1)
	18.7	18.0

## OTHER RESERVES – OWN SHARES

(In £s million)	2015	2014
At 1 July	(0.2)	(0.6)
Movement in own shares	0.2	0.4
At 30 June	-	(0.2)

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2015 is nil (2014: 458,019).

The 'own shares' reserve does not include the shares held in treasury as a result of the share buy-back programme. The share buy-back purchases are deducted from retained earnings. No share buy-backs were made during the year (2014: nil).

## OTHER RESERVES – EQUITY RESERVE

(In £s million)	2015	2014
At 1 July	18.3	20.0
Share-based payments	0.4	(1.7)
At 30 June	18.7	18.3

The equity reserve is generated as a result of IFRS 2 (Share-based payments).

## OTHER RESERVES – HEDGING RESERVE

(In £s million)	2015	2014
At 1 July	(0.1)	(0.5)
Mark to market valuation of derivative financial instruments	0.1	0.4
At 30 June	-	(0.1)

The Group holds two interest rate swaps which exchange a fixed payment for a floating rate receipt on a total debt value of £10 million and have maturities of up to one year. Each of the interest rate swaps commenced in October 2011. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

## 29 SHARE-BASED PAYMENTS

During the year, £10.8 million (2014: £8.7 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

### SHARE OPTIONS

At 30 June 2015 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	512,967	5,130	78	2015
	1,307,259	13,073	88	2016
	976,714	9,767	131	2017
	1,423,323	14,233	142	2018
	4,220,263	42,203		
Hays International Sharesave Scheme	480,202	4,802	78	2015
	782,123	7,821	88	2016
	349,216	3,492	131	2017
	419,944	4,199	142	2018
	2,031,485	20,314		
Total Sharesave options outstanding	6,251,748	62,517		

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:

	2015 Number of share options (thousand)	2015 Weighted average exercise price (pence)	2014 Number of share options (thousand)	2014 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	7,642	94	7,856	86
Granted during the year	1,896	142	1,708	131
Forfeited/cancelled during the year	(882)	108	(1,039)	91
Exercised during the year	(2,318)	81	(631)	102
Expired during the year	(86)	106	(252)	92
Outstanding at the end of the year	6,252	111	7,642	94
Exercisable at the end of the year	993	78	338	112

On 31 March 2015, 1.9 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.7 million. In the prior year, 1.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.6 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	158 pence
Exercise price	142 pence
Expected volatility	32.0%
Expected life	3.34 years
Risk-free rate	0.80%
Expected dividends	1.80%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 29 SHARE-BASED PAYMENTS CONTINUED

## 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 61 to 77.

Details of the share awards outstanding during the year are as follows:

	2015 Number of share options (thousand)	2015 Weighted average fair value at grant (pence)	2014 Number of share options (thousand)	2014 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	30,897	79	34,198	78
Granted during the year	8,446	116	9,291	103
Exercised during the year	(10,361)	71	(5,650)	109
Lapsed during the year	(3,220)	69	(6,942)	82
Outstanding at the end of the year	25,762	97	30,897	79

	2015 Number of share options (thousand)	2015 Weighted average fair value at grant (pence)	2014 Number of share options (thousand)	2014 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,994	86	2,923	84
Granted during the year	918	133	1,051	107
Exercised during the year	(1,284)	75	(980)	103
Outstanding at the end of the year	2,628	107	2,994	86

## 30 RELATED PARTIES

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Management Board, 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 directors is provided in the directors' Remuneration Report on pages 61 to 77.

(In £s million)	2015	2014
Short-term employee benefits	6.6	7.7
Post-employment benefits	0.1	-
Share-based payments	4.8	1.4
	11.5	9.1

Information relating to pension fund arrangements is disclosed in note 21.

## 31 OPERATING LEASE ARRANGEMENTS

## THE GROUP AS LESSEE

(In £s million)	2015	2014
Lease payments under operating leases recognised as an expense for the year	30.8	31.2

At 30 June 2015, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2015	2014
Within one year	30.0	31.4
Between two and five years	46.0	52.2
After five years	4.3	7.0
	80.3	90.6

### 32 ACQUISITION OF SUBSIDIARY

On 4 December 2014 the Group acquired 80% of Veredus Corp., a pure-play IT staffing company based in Florida USA for a total cash consideration of £36.1 million comprising an initial cash payment of £30.3 million on acquisition and a tax equalisation payment of £5.8 million in March 2015. The Veredus acquisition brings with it a high-quality, experienced management team which, in addition to a well established US office network, will provide a strong platform for growth in the world's largest recruitment market.

(In £s million)	Book value	Fair value adjustment	Fair value
Net assets acquired			
Intangible assets	0.1	2.9	<b>3.0</b>
Property, plant and equipment	0.1	-	<b>0.1</b>
Trade and other receivables	7.2	(0.7)	<b>6.5</b>
Cash and cash equivalents	0.4	-	<b>0.4</b>
	7.8	2.2	<b>10.0</b>
Goodwill			<b>34.3</b>
Total consideration			<b>44.3</b>
Satisfied by:			
Cash paid in year			<b>36.1</b>
Deferred consideration			<b>8.2</b>
			<b>44.3</b>
Net cash outflow arising on acquisition			
Cash consideration			<b>36.1</b>
Cash and cash equivalents acquired			<b>(0.4)</b>
			<b>35.7</b>

The transaction has been accounted for using the acquisition method of accounting, and to reflect the substance of the transaction using the principles of IFRS 10, has been accounted for as if 100% of the equity had been acquired. Net assets acquired after fair value adjustments were £10.0 million.

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 (who have an equivalent right to sell the remaining 20% of the equity). The option is first available for exercise in March 2018 at a pre-determined multiple of earnings, and is subject to a cap. The maximum potential amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £27.6 million. Fair value adjustments to the net assets acquired relate mainly to the recognition of an intangible asset in respect of the acquired Veredus brand as described in note 14 to the financial statements.

The acquired business contributed £33.8 million turnover, £10.0 million net fees and £0.3 million operating profit to the Group results before tax for the period between the date of acquisition and the balance sheet date. This was in line with expectations with a good trading performance offset by the amortisation of the legacy brand, one off costs related to the transaction, and post-acquisition development of the business.

If the acquisition had been completed on the first day of the financial year, Group turnover for the year would have increased by £25.9 million, net fees would have increased by £8.1 million and operating profit by £2.2 million.

### 33 MOVEMENT IN NET DEBT

(In £s million)	1 July 2014	Cash flow	Exchange movement	30 June 2015
Cash and cash equivalents	48.0	31.4	(9.6)	<b>69.8</b>
Bank loans and overdrafts	(110.7)	10.2	-	<b>(100.5)</b>
Net debt	(62.7)	41.6	(9.6)	<b>(30.7)</b>

The table above is presented as additional information to show movement in net debt, defined as cash and cash equivalents less bank loans and overdrafts.

**HAYS PLC COMPANY BALANCE SHEET**

at 30 June

(In £s million)	Note	Company 2015	Company 2014
<b>Fixed assets</b>			
Tangible assets	4	<b>0.3</b>	0.4
Investments	5	<b>910.4</b>	910.4
		<b>910.7</b>	910.8
<b>Current assets</b>			
Debtors due within one year	6	<b>10.2</b>	6.3
Debtors due after more than one year	7	<b>121.2</b>	145.2
Cash at bank and in hand		-	2.5
		<b>131.4</b>	154.0
<b>Creditors: amounts falling due within one year</b>	8	<b>(358.2)</b>	(392.2)
<b>Net current liabilities</b>		<b>(226.8)</b>	(238.2)
<b>Total assets less current liabilities</b>		<b>683.9</b>	672.6
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(47.0)</b>	(35.1)
<b>Provisions</b>	11	<b>(7.8)</b>	(8.0)
<b>Net assets</b>		<b>629.1</b>	629.5
<b>Capital and reserves</b>			
Called up share capital	12,13	<b>14.7</b>	14.7
Share premium account	13	<b>369.6</b>	369.6
Capital redemption reserve	13	<b>2.7</b>	2.7
Profit and loss account	13	<b>242.1</b>	242.7
Own shares	13	-	(0.2)
<b>Equity shareholders' interests</b>		<b>629.1</b>	629.5

The financial statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 27 August 2015.

Signed on behalf of the Board of Directors

**A R COX**

**P VENABLES**



# NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

### A ACCOUNTING BASIS

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and Law.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been presented.

The Company's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all periods presented.

### B CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The results, assets and liabilities of the Company are included in the Consolidated Financial Statements of Hays plc, which are publicly available. Consequently, the Company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (revised) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Group.

### C INVESTMENTS

Shares in subsidiaries are valued at cost less provision for impairment.

### D 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:

Plant and machinery

– At rates varying between 5% and 33%

Fixture and fittings

– At rates varying between 10% and 25%

### E DEFERRED TAXATION

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### F PENSION COSTS

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs/curtailments are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Company Balance Sheet.

### G EMPLOYEE SHARE OPTION SCHEMES

The Company operates a number of employee share option schemes. All equity-settled, share-based payments are measured at fair value at the date of grant and are recorded in the Balance Sheet within total equity shareholders' interests in accordance with FRS 20, 'Share-based Payments'.

### H DIVIDENDS

Dividends are recognised in the period that they are declared and approved.

## 2 EMPLOYEE INFORMATION

Details of directors' emoluments and interests are included in the Remuneration Report on pages 61 to 77 of the Annual Report.

## 3 PROFIT/LOSS FOR THE YEAR

Hays plc has not presented its own profit and loss account 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 £47.0 million (2014: loss £17.9 million).

# NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

## 4 TANGIBLE FIXED ASSETS

(In £s million)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>			
At 1 July 2014	1.2	1.2	2.4
Additions	–	0.1	0.1
Disposals	–	(0.1)	(0.1)
<b>At 30 June 2015</b>	<b>1.2</b>	<b>1.2</b>	<b>2.4</b>
<b>Depreciation</b>			
At 1 July 2014	1.0	1.0	2.0
Charge for the year	0.1	0.1	0.2
Disposals	–	(0.1)	(0.1)
<b>At 30 June 2015</b>	<b>1.1</b>	<b>1.0</b>	<b>2.1</b>
<b>Net book value</b>			
<b>At 30 June 2015</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
At 1 July 2014	0.2	0.2	0.4

## 5 INVESTMENTS

(In £s million)	Shares in subsidiary undertakings
<b>Cost</b>	
At 1 July 2014 and 30 June 2015	910.4
<b>Provision for impairment</b>	
At 1 July 2014 and 30 June 2015	–
<b>Total</b>	
At 30 June 2014 and 30 June 2015	910.4

The principal subsidiary undertakings of the Group are listed in note 14.

## 6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £s million)	2015	2014
Corporation tax debtor	8.1	4.7
Prepayments	2.1	1.6
	<b>10.2</b>	<b>6.3</b>

## 7 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(In £s million)	2015	2014
Prepayments	1.7	1.2
Amounts owed by subsidiary undertakings	119.1	143.3
Deferred tax	0.4	0.7
	<b>121.2</b>	<b>145.2</b>

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%.

## 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £s million)	2015	2014
Overdrafts	22.5	–
Accruals	19.5	20.1
Amounts owed to subsidiary undertakings	316.2	372.1
	<b>358.2</b>	<b>392.2</b>

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 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(In £s million)	2015	2014
Net retirement benefit obligations (note 10)	<b>47.0</b>	35.1

## 10 RETIREMENT BENEFIT OBLIGATION

The Company is the sponsoring employer for all of the Hays defined benefit pension schemes and recognises the full liability on its Balance Sheet. Under FRS 17 the actual cost of providing pensions to the Company is charged to the profit and loss account as incurred during the year, net of costs paid by subsidiary companies. The Hays defined benefit pension schemes were closed to the accrual of future benefits on 30 June 2012 at which time active members became deferred members of the scheme.

The current year service charge in the Company's profit and loss account is £1.3 million (2014: £1.3 million).

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2011 model with a long-term improvement rate of 1.25% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 24.6 years and 25.9 years for males and females respectively.

Based on actuarial advice, the financial assumptions used in calculating the scheme's liabilities under FRS 17 are:

	2015	2014
Discount rate	<b>3.8%</b>	4.4%
RPI inflation	<b>3.3%</b>	3.4%
CPI inflation	<b>2.3%</b>	2.4%
Rate of increase of pensions in payment	<b>3.2%</b>	3.3%
Rate of increase of pensions in deferment	<b>2.3%</b>	2.4%

The net expense recognised in profit and loss account comprised:

(In £s million)	2015	2014
Net interest expense	<b>(1.7)</b>	(1.3)
Current service cost	<b>(1.3)</b>	(1.3)
Net expense recognised in the profit and loss account	<b>(3.0)</b>	(2.6)

The net expense in the current and prior year was recognised as finance costs.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit retirement schemes was as follows:

(In £s million)	2015	2014
Fair value of scheme assets	<b>626.6</b>	568.4
Present value of defined benefit obligations	<b>(685.3)</b>	(612.3)
Defined benefit scheme deficit	<b>(58.7)</b>	(43.9)
Related deferred tax asset	<b>11.7</b>	8.8
Net pension liability recognised under FRS 17	<b>(47.0)</b>	(35.1)

The movement in the Company pension deficit during the year is analysed below:

(In £s million)	2015	2014
Deficit in the scheme brought forward	<b>(43.9)</b>	(33.0)
Current service cost	<b>(1.3)</b>	(1.3)
Contributions	<b>14.0</b>	13.5
Net financial cost	<b>(1.7)</b>	(1.3)
Actuarial loss	<b>(25.8)</b>	(21.8)
Deficit in the scheme carried forward	<b>(58.7)</b>	(43.9)

# NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

## 10 RETIREMENT BENEFIT OBLIGATION CONTINUED

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2015	2014
<b>Change in the fair value of scheme assets</b>		
Fair value of plan assets at 1 July	568.4	527.2
Interest income on defined benefit scheme assets	24.9	25.2
Return on scheme assets	37.5	19.5
Employer contributions	14.0	13.5
Benefits and expenses paid	(18.2)	(17.0)
Fair value of plan assets at 30 June	626.6	568.4

The analysis of the scheme assets at the balance sheet date was as follows:

(In £s million)	2015	2014
Equities	131.8	120.5
Bonds and gilts	277.2	267.8
Absolute return funds	37.2	34.3
Cash and LDI funds	159.1	132.9
Real estate	21.3	12.9
	626.6	568.4

The five-year history of experience adjustments is as follows:

(In £s million)	2015	2014	2013	2012	2011
Present value of defined benefit obligations	(685.3)	(612.3)	(560.2)	(491.5)	(452.4)
Fair value of scheme assets	626.6	568.4	527.2	476.1	440.5
Deficit in the scheme	(58.7)	(43.9)	(33.0)	(15.4)	(11.9)

The history of experience adjustments is as follows:

Experience adjustments on scheme liabilities					
Amount (£s million)	11.2	-	(9.1)	0.2	(0.5)
Percentage of scheme liabilities	2%	-	(2%)	-	-
Experience adjustments on scheme assets					
Amounts (£s million)	37.5	19.5	29.4	7.1	36.8
Percentage of scheme assets	6%	3%	6%	1%	8%

## FUTURE PROFILE OF HAYS PENSION SCHEME

The Hays Pension Scheme was closed on 30 June 2012. The Group has considered the impact of the FRS 17 deficit in respect of the Group, its employees and pensioners. In the context of the prudent funding structure of the Group, the Company is in a strong position to manage this long-term liability to the satisfaction and benefit of all stakeholders.

The amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2016 is £13.9 million.

## 11 PROVISIONS

(In £s million)	Total
At 1 July 2014	8.0
Utilised	(0.2)
<b>At 30 June 2015</b>	<b>7.8</b>

Provisions include liabilities 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.

## 12 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 2014 and 30 June 2015	<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.

## 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(In £s million)	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Own shares	Total
At 1 July 2014	14.7	369.6	2.7	242.7	(0.2)	629.5
Total recognised gains and losses	-	-	-	26.4	-	26.4
Other share movements	-	-	-	-	0.2	0.2
Share-based payments	-	-	-	10.9	-	10.9
Dividends paid	-	-	-	(37.9)	-	(37.9)
<b>At 30 June 2015</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>242.1</b>	<b>-</b>	<b>629.1</b>

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2015 is nil (2014: 458,019).

# NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

## CONTINUED

### 14 SUBSIDIARIES

	Country of registration
Accountancy Personnel Pty Limited	Australia
Accountancy Placements (Australia) Pty Limited	Australia
Ampoza Holdings Pty Limited	Australia
Hays Construction Pty Limited	Australia
Hays Property Pty Limited	Australia
Hays Specialist Recruitment (Australia) Pty Limited	Australia
Hays Superannuation Pty Limited	Australia
Hays Österreich GmbH Personnel Services	Austria
Hays NV	Belgium
Hays Services NV	Belgium
Hays Recruitment and Selection Ltda	Brazil
Hays Specialist Recruitment (Canada) Inc.	Canada
Hays Especialistas En Reclutamiento Limitada	Chile
Hays Specialist Recruitment (Shanghai) Co. Limited*	China
Hays Colombia SAS	Colombia
Hays Czech Republic, s.r.o	Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Denmark
Axis Resources Holding Limited	England & Wales
Axis Resources Limited	England & Wales
EPS Pension Trustees Limited	England & Wales
H101 Limited	England & Wales
Hays Commercial Services Limited	England & Wales
Hays Finance Technology Limited	England & Wales
Hays Group Holdings Limited	England & Wales
Hays Healthcare Limited	England & Wales
Hays Holdings Limited	England & Wales
Hays International Holdings Limited	England & Wales
Hays Nominees Limited	England & Wales
Hays Overseas Holdings Limited	England & Wales
Hays Pension Trustee Limited	England & Wales
Hays Personnel (Managed Solutions) Limited	England & Wales
Hays Personnel Payroll Services Limited	England & Wales
Hays Personnel Services Limited	England & Wales
Hays Pharma Consulting Limited	England & Wales
Hays Pharma Limited	England & Wales
Hays Project Solutions Limited	England & Wales
Hays Property Holdings Limited	England & Wales
Hays Recruitment Services Limited	England & Wales
Hays Social Care Limited	England & Wales
Hays Specialist Recruitment (Holdings) Limited	England & Wales
Hays Specialist Recruitment Limited	England & Wales
Hays SRA Limited	England & Wales
Hays Stakeholder Life Assurance Trustee Limited	England & Wales
Hays ZMB Limited	England & Wales
James Harvard International Group Limited	England & Wales
Krooter Limited	England & Wales
Myriad Computer Services Limited	England & Wales
Oval (1620) Limited	England & Wales
Owen, Thornhill and Harper Limited	England & Wales
Paperstream Limited	England & Wales
Recruitment Solutions Group Limited (IOM)	England & Wales
RSG EBT Limited	England & Wales

\* As at 30 June 2015, companies marked with an asterisk (\*) were not owned 100% by the Hays Group.

	Country of registration
Weyside 23 Limited	England & Wales
Weyside Group Limited	England & Wales
Weyside Office Services Limited	England & Wales
Weyside Telecoms Limited	England & Wales
Weyside Turngate Limited	England & Wales
Hays BTP & Immobilier SASU	France
Hays Clinical Research SASU	France
Hays Consulting SASU	France
Hays Executive SASU	France
Hays Finance SASU	France
Hays France SAS	France
Hays Ile de France SASU	France
Hays IT Services SASU	France
Hays Medias SASU	France
Hays Nord Est SASU	France
Hays Ouest SASU	France
Hays Pharma Consulting SASU	France
Hays Pharma SASU	France
Hays Pharma Services SASU	France
Hays Sud Est SASU	France
Hays Sud Ouest SASU	France
Hays Travail Temporaire SASU	France
Hays AG	Germany
Hays Finance GmbH	Germany
Hays Holding GmbH	Germany
Hays Technology Solutions GmbH	Germany
Hays Temp GmbH	Germany
Hays Hong Kong Limited	Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Hong Kong
Hays Hungary Kft.	Hungary
Hays Business Solutions Private Limited (Gurgaon)	India
Hays Specialist Recruitment Private Limited	India
Hays Business Services Ireland Limited	Ireland
Hays Specialist Recruitment (Ireland) Limited	Ireland
Hays Professional Services S.r.l	Italy
Hays S.r.l	Italy
Hays Resource Management Japan K.K.	Japan
Hays Specialist Recruitment Japan K.K.	Japan
Hays Finance (Jersey) Limited	Jersey
Hays S.a.r.l	Luxembourg
Hays Travail Temporaire Luxembourg	Luxembourg
Hays Specialist Recruitment (Malaysia) Sdn. Bhd.*	Malaysia
Hays Solution Sdn. Bhd.	Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	Malaysia
Hays Servicios, S.A. de C.V.	Mexico
Hays, S.A. de C.V.	Mexico
Hays B.V.	Netherlands
Hays Commercial Services B.V.	Netherlands
Hays Holdings B.V.	Netherlands
Hays Temp B.V.	Netherlands
Hays Specialist Recruitment (NZ) Limited	New Zealand
Hays Document Management (Private) Limited	Pakistan

# NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

## 14 SUBSIDIARIES CONTINUED

	Country of registration
Hays Poland Sp. zo.o.	Poland
Hays Recrutamento Seleccao e Empresa de Trabalho Temporario Unipessoal LDA	Portugal
Hays Specialist Recruitment Romania SRL	Romania
Hays Business Solutions Limited Liability Company	Russia
Hays IT Solutions Limited Liability Company	Russia
Hays Specialist Recruitment Limited Liability Company	Russia
Hays Specialist Recruitment P.T.E Limited	Singapore
Hays Slovakia S.r.o	Slovakia
Hays Business Services S.L	Spain
Hays Personnel Services Espana Empresa de Trabajo Temporal SA	Spain
Hays Personnel Services Espana SA	Spain
Hays Specialist Recruitment AB	Sweden
Hays (Schweiz) AG	Switzerland
Hays FZ-LLC	UAE
3 Story Software LLC	United States of America
Hays Holding Corporation	United States of America
Hays Specialist Recruitment LLC	United States of America
Hays Talent Solutions LLC	United States of America
Hays USA Holdings Inc	United States of America
Veredus Corporation*	United States of America
Veredus Government Solutions LLC*	United States of America
Veredus Holdings Inc*	United States of America
Veredus LLC*	United States of America

\* As at 30 June 2015, companies marked with an asterisk (\*) were not owned 100% by the Hays Group.

## 15 RELATED PARTIES

Hays plc has taken advantage of the exemption granted under FRS 8 'Related Party Disclosure' not to disclose transactions with entities that are part of the Hays plc Group.

## 16 SUBSEQUENT EVENTS

The final dividend for 2015 of 1.89 pence per share (£27.0 million) will be proposed at the Annual General Meeting on 11 November 2015 and has not been included as a liability as at 30 June 2015. If approved, the final dividend will be paid on 13 November 2015 to shareholders on the register at close of business on 9 October 2015.



# SHAREHOLDER INFORMATION

## REGISTRAR

The Company's registrar is:  
Equiniti Limited  
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA  
www.shareview.co.uk

Telephone: 0871 384 2843<sup>(1)</sup>  
International: +44 121 415 7047  
Textphone: 0871 384 2255<sup>(1)</sup> (+44 121 415 7028 if calling from outside the UK)

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 into your local currency 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 0871 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 and 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 0845 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 0845 300 0430.

(1) Calls charged at 10 pence per minute plus network extras. The helpline is open Monday to Friday 8.30am to 5.30pm, excluding UK bank holidays.

(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.

## 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 and Financial Statements and copies of all announcements made over the last 12 months.

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## COMPANY SECRETARY

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## INVESTOR RELATIONS CONTACT

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## FINANCIAL CALENDAR

2015	2016
<b>8 OCTOBER</b> Interim Management Statement	<b>13 JANUARY</b> Trading Update for quarter ending 31 December 2015
<b>11 NOVEMBER</b> Annual General Meeting	<b>24 FEBRUARY</b> Half Year Report for six months ending 31 December 2015
<b>13 NOVEMBER</b> Payment of final dividend	<b>14 APRIL</b> Interim Management Statement
	<b>14 JULY</b> Trading Update for quarter ending 30 June 2016



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