

REED STAFFING SERVICES LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report on Reed Staffing Services Limited (“the Company”) for the year ended 30th June 2020.

Business review, principal activities and future developments

The Company's principal activity is that of the employment of temporary staff on behalf of group companies and the provision of payroll services to other group companies. The Company charges a margin on this activity. The Company is a private limited company incorporated in the United Kingdom.

The Company's trading results and financial position for the year are set out on page 19.

The Directors expect the Company to continue to trade in the same manner in the future.

Key performance indicators (KPIs)	Year ended 30th June 2020	Year ended 30th June 2019
Turnover (£000)	247,835	231,094
Average number of staff employed (Note 5)	9,849	10,731

Principal risks and uncertainties facing the Company

The Company depends on the business of another group company which operates entirely in the UK.

Any downturn in the economic environment has historically been the greatest risk to the service sector. The business is also exposed to changes in government policy in the markets in which it operates such as changes in the legislation around sensitive data management and employment laws. In addition, the uncertainty with regards to the government's approach to the UK leaving the EU has introduced further risks in the UK's economic environment.

The Directors continue to closely monitor weekly KPIs to assess any impact of the current economic climate within the UK, our primary area of operation, on our business.

Covid-19

Covid-19 impacted the Company dramatically in March 2020, but it responded decisively. The Company created a number of forums to formulate its response in the key areas of client strategy, remote working, cash control, headcount & costs, and operations, which proved an effective way of managing the various challenges that the Company faced.

To support temporary workers through the pandemic, the Company made use of the government's Coronavirus Job Retention Scheme, and at the height a total of nearly 2,400 workers were furloughed.

Financial instruments

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures. The Company's principal financial instruments comprise trading balances with group undertakings.

REED STAFFING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties facing the Company (continued)

Financial instruments (continued)

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

Credit risk

The Company's principal financial asset is amounts owed by group undertakings, which represent the Company's major exposure to credit risk in relation to the financial assets. Reporting in this area covers weekly aged debt for every significant client as well as overall ledger profiles from the invoicing date taking into account any pre-agreed payment terms.

The Company itself has no significant credit risk, as the group undertakings with which it trades have their own exposure spread over a large number of customers. Also the risk on liquid funds is minimised by the credit checking of these clients and a strong credit control function. Bad debt exposure is minimal due to the diverse spread of clients within the related group company.

Liquidity risk

The Company's policy has been to ensure continuity of funding through the operation of its treasury function. The Company participates in the Reed Group's (REED) centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

Foreign currency risk

The Company is not materially exposed in its trading operations to the risk of changes in foreign currency exchange rates as our principal operations are within the UK, and its trade is with other UK based group undertakings.

Section 172 statement

This Statement sets out how the Board of Directors of Reed Staffing Services Limited ("the Board") complies with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board's activities and decision making during the financial year ending 30th June 2020 ("FY20").

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 STAFFING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 statement (continued)

The REED Group (“REED”) comprises Reed Global Limited and its subsidiaries, including Reed Specialist Recruitment Limited (“RSR”) and Reed Staffing Services Limited (the “Company”). The Company is a wholly owned subsidiary of RSR.

The Board have received training on their responsibilities and accountabilities. They are supported by the Group Head of Legal in terms of how they carry out their duties under Section 172. The Company’s Directors are also Directors of RSR. The RSR Board has also implemented standardised board papers and a formal approach to declaring conflicts of interest to ensure Directors act fairly and in the interests of the Company. As a family business, the requirements of Section 172 are well understood and adhered to by Directors due to the nature, ethos, purpose, and vision of the organisation.

Principal Decisions have been defined and formalised as part of Board meetings. REED has adopted a two tier approach whereby all decisions with a specified material impact or which could lead to national media attention are considered in relation to Section 172 by Directors, with certain decisions also being accompanied by written evidence that the principles of Section 172 have been considered.

Engaging with 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 temporary workers, customers, 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 on RSR’s website.

The formal training provided to Directors, the standardisation of Board papers, the introduction of a Stakeholder Map, and the implementation of Principal Decisions have ensured the Board understands the importance of its key stakeholders.

Principal Decisions were taken by the Board in response to the Covid-19 pandemic. This required the Company to implement significant cost reduction measures, including the furloughing of temporary employees and, via Reed Global, accessing Government cash support schemes such as the deferral of VAT and PAYE.

In making these Principal Decisions, the Company’s main objectives were to ensure continuing high standards of business conduct and to protect the long-term viability of the business to the benefit of all stakeholders. This stakeholder engagement was demonstrated below in the Company’s response to the Government implementing a blanket lockdown during the Covid-19 pandemic.

The Company rapidly developed, implemented and communicated its furlough approaches to help support its PAYE and public sector temporary employees. To further protect temporary workers, RSR encouraged public sector bodies to follow UK Government advice around the continued use of temporary staff.

In addition, RSR applied additional resources and IT developments to support Government and key worker contracts, which provided temporary worker employment as well as being central to the pandemic response.

REED STAFFING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 statement (continued)

The Company also utilised a number of successful temporary employee engagement schemes during the pandemic, as explored in the following “Success with Temporary Employees” section.

This tailored approach minimised as far as possible the impact of Covid-19 on the Company and its stakeholders. All other Principal Decisions taken by the Company during the year went through a similar process of stakeholder engagement. The impact of Principal Decisions will be monitored in future Board meetings to continuously assess their effect on the company and its stakeholders in the medium to long-term.

The Company is committed to being an employer of choice and to ensuring temporary employees’ wellbeing is front of mind. REED therefore operates programmes to listen to the views and feelings of temporary employees, and often survey the opinions of temporary employees. These ensure that Directors have the information necessary to act in the interest of their employees.

The Company has a number of successful engagement schemes which have been developed during FY20. These include:

Success with Temporary Employees

The Company successfully assisted an average of over 9,800 temporary employees whilst in work each week during FY20. The Company operated a health cash plan to help cover the cost of everyday healthcare, whilst continuing to offer temporary employees a 28 days annual leave entitlement and access to the Reed Benefit Scheme and Reed Discount Club.

At the start of the pandemic, the Company worked with UK Government to put forward a remote hiring process to ensure people in temporary work would be able to find work remotely during Covid-19. Since that time, the Company supported over 3,500 temporary employees through this initiative from late March to the end of the financial year.

During lockdown the Company provided access to a new REED initiative called Keep Britain Working designed to help temporary employees find new work in the event their roles were impacted by lockdown.

The Company implemented Covid secure risk assessments and access to Personal Protective Equipment where required for temporary employees.

Success with Environment and Communities

REED has been an environmental champion for a long time. In 2005, RSR became the first recruitment company in the UK to become carbon neutral and, through ISO 14001, demonstrate effective environmental management systems in place. REED’s many environmental achievements have been set out in the Reed Global Ltd (10169598) annual report under the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

RSR, on behalf of the Company’s temporary employees, chooses to meet quarterly with the UK Government regulator for the recruitment sector and agency staff to communicate plans, updates, and to discuss current initiatives and future regulation.

REED STAFFING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 statement (continued)

Success with Environment and Communities (continued)

REED publishes its tax strategy on-line and HMRC has categorised REED as low tax risk.

RSR was invited by BEIS to Chair a new cross-government group designed to protect workers and hirers operating in the flexible labour market. The work of this group has been referenced by HM's Government in the Annual Labour Market Strategy. REED was also invited to provide information into the Independent Review of the Modern Slavery Act.

In furtherance of REED's charitable ethos, temporary employees had the opportunity to nominate a charity to receive a priority application to the Big Give Christmas Challenge 2019.

Environment

The Company operates within the REED Group's policy with regard to the environment. This is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. The Group's operations are conducted such 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, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

The Group's Streamlined Energy & Carbon Report may be found on RSR's website.

Modern Slavery Statement

The Board has approved the Group's policy on Anti-Slavery and Human Trafficking, which may be found on RSR's website.

Approval

The Strategic Report was approved by the Board on 22 December 2020 and signed on its behalf by:

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James Reed MA, MBA, FCIPD
Director

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June 2020.

Dividends

No dividend was paid in the year (2019: £400,000). No future dividends based on the current year results are planned.

Directors

The composition of the Board of Directors is given on page 2. The Directors were not materially interested in any contract subsisting during, or at the end of, the financial year.

The Statement of Directors' Responsibilities in respect of the financial statements may be found on page 15.

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 with the cost being borne by Reed Global Limited.

Employee Engagement

The Company values input and feedback from its temporary employees and has numerous processes in place to capture the thoughts and views of its workforce. These include a complaints policy, an Evaluation of Service process, and access to named recruitment consultants in the parent company RSR. Results are analysed, and actions are taken in response to trends or specific feedback. The Board delegates the collation and initial analysis of employee feedback to working groups, who present consolidated data to the RSR Board to enable appropriate decisions and actions to be taken.

To encourage and facilitate greater levels of temporary employee feedback on commercial strategy and overall wellbeing during the Covid-19 pandemic, the Company issued frequent advice and guidance. During the pandemic a specific communication channel was created for temporary employees to receive help and advice and to ask questions about the impact of Covid-19. All queries and requests were responded to individually, with feedback used to input into UK Government policy.

Further details on how the Company pro-actively interacts and measures its engagement with temporary employees may be found within the Stakeholder Map on RSR's website, under the 'Success with Temporary Employees' section of the Company's Section 172 Statement, and within the Company's Corporate Governance Statement under 'Principal 6 - Stakeholder Relationships and Engagement'.

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Other Stakeholder Engagement

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 RSR Board (“the Board”, on which the Company’s directors sit) 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.

Engagement with Government agencies during the financial period has helped shape the Company’s commercial approach and strategy. RSR have actively engaged in policy consultations with the UK Government including the furlough scheme for temporary workers and the proposed Government Workforce Exchange. This helped shape the Company’s approach with temporary employees throughout the pandemic.

Further details on how the Company interacts and measures its engagement with other stakeholders may be found within the Stakeholder Map on RSR’s website, under the ‘Success with Environment and Communities’ section of the Company’s Section 172 Statement, and within the Company’s Corporate Governance Statement under ‘Principal 6 - Stakeholder Relationships and Engagement’.

Employees

Employees are kept informed of Company developments via the online timesheet portal. The Company provides support for all employees where appropriate and gives a full and fair consideration to disabled applicants in respect of duties which may be effectively performed by a disabled person. Where existing employees become disabled, the Company will seek to continue employing them, bearing in mind their disability and provided suitable duties are available.

Charitable donations and political contributions

No charitable donations were made in the year (2019: nil).

No political contributions were made in the year (2019: nil).

Going concern basis

The Company’s business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit and liquidity risk are described in the Strategic Report on pages 3 and 4.

The Directors of Reed Global Limited agreed after the balance sheet date that, should it be required, it intends to provide support to certain REED Group companies to continue in operation until at least 31 December 2021, support will be provided for the meeting of liabilities as and when they fall due. That support is intended to include assistance to meet the liabilities of payment of intercompany debtors and intercompany creditors until 31 December 2021, such that certain companies in the REED Group can meet their liabilities as they fall due.

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Going concern basis (continued)

After making enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, there is reasonable expectation that the Company 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.

Corporate Governance Statement

Introduction

This Corporate Governance Statement explains how the Company's Corporate Governance Framework supports the values of the business. For the year ended 30th June 2020, the Company has applied the Wates Corporate Governance Principles in compliance with The Companies (Miscellaneous Reporting) Regulations 2018.

Set out below is further detail on how the Company has applied the Wates Principles during the financial year under review. Notwithstanding this, the directors note that, on the basis this is the first year of reporting, there are areas of the Principles that the Company will need to focus on. Areas of minor variations are included at the end of this statement and the Board has committed to undertake a review of its first year application with the intention to further enhance the Company's application.

The Company is committed to good corporate governance, which supports the running of a responsible business and the upholding of REED's values.

Principal 1 - Purpose and Leadership

REED was founded in 1960 and is a family-owned business. REED's purpose is "improving lives through work". The REED Group is led by the Reed Global Board ("RGL") which defines the Group's purpose, values and strategy, and approves the strategies of subsidiary companies. The Company is a wholly owned subsidiary company of Reed Specialist Recruitment Limited ("RSR") and is the company which employs all of REED's temporary workers. The day to day operational management of these temporary workers is through RSR.

The REED purpose operates alongside a strong commitment to social responsibility and governance. REED promotes wellbeing, diversity and inclusion, environmental sustainability, charitable causes, health & safety and employee engagement. REED is committed to the following values:

- We are Fair, Open and Honest
- We Take Ownership
- We Work Together

The Company ensures its purpose and values are clearly articulated with effective channels of engagement with its temporary workers and its stakeholders. The Company's engagement channels include an online portal and e-newsletter, as well as direct communication between RSR and temporary workers. In support of its fair, open and honest culture, the Company operates a whistleblowing process to ensure transparency and openness. Since implementing the Wates Principles, REED has, via the Audit and Risk Committee, approved a new Conflicts of Interest Policy.

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Corporate Governance Statement (continued)

Principal 2 - Board Composition

The Reed Staffing Services Limited Board (“the Board”) comprises two Directors including REED’s Chairman, James Reed, and Ian Nicholas who was also appointed Global Managing Director of Reed Specialist Recruitment Limited on 9th March 2020.

As the day to day operational management of the temporary employees is governed by Reed Specialist Recruitment Limited, Board meetings of RSR include reference to any matters arising relating to Reed Staffing Services as the directors of the Company are also directors of RSR.

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. In 2018 and 2019, James was voted in the Top 20 UK CEO’s by employer-ratings platform Glassdoor. 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).

Ian Nicholas BSc, FCIPD - Global Managing Director

Ian was appointed as Global Managing Director of RSR in March 2020, transferring from his role as Chief HR Officer for Reed Global Limited, in which he was responsible for all people strategies across the Group.

Ian joined REED in 2004 as HRD of one of their businesses, and he also opened and ran a specialist HR recruitment arm. In 2007 the Group merged its recruitment businesses and Ian was appointed as HRD for the newly formed Reed Specialist Recruitment. In 2013, whilst retaining his HR responsibilities, he was appointed as MD for Reed Managed Services and during a two-year period of successful growth, he led the re-shaping of the business into what is now the highly regarded Reed Talent Solutions brand. In 2015, Ian was appointed to CHRO and in 2017 he was appointed to the Reed Global Board.

Ian attained a BSc (Hons) at Liverpool University, subsequently gaining his CIPD qualification via Glamorgan University. He is Chartered FCIPD. In 2019, Ian was listed on the ‘HR Most Influential’ list by HR Magazine.

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Corporate Governance Statement (continued)

Principal 2 - Board Composition (continued)

The Board are supported in their strategic management of audit and risk by RGL's Audit & Risk Committee which supports the Company by reviewing the comprehensiveness and reliability of assurances on governance, risk management, control environment, and the integrity of financial statements and the annual report. The Company has a robust risk framework in place and are supported by the parent company's Compliance, Audit, and Data function managing and mitigating operational risk. The Board delegates day to day management and the implementation of agreed strategies to these functions.

The Company promotes diversity at work through RSR's recruitment processes and those of its clients. The gender pay gap for the Company was -2%, in that women were paid more than men on average.

The RSR Board have adopted standardised documentation and receive information covering financial, commercial, people, and social responsibility matters in a timely fashion ahead of each Board Meeting. This information is assured through review by key Executive functions such as Finance, and the approval of annual external audits. Information includes key performance indicators in the form of Balanced Scorecards for each key trading entity.

Across the financial year, a number of Principal Decisions were reported to or approved by the RSR Board that were relevant to the Company's stakeholders. These included decisions taken by the RSR Board in response to the Covid-19 pandemic.

A Board Effectiveness Review is being explored by REED during the next 12 months.

Principal 3 - Director's Responsibilities

Every Board Director has a clear understanding of their accountabilities and responsibilities. The directors of the Company are present at the RSR Board meetings where any matters relating to temporary employees would be discussed.

Director training has been delivered to all Reed Global and subsidiary Board Directors. Directors have access to Reed Global's Company Secretary for assistance and advice.

There is a Governance Review annually of the Company's governance processes.

Principal 4 - Opportunity and Risk

The Company has a focus on future opportunities for innovation and entrepreneurship. Short term to medium term opportunities are highlighted through RSR Board Meetings and executive reporting, whilst longer term strategic opportunities are reviewed through the annual Strategic Review process for RSR.

The Board has responsibility for determining the nature and extent of the principal risks the Company is willing to take, the overall risk appetite, and for the Group's internal control framework.

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Corporate Governance Statement (continued)

Principal 5 - Remuneration

Remuneration is based on performance, behaviours, demonstration of company culture and values, and achievement of business goals. Remuneration is linked to the adherence of 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 Group.

The Company recognises the importance of paying the Living Wage and closing the Gender Pay Gap, which are supported by clear policies across the business. The specific pay rates for temporary employees is determined by the hiring client.

Principal 6 - Stakeholder Relationships and Engagement

The Company believes in the importance of sustainable business and the role that private companies have in benefitting wider society. The Company is committed to creating a positive social, economic, and environmental impact, and has detailed environmental and charitable strategies to ensure a positive impact on its constituencies, on society, and on the environment.

The Company is committed to being a Carbon Neutral organisation and complies with ISO14001, held by RSR, which assesses environmental impact. The Company recognises the importance of effective dialogue with stakeholders. This includes temporary workers, clients, and Government representatives.

REED understands the importance of communication across constituent groups. The Company has developed a Stakeholder Map to help identify, define, and engage with stakeholder groups. The Map outlines the interests, issues, and methods of communication with each group.

REED ensures there is no conflict of interest between key professional advisors covering both audit and tax. Formal conflict of interest reviews are conducted between REED and both advisors. The Board's current advisors are PwC for audit, RSM for tax advice, and Barclays as bankers.

For all Principal Decisions, the Company carries out an assessment of stakeholders and seeks to obtain feedback from any affected stakeholder groups. REED also has extensive Evaluation of Service processes in place across customers and employees.

The Company is committed to being an employer of choice in its industry. REED is also committed to its purpose of improving lives through work which can be demonstrated by the active role REED plays in government and wider society committees.

For further detail on how the Company fosters strong stakeholder relations, effective engagement and takes into account feedback from its workforce, please refer to the engagement statements within the Director's Report.

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

REED STAFFING SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

Corporate Governance Statement (continued)

Wates Variations

REED has applied the Wates Corporate Governance Principles in compliance with The Companies (Miscellaneous Reporting) Regulations 2018, with two areas of deviation: Board evaluation and Board process assessment. These are under review for decision in the next financial year as, with relatively recent appointments and many new processes adopted during this period, insufficient time had elapsed for meaningful evaluation or assessment for the year ended 30th June 2020.

Disclosure of information to auditors

At the date of making this report each of the Company's Directors, as set out on page 2, 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.

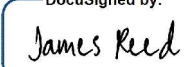
This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors for the year ending 30th June 2020 under an ordinary resolution.

Approval

The Report of the Directors was approved by the Board on 22 December 2020 and signed on its behalf by:

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James Reed MA, MBA, FCIPD
Director