

## Reed Global Limited

Strategic report  
Year Ended 30 June 2022

The directors present their Strategic Report on the affairs of Reed Global Limited (the "Company") and its subsidiaries (collectively the "Group", "Reed") and the consolidated financial statements for the year ended 30 June 2022.

### Principal activities

The Company's principal activity is that of a holding company of trading subsidiaries. The Company receives income from its subsidiaries for the use of the Reed brand.

The Group's significant activities are the provision of specialist temporary, permanent and contract recruitment solutions, digital recruitment and learning, and, in partnership with local authorities and the government, the delivery of programmes that positively transform people and their communities. The directors do not envisage any major changes in the Group's activities in the next year to 30 June 2023.

### Business review

The Group increased turnover in the year to £1,195.6m from £950.7m as it continued its strong recovery from the Covid-19 pandemic. In particular, the Group benefited from strengthened demand for permanent staff as confidence returned to the UK economy. The Group has a number of local and government contracts and it commenced delivery of its Restart Scheme contracts during the year. These and other new contracts contributed substantially to the growth in the Group's turnover, the increase in employee numbers and the substantial expansion of the Group's fixed infrastructure during the year.

Gross margin increased significantly to 24.9% from 20.0% during the year, driven by the stronger demand, revised mix and effective cost of sales management.

The Group invested in key areas throughout the year to significantly improve the productivity of the business and these actions, combined with the strong gross margin improvement, resulted in full year operating profits of £61.2m versus £30.5m in the prior year. Cash collection continued to be strong throughout the year, which allowed the Group to build significantly upon its already strong cash position.

### Results and dividends

The profit for the year is set out in the Consolidated Income Statement on page 23. The Group generated a profit before tax of £60.8m (2021: £32.9m) and an EBITDA of £75.6m (2021: £38.9m). Interim dividends of £10m were declared on 14 December 2021 and paid during the year (2021: Nil) and no final dividend was declared. Return on capital employed rose from 24.0% in the prior year to 31.7% in the current year due to the increased profit after tax. The Group remains funded largely by its retained earnings and is unencumbered by external bank borrowings.

### Future developments

The directors do not expect significant changes to the business in the foreseeable future.

### Key Performance Indicators

	2022	2021	2020
Gross margin	<b>24.9%</b>	20.0%	19.4%
Net profit margin	<b>5.1%</b>	3.2%	0.7%
Number of business units	<b>605</b>	600	468
Employee cost ratio	<b>35.3%</b>	44.2%	36.5%
Current ratio	<b>1.28</b>	1.33	1.14
Return on capital employed	<b>31.7%</b>	24.0%	4.3%
Earnings per share	<b>24.21p</b>	14.10p	1.79p
EBITDA	<b>£75.6m</b>	£38.9m	£16.1m

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### Notes to key performance indicators

- Gross margin is calculated as gross profit as a percentage of revenue
- Net profit margin is calculated as operating profit as a percentage of revenue
- The increase in the number of business units is due to the requirement to fulfil new contracts in both Reed Specialist Recruitment Limited, and Reed in Partnership Limited.
- Employee cost ratio represents the staff costs as a percentage of revenue
- Current ratio is derived by dividing current assets by current liabilities, and is a good indicator of a Group's ability to meet short-term debt obligations; the higher the ratio, the greater the liquidity of the Group.
- Return on capital employed is derived by dividing the profit for the year by total shareholders' equity.
- Earnings per share is derived by the profit for the year divided by the average number of shares in issue during the year
- EBITDA represents Earnings before Interest, Taxes, Depreciation and Amortisation and is derived from the operating profit for the year plus depreciation, amortisation and fair value gains and losses on financial investments, and investment properties. In accordance with IFRS 16, EBITDA for the year to 30 June 2022 includes the add-back of depreciation in respect of right-of-use assets of £9.9m (2021: £6.4m).

### Transactions in own shares

As of the reporting date, the Company held 529,412 (2021: 529,412) ordinary shares through its controlled funding of an Employee Benefit Trust. The nominal value of the shares is 10 pence.

### Principal risks and uncertainties facing the Group

#### Covid-19 risk and business response

During the year to 30 June 2022, the challenges and commercial uncertainty associated with the Covid-19 pandemic continued to recede. The Group was able to successfully embed previously made changes to its ways of working, such as hybrid working and the greater adoption of technology, within its standard practices to capture longer-term benefits.

While the Group believes the risk of further business disruption arising from the Covid-19 pandemic to be low, its sound financial management coupled with its strong cash and balance sheet position has ensured that it is well-placed to withstand any further adverse impact that may arise.

#### Other risks and business response

The business is exposed to changes in government policy in the markets in which it operates, though it seeks to mitigate these through positive engagement through industry forums and through external advisors.

The ever-increasing need to keep data secure, as highlighted by cyber security and the General Data Protection Regulations, is met by a range of mitigation actions to ensure the Group remains vigilant and compliant.

The risk of fraud is taken seriously. Prevalent in circumstances where high volumes of transactions are routinely processed, such as within a temporary recruitment model, this risk is mitigated through system automation, dedicated compliance and internal risk management teams and thorough vetting of our co-members in positions of trust, as well as through exception reporting.

The Group invests to ensure continued compliance with regulations and awareness of changes in government policy.

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### Financial risks

The Group did not utilise any bank finance during the reporting period. The only source of external borrowing is that of the debentures which stood at £13.4m at the end of the year (2021: £13.4m) as disclosed in Note 20.

The Group's operations are exposed to a variety of financial risks including the effects of changes in exchange rates, interest rates, credit risk and liquidity risk. The Group does not have material exposures in any of these areas and consequently does not use derivative instruments to manage these exposures.

The Group's principal financial instruments comprise sterling cash and bank deposits and debentures together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments can be analysed as follows:

#### *Foreign currency risk*

The Group and the vast majority of its trading operations are in the UK, where revenue and costs are in pounds sterling, meaning that the Group's exposure to foreign exchange risk is relatively low. Translation reserves presented in the Consolidated Statement of Financial Position arise on consolidation of those businesses forming part of the Group that transact in currencies other than pounds sterling. Movements in these reserves reflect the cumulative differences between the average rates applied to profits or losses and the prevailing rate as at the year-end at which balance sheet assets are translated.

#### *Credit risk*

The Group's principal financial assets are cash and trade debtors. These represent the Group's major exposure to credit risk in relation to the financial assets. Both are discussed in detail within Financial Risk Management (Note 22). Reporting in this area includes daily aged debt for every significant client as well as overall ledger profiles from the invoicing date taking into account pre-agreed payment terms. Credit risk in respect of cash is considered to be limited as the Group's cash is placed primarily with four quality financial institutions which are graded A1 by Moody's.

The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk, with the exposure spread over a large number of customers. The risk to liquid funds is minimised by the credit checking of clients and a strong credit control function that profiles and manages credit risk in accordance with the client credit risk presented, the type of sale or past client experience. Bad debt exposure is minimal due to the Group's diverse spread of clients which includes a number of government bodies.

#### *Liquidity risk*

The Group's policy has been to ensure continuity of funding through the operation of its Treasury function, discussed in more detail in Financial Risk Management (Note 22).

#### *Cash flow interest rate risk*

The Group is exposed to cash flow interest rate risk on its debentures, which carry a floating interest rate pegged to movements in SONIA, however this risk is not deemed significant.

### Consideration of climate change

In preparing the financial statements we have considered the impact of climate change. There has not been a material impact on the financial reporting judgments and estimates from our considerations, consistent with our assessment that climate change is not expected to have a meaningful impact on the viability of the Group in the medium term.

### Section 172 Statement

This Statement sets out how the Board of Directors ("the Board") of the Company complies with the requirements of Section 172 of the Companies Act 2006 and how consideration of stakeholder interests has impacted the Board's activities and decision making during the financial year ending 30 June 2022 ("FY22").

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Section 172 of the Companies Act 2006 states that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers, and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly between members of the company.

These duties are designed to ensure that directors act in such a way as to promote the long-term success of the company by delivering and creating sustainable shareholder value as well as contributing to wider society. Reed comprises the Company and its subsidiaries, including Reed Specialist Recruitment Limited ("RSR"), Reed Online Limited ("Reed Online") and Reed in Partnership Limited ("Reed in Partnership"). As a director of all Reed companies, James Reed, our Chairman and Chief Executive Officer, ensures strong governance is applied consistently across Reed.

Engaging with all our stakeholders to deliver long-term success is a key focus for the Board. The Board is very aware of the environment in which the Company operates and, in particular, the stakeholders it needs to engage with including but not limited to clients; employees; suppliers; central and local government; local communities; and shareholders. A Stakeholder Map, identifying the key internal and external stakeholders and how the Company interacts with them, has been created and may be found, along with other relevant statements, on the Company's 'Corporate Governance' page on its website: <https://www.reed.com/corporate-governance>.

The requirements of Section 172 are well understood and adhered to by directors due to the nature, ethos, purpose, and vision of the organisation, which is further enhanced by its culture as a family business. In addition, all Reed directors have received formal training on their responsibilities and accountabilities, and principal decisions have been defined and formalised as part of company Board meetings.

Principal decisions that were taken by the Board across FY22 include entering into an option to purchase a building in Liverpool, the acquisition of Watson Martin Limited (now Reed Learning Limited), the decision to declare an interim dividend of £10m (5.05p per share), agreement to sell shares in Beeline and approval of the Company's FY23 Strategy & budget.

The Board finalised these decisions having considered the impact on stakeholders, the potential long-term consequences and the potential growth opportunities presented.

The decision to enter into an option to purchase a building in Liverpool arose as part of the Company's freehold property acquisition strategy. This location was selected by reviewing co-member needs across a range of metrics, in line with a growing presence of Reed in Partnership support teams in the region. The Board considered a selection of properties in the area, benchmarking their specifications against the needs of several stakeholder groups, including co-members and shareholders, before deciding to enter into the option to purchase a building at a later date.

Furthermore, an interim shareholder dividend of £10m for FY22 was proposed to the Board. The Company recognises the importance of meeting shareholder expectations in a sustainable fashion and the dividend amount was proposed following an assessment of the Company's profitability and financial position. The Company's key stakeholders were considered with regard to the proposal, including co-members, the Reed Executive Pension Scheme, the Reed Foundation and UK government. All key stakeholders are concerned to ensure that sufficient cash remains available to honour key commitments and sustain the future performance of the Company. Reviewing all factors, the proposal of an interim shareholder dividend of £10m was deemed affordable and taken as a principal decision by the Board.

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The market in which the Company operates significantly improved during FY22 in comparison to the previous financial year, which was still impacted by Covid-19 restrictions. Following the easing of Covid-19 restrictions in the UK, the number of open job vacancies reached a record high level, presenting new opportunities and challenges to the Board and the subsidiary companies. In managing this changed business environment, the Board made the above principal decisions as well as supported its subsidiary company Boards with the following decisions and initiatives:

- Investment in additional tools and software across all subsidiary companies to continue to provide excellent service to customers, temporary workers and participants;
- Engagement with third party consultants to further support the business development activity of Reed in Partnership;
- Approval of all subsidiary company strategies and budgets for FY23;
- Continued commitment to the Armed Forces Covenant, and award of the Bronze level Defence Employer Recognition Scheme across the Group, in recognition of the Company's inclusive and diverse workplace.

In taking these actions, Reed's main objectives were to ensure continuing high standards of business conduct, support the continued positive business relationships with stakeholders and to protect the long-term viability of the business to the benefit of all stakeholders.

The Corporate Governance Statement within the Strategic Report and the Employee Engagement and Other Stakeholder Engagement Statements within the Director's Report, further detail how the Board have considered and engaged with stakeholders in the light of their Section 172 duties.


### **Payment of creditors**

The Group's policy for all suppliers is to fix terms of payment when agreeing to the terms of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment.

### **Modern Slavery Statement**

The Board has approved the Group's Modern Slavery Statement, which may be found on the Company's website.

On behalf of the Board on 16 December 2022

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James Reed MA, MBA, FCIPD  
Chairman

## Reed Global Limited

Directors' Report  
Year ended 30 June 2022

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The directors present their report on the affairs of the Group and Company audited financial statements and the independent auditors' report thereon for the year ended 30 June 2022.

### Board of Directors

The directors who held office in the year and up to the date of signing these financial statements are listed within Company Information presented on page 1 of these financial statements.

Membership of the Board of Directors consists of both Executive and independent Non-Executive Directors. The latter serve limited terms of office and are not selected from former members of the Group, both of which policies ensure their independence. The board meets at least once per calendar quarter and receives input from the various subsidiary boards.

The primary committee of the board is the Group Audit and Risk Committee, chaired by Non-Executive Director Clifford Tompsett. This committee is tasked with ensuring good financial governance of the Group, including the engagement and oversight of independent auditors, as well as supervision and oversight of the general risk management framework of the Group. The Audit and Risk Committee meets at least once every calendar quarter and follows an agreed plan of work.

### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Acts 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Employee Engagement Statement

The Company values input and feedback from its co-members and has numerous processes in place to capture the thoughts and views of its workforce across all of its subsidiary companies. These include monthly anonymous co-member surveys with numeric results and qualitative feedback. These results are analysed, and actions are taken in response to trends or specific feedback. The Board delegates the collation and initial analysis of co-member feedback to working groups, who present consolidated data to the Board to enable appropriate decisions and actions to be taken.

Furthermore, co-members were directly engaged in the Board's principal decision making during FY22. When considering the option to purchase a building in Liverpool, the Company recognised that the growth of the Reed in Partnership team in Liverpool could increase the requirements for an office in the area. The Board had ascertained through previous feedback gathering exercises, that the majority of co-members prefer to have a hybrid working arrangement, which includes the option to work in a centrally located office. This feedback was used to inform the Board's ultimate decision to enter into an option to purchase a building in Liverpool.

Further details on how the Company pro-actively interacts and measures its engagement with employees may be found within the Stakeholder Map on the 'Corporate Governance' page of the Company's website, within the Section 172 Statement in the Strategic Report, and under 'Principle 6 - Stakeholder Engagement' within the Corporate Governance Statement in the Director's Report.

### Other Stakeholder Engagement Statement

The Company values input and feedback from all stakeholders and has numerous processes in place to capture thoughts and views from a diverse set of stakeholders. The stakeholder feedback received by the Board includes customer-based metrics on satisfaction levels and the views of local communities. The Board delegates specific responsibilities and actions to a Customer Excellence function, which engages with other stakeholders and provides targeted feedback to the Board so that informed decisions and strategic policies may be implemented with other stakeholders' needs at heart.

The Board continues to advocate for improved standards in its industry for all stakeholders, in line with the Company's purpose of "Improving lives through work". In doing so, the Company actively engaged with various regulators, including the Information Commissioners Office (ICO) and the UK government Department for BEIS,

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by responding to formal consultations. The Board has continued to engage with the Home Office to suggest refinements around the planned changes to statutory Right to Work processes, which are due to impact the Company, its clients, and the labour market in the Company's next financial year.

Through its principal decision making during FY22, the Board engaged a wide range of its stakeholders, including clients, shareholders and the Reed Foundation. In doing so, the Board was able to ensure that any decisions taken were in the best interest of stakeholders and would support the long-term, sustainable success of the Company.

Further details on how the Company pro-actively interacts and measures its engagement with other stakeholder groups may be found within the Stakeholder Map on the 'Corporate Governance' page of the Company's website, within the Section 172 Statement in the Strategic Report, and under 'Principle 6 - Stakeholder Engagement' within the Corporate Governance Statement in the Director's Report.

### **Inclusion and Belonging – Our commitment**

Reed is committed to creating an inclusive and diverse workforce by recognising and understanding each individual's unique differences and celebrating these within the business. By valuing Inclusion, we hope to create a workplace where co-members can thrive, and be the best they can be each day.

#### **Our Customers**

Reed seeks to promote Inclusion, not only among co-members, but also among our clients and candidates as an equal opportunities employer. A long-standing principle we hold is that 'no one is unemployable' and we stand by this through supporting people to find work as a vital public service. It is Reed's policy to support people who hold Protected Characteristics (under the Equality Act 2010) both internally and externally through supporting recruitment practices based solely upon merit.

#### **Our co-members**

Reed's 'Inclusion & Belonging Commitment' encourages inclusivity across our Workforce. In support of this, co-members are invited to complete Diversity Training, including an Unconscious Bias iLearn module which is designed to help them to recognise and combat any unconscious bias in the workplace.

We have implemented Diversity Reporting so we can be driven by data, whilst appointing Inclusion Board Sponsors to raise the profile of our commitment. We have also developed co-member Inclusion Resources to support the understanding of others within our organisation and appointed Inclusion Champions to help bring our commitment to life.

On International Women's Day 2018, James Reed made three pledges to help support women in the workplace at Reed:

**One:** To introduce talks, seminars and webinars once a quarter, which will be run by successful women, to encourage and inspire the women in the business.

**Two:** To grow and sustain a female mentoring system to provide the women who work at Reed with a system of support and advice.

**Three:** That Reed will seek to have women make up 50% of its senior leadership team over the next 3-5 years. They will be there because they are good at their jobs.

In the year to 30 June 2022, Reed continued to progress towards each pledge with webinars held highlighting the issues of inequality facing young women entering the workplace and discussing ways to tackle these issues and support young women in work. James Reed's blog and Reed's Intranet news channel held a 'Women in Leadership' series with articles sharing co-members' experiences on Reed's female mentoring system and progression of women into leadership roles.

Reed has continued to utilise a range of external accreditations and partnerships to support us with best practice resources, support lines, networks and knowledge to make experiences better for co-members at work.

It is a policy of the Company to employ and train disabled people whenever appropriate and to actively promote equal opportunities by evaluating co-members solely on the basis of merit, regardless of age, gender, marital status, sexual orientation, disability or dependants' considerations, and ethnic, racial or religious background.

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In the event of co-members becoming disabled every effort is made to ensure their employment with the Company continues and the Company is committed to ensuring sufficient and appropriate adjustments are made in order to achieve this objective.

### Charitable activities

Charity is core to the values of the Group and of Sir Alec Reed, the Founder of Reed.

Established in 1972, The Reed Foundation owns 18% of the issued share capital of the Company and uses the proceeds of this investment, in conjunction with other donations received, to support a range of charities. Foremost of these are The Big Give and Ethiopiaid, both founded by Sir Alec Reed.

The Big Give was established in 2007 and enables donors to find and support charitable projects in their field of interest. It also operates a match-funding mechanism, whereby donations by the public to particular charitable causes are doubled by Charity Champions, being individuals or organisations pledging money in support of their chosen charities. The Big Give has raised over £199m since its inception and operates the UK's largest online match funding campaign, its annual Christmas Challenge.

Ethiopiaid was established in 1989 with an original donation of £1m and has raised over £37m since its foundation. The vision of Ethiopiaid is of an Ethiopia free from poverty, in which every person has access to quality education, healthcare and a life of dignity. Each year, Ethiopiaid sends a team of Reed co-members to Addis Ababa, with each participant pledging to raise over £2,500 for Ethiopiaid's charitable partners. These partners work in a range of areas, including: a rehabilitation centre for children who suffer from conditions such as polio and clubfoot; educational institutions; and facilities for vulnerable women who have suffered from sexual assault.

The Group is glad to support its charitable partners and looks forward to continuing to do so in the year ahead.

### Political donations

The Group made no political donations during the year to 30 June 2022 (2021: £Nil).

### Dividends

Dividends proposed and paid by the Company in the year amounted to £10m (these dividends were declared on 14 December 2021). During the year to 30 June 2021, the ultimate parent of the Group proposed and paid no dividends.

### Pension funds

Reed Executive Limited, a subsidiary of the Group, operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately and are administered by external pension managers. This scheme had two trustees, namely Darren Murton and Nigel Marsh. The scheme may not invest in the shares of the Group. The audit of the scheme is currently undertaken by RSM UK Audit LLP and is thus completely separate from that of the Group.

Several other Group companies operate defined contribution schemes, provided by Scottish Widows, which are contract based and therefore not subject to audit.

### Going concern basis

After making enquiries, the directors have formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The Directors of the Company agreed after the balance sheet date that, should it be required, the Company intends to provide support for the meeting of liabilities as and when they fall due to certain Reed Group companies to continue in operation until at least 31 December 2023. That support is intended to include assistance to meet the liabilities of payment of intercompany debtors and intercompany creditors until 31 December 2023, such that certain companies in the Reed Group can meet their liabilities as they fall due. See Note 2 for the detailed assumptions used in the going concern model.



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### Financial risk management

The Group's financial risk management policies and procedures, including the principal risks and uncertainties identified by the directors, are disclosed in the Strategic Report and within the notes to the financial statements, see Note 3.

### Future developments

The future developments of the Group are disclosed in the Strategic Report on page 2.

## Corporate Governance Statement

### Introduction

Reed is committed to good corporate governance, which supports the running of a responsible business and the upholding of our values.

This Corporate Governance Statement explains how, for the year ended 30 June 2022, Reed has managed its corporate governance responsibilities by applying the Wates Corporate Governance Principles in compliance with The Companies (Miscellaneous Reporting) Regulations 2018.

### Principle 1: Purpose and Leadership

*An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

In the early 1960s, Reed pioneered specialist recruitment in the UK. Seven decades on, we have become the world's largest family-run recruitment business, with operations spanning across the UK, Europe, USA and Asia. With access to the UK's largest candidate database and expertise across 20 specialist sectors, we are committed to ensuring that people are at the heart of everything we do to ensure we fulfil our purpose: improving lives through work.

There are three core values at Reed:

#### We are Fair, Open and Honest

- we treat everyone with fairness and respect
- we act with integrity
- we are true to our commitments

#### We Take Ownership

- we respond swiftly to execute our promises
- we take responsibility for providing solutions
- we hold ourselves accountable for our actions

#### We Work Together

- we work in partnership and build sustainable trusted relationships
- we value a diverse workforce and respect the contributions of all
- we support our customers and colleagues in achieving their goals

The Company's annual strategy was confirmed early in the financial year under the direction of the Board. The strategy clearly defines priorities, direction, and targets for all co-members, to understand and enable teams to set their priorities and make the right choices based on Reed's overall goals.

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The Company ensures its purpose and values are clearly articulated to co-members via effective channels of engagement, including co-member surveys. It is through these engagement channels that Reed has implemented its inclusion and belonging strategy, *"Being yourself at work. Every. Single. Day"*. We have appointed diversity champions across the Company to raise the voice of our co-members and steer our commitment to inclusion and belonging to drive initiatives such as improving diversity reporting; women in leadership; race and ethnicity mentoring schemes; and disability awareness.

James Reed, our Chairman, actively engages with the business via regular office visits and a two-way blog where business updates are regularly posted and maintains his visible presence within Reed, promoting its ethos, inclusion & belonging, engagement and increasing focus on environmental sustainability.

### **Principle 2: Board Composition**

*Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the board should be guided by the scale and complexity of the company.*

The leadership and responsibility for the overall effective running of the Board sits with the Company Chairman. The Board comprises two executive directors (including the Chairman) and two independent non-executive directors ("independent NEDs"), the latter of which serve limited terms of office and are not selected from former members of the Group to ensure their independence. The Board's size and balance between executive and non-executive directors is appropriate to facilitate prompt and effective decision making.

The Board delegates some of its responsibility to the Audit and Risk Committee, chaired by an independent NED, which reports to the Board and has documented Terms of Reference that are reviewed and approved by the Board.

A short biography for each Board member, detailing their appropriate skills, background, experience and knowledge is below:

#### **James Reed MA, MBA, FCIPD - Chairman and Chief Executive of Reed.**

James Reed has been the Chief Executive and Chairman of Reed since 1997 and 2004 respectively, when he took over the role from his father and founder of the Reed Group, Sir Alec Reed. He is a regular media commentator on work and labour market issues, with recent appearances including BBC News, Sky News, BBC Radio 2 and The Apprentice. He has contributed insight to a wide range of publications including the Financial Times, Harvard Business Review and The Sunday Times.

James is also a best-selling author of four books, *Life's Work: 12 Proven Ways to Fast-Track Your Career*, *The Happy Recruiter: The 7 Ways to Succeed*, *The 7 Second CV: How to Land the Interview*, and *Why You?: 101 Interview Questions You'll Never Fear Again*. He also co-authored *Put Your Mindset to Work* with Dr. Paul Stoltz. James has an MA in Philosophy, Politics and Economics from Oxford University, an MBA from Harvard Business School and is a Fellow of the Chartered Institute of Personnel and Development (CIPD).

#### **Nigel Marsh ACMA, MBA - Group Chief Financial Officer of Reed.**

Nigel Marsh has been the Group's Chief Financial Officer since being appointed to the Board in 2014. Nigel joined Reed in 2007 as Finance Director of the main recruitment business and progressed through a range of finance and commercial roles in the UK and internationally. He is also Trustee of an associated pension scheme and a not-for-profit, charitable website. Nigel's background is within commercial blue-chip organisations, including General Motors, Rolls Royce and FujiFilm. He is a Chartered Management Accountant and holds an Executive MBA from Ashridge Management College.

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### **Anita Dougall BA – Independent Non-Executive Director.**

Anita Dougall is a founder and CEO of Sagacity Solutions, an innovative data solutions company dedicated to helping organisations increase revenues and profitability through the use of its specialised solutions for Utilities, Water, Energy, Telco and Financial Services. Anita's operational expertise underpinned by advanced technology and data solutions allows her to add significant value to businesses by improving their customer experience and financial performance. Prior to setting up Sagacity, Anita held senior positions within the finance and commercial teams at One 2 One (T-Mobile and now EE), having started her career as an Energy analyst in investment banking at NatWest Markets. Anita has a BA in Political Economy from Greenwich University.

### **Clifford Tompsett MA, FCA – Independent Non-Executive Director and Chairman of the Audit & Risk Committee.**

Clifford Tompsett is a Fellow of the Institute of Chartered Accountants in England and Wales with over 40 years of experience advising companies and their boards on financial matters including financial reporting, internal controls, risk and governance. He is a former audit, capital markets and transaction partner at PricewaterhouseCoopers LLP where he worked for 37 years until he retired in 2017. He is a Non-Executive Director and Chairman of the Audit Committee of ThomasLloyd Energy Impact Trust plc, Kismet Acquisition Two Corp and Kismet Acquisition Three Corp, two Nasdaq listed SPACs, and is a Trustee of RAFT, a medical research charity. More recently he has also been the Senior Independent Director and Chairman of the Audit and Risk committee of Cello Health plc. He has an MA in Chemistry from Oxford University.

The independent NEDs broaden the Board's skills, knowledge and experience, and constructively challenge the Board to develop insightful strategies and deliver strong performance. The independent NEDs' prior working experience brings expertise on governance, audit, accounting, innovation in technology, data analytics and improving customer experience, in addition to perspectives from outside the sectors in which the Company operates. The Company is committed to ensuring that the composition of the Board continues to comprise directors who possess the diversity of skills and experience required to fulfil the role, and fully supports the professional development of all board members.

The Board has adopted standardised documentation and receives key performance indicators in the form of Balanced Scorecards for each key trading entity covering financial, commercial, people, and social responsibility matters in a timely fashion ahead of each meeting. The Chairman facilitates a constructive relationship between the executive and non-executive directors, enabling the independent NEDs to discuss Board agendas ahead of meetings, challenge current practices, and communicate with senior executives outside of meetings.

A regular formal effectiveness review of the Board takes place every other year, the last taking place in June 2021, assessing that the Board is competent and well run and has the potential to become more effective by taking forward some key observations which included a deeper insight into risks and risk management via the Audit and Risk Committee.

### **Principle 3: Director responsibilities**

*The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.*

The Board normally has a programme of four quarterly meetings every year, plus an additional meeting for strategic planning. During FY22, there was full attendance at the Company's Board meetings and the only conflict of interest declared was a data compliance and governance review by Sagacity Solutions, which Anita Dougall, as a director of that business, had no involvement with. The Company has a clear Conflicts of Interest Policy that is observed at every Board meeting.

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The Board is responsible for establishing the culture, values and framework within which the Company operates, and is responsible to stakeholders for the direction and oversight of the Company to ensure its long-term success. It provides leadership, oversees strategy, ensures the necessary resources are available and sets policies, key operational initiatives and standards.

The primary committee of the Board is the Audit and Risk Committee which meets once a quarter. This committee is chaired by independent NED, Clifford Tompsett, who has extensive experience of financial reporting and risk management and can appropriately challenge and influence the Board. The Audit & Risk Committee supports the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, control environment, and the integrity of the Company's financial statements and annual report.

The Company has increased its reliance on data and recognises the importance of accurate and relevant information. Board members receive regular and timely business reports from each business on areas such as financial performance, strategy, and operations, each supported by Key Performance Indicators to keep the Board informed of the Company's performance, position, and long-term sustainable success.

### **Principle 4: Opportunity and Risk**

*A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.*

The Board has a focus on future opportunities for innovation and entrepreneurship. Short-term opportunities are highlighted through Board Meetings, executive reporting and subsidiary company Boards, whilst longer term strategic opportunities are reviewed through the annual Strategic Review process. There is a range of future strategic opportunities that the Board reviews regularly due to the evolving nature of the labour market, the future of work, and the impact of technological innovation.

The Board, with assistance from the Audit and Risk Committee, has oversight on how risk is managed and responsibility for determining the nature and extent of the principal risks the Company is facing, the overall risk appetite, and for the Company's internal control framework.

The Group has developed robust procedures to identify, monitor and manage risk via a Risk Assurance Committee, which meets quarterly and receives reports from the subsidiary companies on any emerging or established risks which are considered to have an impact on stakeholders or may impact the Company's business objectives. Following the appointment of the Risk and Corporate Governance Manager in 2021, the Company's oversight of risk has continued to evolve. In FY22 the Board evaluated the current principal risks the Company is facing, to support the continued enhancement of the Company's risk identification, monitoring and management processes.

Reed has an in-house audit function which provides assurance to the Board, via the Audit and Risk Committee, on the effectiveness of internal controls, risk management and governance processes.

RSR and Reed in Partnership hold certifications for ISO 9001 and ISO 14001 and incorporate these into their approaches to risk management.

### **Principle 5: Remuneration**

*A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Remuneration is based on performance, behaviours, demonstration of company culture and values, and achievement of business goals. Remuneration is linked to the adherence to company culture and values, as demonstrating these behaviours is an integral part of working for Reed. Clear policies on remuneration exist to ensure consistency across the Company. These policies consider the potential negative impact of excessive awards throughout the workforce and possible risks that could result from ineffective incentives such as talent loss and misaligned goals and values.

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The Board recognises the importance of closing the Gender Pay Gap, which is supported by clear policies across all subsidiary companies.

The Board has considered the appropriateness of forming a Remuneration Committee and continues to regard existing remuneration policies and processes as appropriate to the needs of the business. This is now augmented with greater oversight from the full board following the board effectiveness review.

### **Principle 6: Stakeholder Engagement**

*Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.*

As a family-run group of companies, Reed has a strong emphasis on corporate responsibility and a track record of social impact, philanthropy and sustainability. Reed is committed to being a Carbon Neutral organisation and complies with ISO14001, which assesses environmental impact. Our commitment to social impact is driven by our company purpose: 'Improving lives through work', and we have three pillars of social impact. Further information around the Company's corporate social responsibility commitments can be found at <https://www.reed.com/our-social-impact>.

The Board understands the importance of communication across constituent groups. The Company has developed a Stakeholder Map to help identify, define, and engage with stakeholder groups. This map outlines the interests, issues, and methods of communication with each group and can be found on the 'Corporate Governance' page of the Company's website.

For co-members, the Company collects monthly survey results across all subsidiary companies, operates idea initiatives, as well as having whistleblowing processes in place as routes for anonymous feedback to be reported. There is also two-way communication via the Chairman's online blog and new digital communication routes have also been established utilising Microsoft Yammer as a quick and accessible channel for questions, discussions, and feedback.

For all principal decisions, the Company engages with and obtains feedback as appropriate from any affected stakeholder groups. Reed also has extensive Evaluation of Service processes in place across customers and co-members. For example, a full review of the positions of the Company's key stakeholders was undertaken before the Board took a principal decision to resume the payment of an interim dividend to the Company shareholders. Furthermore, the needs of both co-members and shareholders were evaluated as part of the decision-making process for the option to purchase a building in Liverpool.

Further detail on how the Board have effectively engaged with stakeholders across FY22 can be found within the Company's Section 172 Statement in the Strategic Report, and within the Company's Stakeholder Map.

The Company's overall position and future prospects are assessed within the going concern basis of the Director's Report.

### **Environment**

Reed's policy with regard to the environment is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. Reed's operations are conducted in such a way that it complies with all legal requirements relating to the environment in all areas where it carries out its business. During the period covered by this report, Reed has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Reed has issued a statement of intent to demonstrate how it aims to deliver its commitment to continually improve its environmental performance, highlighting implementation and monitoring plans, as well as clarifying co-member responsibility. Reed acts in accordance with the spirit of all relevant legislation and to set itself appropriate targets for long-term improvements.

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Reed's current environmental targets are to:

1. Make year on year reductions in our carbon emissions and maintain our CarbonNeutral® status
2. Make year on year reductions in our waste
3. Eliminate single use plastics

In the UK, Reed was the first recruitment company to become CarbonNeutral®. Since 2005, Reed has offset emissions through a variety of projects, including Hydropower in India and China, Methane Capture in Germany, Forestry in the UK, and Heat Recovery in India. In FY22, Reed maintained its CarbonNeutral® status and helped plant 70,000 trees in England including oak, beech, alder, and hazel, in response to COP 26 and to honour the Queen's Platinum Jubilee.

Reed made year on year reductions in its carbon emissions and waste between 2019 and 2021 but this became more challenging during 2022 with the removal of Covid-19 restrictions and the significant growth in Reed headcount. This is explored in the following Streamlined Energy and Carbon Reporting section.

Significant progress was made during 2022 in the elimination of single use plastics. Audits were conducted across the Group and single use plastic elimination plans were developed to reduce the largest contributors.

Reed will be reviewing these specific environmental targets during 2023 with the aim of developing them to ensure continuous improvement in its environmental performance.

Reed has also demonstrated its environmental commitment by being one of the first to be awarded the European Code of Conduct for Data Centres. Our data centre utilises free cooling and cold air containment giving it one of the lowest power usage effectiveness (PUE) ratings in Europe.

One of Reed's subsidiary companies, RSR was awarded ISO 14001 status in February 2010, which they have successfully maintained. Reed has since earned ISO 14001 status across the group of companies. This is the recognised standard for Environment Management Systems in an organisation. ISO 14001 recognises the organisation's ability to control its impact on the environment and monitors its compliance with regulations.

Reed is committed to including its stakeholders in its environmental journey, for example, co-members complete an e-learning module called "Reed and the Environment" when they join the company, through our online talent management system.

Reed is proud of its achievements to date. However, we are acutely aware that the ongoing challenge is to build on our past successes and to further improve our environmental performance.

### Environmental Impact – Streamlined Energy and Carbon Reporting (SECR)

Overall emissions have increased by 363 tonnes of CO<sub>2</sub>e, or 24%, from 1534 tonnes of CO<sub>2</sub>e, in FY21, to 1897 tonnes of CO<sub>2</sub>e, in FY22. This increase in emissions is mainly due to two reasons. Most significantly, the number of Full Time Equivalent (FTE) employees working for Reed increased by 42% in FY22, prompting a natural increase in Reed's emissions. In addition, the amount of business travel undertaken by co-members in FY22 compared to FY21 increased as the UK economy re-opened following the COVID-19 pandemic, resulting in levels of business travel that had not been possible in the year prior. Nonetheless, a number of initiatives undertaken, including the roll out of improved technical architecture over the past two years, has ensured that Reed's scope 3 emissions around business travel remain below previous assessments taken before the previous financial year (FY21), with Reed committed to continue to reduce its overall emissions year on year. Additionally, Reed achieved a 13% reduction in CO<sub>2</sub> emissions per FTE in FY22, despite the 42% increase in FTE overall. Electricity consumption (including transmission & distribution losses) accounts for the largest portion of emissions with 920 tonnes of CO<sub>2</sub>e, or 49% of the total emissions\*

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The table below sets out a summary of Reed's UK energy usage, associated emissions and energy performance predominantly from Reed's energy use in buildings and co-member business travel. A breakdown of the total emissions 1,897 tCO<sub>2</sub>e and 6,974,003 kWh is provided below:

Scope	2021/22		2020/21		% difference
	2021/22 Summary by WBCSD/WRI Scope*	2021/22 UK and offshore Energy Consumption**	2020/21 Summary by WBCSD/WRI Scope*	2020/21 UK and offshore Energy Consumption**	
Scope 1 - direct GHG emissions	333	1,818,690	258	1,405,457	+29%
Scope 2 - energy indirect emissions	847	3,988,399	1,084	4,862,890	-22%
Scope 3 - other indirect emissions	717	1,166,914	192	286,146	+273%
<b>TOTAL</b>	<b>1897</b>	<b>6,974,003</b>	<b>1534</b>	<b>6,554,493</b>	<b>+24%</b>

2021/22		2020/21		% difference
Intensity Metric	KPI	Intensity Metric	KPI	
3684 Full Time Equivalent Employees	0.515 tCO <sub>2</sub> e per Full Time Equivalent Employee (Location-Based)	2,599 Full Time Equivalent Employees	0.59 tCO <sub>2</sub> e per Full Time Equivalent Employee (Location-Based)	-13%

\*Location-Based methodology, tCO<sub>2</sub>e

\*\*kWh

This assessment has been carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance. GHG emissions have been reported by the three WBCSD/WRI Scopes. The location-based method applies average emission factors that correspond to the grid where consumption occurs. The intensity metric used is tonnes of CO<sub>2</sub>e per full time equivalent employee.

### Disclosure of information to auditors

At the date of making this report each of the Company's Directors, as set out on page 1, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

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### Independent Auditors

PricewaterhouseCoopers LLP were reappointed Group auditors during the year.

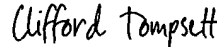
### Approval

Approved by the Board of Directors on 16 December 2022 and signed on its behalf by:

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James Reed MA, MBA, FCIPD

Director

DocuSigned by:  
  
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Clifford Tompsett MA, FCA

Director