ROBERT WALTERS GROUP

Annual Report & Accounts 2019

www.robertwaltersgroup.com

Introduction

Powering people and organisations to fulfil their unique potential.

The Robert Walters Group is a world-leading specialist professional recruitment business.

With over 4,000 staff in 31 countries, we deliver specialist recruitment consultancy, staffing, recruitment process outsourcing and managed services across the globe.

We match highly skilled professionals to permanent, contract and interim roles across the disciplines of accountancy & finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial & support and supply chain & procurement.

With a reputation for in-depth sector knowledge and outstanding service, we build long-term, high-quality, strategic relationships with start-ups, SMEs and the world's largest multinational corporates.

Our commitment to teamwork, integrity, passion, innovation and quality means that we are always striving to set the standard for the industry. We deliver engaging candidate experiences and power rewarding careers, giving talented individuals the freedom to choose and the opportunity to grow.

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Directors' Report

Financial Statements

View our Annual Report online:
robertwaltersgroup.com/investors

2019 Highlights

Statutory reporting

1% ↓

£1.22bn
Revenue
2018: £1.23bn

3% ↑

£405.5m
Net Fee Income (Gross Profit)
2018: £392.0m

3% ↑

£51.2m
Operating Profit
2018: £49.7m

3% ↓

£47.4m
Profit Before Taxation
2018: £49.1m

4% ↓

48.4p
Basic Earnings Per Share
2018: 50.4p

Adjusted reporting, excluding the impact of IFRS 16 Leases

2% ↑

£50.5m**
Adjusted Operating Profit
2018: £49.7m

1% ↑

£49.5m**
Adjusted Profit Before Taxation
2018: £49.1m

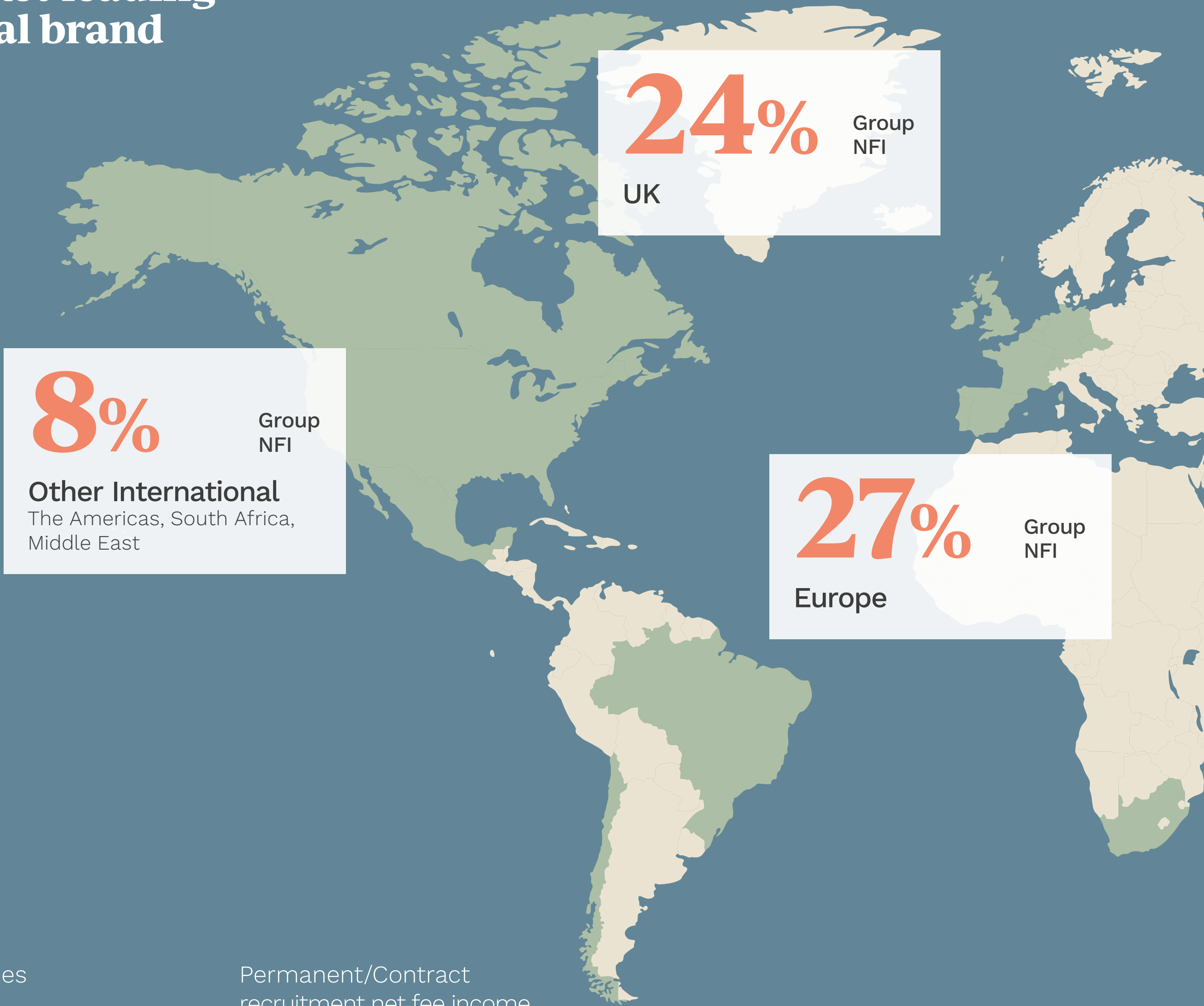
0% ↑

50.6p**
Adjusted Basic Earnings Per Share
2018: 50.4p

**Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

Robert Walters Group at a Glance

Market-leading global brand



Employees

4,027

Countries

31

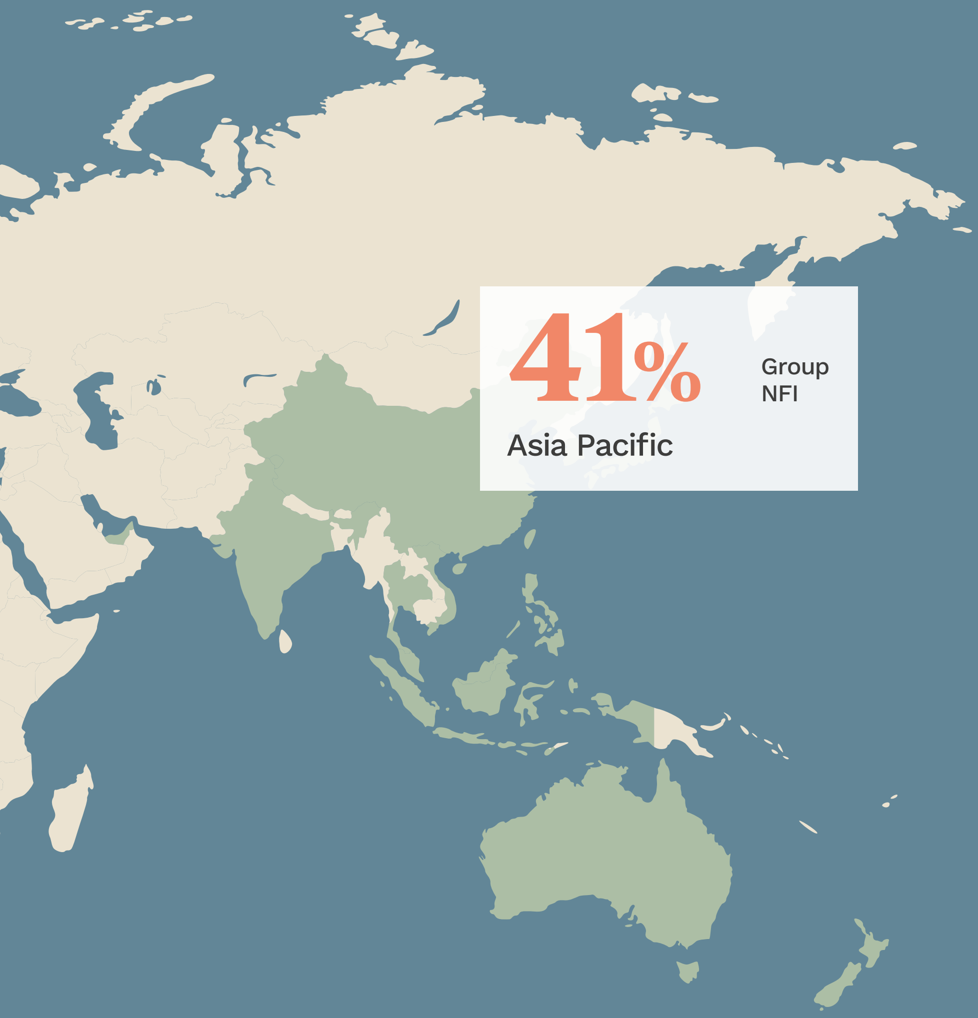
Net fee income from international businesses

76%

Permanent/Contract recruitment net fee income

- 69% Permanent
- 31% Contract

Our locations



Geographic Net Fee Income (NFI)

The Group's international network of offices spans 31 countries and enables us to meet the demands of clients and candidates whose needs extend beyond their own market. Our ability to build truly local foundations gives us unique insights into the diverse cultures and industry practices in every territory.

Our clients

We build long-term, high-quality relationships with start-ups, SMEs and the world's largest multinational corporates.

What we do

In an increasingly complex global recruitment market, the Group builds strong relationships with clients and candidates and offers an end-to-end recruitment service on a local, regional and global basis.

Our mission

We're always striving to be the best. That means being the world's leading specialist professional recruitment group with a clear differentiation on the quality of service delivered to our clients and candidates.

Core principles

- Teamwork
- Integrity
- Passion
- Innovation
- Quality

Our services across the world

ROBERT WALTERS

Specialist Professional Recruitment

Robert Walters recruits specialists for permanent, contract and interim roles across our core disciplines of accountancy & finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial & support and supply chain & procurement.

RESOURCESOLUTIONS

Recruitment Process Outsourcing

Resource Solutions is a market leader in recruitment process outsourcing (RPO) and managed services. Resource Solutions designs and deploys tailored recruitment outsourcing solutions for clients across the world.

WALTERS people

Specialist Staffing

Walters People specialises in temporary/contract and junior permanent recruitment with a focus on financial and business support positions.

Chairman's Statement

Operating profit increased by

2%**

Profit before taxation increased by

1%**

"76% of the Group's net fee income is now derived from our international businesses with the Group's footprint now spanning 31 countries."

The Group delivered a resilient performance in 2019, increasing net fee income to record levels and maintaining profitability despite the political and economic turbulence that marked much of the year.

Against this backdrop, Asia Pacific, Europe and Other International delivered growth whilst the UK was negatively impacted by a decline in candidate and client confidence. 76% (2018: 73%) of the Group's net fee income is now derived from our international businesses with the Group's footprint now spanning 31 countries.

Revenue was down 1% (down 2%*) to £1.22bn (2018: £1.23bn) and net fee income increased by 3% (2%*) to £405.5m (2018: £392.0m). Operating profit was up 2%** (0%*) to £50.5m** (2018: £49.7m) and earnings per share increased by 0.4%** to 50.6p** per share (2018: 50.4p per share). The statutory reported operating profit was up 3% (1%*) to £51.2m and earnings per share was down 4% to 49.4p. The Group further strengthened its balance sheet with net cash of £85.8m as at 31 December 2019 (31 December 2018: £74.3m). Both permanent and contract recruitment grew during the year, with the Group's ratio of permanent and contract recruitment net fee income currently 69% permanent to 31% contract (2018: 69%:31%).

During the year, headcount decreased by 3% to 4,027 (2018: 4,132) with reductions focused in Resource Solutions, our recruitment process outsourcing business, in line with clients' reduced hiring requirements.

The Board will be recommending a 3% increase in the final dividend to 11.0p per share which, combined with the interim dividend of 4.5p per share, would result in a 5% increase in the total dividend to 15.5p per share (2018: 14.7p).

In 2019, the Group purchased 2,486,300 shares at an average price of £6.03 for £15.0m through the Group's Employee Benefit Trust. The Board is authorised to re-purchase up to 10% of the Group's issued share capital and will be seeking approval for the renewal of this authority at the Annual General Meeting on 13 May 2020.

In May, Giles Daubeney stepped down from the Board and his role as Deputy CEO. On behalf of the Board, I would like to thank Giles for his significant contribution to the Group over the last 30 years and wish him well for the future.

I would like to extend the Board's thanks to all our employees across the globe for their steadfastness and resilience in delivering a pleasing performance against what has been a challenging macroeconomic environment for the Group.

Carol Hui
Chairman
2 March 2020

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

**Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

Chief Executive's Statement

Asia Pacific operating profit increased by

7%**

Europe operating profit increased by

1%**

UK operating profit decreased by

7%**

Other International operating profit increased by

7%**

"Whilst the macro picture was generally challenging, we did see good growth across a number of markets and disciplines, and we continued to invest to take advantage of these opportunities."

Review of Operations

2019 was a year of unprecedented political and economic turbulence fuelled by the US-China trade war, Brexit, protests in Hong Kong and Gilets-Jaunes disruption in France. It's a testament to the strength of the Group's brand, geographic diversity and long-term growth strategy that we have been able to deliver a 3% (2%*) increase in net fee income and a record level of Group profit** against such a volatile backdrop, which negatively impacted both client and candidate confidence across a number of the Group's markets.

Whilst the macro picture was generally challenging, we did see good growth across a number of markets and disciplines, and we continued to invest to take advantage of these opportunities. During the year we opened our first office in Mexico and four new offices in Cologne, Nantes, Thailand's Eastern Seaboard and Utrecht. Conversely, in markets and disciplines where we experienced a slowing of activity, we reacted quickly, but sensibly, aligning headcount to market appropriate levels. This was particularly true in Resource Solutions, our recruitment process outsourcing business, where a number of global financial services clients instituted hiring freezes during the year.

We continued to invest in technology to ensure our consultants can spend as much time as possible building personal relationships with our candidates and clients. Our consultants are fully mobile with the global roll out of Microsoft Surfaces now complete, we have begun a global project to replace our existing CRM system and we have deployed a second chatbot to further drive process automation and efficiency.

Asia Pacific (41% of Group net fee income)
Revenue was £410.7m (2018: £394.1m), net fee income increased by 7% (4%*) to £164.6m (£160.7m*) (2018: £154.1m) and operating profit increased by 7%** (2%*) to £22.6m** (£21.5m*) (2018: £21.2m). Statutory operating profit increased by 8% (3%*) to £22.8m.

In Asia, our market-leading business in Japan continued to go from strength to strength increasing both net fee income and operating profit to record levels. Japan is the Group's most profitable country and the structural dynamics of the market in terms of both demographics and bilingual professional shortages continue to provide long-term growth potential. Hong Kong, the Group's third largest Asia Pacific market, was significantly impacted by ongoing political protests resulting in marked declines in both net fee income and operating profit.

Elsewhere across the region, Malaysia and Vietnam performed strongly, increasing operating profit by 100%* and 64%* respectively, whereas the ripple effect of trade tariff uncertainty unsettled confidence in a number of other South East Asia markets, including Singapore.

In Australia, performance was solid with single-digit growth in both net fee income and operating profit with activity levels strongest in Sydney and Melbourne. New Zealand delivered another record year, increasing net fee income by 15%*, further cementing our market-leading position.

Resource Solutions was impacted by hiring freezes imposed by a number of global financial services clients. However, we continued to both win new deals and expand existing offerings within the region, with notable successes in the pharmaceuticals sector.

Europe (27% of Group net fee income)
Revenue was £252.5m (2018: £237.1m), net fee income increased by 8% (9%*) to £108.7m (£109.6m*) (2018: £100.8m) and operating profit increased by 1%** (1%*) to £15.2m** (£15.2m*) (2018: £15.0m). Statutory operating profit increased by 3% (3%*) to £15.4m. Our blend of permanent, contract and interim recruitment solutions underpinned a solid performance across the region.

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**Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

Chief Executive's Statement continued

France, the region's largest business, bounced back strongly from a Gilets-Jaunes impacted first half of the year to produce double-digit growth in both net fee income and operating profit. Spain continued to outperform, producing record levels of both net fee income and operating profit.

The Group's Benelux operations increased net fee income by 9%* to a record level. In the Netherlands, activity levels were strongest across interim and contract, with skill shortages becoming more acute across all professional disciplines. In Belgium, activity levels were strongest in permanent and interim recruitment.

We continued to strategically invest in developing our business in Germany, which represents a long-term growth opportunity for the Group. We opened a new office in Cologne and also launched an interim business; however, market conditions became increasingly challenging as the year progressed. We also invested in Switzerland, further growing our office in Geneva to complement our well-established business in Zurich.

UK (24% of Group net fee income)
Revenue was £514.0m (2018: £571.8m), net fee income decreased by 9% to £98.4m (2018: £107.4m) and operating profit decreased by 7%** to £11.5m** (2018: £12.4m). Statutory operating profit decreased by 6% to £11.7m.

The UK market, including both specialist professional recruitment and recruitment process outsourcing, was hit hard throughout the year by political and economic uncertainty related to both Brexit and the General Election. Candidate and client confidence deteriorated as the year progressed, with permanent recruitment activity levels hardest hit. Contract was also impacted by uncertainty surrounding impending IR35 legislation.

Bright spots did exist with technology and digital recruitment activity levels holding up well right across the UK, and our Birmingham and Milton Keynes offices in particular delivering strong performances.

Resource Solutions had a challenging year with a number of global financial services clients imposing hiring freezes. Headcount levels in the business were reduced accordingly in line with client requirements. More positively, we continued to diversify our client portfolio outside of financial services with a number of new client deals in the entertainment and professional services sectors.

Other International (8% of Group net fee income)
Other International encompasses the Americas, South Africa and the Middle East. Revenue was £38.9m (2018: £30.2m), net fee income increased by 14% (11%*) to £33.8m (£32.9m*) (2018: £29.7m) and operating profit increased by 7%** (1%*) to £1.2m** (£1.1m*) (2018: £1.1m). Statutory operating profit increased by 17% (12%*) to £1.3m.

In North America, our San Francisco and Los Angeles businesses had a strong year, driven by demand for technology and finance professionals. New York was more challenging and we have undertaken a management restructure to revitalise the business which is now delivering positive results. In Latin America, our newest operation in Mexico has started well and our business in Chile was profitable at the end of its first year. Brazil continued to be challenging.

In South Africa, the market remained volatile whereas in the Middle East, growth was strong with our business delivering record levels of both net fee income and operating profit.

Outlook

The global recruitment market remains unpredictable at present with the Coronavirus outbreak, which is likely to negatively impact full-year profit expectations, adding a further layer of uncertainty.

Robert Walters
Chief Executive
2 March 2020

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Market Opportunities and Key Trends

We look at the key trends currently impacting the global recruitment market and the major market drivers that influence our strategic decisions.

Market Opportunities and Key Trends continued

Global talent shortages

The global hiring market was solid in 2019, however candidate and client confidence was impacted by unprecedented political turbulence, including the US-China trade war, Brexit and unrest in Hong Kong, France and South America. Role churn was reduced across these markets as candidates were wary of changing roles and companies largely focused on replacement hiring.

Despite this, candidate shortages are becoming increasingly acute, especially in Asia and Europe, where the war for talent continues. In talent-short markets, specialist recruitment firms can excel as demand is high for our experience, consulting and sourcing expertise.

Key drivers

- Ageing populations.
- Asia's growing middle class.
- Increasing protectionist policies in some markets.
- Demand for bilingual talent driven by globalisation.
- Increased regulatory and legislative burden.

Our response

- Specialist teams and an ability to quickly recognise and respond to new and emerging areas of demand.
- Long-term, trusted relationships with candidates so we know when they are ready to move.
- Ability to headhunt passive talent — channels such as advertising and social media can't replicate this.
- Innovative marketing campaigns on a local, national and international basis including 'Return Home' campaigns. This is especially important for bilingual professionals and those markets where restrictive expat hiring policies exist.

Increased demand for specialist skills

Across most markets the demand for technology professionals with specialist skill sets continued to outstrip supply in 2019. Digital transformations continued apace across many industries so in 2020 we expect to see employers vying for professionals with expertise in AI, big data, UX, development and cyber security.

As regulatory requirements evolve alongside digitalisation, companies are increasingly seeking professionals with expertise in risk, compliance, legal and audit. In many regions there was strong demand for these skill sets within the banking and financial services sector as businesses sought to adhere to new regulations and guidelines set by central banks and governments. In addition, companies across all sectors faced greater scrutiny over their handling of personal data which also bolstered demand for these skill sets.

Key drivers

- Emergence of new industries and employment sectors.
- Disruptive technologies and innovation.
- Businesses increasingly seeking channel experts instead of generalists.
- Increasing regulation driving demand for compliance, risk, audit and legal experts.

Our response

- Strategy of discipline diversification and our agile approach enables us to build new teams quickly.
- Consultants with industry experience and deep sector knowledge.
- Global network of candidate relationships enabling us to relocate specialist talent.

RPO growth

Leading market research analyst NelsonHall predicts that the global RPO market will grow by 11.8% annually through to 2021. With more niche players emerging in the market and the range of service offerings increasing — all amidst acute talent shortages — it is likely to remain a buoyant market for the foreseeable future.

Growth continues to be driven by the globalisation of the workforce as organisations look for one provider with a global solution. Companies are also looking to benefit from best practice, economies of scale, global standards and measurement, as well as greater efficiency across their supplier relationships.

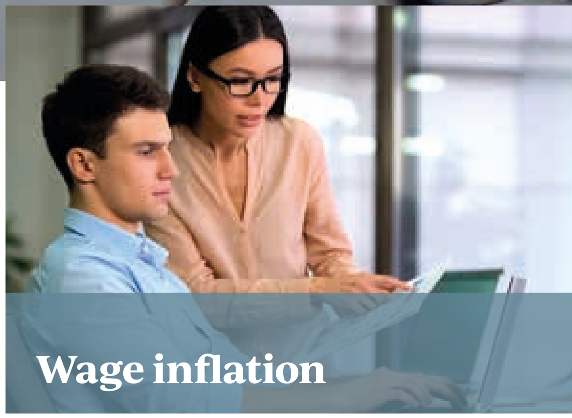
The proliferation of data over the past two decades continues to influence the increasingly sophisticated use of that data by companies utilising AI and Robotic Process Automation in the RPO market. Internal recruitment is also increasingly important; with 30 million new job titles created in the last 10 years, clients are now looking to reskill current employees because tomorrow's jobs often do not exist today. Clients are also increasingly focused on delivering a higher quality candidate and hiring manager experience.

Key drivers

- Increasing globalisation of the workforce.
- Organisations moving from multiple outsourcing partners to smaller numbers.
- Increasing use of AI to hyper-target opportunities.
- Internal recruitment and reskilling existing employees.

Our response

- First recruitment business to set up an outsourcing arm in 1997.
- Client-dedicated service with quality focus: the ability to deliver a Total Talent Acquisition (TTA) model which encompasses Managed Service Provider (MSP), Recruitment Process Outsourcing (RPO) and Statement of Work (SOW) models to provide an integrated and holistic recruitment approach.
- Cutting-edge, proprietary software: talentsource, our end-to-end talent management platform.
- Global service centres in Manchester, Hyderabad, Manila, Johannesburg, Jacksonville, Prague and Shenzhen.



Wage inflation

Wage inflation, when coupled with talent shortages and demand for specialist professionals, creates a strong platform for specialist recruitment consultancies to thrive. We have continued to see signs of more structured wage inflation across a number of markets, including the UK, Japan, Germany and the Middle East.

Key drivers

- Shortage of skills to meet all of our clients' employment requirements.
- War for talent — as organisations compete to retain and attract key professionals.
- Demographic pressures resulting in proportionally reduced candidate population.
- Increasing 'micro-specialisation'.

Our response

- High-quality engagement with candidates and increasing proportion of referrals of value.
- Likelihood of candidates moving employer increases and therefore our skills are even more sought after.
- Our balanced candidate generation approach, which includes headhunting, is of even greater benefit to clients.

Strategy in Action

It’s clear that, in today’s world, people expect more from businesses – more choices, more transparency, more impact. Progressive businesses go beyond explaining what they do – they communicate the ‘why’ behind it all. In short, they talk about their purpose.

Our purpose as a business is to power people and organisations to fulfil their unique potential. We do this every day by enabling our clients to grow effective teams, helping our candidates build fulfilling careers, valuing and investing in our people and giving back to the communities in which we operate.

People and relationships first

The proliferation of digital communication channels over the past 20 years has created multiple opportunities for new ways of engagement.

Our belief as a Group is that strong face-to-face relationships are essential to truly understanding our clients and candidates. In short, we believe it's the only way to build long-term, trusted partnerships. That's why we encourage our consultants to be out of the office developing their networks and broadening their market knowledge, so they are well-equipped to advise and consult to our stakeholders.

It's this high-quality service which enables us to build and maintain a loyal base of clients and candidates. This, in turn, enables us to generate referrals which are the bedrock of our business.

To underpin this philosophy, we employ a non-commission remuneration model so that the needs of our candidates and clients always come first. Our consultants work in teams to ensure that our candidates are presented with the greatest range of career options and our clients have access to as broad a pool of high-calibre professionals as possible.

On top of this, we are constantly trialling and investing in technology designed to free our consultants to spend as much time as possible building face-to-face relationships with our clients. Our technology projects range from the recent global deployment of Microsoft Surfaces to all consultants, through to the review of our global CRM platform and our strategic relationships with third-party platforms such as LinkedIn and Seek.

It's important to us that all of our decisions are aligned to a way of doing business that puts people and relationships first.

Organic growth strategy

The Group's strategy for growth is centred on organic international expansion and discipline diversification, ensuring a balanced footprint covering mature and developing markets.

International expansion
Driving growth through expansion into new geographic locations is essential to our strategy. Our growth is largely organic, with the Group only having made four market-entry acquisitions in its 34-year history.

Discipline diversification
Growing the business through building scale in existing disciplines and launching new disciplines in response to market changes is a key focus. We choose new markets and disciplines that represent a long-term growth opportunity.

Resilient business model

Entering markets at the right time
There are no shortages of opportunities to enter new markets and develop new disciplines; it is always a question of timing and management. A new market or new discipline must represent a long-term growth opportunity for the Group and, secondly, the right management must be in place to ensure we effectively maintain and grow our Robert Walters Group culture.

Identifying new markets
Local senior management have responsibility for identifying new market and new discipline opportunities and are required to present a clear business case to the Board for approval. The Group has benefited greatly over the years from early entry and accelerated growth in new and developing recruitment markets, where 'first mover' advantage can be beneficial. This remains a key focal point of our strategy moving forward.

Organic growth
Organic growth is critical to how we drive sustainable and profitable growth. By focusing on long-term, international careers, we are able to effectively embed our culture in new territories. By promoting our international mobility programme, we encourage successful employees to move around the world, building new businesses and strengthening existing ones. Whilst we often move people from existing offices to open in new markets, we quickly build local teams and develop them through the business to become Directors.

Strategy in Action
Our Foundations

Non-commission, team profit share

- No individual commission, unlike most competitors
- Team-based profit share puts clients and candidates first
- No candidate ownership, so candidates are marketed to a broad range of clients

Commitment to quality

- Consultative, long-term relationships with clients and candidates
- Focus on service levels and client and candidate satisfaction. Comprehensive feedback processes
- Relationships built on integrity

Long-term business focus

- Organic growth model
- Maintain presence in tough markets
- Retain clients, candidates and employees

People and culture

- Home-grown senior management team
- International employee mobility programme
- Career progression based on performance
- Diverse, inclusive and meritocratic

Specialists

- Teams recruit by specialised professional discipline
- Industry-qualified specialists in each team
- Specialist consultants recruit specialist professionals

Innovation culture

- Entrepreneurial, open-minded people
- Industry first sponsorships
- Bring innovation to clients first
- Agile business model – first to launch RPO arm

Promising Growth in New Markets

International expansion has long been a cornerstone of the Group's objectives for growth. By strategically developing our global presence over the past three decades, we've ensured that the business benefits from early entry into key developing markets.

In 2019, we expanded our presence in Latin America with a new office in Mexico City, which followed the opening of our office in Santiago, Chile at the end of 2018. Our focus on clients, candidates and culture continues to set us apart from our competitors.

Key facts

- Offices in Mexico City, Santiago and São Paulo.
- Chile and Mexico have already seen rapid growth in their first year of operation.
- Differentiated on consultative approach and as an employer of choice.

Strategy in Action
Promising Growth in New Markets continued

Chile

Alfredo Araneda
Country Manager,
Chile

> **"If you don't look at this business with a long-term vision, you're not going to survive. Robert Walters Group does that, with a strong focus on culture, training and technology as an enabler to make consultants more effective. The key to our success is the investments we make in the future."**

"Opening an office in Santiago with a strong brand name like Robert Walters, and the backing of senior leadership, I was confident that I'd have the tools I needed to penetrate the market within a short period of time.

That's not to say it was going to be an easy job. While Chile is one of Latin America's largest and most stable economies, it's not immune to some of the political challenges affecting the rest of the region.

The challenges we face in Chile have made our achievements all the more satisfying. Within our first year, we're already profitable, have added 11 consultants to the team and billed our first USD $1 million. The challenging market atmosphere has also given us a prime opportunity to get the basics right from the start — building personal relationships, focusing on candidate experience and developing our sector specialisms. I've also put a strong focus on training and developing my team, as we want them to have long-term careers with the Group.

Expanding our offering
Since we opened the office we've continued to develop our specialisms in finance, sales & marketing and technology, while also expanding to include engineering roles. The technology and engineering sectors in particular are currently receiving a significant amount of investment in Chile and we want to be on the front foot as these sectors mature. While these sectors remain candidate-short, this has created opportunities to work with other offices abroad in sourcing international talent for roles here in Chile.

Investing in the future
We'll continue to look for the right candidates and build relationships with them, focus on our core disciplines and invest in our team to further broaden our expertise in these areas. That way, as our clients' hiring needs begin to increase, we'll already be prepared to support them."

Mexico

Rodolfo Oviedo
Country Manager, Mexico

"Our team is ideally positioned to move with the market. We have the flexibility to choose where best to focus our efforts and the resources to build a network of loyal clients and candidates based on the excellence of our service."

"Mexico's recruitment industry has been dominated by just a few big players over the last 15 years. I knew that a smaller, people-focused brand like Robert Walters would likely have no problem differentiating itself from the competition — especially as Mexico's current political and economic climate has caused uncertainty for many large recruiters.

An agile, long-term approach

While many competitors are struggling to adapt to these market pressures, I'm proud of the progress that my team and I have made in the space of just a few months.

Our consultants' sector expertise has helped us quickly build a reputation in our key disciplines, like finance, marketing and construction, while our small size means that we're nimble enough to respond quickly to the needs of a rapidly changing market.

Using culture as a tool to spur growth

My goal is to make Robert Walters the most profitable recruitment firm in Mexico, but that ultimately comes down to having the best people. That's why part of my strategy is to make Robert Walters the place where everyone wants to work and nobody wants to leave. In order to attract top talent, I need to be able to compete with top employers — that means building a progressive working culture of trust, flexibility and fun, where people can thrive and focus on delivering world-class service to our candidates and clients."

Strategy in Action

Growth of Interim Management in Europe

Interim management originated in Europe and is continuing to grow in popularity amongst businesses across the continent. Over a decade ago, it was considered the last career step for senior professionals before retirement, but today, interim management is a revolutionary working model offering flexibility and new career opportunities for younger, experienced professionals.

Organisations have woken up to the benefit of hiring experienced professionals to help them navigate transformation and change projects.

While our interim management business is well established in France, Belgium and the Netherlands, it is also growing rapidly in the UK, Spain, Switzerland and Germany. In this section, we hear from our interim management experts from across the region.

France

Karina Sebti
Managing Director – Interim Management, Paris

"Our clients know that we manage an immediately available portfolio of interim managers, some of whom have been loyal to us for up to ten years."

"I joined the Group in 2004 to help build the new interim management division in France. I've always been convinced by the potential of interim management as a new working model. It's a passion of mine to build a true relationship of trust with our interim experts and to educate clients about the benefits of using interim management professionals.

It's been exciting to see the market change over the past 15 years. Interim management used to be considered the last career step for senior professionals before retirement, but now it's common for younger managers to take on interim roles to diversify their careers with new responsibilities that they wouldn't necessarily have in a permanent job.

Overall, interim management is growing in France and we are a market leader for several reasons. Firstly, our interim team is hyper-specialised — for example, instead of just recruiting for general accounting and finance roles, we focus on very specialised roles within finance. This differentiates us from our competitors who tend to recruit interim professionals across a range of disciplines. It also means we have the absolute best talent in these niche areas to offer our clients.

Secondly, our clients know that we manage an immediately available portfolio of interim managers, some of whom have been loyal to us for up to ten years. These professionals have extensive experience in rolling out change programmes such as implementing a new ERP or digitalisation of a business. We treat them like clients — we are managing their careers and moving them from role to role, so they stay with us for the long-term.

Finally, we never trade down or reduce our margins. We are committed to only recruiting senior specialists not generalist contractors, so we will turn down work that doesn't fit within our specialisms. We never reduce our fees because we know that the quality of our offering is the best in the market."

Strategy in Action
Growth of Interim Management in Europe continued

Netherlands

Quintin De Koning
Manager – Interim Management,
Rotterdam

"We put relationships at the heart of our way of working. I'm always telling my team to get out from behind their desks and go and meet people. That's why we have a strong list of loyal interim candidates to offer to our clients."

"I studied business economics at university and after working in banking and real estate for several years, I knew I wanted to move into a consulting role. It was then that I saw an advert from Robert Walters and I thought, with my finance background and commercial skill set, this could be a good match; nine years later I'm still here!

My team recruits interim finance and HR professionals for B2B, B2C, public sector and banking and financial services clients in Rotterdam. Interim is a saturated market but what makes us different is that we are hyper-specialised, meaning we offer specialist interim professionals who match the client's brief.

When a permanent employee leaves it can take four months to find someone who's a 70-80% match, but with interim we can offer an immediately available portfolio of senior interim professionals who've already done the exact same job elsewhere. As a result of continuing demand for interims, our business is growing.

I really believe in building strong personal relationships with our interim candidates and treating them like we would our clients. As a result, many of them have worked with us exclusively for the past 12 years.

On the client side, we are always striving to deliver the highest quality candidate shortlist every time. If the client can't decide between two candidates because they're both so good, then I know that I've done my job."

Belgium

Olivier van Outryve d'Ydewalle
Principal – Interim Management, Brussels

"Overall, we have a very entrepreneurial way of working; it's in the Group's DNA and we have motivated colleagues who are committed to growing the business. That's why I enjoy working here so much."

"I've always enjoyed working in international environments — I'm French-speaking, I studied for my Master's degree in Dutch and afterwards I studied at the College of Europe, which was very multicultural.

After completing my Master's in Commerce, I worked for a business federation and then a German bank in Brussels. But in 2004, I decided it was time for a change, so I approached Robert Walters as a candidate and found out they were looking to hire a consultant for the interim management division. For me, this was a very interesting and attractive job as it involved working with clients and candidates from many different backgrounds. That diversity really appealed to me, as did the opportunity to work for an international company.

Today, we are a team of seven recruiting interim managers for finance, HR, production, supply chain and project management roles. In Belgium, these roles are largely for senior self-employed professionals. These are people with their own companies and 15 years' experience or more.

What makes us different is that we are highly specialised — our clients know that we can offer immediately available interim candidates who have the exact experience they're looking for. If clients request candidates outside of our specialisms, then we'll decline the job. We offer a premium service and we never trade down.

Our interim recruiters' backgrounds match those of our candidates and clients — we are senior professionals ourselves with over 15 years' experience and are well respected in the market. This means our interim candidates trust us to manage their careers and clients know we're well placed to truly understand their needs."

People and Culture

"Following the launch of our purpose statement last year, we've continued to broaden the opportunities for our employees to grow and develop both individually and across teams."

Robert Walters
Chief Executive

Robert Walters
Chief Executive

Developing our people

"As we help our people to grow their skills and gain new experiences, they invest what they have learned back into their teams. This, in turn, strengthens the team's overall performance and promotes a positive working culture.

This year we launched our Global Explorer programme which enables employees to further their development by spending a week in one of our global offices experiencing a new business culture and gaining an understanding about that office's growth strategy. This has strengthened our culture of collaboration as attendees return home with new relationships, renewed energy and fresh ideas to implement locally.

In addition to Global Explorer, we offer our employees truly global careers through internal mobility and international transfer programmes. I'm proud that over 200 employees have transferred internationally in the past six years. We continue to promote and encourage international opportunities as a means of growing individual careers and building experienced local teams.

Training and developing our people is a core priority and we have a variety of programmes such as our European Masterclass, Programme Dragon in South East Asia and Greater China, and the Career Reward Programme in EMEA and the US, which provide ongoing specialised training, both on the desk and classroom-based, for consultants through to senior managers."

One global team

"We also remain committed to rewarding hard work and celebrating success which is a key tenet of our culture. Our annual incentive weekend allows our global top achievers to enjoy a 5-star weekend in an exotic location, where they can network and celebrate their achievements together. It's this togetherness and sense of teamwork that makes our company different. This belief in supporting one another enabled us, during the year, to roll out our global #BreakTheCycle initiative.

#BreakTheCycle encouraged employees to do something fun, inclusive and active with colleagues to improve mental wellbeing and build a stronger sense of team.

It's examples like these that contribute to our purpose-driven culture and provide our employees with the motivation to stay with the Group long term."

Our social responsibility

"As a business dedicated to the fulfilment of potential, we're proud to go beyond the bounds of our day-to-day operations, supporting a range of programmes and initiatives that help safeguard the environment and champion a more inclusive society at large.

For example, the Group has committed this year to further build on its long track record of environmental stewardship. In 2020, we will expand our investments with the World Land Trust by planting one tree for each permanent candidate that Robert Walters and Walters People place worldwide, in addition to the reforestation initiatives we already support to offset our carbon emissions.

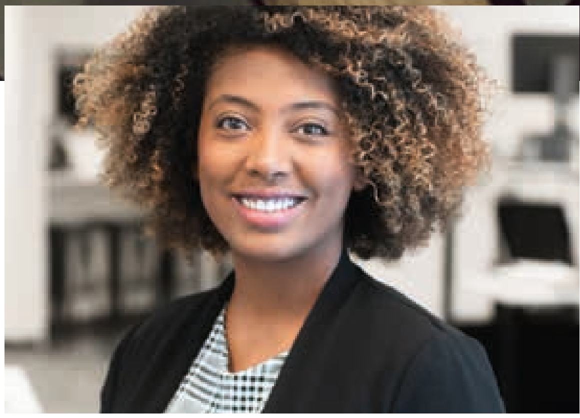
The Robert Walters Group UK Young Artist of the Year Award, in partnership with Saatchi Gallery, was successfully launched in 2019. The shortlisted finalists represented a wide range of backgrounds, communities and viewpoints, and we were delighted to offer this platform of high-profile exposure to Britain's best up-and-coming artists.

In 2019, the Group also introduced the RE:START initiative to our UK business, in partnership with UK charity StandOut. Through the initiative, our consultants have put their recruitment skills and expertise to use providing interview advice and CV assistance to people preparing to leave prison and re-enter the workforce.

You'll be able to find many more examples of our initiatives from across the globe in our full CSR report on page 34."

People and Culture
Employee Stories

Setting the foundations for a long-term career



Feven Yeshanew
Manager,
Canada

"I was considering whether to go back to school when I decided to gain some work experience in 2016. I applied for an international work-study programme and was offered the opportunity to intern at Robert Walters London. I was excited by the prospect of working for a global company with a dynamic culture."

"There were several companies I had the opportunity to intern with, but I knew that Robert Walters was where I wanted to be after my first interview. During my internship, I researched roles and candidates and shadowed consultants in the financial services operations team. The experience sparked my interest in recruitment and set the foundation for my career.

I wanted to stay with the Group, so, before I finished my internship, I was put in contact with the managing director of our Canadian business. I was offered an exciting opportunity to join as a recruitment consultant specialising in the financial services sector in my hometown of Toronto.

"I knew that Robert Walters was where I wanted to be after my first interview."

The opportunities have continued to come. Within a year of moving home, I was promoted to senior consultant and I qualified for the Group's global incentive weekend for top achievers. The Canadian business is small but growing fast. It's a very network-driven market, but the skills and experience I gained in London equipped me to establish those all-important relationships. It's been really rewarding to build credibility in Toronto's tight-knit business community.

What started as an internship has grown into a rewarding career with long-term opportunities. The support I've received in London and Toronto encouraged me to keep pushing my career forward, and I don't plan to stop now. I'm excited to see what's next!"

Driving international careers

David McGee
Senior Manager,
Japan

"I started my career in wealth management for one of Canada's top banks. I've always loved travelling, so, after five years, I took a year out to backpack around Asia. It was an incredible experience and triggered the start of a new phase of my life. In 2013, six months after returning home, I handed in my resignation and relocated to Vietnam."

"I was excited to exchange the safety of Canada's banking sector for the dynamic, fast-paced and emerging Vietnamese market. However, finding the right role wasn't easy.

After a few weeks of job searching, I ramped up my proactivity. Armed with copies of my CV, I headed to the smartest-looking building in Ho Chi Minh City. When I reached the 13th floor, I was invited to meet a consultant in the finance and banking team at Robert Walters Vietnam.

After initially becoming a candidate, I was asked if I'd considered a recruitment career. Keen to develop my skills, I pursued the opportunity and was delighted to accept a consultant role in the healthcare team.

The following year, I was promoted to senior consultant and qualified for the annual incentive weekend for top achievers. A little over a year later, I moved into my first management role and I'm proud to have helped grow the healthcare team to be the biggest in the Vietnam office.

Moving to Japan

After that success, I was ready for a new challenge. The fast-paced and competitive nature of the Japanese market greatly appealed to me as it would present new opportunities to progress my career.

In 2018, I joined the Tokyo office as manager of the chemical division. I was excited to broaden my recruitment skills in a new industry. In my first year, I grew the team from three to seven people. The success we've achieved externally with clients and candidates, and internally developing the skills and careers of individuals within the team has been fantastic — I feel privileged to work with such talented and supportive colleagues.

I've recently been promoted to senior manager and I'm thoroughly enjoying the new challenges that this has brought. It's been incredible to grow my experience across countries and industries — the opportunity to keep learning is what motivates me to keep pushing myself to improve, to achieve the very best I can."

People and Culture
Employee Stories continued

A career without limits

Julia Zhu
Head of Suzhou, Mainland China

"Before joining Robert Walters, I worked in an in-house HR role, focusing on internal recruitment. I really enjoyed what I was doing, but after two-and-a-half years, I wanted to find a role offering greater autonomy and clear evidence of the impact I was making."

"I joined Robert Walters in 2010 and was immediately taken by the dynamic and passionate environment. In my previous roles, I worked very separately from my colleagues, so it was a real culture shift. Nevertheless, I quickly found that I didn't need to fit a mould — I had the freedom to develop my own method for success.

From the start, it was clear that my opportunities wouldn't be limited by my position at Robert Walters. My manager encouraged me to make my voice heard. He invited me to senior client events so I could engage with managing directors and VPs. I really appreciated these opportunities — they validated that I had value to offer even though I was in the early stages of my career.

"From the start, I was encouraged to make my voice heard and engage with senior clients despite being in the early stages of my career."

In my nine years with the Group, I've progressed from consultant to manager to associate director and now Head of the Suzhou office. At every stage, I've been fortunate to have the guidance of a mentor to help me achieve my career goals and better understand my strengths and weaknesses. Now, as a mentor and leader myself, I'm enjoying being able to provide that same support to help my team realise their potential.

Setting a good example for my team keeps me striving to be the best. I'm really proud of the job that I do and the team that we've built. While we are colleagues first and foremost, our relationships are underpinned by deep friendships, and I believe this is the key to our success and one of the reasons why people stay for the long term. It's been fantastic to see the Suzhou business develop and I feel confident about our future success."

People and Culture
Awards

We continue to be an award-winning specialist recruitment group with numerous industry awards won across the world.

UK

Middle East

Resource Solutions

Japan

Mainland China

Germany

France

Netherlands

Switzerland

South Korea

Hong Kong, Indonesia, Philippines and Vietnam

People and Culture

Sponsorships

Supporting local and national organisations through corporate sponsorship is core to our ethos of giving back to the communities in which we operate. Wherever possible we incorporate a philanthropic element to our sponsorships, such as donating a day in our corporate box at Twickenham Stadium to the Dame Vera Lynn Children's Charity or leveraging our Saatchi Gallery corporate membership to promote the work of young artists in the UK. In this way we aim to deliver maximum benefit from the sponsorship to our local community.

We remain committed to sponsoring a broad range of organisations which vary from supporting the arts in London to the national rugby team in Brazil; from supporting emerging talent in Japan through to sponsoring technology events in South East Asia. Here are just a few examples of our sponsorships around the world.

Helping young athletes fulfil their potential

We are committed to helping young athletes fulfil their unique potential and, where possible, transition from national to international exposure and competition. In 2019, we supported the 'Performance Potential Squad', a development programme run by Athletics New Zealand. We sponsored five upcoming athletes across a variety of disciplines including: Hamish Kerr in high jump; Imogen Ayris in pole vault; Nicole Bradley in hammer throw; James Preston in the 800m; and Keegan Pitcher, a para-athlete in the 400m sprint.

Similarly, in Japan we support young athletes from minority sports who are competing on the global stage. We have recently increased our sponsorship in this area with the addition of young athletes who compete in trampoline gymnastics, wheelchair track and field, kickboxing and ski cross.

We believe that our support of emerging talent also has a positive impact on the wider community as these athletes act as role models for the next generation.

Supporting local sports teams

We have been an official sponsor of Japan's national rugby team since 2014. With Japan hosting the Rugby World Cup in 2019, interest in the game was high and we hosted more than 500 clients at a live viewing of the Japan vs Russia game.

In Brazil, we continued our official sponsorship of the Brazil Rugby Federation. Our sponsorship of four years generates valuable client entertainment experiences such as attending matches and interacting with international rugby players.

The Japan rugby team playing at Yokohama stadium in 2019.

Arts and culture

Across the globe, the Group supports a range of world-renowned art galleries, giving us the opportunity to host client events and provide staff with VIP access to exhibitions.

In Japan, we were proud to enter our third year of sponsorship with Tokyo's National Art Centre, whilst in Australia we continued our support of the Brisbane Festival, a celebration of Queensland's arts and culture. Our long-standing support of the arts in the UK continued with our corporate membership of leading London gallery, the Saatchi Gallery, and our corporate patronage with the prestigious Victoria & Albert museum.

V&A

SAATCHI GALLERY

People and Culture
Sponsorships continued

Technology partnerships in Asia

With the technology industry experiencing rapid growth in Asia, the Group sponsored and supported a variety of technology events and conferences in 2019.

Robert Walters Thailand sponsored the technology-focused Blognone Tomorrow conference in Bangkok in September 2019. The event hosts and features many of Thailand's leading technology giants as well as international companies, creating valuable brand exposure and networking opportunities for our business in Thailand.

Continuing our support of the technology industry, we sponsored Vietnam's first ever Scrum Day run by scrum.org. This was an exclusive occasion for all Scrum users across the Agile community and a great opportunity for Robert Walters to network with key players in the technology industry.

In Australia, we continued our sponsorship of She Codes, an organisation providing opportunities for women to upskill in web development and coding. The ultimate goal is to increase diversity in technology by inspiring women across Australia to pursue technical careers.

HR gala sponsorship in Iberia

In Portugal, we partnered with the IIRH (Human Resources Information Institute) and sponsored their HR Awards in Lisbon. We presented the HR Director of the Year Award which aims to reward exemplary performance.

In Spain, Robert Walters sponsored the HR Gala 2019 and presented the Human Resources Directive Career Award, which recognises professional integrity, merit and a drive to implement transformation projects.

These sponsorships across Iberia provided us with significant profile and access to senior HR professionals, as well as greater visibility of our employer brand.

Innovation

“As consumers, we are now living in what’s called an ‘expectation economy’, surrounded by leading brands that have set the expectations that others must follow. For example, Tesla set expectations around sustainability and reduced environmental impact that the rest of the car industry had to match. But of course, that expectation won’t stay solely in the automotive industry.”

Faye Walshe
Group Innovation Director

Innovation continued

Faye Walshe
Group Innovation Director

"The expectations set by Apple around design didn't stay in the technology industry just as expectations around speed and convenience set by Amazon have transcended the ecommerce industry. These expectations jump traditional silos and set the standards for all of our interactions as consumers.

In terms of our industry, candidates (our 'consumers') now expect a frictionless recruitment experience. They expect to know where they are in the recruitment process just like they know where their Amazon delivery is.

Our role as the Group's innovation function is to share best practice from other industries with our clients to help them understand the imperative to change and to guide our own strategy and choices. We frame the pathway through an overcrowded and overcomplicated recruitment technology market, helping our clients make sense out of the noise.

In 2019, we continued our innovation roadshow events presenting to over 450 clients in Hong Kong, Shanghai, Taipei, Frankfurt, Düsseldorf and Amsterdam. Companies can waste a lot of time and money on technology that doesn't work, but our clients know that we only use technology that really delivers value for them and our candidates. Rather than flooding our clients and internal stakeholders with a long list of shiny new tools, we focus our efforts on areas which drive productivity and ROI for the business. It's essential that we understand the business' challenges so we can solve those roadblocks innovatively.

Our focus areas for 2019 were data and analytics, automation and chatbots, diversity, and intelligent search and match through AI and machine learning."

"Our role as the Group's innovation function is to share best practice from other industries with our clients to help them understand the imperative to change and to guide our own strategy and choices."

Faye Walshe
Group Innovation Director

Automation and chatbots

Last year, we rolled out our own bespoke designed chatbot, Dot The Bot, to help answer our contractors' FAQs. We're now seeing the gains in terms of immediacy of contractor care but also in the way it's creating new career opportunities for our people. For example, when the chatbot can't answer a question, our customer service employees are training the bot in how to answer it. In this way, we are retraining our people for roles of the future.

We also used AI-powered chatbots to radically increase the speed of application for key roles during 2019. In a pioneering case study, our teams of AI and recruitment experts programmed chatbots to capture job applications via chat, rank the suitability of candidates, then incorporate a skills assessment into the conversation. Successful candidates were then invited to self-schedule their interview with our recruiters — all within an average time of 6.5 minutes. This reduced our application turnaround time by 6-10 days and candidates were impressed with the immediacy of decision-making as well as the experience of chatting with our bot, with 93% rating the interaction at 4.5 out of 5 stars.

Diversity

Diversity and inclusion (D&I) continued to be a major priority in 2019. We presented at the Advance Gender Equality event in Zurich, advising on the latest D&I technology and sharing how Adify, our own bespoke programme, which helps us write gender-inclusive job ads, has boosted the number of female job applicants.

We have also started looking at neurodiverse hiring and how companies can encourage applications from people with autistic spectrum disorders and design recruitment experiences that take into account their unique needs. In 2020, we're aiming to run the UK's first neurodiverse recruitment event.

Intelligent search and match through AI and machine learning

Building on our experience of integrating Google into our job search and our trial of Arya, a recruiter's AI assistant, we've been focusing on tools which directly improve our recruiters' productivity. The goal is to enable our people to capture candidate information into our database as accurately and as quickly as possible.

Data and analytics

In 2019, we developed a bespoke suite of products for Resource Solutions' clients to help them understand the talent market and guide recruitment decisions. These consultancy tools include heatmaps of the talent market; city-specific market intelligence reports covering candidate motivations, pay trends and best-in-class recruitment examples; bespoke intelligence on contractor pay rates; and employer brand consultancy. Across Robert Walters and Walters People, we rolled out an insights tool which has enabled us to use data to advise and guide our clients' hiring decisions. These products are enabling us to have deeper, evidence-based conversations with our clients.

rs marketview

Corporate Social Responsibility

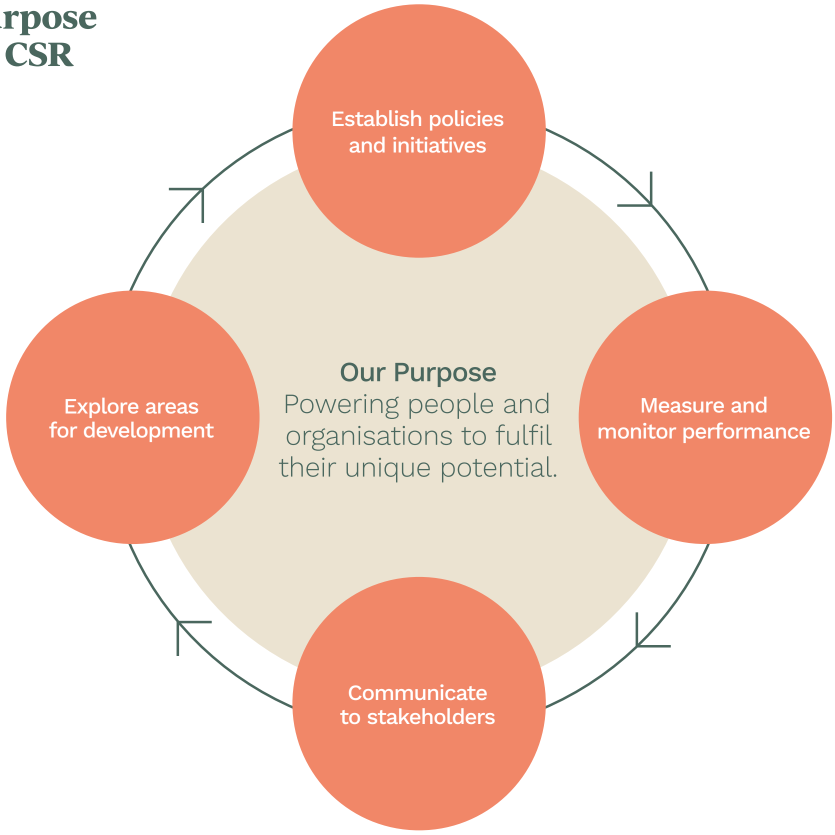
Corporate Social Responsibility

Corporate social responsibility (CSR) flows from our purpose, defining the way we engage with our employees, candidates and clients, as well as the local communities where we work. From environmental stewardship to philanthropic initiatives, our CSR strategy ensures we operate in a socially responsible way and strive to be a force for good in society.

2019 at a glance

- £167,300 donated to charity in 2019.
- Continued inclusion in the FTSE4Good Index for the 11th consecutive year.
- Once again carbon-balanced for the year and already exceeding our 2023 carbon reduction target.

How our purpose defines our CSR strategy



Our areas of impact and opportunity

Since 2008, we've been a constituent member of the FTSE4Good Index, which recognises the measures we've taken to reduce the impact of our operations on the environment and society while proactively investing in a sustainable future for people and communities around the world. We believe that taking rigorous action in the following areas helps secure the future stability of our business and creates long-term value for our shareholders.

Environment and climate change
The Group acknowledges the global threat posed by climate change and is taking positive steps to reduce our environmental impact and offset our carbon emissions. Since 2015, our global operations have been certified as carbon-balanced by the UK's Woodland Trust and the World Land Trust's Carbon Balanced programme. Already this year we have launched a trees for placements programme whereby the Group will plant a tree for every permanent placement made by Robert Walters and Walters People — a development that will also be certified and result in the Group becoming net carbon reducing.

Corporate governance
The long-term success of the Group is underpinned by good corporate governance, ensuring transparency in our decision-making and accountability to shareholders, clients, candidates and employees.

Powering people potential
As a global employer, the Group takes seriously its responsibility to offer long-term careers of purpose to our employees. This, in turn, promotes a loyal client and candidate base for our business, ensuring lasting, sustainable growth.

We're also committed to powering people and communities around the world to fulfil their own unique potential through innovative sponsorships and philanthropic initiatives.

Ethical business practices
Part of the Group's responsibility as an industry leader is to maintain the highest ethical standards in all our operations, as outlined in our Ethical Conduct policy. We also maintain a zero-tolerance policy against corruption and bribery, which applies to all Directors, employees and contractors undertaking work on behalf of the Group.

With regards to our impact on the wider workforce and society at large, we are committed to protecting all workers' rights in accordance with local labour legislation, and we remain vigilant for signs of slavery and human trafficking.

Corporate Social Responsibility continued

Powering people potential

Our global business model is dependent on successful economies with thriving workforces. As such, we continue to support and invest in initiatives and partnerships that help individuals and communities to fulfil their own unique potential through economic empowerment and corporate advocacy.

Supporting sustainable futures with Global Angels

The Global Angels Foundation is an international development organisation, transforming disadvantaged communities around the world. The Foundation focuses on finding sustainable solutions for the provision of safe drinking water, healthcare, education, sustainable energy and small business development.

For the fourth year in a row, we've worked with Global Angels to support sustainable projects in Tsavo, Kenya through investment, as well as sending eight staff volunteers to work with the local community on location.

One of the most critical projects we funded was the addition of silt clay linings for each of Tsavo's three water pans, preventing collected rainwater from soaking into the earth, and more importantly, securing the community's water supply.

We leased land to grow millet and sorghum which will be used to make nutritious porridge for children as part of our 'Zero Hunger' school feeding programme. Our volunteers supported this project by contouring the land (thereby slowing the flow of rainwater), ploughing and sowing seeds to be harvested in the autumn.

Our volunteer team painted the newly built classroom the Group has funded for the local school, ensuring it was ready to be used for the 2020 school year.

We also continued our economic empowerment project, investing in a new chicken house that will create jobs and enable Global Angels to sell more poultry and eggs to nearby communities — the profit from which is then reinvested into Global Angels projects.

"My week in Tsavo was so rewarding, and the biggest thing I learned is that we can all help others and make them a bit happier, even with the smallest actions."

Loïc Vives
Senior Marketing Executive,
Walters People, France

Global Charity Day 2019

In 2019, the Group celebrated its eighth annual Global Charity Day in support of worthy causes around the world. As usual, staff chose local charities that are making a difference in their own communities, raising an astounding £141,989 worldwide for organisations like Alzheimers NZ (New Zealand), the Make-A-Wish Foundation (Netherlands), Anna's House (South Korea), and the Dame Vera Lynn Children's Charity (UK).

Many of this year's fundraising activities put our employees' athleticism to the test. In Barcelona, employees undertook a gruelling outdoor spin session to raise money for FEDER (the Spanish Association of Rare Diseases), while the Sydney team's field day, complete with egg-and-spoon and sack races, collected donations for the Black Dog Institute, a mental health research organisation.

Other teams donated their time, championing environmental causes and helping those in need. Our team in Lisbon spent the day planting trees for forest conservancy charity Plantar Uma Árvore, while the Hamburg office joined forces to clean up the streets of their local neighbourhood.

Meanwhile, in Malaysia, staff donned superhero costumes to spread cheer among young cancer patients at Kuala Lumpur Hospital, and our team in San Francisco volunteered at the SF-Marin Food Bank, preparing boxed meals for senior citizens.

Powering a new generation of UK artists

This year, we launched the Robert Walters Group UK Young Artist of the Year Award, in partnership with UK Young Artists and the Saatchi Gallery. The aim of the award is to discover and champion the work of exceptional young artists whose work and vision represents contemporary Britain.

From an open call across the UK, we shortlisted ten finalists whose work demonstrated a strong, original voice and was of exceptional artistic quality. In October, Sheffield-based artist Conor Rogers, 27, was named the inaugural recipient of the award, which included a £10,000 grand prize, while second-prize winner Camilla Hanney, 27, was awarded £5,000. We were delighted to offer Conor, Camilla and the other finalists the opportunity to exhibit at the prestigious Saatchi Gallery, providing them with nationwide exposure and helping to drive their careers forward.

"I've been so humbled to have this opportunity. Robert Walters Group and UK Young Artists genuinely care about helping young artists better themselves and their careers."

Conor Rogers
Robert Walters Group
UK Young Artist of the Year 2019

Corporate Social Responsibility continued

Supporting ex-offenders with StandOut

This year, we ran a pilot with UK charity StandOut, which saw employees from our business providing interview advice and CV assistance to people leaving prison who are preparing to re-enter the workforce.

The aim of this initiative is to empower ex-offenders with additional tools and the confidence they need to find paid employment and, as a result, reduce the likelihood of them re-offending and returning to prison.

Following the success of the pilot in 2019, we are preparing to launch a full programme to our UK business in 2020.

"I feel like I gave something – using my recruitment skills to not only try to help this man find a job, but really, to start his life again."

Rebecca Rodgers
EMEA Talent Acquisition Leader, Resource Solutions, UK

Doing our part to #BreakTheCycle

In March, we bade farewell to our friends, George Cullen and Ben Cook — otherwise known as the 'Hairy Handlebars' — as they set off on their epic journey to cycle more than 6,000 miles from London to Tokyo. Their epic feat was conceived to promote awareness of mental health issues and suicide prevention, and to raise money for men's health charities, Movember and the Ian Williams Foundation.

As corporate sponsors of the Hairy Handlebars, the Group invited all our employees to #BreakTheCycle of men dying too young. Teams around the world hosted sports days, yoga sessions and city walks to raise awareness of this issue. In September, George and Ben successfully arrived at our offices in Tokyo, having raised more than £30,000 for the two charities.

Diversity and inclusion

With more than 4,000 employees in 31 countries around the world, we know that our diversity is our strength. In fact, in some countries such as Japan, we have up to 35 nationalities working for us.

We are a proud equal opportunities employer, striving to create a working culture that recognises and celebrates the unique cultures and communities that comprise our global team.

Our Equality and Diversity policy sets out our approach and is an embedded part of all new starter inductions for employees and its application extends to the stakeholders we work with as well. For example, all candidates are encouraged to complete an equal opportunities form upon registration, which provides us with valuable data to ensure we can present our clients with the widest possible talent pool.

The Group continued to advocate for equality in 2019 with global observances of International Women's Day, International Day of People with Disabilities and LGBT+ Pride celebrations. We also published thought leadership pieces aimed at helping clients achieve the objectives of their own diversity agendas.

In 2019, Resource Solutions was named to The Valuable 500 and has been assessed as Clear Assured by The Clear Company, demonstrating our commitment to including and promoting disabled talent in the workforce. Resource Solutions is also certified as Disability Confident Committed through the UK government's Disability Confident initiative, which recognises our efforts to foster an inclusive workplace that supports disabled people to find and stay in employment.

Resource Solutions also became listed with Vercida, a careers site connecting jobseekers from diverse backgrounds with inclusive employers, and started a new partnership with Equal Approach, a consultancy organisation supporting businesses to become more inclusive. In the UK, Resource Solutions also partnered with 2to3days, a jobs board for parents looking for part-time work, while in the US, client services director Rocki Howard, from the Jacksonville Global Service Centre, was once again named in the 2019 EMpower list of 100 Ethnic Minority Executives for the second year in a row.

Corporate Social Responsibility continued

Gender equality

The Board has a policy to encourage diversity, including gender. On 1 January 2014, the Board implemented a policy to ensure that there will be an equal gender quota for any future long list for a Board appointment. We were also pleased to welcome Carol Hui as our new Chairman in 2018. As shown in the table below, the gender split for 2019 has improved by 4% for the Board of Directors, 6% for senior managers and 1% for other employees.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group has provided the table below.

	2019 average employees			2018 average employees		
	Male	**Female**	**Total**	Male	Female	Total
Board Directors	**4**	**2**	**6**	5	2	7
Senior managers[1]	**135**	**90**	**225**	140	72	212
Other employees	**1,545**	**2,467**	**4,012**	1,466	2,351	3,817
Total	**1,684**	**2,559**	**4,243**	1,611	2,425	4,036

1. A senior manager is a person who is responsible for managing significant activities within the Group, or who is strategically important to part of the Group. This will include any operating country or regional Directors and functional heads of department.

Gender pay gap reporting UK
We support gender equality and we published our UK gender pay gap report on 4 April 2019. The Robert Walters and Resource Solutions reports can be found on the Group's website.

Environment

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters and monitors all significant risks to the Group, including SEE risks, which may impact the Group's short- and long-term value. During 2019, no significant SEE risks were identified.

Although our impact on the environment is minimal as an office-based organisation, we are fully carbon-balanced and have been for four years. That means we're investing in projects that offset emissions through reforestation initiatives. The whole of Robert Walters Group's operations have been fully carbon-balanced since 2015 through a partnership with the Woodland Trust and the World Land Trust's Carbon Balanced programme in Vietnam. In addition to these investments, from January 2020, the Group has pledged to work with the World Land Trust to plant a tree for every permanent candidate placed by Robert Walters and Walters People.

The Group is active in working towards the achievement of local Environmental Management Systems. The Standard ISO14001 provides a framework for achieving the balance between enhancing profitability while setting targets for improving the organisation's environmental performance.

Greenhouse gas (GHG) reporting
In September 2013, the Mandatory Carbon Reporting requirements prescribed by the Greenhouse Gas Emissions Directors' Regulations Report came into effect. This section includes our mandatory reporting of greenhouse gas emissions pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the Regulations).

Reporting year
The greenhouse gas emissions report has been prepared based on a reporting year of 1 January to 31 December 2019, which is the same as the Group's financial reporting period.

Reporting boundary
The Group's report is based on all entities and offices which are either owned or under operational control globally.

Methodology and scope
The methodology used to calculate the Group's emissions is based on the 'Environmental Reporting Guidelines: including Mandatory Greenhouse Gas Emissions Reporting Guidance' (June 2013) issued by the Department for Environment, Food and Rural Affairs (Defra). The Group has also utilised Defra's 2019 conversion factors within the reporting methodology.

The greenhouse gas emissions data has been prepared with reference to GHG protocol, which categorises greenhouse gas emissions into three scopes. Reporting on emissions from Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions) activities is mandatory.

The reporting of Scope 3 emissions (other indirect emissions from sources not owned or controlled by the Company) is voluntary and therefore, the Group reports on all those Scope 3 activities which it feels have a significant impact on its greenhouse gas emissions.

All other Scope 3 activities have been considered but the Group feels that the impact of these was so limited as to be negligible and has decided not to disclose these activities within this report. This decision will be reviewed on an annual basis or sooner if changes are made to regulatory reporting requirements.

Intensity metric
The Group has recorded the total global emissions, in tonnes of CO_2e, and has decided to use an intensity metric of tonnes of CO_2e per head, which the Group believes is the most relevant indication of our growth and provides the best comparative measure over time.

Global greenhouse gas emissions data
The table on page 41 shows the total global emissions in tonnes of CO_2e and tonnes of CO_2e per head for the Group.

Base year
The 2013 financial year was the base year for the Group's greenhouse gas reporting, being the first year the Group completed a global calculation.

The base year has been recalculated for changes to the scope of operation and measurements, including any additions to measured Scope 3 data. The base year and previous year's data are also recalculated if better quality data for the previous year is identified.

Reducing carbon

The Group set a target to reduce the mandatory Scope 1 and 2 CO_2e emissions per head by 20% across the Group by 2023, from a full-year 2013 baseline.

The Group's Scope 1 and 2 mandatory emissions per head are down to 0.65 from the 2013 base year revised number of 1.37, a decrease of 53%, meaning we are still on track to meet the target set in 2013.

The Group actively seeks to reduce the carbon footprint of the business through:

- Consulting closely with the Carbon Trust and considering its recommendations as environmental objectives;
- Establishing objectives for minimising travel to that which is totally necessary; and
- Offsetting carbon emissions through accredited reforestation schemes covering the UK and Asia Pacific.

Human rights and ethical behaviour

The Group respects all human rights and, in conducting its business, the Group regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of clients, candidates, employees and suppliers.

The Board has overall responsibility for ensuring the Group upholds and promotes respect for human rights. The Group seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through its policies and procedures and, in particular, through its policies regarding employment, equality and diversity. Group policies seek both to ensure that employees comply with all applicable legislation and regulation and to promote good practice.

The Group's policies are formulated and kept up to date by the relevant business areas, authorised by the Board and communicated to all employees.

The Group has a zero-tolerance approach to bribery and corruption and has specific processes in place to prevent it. The Group's Anti-Bribery policy (with specific reference to the Bribery Act) is included in core training to all employees. The Anti-Bribery policy is reviewed annually to ensure that it is current.

The Group is aware of the UK Modern Slavery Act 2015 and complies with its obligations under it. In respect of actions taken during the year, we believe that we operate a supply chain with a very low inherent risk of slavery and human trafficking potential. As such, over and above our normal operating procedures, we have taken no specific steps in this regard.

The Group undertakes extensive monitoring of the implementation of all of its policies and has not been made aware of significant breaches of policy or any incident in which the organisation's activities have resulted in an abuse of human rights.

Health and safety

The Chief Executive has overall responsibility for the implementation of the Group's Health and Safety policy, with specific operational responsibility delegated to managers at each location. Every effort is made to ensure that all national safety requirements are met at all times, and there were no notable injuries or health and safety issues identified during the year.

Political donations

The Group made no political donations during the year (2018: £nil).

FTSE4Good Index

The Group has held FTSE4Good status since 2008. FTSE4Good Index inclusion criteria covers a number of corporate responsibility themes, such as environmental management, climate change, countering bribery and supply chain labour standards. Our continued inclusion in the index recognises that our policies and management systems enable us to address and mitigate key corporate responsibility risks.

Greenhouse gas emission source (base year 2013)

					Current revision	
	2019 Dec YTD tCO_2e	2019 Dec YTD tCO_2e per head	2018 Dec YTD tCO_2e	2018 Dec YTD tCO_2e per head	2013 Dec YTD tCO_2e	2013 Dec YTD tCO_2e per head
Scope 1						
Vehicle fleet and purchased gas	500	0.14	434	0.14	494	0.26
Total Scope 1 emissions	500	0.14	434	0.14	494	0.26
Scope 2						
Purchased electricity and heat	1,761	0.51	1,883	0.64	2,146	1.11
Total Scope 2 emissions	1,761	0.51	1,883	0.64	2,146	1.11
Scope 3						
Business travel – air	1,560	0.45	1,271	0.43	488	0.25
Business travel – land[1]	376	0.11	350	0.12	231	0.12
Transmission and distribution	117	0.03	128	0.04	166	0.09
Total Scope 3 emissions	2,053	0.59	1,749	0.59	885	0.46
Total Group emissions	4,314	1.24	4,065	1.39	3,525	1.83
Carbon offset	(4,314)	(1.24)	(4,065)	(1.43)	(935)	(0.48)
Total net emissions	0	0	0	(0.04)	2,590	1.35

1. Land travel includes all forms of land transport, such as rail and taxi, but excludes travel in the Group's vehicle fleet. The appropriate conversion factor for the method of transportation is applied to the distance travelled.

Financial Review

Financial and operational highlights

Year ended	2019	2018	% change	% change (constant currency*)
Revenue	£1,216.1m	£1,233.2m	(1%)	(2%)
Gross profit (net fee income)	£405.5m	£392.0m	3%	2%
Operating profit	£51.2m	£49.7m	3%	1%
Adjusted operating profit**	£50.5m	£49.7m	2%	1%
Profit before taxation	£47.4m	£49.1m	(3%)	(6%)
Adjusted profit before taxation**	£49.5m	£49.1m	1%	2%
Basic earnings per share	48.4p	50.4p	(4%)	
Adjusted basic earnings per share**	50.6p	50.4p	0%	

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.
**Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

Revenue

Revenue for the Group is the total income from the placement of permanent and contract staff, and therefore includes the remuneration costs of contract candidates and the total cost of advertising recharged to clients. It also includes outsourcing fees, consultancy fees and the margin derived from payrolling contracts charged by Resource Solutions to its clients.

Revenue decreased 1% (down 2%*) to £1,216.1m (2018: £1,233.2m). Revenue was £581.6m in the second half of the year compared to £634.5m in the first half (2018: 1H £625.9m, 2H £607.3m). Revenue from temporary placements represents 77% (2018: 80%) of revenue.

Gross profit (net fee income)

Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consultancy and payrolling margin earned by Resource Solutions.

Net fee income for the year increased by 3% (2%*) to £405.5m (2018: £392.0m) with 49% (2018: 49%) of the annual total being generated in the second half of the year. The increase in net fee income was due to growth in both the permanent and temporary Robert Walters divisions and the Resource Solutions business.

Operating profit

Operating profit increased by 3% (1%*) to £51.2m (2018: £49.7m) and adjusted operating profit, removing the impact of IFRS 16 Leases, increased by 2% (down 1%*) to £50.5m. Administrative expenses were £354.3m (2018: £342.4m). The principal reason for the 3% (3%*) increase in costs was due to an increase of 5% in the Group's average headcount to 4,243 in 2019, up from 4,036 in 2018.

Conversion ratio

Operating profit as a percentage of gross profit was 12.6%, a decrease of 0.1%. Adjusted operating profit as a percentage of gross profit was 12.4%, a decrease of 0.3%. The Group continues to focus on consultant productivity and hiring in the areas of the business where recruitment activity levels are increasing.

Interest and financing costs

The Group incurred a net interest charge for the year of £3.4m (2018: £0.5m), including £2.8m relating to the interest charged on leases following the adoption of IFRS 16 Leases during 2019, and has a £60.0m four-year committed financing facility until March 2023. At 31 December 2019, £25.5m (2018: £4.5m) was drawn down under this facility, and the Group also has a non-recourse £15.0m facility. In addition, the Group has an outstanding loan of £1.1m which was used to finance the growth in working capital of our business in China. This Renminbi-denominated loan is secured by cash deposits in Hong Kong. More details are provided in note 13 to the accounts.

A foreign exchange loss of £0.4m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2018: loss of £0.1m).

Taxation

The taxation charge in 2019 was £13.4m (2018: £13.5m) which gives an effective rate of 28.3% (2018: 27.6%). The tax rate is higher than the standard UK rate of 19%, primarily as a result of higher rates of overseas taxation in Japan, Australia and France, the impact of adjustments to accounting profit in the tax calculation and disallowable entertainment. Over the medium term, other than governmental changes to corporation tax rates, the key factor affecting the effective tax rate is likely to be the mix of profits generated across low and high tax jurisdictions.

Earnings per share

Basic earnings per share was 48.4p (2018: 50.4p) and adjusted basic earnings per share was 50.6p (2018: 50.4p). The weighted average number of shares for the year was 70.2m (2018: 70.5m).

Dividend

A final dividend of 11.0p (2018: 10.7p) per ordinary share is being proposed by the Board. Together with the interim dividend of 4.5p (2018: 4.0p) per ordinary share paid in October 2019, the total dividend per share would amount to 15.5p (2018: 14.7p). The final dividend, if approved, which amounts to £7.7m, will be paid on 1 June 2020 to those shareholders on the register as at 8 May 2020.

Balance sheet
The Group had net assets of £160.6m at 31 December 2019 (31 December 2018: £152.7m) including goodwill of £8.1m (2018: £8.1m). The increase in the Group net assets of £7.9m comprises profit after taxation for the year of £34.0m and credits relating to share schemes of £5.6m, offset primarily by dividends paid of £10.6m, own shares purchased for the Employee Benefit Trust of £15.0m and currency movements of £5.6m. The adoption of IFRS 16 Leases has resulted in right-of-use assets recognised at 31 December 2019 of £72.9m and corresponding lease liabilities of £75.5m. The fluctuations in payables and receivables during the year relate to working capital movements.

Cash flow and net cash position
At 31 December 2019, the Group had net cash balances of £85.8m (31 December 2018: £74.3m); further details can be found in note 21. Cash inflow from operating activities was £82.4m (2018: £73.4m).

The significant cash outflows in the year were: £12.6m of corporation tax payments; £10.6m of dividends; £5.9m of fixed asset expenditure; £3.6m of computer software; and £15.0m of own shares purchased.

The Group had positive cash flows from operations and is currently well placed to meet future working capital cash requirements.

Surplus cash balances are invested with financial institutions with favourable credit ratings that offer competitive rates of return.

Subsidiary undertakings
The subsidiary undertakings and branches principally affecting the profits or net assets of the Group in the year are listed in note 10 to the accounts.

Going concern
Details on the Directors' consideration and decision to adopt the going concern basis in preparing the accounts can be found on page 87.

Key Performance Indicators

Net fee income

£405.5m

(2018: £392.0m)

Definition
Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consulting and payrolling margin earned by Resource Solutions.

Analysis
Net fee income grew by 3% (2%*), mainly in line with the Group's strategy for growth through investment in regions providing opportunities across permanent, temporary and interim recruitment and recruitment process outsourcing.

International mix

76%

(2018: 73%)

Definition
International mix represents the percentage of net fee income generated outside UK operations expressed as a percentage of total net fee income.

Analysis
There has been a 3% movement in the international mix, primarily due to the pace of growth in the European and Other International regions, which have grown at a faster rate than the UK business in line with the Group's strategy of geographic diversification.

Adjusted operating profit**

£50.5m

(2018: £49.7m)

Definition
Adjusted operating profit represents net fee income less administrative expenses.

Analysis
Net fee income growth driving a 2% (1%*) increase in adjusted operating profit.

Debtor days

25

(2018: 25)

Definition
Debtor days represents the length of time it takes the Group to receive payments from its debtors. It is calculated by reference to the number of days' billings it takes to cover the debtor balance.

Analysis
Tight control over debtor collection assists in reducing the overall risk profile of the business.

Total shareholder return (TSR)

+63%

(2018: +58%)

Definition
TSR is share price growth plus dividends attributable to shareholders over a three-year period.

Analysis
The increase reflects the upturn in share price growth over the three-year period ended 31 December 2019.

Operating profit

£51.2m

(2018: £49.7m)

Definition
Operating profit represents net fee income less administrative expenses.

Analysis
Net fee income growth driving a 3% (1%*) increase in operating profit.

Productivity

£141.4k

(2018: £141.7k)

Definition
Productivity represents the total net fee income generated per fee earner.

Analysis
In 2019, small decrease in productivity as a result of more difficult market conditions.

Candidate engagement

Glassdoor rating

Definition
The Glassdoor rating recognises companies that embrace transparency and engage with jobseekers.

Analysis
Our Company rating is 4.4 out of 5 which is considered a high score.

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.
**Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

Adjusted basic earnings per share**

50.6p

(2018: 50.4p)

Definition
Adjusted basic earnings per share is defined as profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year.

Analysis
The increase of 1% in adjusted basic earnings per share reflects the increase in profitability of the Group during the year.

Net cash

£85.8m

(2018: £74.3m)

Definition
Net cash represents the Group's cash and short-term deposits less bank overdrafts and borrowings.

Analysis
After a 12% increase in cash paid on dividends and £15.0m of shares purchased by the Group's Employee Benefit Trust, net cash still increased from £74.3m to £85.8m.

Business mix

Permanent v contract 69% : 31%

(2018: 69% : 31%)

Definition
Business mix represents the ratio of permanent and contract recruitment net fee income.

Analysis
Growth in permanent recruitment net fee income enables the Group to benefit quickly from operational gearing, whilst contract recruitment provides a cash hedge in the event of a downturn.

Basic earnings per share

48.4p

(2018: 50.4p)

Definition
Earnings per share is defined as profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year.

Analysis
The 4% decrease reflects the impact of IFRS 16 adopted in 2019. The increase of 0.4% in earnings per share reflects the increase in profitability of the Group during the year.

Risk management

Continue to enhance the risk management framework

Definition
The Group's risk framework is designed to safeguard the Group's assets and to manage the risk of failure to achieve business objectives.

Analysis
A risk review was undertaken during the year to assess the principal risks in the existing framework against the current environment and operations, with the required changes made to the risk profile.

Environmental

Decreased carbon emission per head

Definition
The Group set a target to reduce the mandatory Scope 1 and 2 CO_2e emissions per head by 20% across the Group by 2023, from a full-year 2013 baseline.

Analysis
The Group's Scope 1 and 2 mandatory emissions per head are down to 0.65 from the 2013 base year revised number of 1.37, a decrease of 53%, already ahead of the target set in 2013.

Principal Risks and Uncertainties

Risk management process

The Board recognises the importance of identifying and actively monitoring the full range of financial and non-financial risks facing the business, at both a local and Group level. The effectiveness of the risk management process is monitored by the Audit and Risk Committee. A robust Group-wide assessment, incorporating both top-down and bottom-up perspectives and including external input, of the Company's risk profile was carried out during the year, including the identification and consideration of emerging risks. The process involves identifying and prioritising the key risks within the Group and developing and implementing appropriate mitigation strategies to address those risks. By regularly reviewing the risk profile of the business, the Board ensures that the risk exposure remains appropriate at any point in the cycle.

We review our risks in terms of likelihood of occurrence and potential impact on the business and the Audit and Risk Committee reviews and considers the extent to which management has addressed the key risks through appropriate controls and actions to mitigate those risks. Each local management team continues to consider key risk areas on an ongoing basis with a specific periodic review at least once a year of their system of internal controls to ensure that each risk area is addressed within the business. The Internal Audit function reviews and tests the effectiveness of these controls to ensure that risk is being managed properly and effectively.

A summary of the key risks that we believe could potentially impact the Group's operating and financial performance, together with associated key actions, are shown below:

Risk	Actions to mitigate risk
Political factors, economic, environmental and market uncertainty The level of candidate confidence in the employment market and job availability are important factors in determining the total number of recruitment transactions in a given year. Candidates are less inclined to move jobs when the number of jobs available is in decline or stagnant, which could lead to a deterioration in the Group's financial performance. The impact of Brexit and increased level of uncertainty could have a negative outcome on the job market and result in a reduction in hiring volumes.	The Group is geographically diversified, spanning 31 countries, which reduces the reliance on the success of any particular market. The Group also continues to develop its contract and Resource Solutions businesses, both of which provide more resilient revenue streams in the event of an economic downturn. The Group has successfully diversified into other sectors to reduce its concentration risk in the event of a downturn.
	The Board's strategy when facing a slowdown in a market is to balance the cost base, such that the impact on profit is mitigated, against the perceived future benefit from the retention of key staff. Historically, the Group has benefited substantially from increased operational gearing as a result of its policy of deliberately retaining key staff through economic downturns.
	The Resource Solutions business is prepared to support the relocation of workers, with the opportunity to leverage off existing infrastructure within the Robert Walters Group. Live job availability is monitored to ensure action plans are documented for immediate action in response to any potential adverse impact on hiring volumes.
	Although the Group does not operate in a sector with a significant environmental impact, the Group recognises its requirements and embraces environmental stewardship. The Group already has in place numerous schemes to ensure it is carbon-balanced on an annual basis and for 2020 has committed to an additional tree planting programme to achieve a net carbon reducing result. Our disaster recovery processes, which are regularly reviewed, ensure the Group is able to mitigate natural disaster risks (e.g. floods, earthquakes). In addition, the 2019 completion of the roll out of Microsoft Surfaces to all front office staff ensures consultants have the flexibility to work remotely as required.

Risk	Actions to mitigate risk
Talent attraction and retention The Group relies heavily on recruiting and retaining talented individuals with the right skill sets to grow the business. In addition, as the Group expands its operations in emerging markets the supply of people with the required skills in specific geographic regions may be limited. Failure to attract and retain key employees with the required sales, management and leadership skills may adversely affect the Group's financial results.	The Group's policy of linking bonuses to profitability in discrete operating units has a high correlation to the retention of efficient and effective members of staff.
	The long-term incentive schemes that are detailed in note 18 to the accounts form a key part of a wider strategy to improve levels of staff retention, particularly of the Group's senior employees.
	Other elements of the strategy to improve staff retention and maximise career opportunities include significant investment of time and financial resources in employee training and development including regular appraisals, aimed at core consultant competencies and focused on enhancing management potential. The Group culture and the associated processes help to increase productivity and also improve employee alignment to the business. A comprehensive approach to succession planning is also in place across the Group.
	Diversity and inclusion and gender pay initiatives are in place, including improvements to maternity and adoption policies, with target setting and committed actions to close gaps to mitigate the impact over time.
	The Group offers international career opportunities and actively encourages the redeployment of existing talent to international offices and also to establish new offices.
Competition and emerging technologies Competition risk varies in each of the Group's main regions depending on the maturity of the client and candidate market. The emergence of new technology platforms such as web-based applications and artificial intelligence for recruitment purposes may also lead to increased competition.	The development of strong commercial relationships with clients has enabled the Group to win and then maintain its contracts with large global organisations and the Group also has a significant and diverse income stream across the SME marketplace.
	The Group reviews and monitors changes in technology and social media trends to ensure that it evolves appropriately. The Group continues to promote itself as a relationship recruiter operating in specialised markets, ensuring its online presence is competitive and provides a high-quality customer experience.
	Through our innovation and technology and transformation teams, we continue to identify, trial and adopt new technology to both enhance and augment the service our consultants can provide and to drive efficiencies across our business.
Brand, reputation and business strategy There is an inherent risk that the brand and reputation of the Group could be impacted by a failure to maintain high-quality service levels to both candidates and clients.	Quality control standards are maintained and reviewed for each stage of the recruitment cycle.
	A 'contact us' email address is available on the Group's website so any negative feedback or improper conduct can be acted upon swiftly by the Chief Marketing Officer and local senior management.
The Group strategy and objectives could either be ineffective, or damaging to the Group, by failing to deliver improved performance and achieve the Group's long-term strategy for growth.	The Group's long-term strategy for growth is founded on the two pillars of organic international expansion and discipline diversification. It is a testament to this strategy and underlying strength of the Group's brand and management team that we have delivered a significant increase in profitability over the last five years whilst continuing to invest for the future.
Candidate risk A negative candidate experience as a result of poor candidate service, data breach or other candidate dissatisfaction, could result in candidate complaints, loss of quality candidate base or loss of referrals.	Candidate satisfaction surveys are carried out on a regular basis, with Directors addressing any negative feedback directly with the candidate.
	Clear policies and processes are in place around candidate engagement and active candidate management. Quality control standards are maintained and reviewed for each stage of the recruitment cycle with all new employees receiving appropriate levels of training applicable to their role.
	We monitor consumer trends outside of the recruitment industry and analyse how consumers' changing expectations could drive the imperative for change within our industry.

Principal Risks and Uncertainties continued

Risk	Actions to mitigate risk
Non-compliance with laws, regulations and contractual obligations The Group operates in a number of diverse jurisdictions and has to comply with numerous domestic and international laws and regulations and other specific contractual obligations. Any non-compliance with legislation, regulatory requirements or contractual obligations may result in legal penalties or financial loss which could have a detrimental effect on the Group's financial performance and reputation.	To ensure compliance, our legal department works with leading external advisers as required to monitor potential changes in employment legislation across the markets in which we operate. Contractual terms and conditions are thoroughly reviewed before signing to ensure contract provisions are fully understood and risks are fairly allocated between parties. An escalation process exists such that contracts with non-standard terms are reviewed and approved by the Chief Legal Officer and Chief Financial Officer as appropriate.
Regulatory environment The Group operates in a number of diverse jurisdictions and has to comply with numerous domestic and international regulations. Any change in the regulatory environment, particularly impacting employment legislation for both candidates and clients, could have a detrimental effect on the Group's financial performance.	The Group's legal department, together with local legal expertise, remains up to date with any proposed regulatory changes, allowing the Group sufficient time to assess the impact and implement processes to minimise the exposure and maximise opportunity. A log of licences and renewals is maintained. There is formalisation of regulatory reporting and escalations with legal oversight of licensing processes, and the Group makes use of external counsel where necessary.
Data breach and cyber security A data breach, cyber attack or loss of confidential and competitive information could have a material impact on the Group's financial results, an adverse impact on operations and the reputation of the Group.	The Group maintains an IT security policy, which is comprehensive but not able to eliminate all risk, which is reviewed on a regular basis, covering all areas of IT security from user access through to server access. Third-party advisers are used to perform penetration tests on major systems and operations. All candidate and client information is held securely with restricted access and with data protection rules in place. Appropriate guidance and training on the security and handling of both manual and electronic documents including confidential and sensitive data is available to all staff. The Group has a dedicated Chief Technology Architect and Group Information Security Officer with specific remits to consider and ensure that appropriate and reasonable controls are put in place, particularly in respect of cyber-related threats and data breach. The Group has appointed a Data Protection Officer to oversee the handling of personal data and compliance with Data Protection laws.
Reliance on technology infrastructure The Group is reliant on its technological infrastructure for day-to-day operations and for delivering client and candidate services. A critical infrastructure or system disruption could have a material impact on the Group's financial results and an adverse impact on operations and the reputation of the Group.	The Group continues to review and improve its business continuity and disaster recovery plans to mitigate against any critical infrastructure disruptions. Remote IT access is available for performing both critical business functions and operational continuity and is assessed as part of scheduled business continuity simulations. Third-party advisers are used to perform penetration tests on major systems and operations. A change management team is in place to ensure that appropriate consideration is given to all change requirements, including a risk analysis of the requirement, and appropriate plans are developed to deal with any potential critical disruptions.

Risk	Actions to mitigate risk
Treasury risk The Group operates under a number of functional currencies. Any unfavourable movements in the foreign exchange rates may have an adverse effect on translation of overseas operations, and subsequently the Group's Pounds Sterling financial results. An adverse cash position, or the inability to access capital/funding, could result in an inability to pay creditors and to fulfil day-to-day operations and requirements. The potential impact and uncertainty around Brexit increases the level of risk of an adverse affect on Pounds Sterling and client payment risk profile. The future success of the Group could be affected if the Group fails to align its capital planning with its business strategy.	Revenues and costs are in their functional currencies in the local entities, which minimises the Group's transactional exposure. Additionally, there are no material net foreign exchange exposures to monetary assets and monetary liabilities. Credit worthiness and client risk profiles are monitored, with prompt escalation procedures for disputes and instances of slow payment. The Group continues to monitor the sensitivity to foreign currency fluctuations through performing regular sensitivity analysis and reducing exposure wherever possible. Cash flow and working capital forecasts are prepared and reviewed regularly and a detailed plan for any acquisition or growth opportunities is created before any deal is executed to ensure that the appropriate finance is in place.

Section 172 Statement

Through the risk management process as detailed in the Principal Risks and Uncertainties section of the Strategic Report on pages 46 to 49, the Board has assessed the Company's risk profile, consequences of any decision in the long term, appropriate risk mitigation strategies and identification and consideration of emerging risks.

Key stakeholders are identified as those stakeholder groups fundamentally impacted by the performance and decisions of the Company, and those which have a significant impact on the long-term success of the Company. The interests of key stakeholders are considered through active stakeholder engagement. Our key stakeholder groups and other interested parties, and how we engage with them, are detailed in the Engagement with Shareholders and Key Stakeholders section of the Corporate Governance Statement on page 51. These interests are considered in Board discussions and decision-making, and define our purpose and strategy as detailed in the Strategy in Action section of the Strategic Report on pages 12 to 21.

Strategic Report approval

The Strategic Report, outlined on pages 1 to 49, incorporates the 2019 Highlights, Robert Walters Group at a Glance, Chairman's Statement, Chief Executive's Statement, Market Opportunities and Key Trends, Strategy in Action, People and Culture, Innovation, Corporate Social Responsibility, Financial Review, Key Performance Indicators and Principal Risks and Uncertainties.

By order of the Board,

Alan Bannatyne
Chief Financial Officer
2 March 2020

Corporate Governance Statement

Dear Shareholder

I am pleased to report that your Company has again complied in full throughout the year with the UK Corporate Governance Code.

As a Board, we are pleased with the progress that the Group has made to ensure high standards of corporate governance are maintained. We monitor developments and trends in corporate governance both in the UK and internationally, adopting any emerging practice we feel would improve our governance whether or not it becomes mandatory.

One of our core values that is continually communicated within the Group is a belief that the highest standards of integrity are essential in business. As a Group, we have an expressed aim of respecting the needs of shareholders, employees, clients, candidates, contractors and suppliers.

The Board has a wide range of responsibilities and it is my duty to ensure it has the right mix of skills and talent and that the Directors have sufficient time available to meet Board responsibilities and to ensure that it works effectively as a team towards shared objectives, in promoting the long-term success of the Company, creating value for our shareholders and proactively investing in a sustainable future for people and communities around the world.

The Board Committees have had a successful year. The Audit and Risk Committee continued to see significant improvements in all areas of risk management. The Internal Audit function built upon the areas covered in the previous year, with a continued focus on the Group's risk register and overall risk profile of the Group as well as carrying out a full review of the risk profile of the Group during the year, including an external expert review. Further information on the work and responsibilities of the Audit and Risk Committee and the effectiveness of the Group's system of internal control is detailed in the Audit and Risk Committee and the audit, risk and internal control sections of this report. The Remuneration Committee has continued to engage with our shareholders and the workforce, completing a comprehensive review of Executive Directors' pay during the year and incorporating current best practice.

A key aspect of ensuring your Board's effectiveness is our annual and independent Board and Committee evaluation process. A comprehensive evaluation was undertaken by an independent third-party adviser, Lintstock Limited, and Board performance was rated highly. Recommendations made, where relevant, were duly integrated into key priorities for the coming year.

On the following pages we describe our corporate governance framework in more detail.

Carol Hui
Chairman
2 March 2020

Statement of compliance with the UK Corporate Governance Code

The Company has complied fully throughout the year ended 31 December 2019 with the Code provisions set out in the 2018 UK Corporate Governance Code (the Code). The key changes in the Code include new principles and provisions on Company purpose, stakeholder engagement, corporate culture, and more specific requirements around Board independence and the length of tenure of the Chairman. The Board has integrated these changes into the governance framework, whilst continuing to promote the success of the Company in meeting the obligations under Section 172 of the Companies Act 2006.

The Board of Directors is committed to the highest standards of corporate governance and has applied the principles set out in the Code, including the provisions, by complying with the Code as reported above. Further explanation of how we integrate the principles of the five sections of the Code into our business, being: Board leadership and Company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration, is set out below. Our principles and policy in relation to remuneration are covered separately in our Directors' Remuneration Report on pages 60 to 62.

Board leadership and Company purpose

Company's purpose, values and strategy

Our purpose as a business is to power people and organisations to fulfil their unique potential. How our purpose defines our strategy is covered separately in our Strategy in Action section of the Strategic Report on pages 12 to 21, and is aligned with our purpose-driven culture covered separately in our People and Culture section of the Strategic Report on pages 22 to 30 and our core principles of integrity, teamwork, passion, innovation and quality. The Group is a global, truly meritocratic and diverse business with a culture that enables all of our employees to build long-term and rewarding careers. The People and Culture section of this report on pages 22 to 30 highlights this in action through a selection of case studies of the careers forged by a number of employees across the globe.

Culture

The Board continuously assesses and monitors culture for alignment with the Company's purpose, values and strategy. Corporate culture has been fundamental to our success over the years. Employee engagement surveys (both internal and external), third-party awards for employer brand excellence (e.g. Great Places to Work), external benchmarking and reviews (e.g. Glassdoor) and professional certifications and accreditations are examples of metrics used by the Board in assessing corporate culture, and they are embedded in the Board agenda. The Group's cultural values and principles of integrity, teamwork, passion, innovation and quality are evident in our Strategy in Action section and throughout our People and Culture section on pages 24 to 28. The Board has appointed a member of the Board to be responsible for employee engagement, as detailed in the Directors' Remuneration Report on pages 60 to 62, and this encompasses regular meetings with employees, including meeting with new starters and leavers. Internal Audit has an increasingly wide scope across the business operations and, in conjunction with the recent review of risk, has a number of focus areas in testing and required level of reporting at Board level.

Engagement with shareholders and key stakeholders

In order to meet its responsibilities to shareholders and stakeholders, the Board effectively engages with all key stakeholder groups of clients, candidates, employees and shareholders, through encouraging participation, active consultation and by building long-term relationships in order to achieve our strategic priorities. For us, it's about valuing our people, protecting the environment, giving back to communities and doing business in an ethical way, as detailed in our Corporate Social Responsibility strategy on page 34. How we engage with some of these key stakeholder groups and other interested parties is detailed below.

Key stakeholder groups and other interested parties	How we engage
Candidates and clients	Our engagement with candidates and clients is driven by our commitment to quality. Candidate and client satisfaction surveys are carried out on a regular basis, with feedback addressed directly with the candidate or client. Through building relationships with integrity, the Group is able to focus on our service and customer satisfaction and to build consultative, long-term relationships. Feedback is taken extremely seriously and where appropriate is brought to the attention of the CEO during the year.
Workforce	The Remuneration Committee Chairman has undertaken additional engagement internally in order to have greater visibility of internal behaviours and values, and assess and monitor corporate culture. Staff attrition rates and employee engagement surveys are reviewed, together with other engagement activities as detailed in the Directors' Remuneration Report on pages 60 to 62. A whistleblowing policy is in place to ensure that employees/workers have a formal system that encourages them to voice their concerns.
Corporate Social Responsibility	Part of the Group's responsibility is to maintain the highest ethical standards in all our operations. We also maintain a zero-tolerance policy against corruption and bribery, which applies to all Directors, employees and contractors undertaking work on behalf of the Group. We continue to support and invest in initiatives and partnerships that help individuals and communities to fulfil their own unique potential through economic empowerment and corporate advocacy, with our initiatives detailed in our Corporate Social Responsibility Report on pages 34 to 41.

Corporate Governance Statement continued

Environment	The Group is committed to minimising our impact on the environment. Since 2008, we've been a constituent member of the FTSE4Good Index, which recognises the measures we've taken to reduce the impact of our operations on the environment and society while proactively investing in a sustainable future for people and communities around the world. The Group acknowledges the global threat posed by climate change and is taking positive steps to reduce our environmental impact and offset our carbon emissions. Since 2015, our global operations have been certified as carbon-balanced by the UK's Woodland Trust and the World Land Trust's Carbon Balanced programme. Furthermore, it is our intention to plant a tree for every permanent position filled by the recruitment business during 2020. This will be audited and disclosed as appropriate in the next Annual Report and Accounts. Greater detail can be found on pages 40 to 41.
Shareholders	Dialogue with institutional shareholders The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by: – Making annual and interim presentations to institutional investors; – Meeting shareholders to discuss long-term issues and obtain their views; – Providing direct access to the Chairman for regular meetings with shareholders, including an annual invitation to meet with the top ten shareholders; – Communicating regularly throughout the year; and – Regular meetings of the Board being used as the forum to ensure that Non-executive Directors are updated on the views of major shareholders that have been communicated to the Executive Directors. Constructive use of the Annual General Meeting The Board seeks to use the Annual General Meeting as an opportunity for all shareholders to question the Board and the Chairman of the Board Committees on matters put to the meeting including the Annual Report. The Board seeks to encourage shareholder participation by: – Inviting shareholders to submit questions in advance; and – Providing a balanced and understandable assessment of the Group's position and prospects. The results of voting at general meetings are published on the Company's website, robertwaltersgroup.com/investors, as required by the Code. We are happy to be able to report that we regularly receive positive feedback from numerous shareholders.
Suppliers	The Group requires all suppliers to behave ethically, in accordance with all legislation including the Anti-Bribery and Modern Slavery Acts. We value our suppliers and adopt the principles of prompt payment and the agreement of mutually sensible and beneficial contractual terms. The Board considers this ethical approach to be appropriate and our whistleblowing processes ensure confidential escalation can take place as required.

The Board and its role

The Board is responsible to the Group's shareholders for the conduct and performance of the Group's business. Having strong governance processes and oversight helps drive the culture of the business so that it can better deliver on its responsibility to all of our stakeholders, including creating long-term value for our shareholders and proactively investing in a sustainable future for people and communities around the world.

The Board has developed a Board governance framework which sets out the governance structure of the Board and its Committees. The Board considers that it has shown its commitment to assessing opportunities and risks to achieve long-term success and leading and controlling the Group by:

– Having a Board constitution which details the Board's responsibility to the Group's shareholders for the management of the Group's affairs. It exercises direction and supervision of the Group's operations throughout the world and defines the line of responsibility from the Board to the Chief Executive and the Executive Directors, in whom responsibility for the Executive management of the business is vested;
– The Board retaining specific responsibility for agreeing the strategic direction of the Group, the approval of accounts, business plan, budget and capital expenditure, the review of operating results, the effectiveness of governance practice and risk management, and also the appointment of senior Executives and succession planning;
– Full attendance by the Directors at the eight Board meetings held during the year;

- All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. A new Company Secretary was appointed on 9 September 2019, which was approved by the Board;
- Considering any concerns about the operation of the Board or management of the Company, and recording any unresolved concerns in the Board minutes, including obtaining a written statement on resignation of a Non-executive Director, of any such concerns;
- The provision of appropriate training to all new Directors at the time of appointment to the Board, and by ensuring that existing Directors receive such training as to be equipped with the skills required to fulfil their roles; and
- Delegating responsibilities to sub-Committees: Audit and Risk Committee; Remuneration Committee; and Nominations Committee.

Audit and Risk Committee

The Audit and Risk Committee's primary focus is to assist the Board in fulfilling its oversight responsibilities. During the year the Audit and Risk Committee met three times and reviewed the following:

- Half-year results and the annual financial statements;
- The effectiveness of the Group's system of internal controls, internal audit and risk management;
- The performance of the external auditor, their terms of engagement, the scope of the audit and audit findings including findings on key judgements and estimates in the financial statements;
- The opinions of management and the external auditor in relation to the appropriateness of the accounting policies adopted, significant estimates and judgements and whether disclosures were balanced and fair; and
- The external audit competitive tender process, in line with the European Union Audit Directive and Regulation, and the appointment of BDO LLP as the Company's new Auditors effective from the 2019 financial year.

Further information on the work of the Audit and Risk Committee during the year can be found on pages 57 to 59.

Nominations Committee

The Nominations Committee met three times during the year and its activities included:

- Monitoring the Board's structure, size, composition and diversity to achieve a balanced and effective Board in terms of skills, knowledge and experience;
- Considering all aspects of the Board with regard to succession planning;
- Engaging the assistance of an external adviser in performing a Board review;
- Reviewing the leadership capabilities, needs and succession planning of the Group including identifying and developing talent;
- Recommending any changes in the membership of the Board Committees;
- Assessing potential conflicts of interest of all Directors, including those resulting from significant shareholdings; and
- An annual review of progress achieved, including the diversity objectives of the Group and the gender balance and other aspects of diversity of those in senior management and their direct reports.

Remuneration Committee

The Remuneration Committee met four times during the year and its activities included:

- Engaging with our largest shareholders and the workforce to ensure a strong level of communication and dialogue;
- Ensuring the framework for Executive remuneration remains effective, incorporating current guidance on best practice and in line with the tri-annual requirement for shareholder approval of the remuneration policy;
- Determining the individual remuneration packages for Executive Directors;
- Approving the targets and performance assessments for performance-related incentive schemes;
- Overseeing the operation of all incentive schemes and awards and determining whether the performance criteria had been met; and
- A vote of 97% in favour of the approval of the 2018 Directors' Remuneration Report.

Further information on the work of the Committee during the year can be found in the Directors' Remuneration Report on pages 60 to 62, including the CEO pay ratio and incentive outcomes.

Corporate Governance Statement continued

Attendance at meetings

The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the year is set out below. The Chairman and Executive Directors, by invitation, attended three Audit and Risk Committee and four Remuneration Committee meetings during the year. Alan Bannatyne also attended two of the three Nominations Committee meetings during the year.

	Board (8 meetings)	Audit and Risk Committee (3 meetings)	Nominations Committee (3 meetings)	Remuneration Committee (4 meetings)
Carol Hui	8	n/a	3	n/a
Robert Walters	8	n/a	3	n/a
Giles Daubeney (stepped down 17 May 2019)	4	n/a	n/a	n/a
Alan Bannatyne	8	n/a	n/a	n/a
Brian McArthur-Muscroft	8	3	3	4
Tanith Dodge	8	3	3	4
Steven Cooper	8	3	3	4

Division of responsibilities

Division of responsibilities between Chairman and Chief Executive

The Board has shown its commitment to dividing responsibilities for the Board and running the Company's business by keeping the roles of Chairman and Chief Executive separate. The roles are set out in writing and have been approved by the Board. The key responsibilities of the Chairman and Chief Executive are summarised below:

- During the year, as Chairman, Carol Hui was responsible for leading the Board and effectively leading the Group, and for its effectiveness and integrity. The Chairman sets the tone for the Company, ensures the links between the Board and shareholders are strong, and that Directors receive accurate, timely and clear information and management are held accountable.
- As Chief Executive, Robert Walters is responsible for the day-to-day management of the Group's operations, implementing Board-approved strategic objectives and policies, and developing vision and strategy for the Board's review and approval.

Board balance and independence

The Board comprises the Chairman, two Executive Directors and three independent Non-executive Directors. During the year, Giles Daubeney stepped down from the Board and his role as Deputy CEO.

The Board annually reviews its composition to ensure there is an appropriate balance between Executive and Non-executive Directors and by promoting diversity ensures the Board has the appropriate mix of skills, experience and knowledge. The Group's commitment to achieving a balance of Executive and Non-executive Directors is shown by:

- The Non-executive Directors comprising more than half of the Board of Directors;
- The Non-executive Directors Carol Hui, Brian McArthur-Muscroft, Tanith Dodge and Steven Cooper being considered to act independently of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement; additionally no Non-executive Director, including the Chairman, has served on the Board for more than nine years from the date of their first appointment; and
- The four independent Non-executive Directors met a number of times during the year without management present.

Senior Independent Director

Brian McArthur-Muscroft is the Senior Independent Director. As such, he is available to shareholders and other Directors when they may have issues or concerns where contact through the normal channels of either the Chairman or the Executive Directors has failed to resolve concerns, or where contact is deemed inappropriate.

Board composition, succession and evaluation

Transparency of Board appointments

The Nominations Committee is responsible for nominating candidates to fill Board vacancies, considers the ongoing succession of the Board and its Committees and makes recommendations on Board composition and balance. The members of the Committee are the Non-executive Directors and Robert Walters. During the year, the Nominations Committee met to consider and approve the re-election of the Directors at the May 2019 Annual General Meeting , considering both sufficient time available to meet Board responsibilities and other significant commitments which are disclosed in the Directors' Report on page 85.

We are committed to equality of opportunity regardless of gender, sexual orientation, race, age, disability or religious belief. We promote an honest and open environment and encourage colleagues with any concerns to report issues directly through line managers or via an independent, confidential integrity line. This was a focus of the Nominations Committee during the current year. The Board also implemented a policy to ensure that there will be an equal gender quota for any future long list for a Board appointment. During the year, the Board became 4% more gender balanced and female Directors comprise more than 30% of the Board.

The Nominations Committee has written terms of reference which are available on request. The procedure for appointments to the Board includes the requirement to specify the nature of the position in writing and to ensure that appointees have sufficient time available to meet the demands of the position. The terms of the contracts for the Non-executive Directors are available upon request.

Understanding the business

The Board has sought to ensure that Directors are properly briefed on issues arising at Board meetings by establishing procedures for:

- Distributing Board papers in advance of meetings in the appropriate form including detailed reports and presentations to enable the Board to discharge its duties;
- Presentations on different aspects of the Company's business from members of the Executive Committee or other members of senior management;
- The Non-executive Directors to meet senior operational management around the time of the annual global senior management conference;
- Regularly reviewing financial plans, including budgets and forecasts;
- Adjourning meetings or deferring decisions when Directors have concerns about the information available to them; and
- Making the Company Secretary responsible to the Board for the timeliness and quality of information.

Professional development

On appointment, the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision-making, the terms of reference and membership of the principal Board Committees and the powers delegated to those Committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior Executives, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and those which affect them as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up-to-date on relevant new legislation and changing commercial risks.

Performance evaluation

In line with the Code, a formal and rigorous performance appraisal of the Board, its Committees, the Directors and the Chairman is conducted annually as we recognise that our effectiveness is critical to the Group's continued long-term success. This process includes a tailored questionnaire that specifically includes, among other areas, Board effectiveness on communication, strategic approach and risk assessment.

In 2019, a detailed review was completed by each Director and individual discussions took place between the Chairman and each of the Directors; in the case of the Chairman's performance and leadership, this was reviewed by the Senior Independent Director. Subsequently, there was a full Board discussion of the matters that were raised and a process to ensure that the decisions taken were appropriately implemented. Overall, the outcome of the evaluation process was very positive, with good progress noted on the areas of focus raised in previous evaluations. This process did not identify any material issues that needed to be addressed.

External Board evaluation

Additionally, in 2019, an external Board evaluation was performed by Lintstock Limited, covering Board composition, stakeholder oversight, Board dynamics, Board support, management and focus of meetings, Board Committees, strategic oversight, risk management and internal control, succession planning and human resource management and priorities for change. Overall, the performance was rated highly, with key outcomes integrated into the top priorities for the coming year. The Chairman has evaluated the results, recognising areas of success and continued improvement, with no immediate influence on the Board composition.

Regular re-election of Directors

In line with the recommendations of the Code, the Board has agreed to submit all Directors for annual election. As a result of their annual performance evaluation, the Chairman considers that their individual performances continue to be effective, with each Director demonstrating commitment to their role. The Chairman is therefore pleased to support the re-election of all Directors. Giles Daubeney stepped down from the Board and his role as Deputy CEO at the previous Annual General Meeting.

Succession planning

A clear focus on career progression for employees is core to the Group's growth and helps attract and retain talented individuals.

The Group remains committed to maximising career opportunities through significant investment in training and professional development. Executive succession planning discussions were held in 2019 and a succession plan is in place for the Executive Board and their direct reports which strives to reflect talent and diversity. The Chairman of the Board will step down after a nine-year tenure, with an external search consultancy to be engaged for the appointment of a new Chairman.

Corporate Governance Statement continued

Audit, risk and internal control

Internal control

The Board is responsible for the effectiveness of the Group's system of internal control. A review has been completed by the Board for the year ended 31 December 2019 and up to the date of approval of the Annual Report. The Board's monitoring covers all controls, including financial, operational, compliance controls and risk management. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Audit and Risk Committee assists the Board in discharging its review responsibilities. During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

The Group's system of internal control is designed to safeguard the Group's assets and to ensure the reliability of information used within the business and for publication. Such a system is 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.

The full Board meets regularly and has a schedule of matters which are required to be brought to it or its duly authorised Committees for decision, aimed at maintaining full and effective control over appropriate strategic, financial, operational and compliance issues on an ongoing basis.

The Board has put in place an organisational structure with clearly defined responsibilities and delegation of authority. The Board constitution clearly sets out those matters for which the Board is required to give its approval. The Board delegates the implementation of the Board's policy on risk and control to Executive management and this is monitored by the Internal Audit function which reports back to the Board through the Audit and Risk Committee.

The Internal Audit function provides objective assurance to both the Audit and Risk Committee and to the Board. The Internal Audit annual plan is submitted for approval by the Audit and Risk Committee. The reviews and tests of key business processes and control activities are reported on throughout the year, including follow-up in respect of the implementation of management action plans to address any identified key control weaknesses or potential improvements. It was pleasing to note that once again there were no findings that indicated the existence of significant control weaknesses and that for areas capable of improvement identified in 2018, improvements had been made during 2019. In conclusion, there were no areas that were deemed to be unfit for purpose.

The Internal Audit function assists the Board in reviewing the principal risks of the business by continually assessing the principal risks in the existing framework against the current environment and operations. A robust Group-wide assessment, incorporating both top-down and bottom-up perspectives and including external input, of the Company's risk profile was carried out during the year, including the identification and consideration of emerging risks. The risk review process is detailed in the Audit and Risk Committee Report on pages 57 to 59. Following its review, the Board concluded that the principal risks and framework are in line with the current business model. The risk profile and framework are reviewed by the Board on an ongoing basis.

Report of the Audit and Risk Committee and the Auditor

A separate report of the Audit and Risk Committee is set out on pages 57 to 59 and provides details of the role and activities of the Committee and its relationship with the external auditor.

Carol Hui
Chairman
2 March 2020

Report of the Audit and Risk Committee

Dear Shareholder

I would like to give you an overview of the operation and scope of the Audit and Risk Committee and report on our work over the past year.

Composition of the Audit and Risk Committee

The members of the Audit and Risk Committee are appointed by the Board from the Non-executive Directors of the Company. The Audit and Risk Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the 2018 UK Corporate Governance Code (the Code). The terms of reference are considered annually by the Audit and Risk Committee and are available upon request.

Members of the Audit and Risk Committee include myself, Brian McArthur-Muscroft (Chairman), Tanith Dodge and Steven Cooper; all of whom are Non-executive Directors. The Audit and Risk Committee met three times during the year, with full attendance at each of the meetings.

The composition of the Audit and Risk Committee was reviewed during the year with the Board and Committee satisfied that it has the expertise and resource to fulfil its responsibilities effectively including those relating to risk and control. The Audit and Risk Committee is required to include one financially qualified member, with this requirement currently fulfilled by myself. All Audit and Risk Committee members are considered to be financially literate.

As Audit and Risk Committee Chairman, I invited the Chairman of the Board and the Executive Directors to each meeting. In addition, the Group Financial Controller, the Head of Internal Audit and representatives from the Group's current external auditor, BDO LLP (BDO), was present at each meeting whilst the previous Group's external auditor, Deloitte LLP, was present at the first meeting during the year.

Role of the Audit and Risk Committee

The Audit and Risk Committee meets at least three times a year to review the interim and annual financial statements, the accounting policies of the Group, its internal financial control procedures and compliance with accounting standards, business risk, legal requirements and the requirements of all other matters indicated by the terms of reference.

A process has been in existence throughout the period that this report relates to in order to assess the risks within the business and to report and monitor such risks. The Audit and Risk Committee regularly receives reports identifying the key internal controls in existence and also risk reports from the business. The Audit and Risk Committee then evaluates the effectiveness of those controls and the management of key risks within the Group.

The Audit and Risk Committee discharges its responsibility in respect of the annual financial statements by reviewing the terms of the scope of the external audit in advance of the audit and subsequently evaluating the findings of the external audit as presented to the Audit and Risk Committee by the Auditor prior to the approval of the annual financial statements.

Significant accounting judgements and estimates

The Audit and Risk Committee reviewed the Group's draft full-year and half-yearly results statements prior to Board approval and reviewed the external auditor's detailed reports thereon. In particular the Committee reviewed the opinions of management and the Auditor in relation to the appropriateness of the accounting policies adopted, significant estimates and judgements and whether disclosures were balanced and fair. The main areas of focus in 2019 and matters where the Committee specifically considered the judgements that had been made are set out below:

Revenue recognition – permanent placements

Revenue in respect of permanent placements is deemed to be earned when a candidate accepts a position and a start date is determined. A provision is made by management, based on historical evidence, for the proportion of those placements not yet invoiced where the candidate is expected to reverse their acceptance prior to the start date. The Audit and Risk Committee reviewed the detailed criteria for revenue recognition as well as a report on the cut-off testing performed on earned but not invoiced revenue and was satisfied by the judgements made by management. The Audit and Risk Committee also reviewed the back-out provision applied to this revenue, whereby a percentage of candidates may in reality reverse their acceptance prior to their start date and the level of provision is considered to be calculated on a consistent basis and appropriate based on historical trends.

Revenue recognition – temporary placements

Revenue from temporary placements, which is amounts billed for the services of temporary staff, is recognised when the service has been provided. Rate cards are used, particularly in the Resource Solutions businesses, to determine the temporary worker rates and to calculate the amounts to be billed. The Committee reviews and discusses revenue recognition from temporary placements with management, internal audit and the external auditor. The Committee also evaluates the design, implementation and operating effectiveness of the internal controls in place to ensure that changes in rate cards are being processed appropriately and temporary worker rates are being recorded accurately. The Committee concluded that management's approach to revenue recognition from temporary placements was consistent with the accounting policy, that any judgements made were appropriate, and that the internal controls currently in place around rate cards are operating effectively.

Report of the Audit and Risk Committee continued

IFRS 15 revenue from contracts with customers
Revenue is recognised under IFRS 15, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Committee has reviewed an assessment of the contracts that exist across the Group's revenue streams, including a review of performance obligations and the amount to be recognised as revenue, and it was concluded that revenue recognition under IFRS 15 is consistent with the Group's revenue recognition policy.

IFRS 16 Leases – first year adoption
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. The date of initial application of IFRS 16 for the Group was 1 January 2019. The Group has chosen the modified retrospective application, and has applied the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Judgement is applied in determining the leases to be accounted for under IFRS 16 and the associated discount rates, lease modifications and extensions applied. The Committee reviewed the key judgements made in adopting IFRS 16, related disclosures, and the impact of IFRS 16 on the financial statements.

Other significant matters considered by the Audit and Risk Committee
The Committee considered other significant matters as set out below:

Going concern and viability statement
In order to support the going concern assumption, the Committee was presented with detailed forecasts showing the current Group financing position and future cash flows; please refer to the viability statement on page 87. For the three-year period ending 31 December 2022, the Group's financing arrangements include:

- Net funds totalling £85.8m (this is net of the facility drawn down to the extent of £25.5m at 31 December 2019);
- A non-recourse £15.0m facility;
- A further £1.1m Renminbi-denominated loan;
- A guaranteed four-year borrowing facility of £60.0m; and
- Net current assets of £110.7m.

The Committee considered that a three-year period is appropriate as the timeframe over which any reasonable view can be formed given the cyclical nature of the market in which the Group operates (more detail is provided on page 87).

Based on the current financing position and projected cash flows and the considered potential impact of Brexit, the Committee concluded that the going concern assumption was appropriate.

Future accounting standards
The Committee receives regular updates on future accounting standards changes and the potential impact that these may have on the Group's financial statements. A number of new accounting standards will apply for the financial year 2020 and the Committee will continue to assess the impact on the Group's financial statements.

Fair, balanced and understandable
A final draft of the Annual Report is reviewed by the Audit and Risk Committee prior to consideration by the Board and the Committee considered whether the 2019 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance, business model and strategy. They were satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable and provided the necessary information for shareholders to assess the Group's performance, business model and strategy.

Internal Audit and risk
At the end of 2018, the Committee approved the Internal Audit plan for 2019. During the year, the Internal Audit function has delivered both significant geographic and financial coverage, as well as risk-based assurance across a wider remit including operational activities and support departments such as human resources and on-site audit reviews at Resource Solutions clients. Internal Audit reports regularly on key business processes and control activities, following up on the implementation of management action plans to address any identified control weaknesses. At each meeting, the Committee received a summary of new audit findings and a progress update on previously raised audit recommendations. A robust Group-wide risk analysis, including external input, was performed during the year as detailed in the Strategic Report: Principal Risks and Uncertainties. The Committee reviewed the independence and objectivity of the Internal Audit function and concluded that it was fit for purpose and also approved the Internal Audit plan for 2020.

Assessment of effectiveness of external audit process

The Committee assessed the effectiveness of the external audit process by obtaining feedback from all parties involved in the process, including management and the external auditor. As part of a formal review process, audit effectiveness questionnaires are completed by members of the Audit and Risk Committee and senior finance employees across the Group. A summary report of these responses, including recommendations for future improvement, was presented to the Committee for its consideration. It was concluded that the external audit process was operating effectively. The Committee held private discussions with BDO at both of the Audit and Risk Committee meetings in which the financial statements were considered, providing BDO an opportunity for open dialogue and feedback without management being present. Matters discussed included the preparedness and efficiency of management with respect to the audit, the strengths and any perceived weaknesses of the financial management team, confirmation that no restriction on scope had been placed on them by management and how they had exercised professional judgement.

Based on this formal feedback and its own ongoing assessment, the Committee remains satisfied with the efficiency and effectiveness of the audit.

Reappointment of Auditor

The Audit and Risk Committee is responsible for making recommendations to the Board regarding the appointment of its external auditors and their remuneration. In line with the new European Union Audit Directive and Regulation, the external audit contract for the 2019 audit was put out for competitive tender. After due and careful consideration, BDO was appointed as the Company's Auditor in respect to the period commencing 1 January 2019. The Audit and Risk Committee, following a review during the year, remains satisfied with the effectiveness and independence of BDO. There are no contractual obligations restricting our choice of external auditor.

Independence of our external auditor

The Audit and Risk Committee recognises the importance of ensuring the independence and objectivity of the Group's Auditor and reviews the service provided by the Auditor and the level of their fees. Any non-audit fees greater than £25,000 require the approval of the Audit and Risk Committee each financial year. The Audit and Risk Committee has adopted a policy with respect to the provision of non-audit services provided to the Group by the external auditor that complies with the requirements of the Code. The Board has delegated responsibility to the Audit and Risk Committee for making recommendations on the appointment, evaluation and dismissal of the external auditor.

Raising concerns in confidence

The Audit and Risk Committee also reviews the Group's whistleblowing procedures to ensure that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable follow-up action. The Audit and Risk Committee considers that the nomination of Brian McArthur-Muscroft, as a point of contact, for raising any such matter is an appropriate measure and the procedure for raising such concerns is detailed on the Group's intranet.

Approved

This report was approved by the Board of Directors on 2 March 2020 and is signed on its behalf by:

Brian McArthur-Muscroft
Audit and Risk Committee Chairman
2 March 2020

Directors' Remuneration Report

Dear Shareholder

I am delighted to introduce the Directors' Remuneration Report for the year ended 31 December 2019. This year's report incorporates changes to our remuneration policy following the publication of the new 2018 UK Corporate Governance Code (the Code) and our shareholders will be invited to vote on both the Annual Report on remuneration and on the Directors' remuneration policy at the Annual General Meeting (AGM) on 13 May 2020. This will be the third anniversary of the approval of our current policy. The Remuneration Committee believes that the policy has served the Company and shareholders well and is therefore asking shareholders to re-approve substantially the same policy which incorporates a number of amendments to reflect developments in remuneration practice and which we expect to remain in place for the next three years from the date of the AGM.

The Directors' Remuneration Report is split into two main parts and comprises:

- The Directors' remuneration policy which sets out the Group's intended remuneration policy for Directors which, subject to the approval by shareholders, will be effective from the 2020 Annual General Meeting. The Directors' remuneration policy is subject to a binding vote.
- The Annual Report on remuneration which details payments made to Directors in 2019, showing the link between Group performance and remuneration for the 2019 financial year and the intended approach to be applied to the 2020 financial year. The Annual Report on remuneration will be subject to an advisory vote.

Pay across Robert Walters

Robert Walters Group plc operates in a highly competitive sector. Our approach to the remuneration of all employees, including the Executive Directors, has been fundamental to our culture and our success over the years. We pay well across the Company, based upon merit and performance.

Our objective is to ensure that our shareholders receive value for money from our investment in remuneration. The total employee pay cost in 2019 was £260.2m of which the Executive Directors' total remuneration in 2019 was 2.3% of this. The Committee has historically been informed of all employee pay and employment conditions, but under the new UK Corporate Governance Code provisions, the Remuneration Committee's remit has expanded to include, (i) direct approval of Executive Committee and senior management pay and (ii) review of the workforce remuneration and related policies. Both of these additional items are included as a standing item on the Remuneration Committee's agenda. In addition to my role as Remuneration Committee Chairman, I have undertaken additional engagement internally (as more fully detailed on page 53) in order to have greater visibility of internal behaviours and values and the Remuneration Committee will take all these factors into account when setting policy and assessing outcomes for the Executive Directors' remuneration, ensuring alignment of incentives and rewards with the culture of the Company.

Share ownership is considered to be a key element of remuneration across the Group, with 140 senior employees participating in one of the Group's share schemes. Additionally, the Executive Directors have an obligation to acquire minimum shareholdings in order to align their interests with those of long-term shareholders.

The performance of the business over the last three years

This has been a positive period for the Group: share price increased by 63%, full dividend increased by 82%, TSR grew by 62.5% (which was a significant outperformance of the FTSE SmallCap Index average of 22.8%) and profit before taxation increased by 68%.

The performance of the business in 2019

The Group experienced difficult trading conditions during the year, given the political turbulence as a result of Brexit, the UK General Election, Hong Kong protests and the US/China trade standoff. Despite these challenges, the Group has increased net fee income by 3% to £405.5m. We have driven performance improvement in the majority of our markets and targeted headcount growth in specific high-value areas as we invest further in recruiting high calibre, talented employees while focusing upon the retention of our existing employees. This ensures the business is well-positioned for future growth opportunities. Profit before taxation of £47.4m has decreased by 3% largely due to the impact of the adoption of IFRS 16 Leases. The balance sheet remains strong and our net cash position was £85.8m at the year-end. 76% of our net fee income now comes from outside the UK and only 13% of recruitment net fee income from the financial services sector. Basic earnings per share was 48.4p, a decrease of 4% on the prior year basic earnings per share of 50.4p, and a proposed final dividend payment of 11.0.p per ordinary share represents an increase of 3% on the prior-year payment of 10.7p and a 5% increase in the total dividend payment for the year.

Decisions and pay outcomes in 2019

The annual bonus for 2019 was based on profit before taxation and specific Key Performance Indicators (KPIs) which are aligned to the business strategy and culture of the Company. The profit before taxation achieved for the year of £47.4m was at the lower end of the minimum threshold, and as a result no bonus for the financial element was payable. The maximum bonus hurdle of £59.6m set at the start of the year was 21% higher than the profit before taxation reported for 2018, reflecting a significant stretch based on both internal budgeting and external consensus forecasts which were considered relevant at the time. The challenging trading conditions created external headwinds making it more difficult to achieve these targets. However, the Committee determined that even though the adverse conditions were outside the control of the Executive Directors, targets remained appropriate and discretion was not used to alter the performance criteria. The specific strategic KPIs set at the start of the year included both individual objectives for the Executive Directors and team objectives. Key areas of focus this year included specific objectives, including certain country-related targets, employee culture and CSR targets and the strategic development of the Resource Solutions business. Based on performance objectively against these KPIs it was determined that, for both Robert Walters and Alan Bannatyne, 92% were delivered and for Giles Daubeney 100% were delivered. Within the Directors' Remuneration Report we have sought to give shareholders more information about how performance is assessed against the KPIs. In light of internal bonus distributions for the current year, both Robert Walters and Alan Bannatyne have opted to reduce the KPI proportion that they will receive by 12% to 80%. Consequently, bonus payments amounting to 20% of the maximum bonus opportunity were awarded to Robert Walters and Alan Bannatyne, representing 30% of salary, and 25% of the maximum bonus opportunity was awarded to Giles Daubeney, representing 37.5% of salary. A third of the bonus earned is deferred into shares and the Annual Report on remuneration has more details (page 73). The strong EPS growth over the three-year period of 75% will result in the full vesting of the shares granted in 2017 under the EPS performance condition. The Group's total shareholder return (TSR) over the three-year performance period was 63% compared to a relative result for the FTSE SmallCap Index of 23%, resulting in 95.5% vesting under the TSR performance conditions. This means that in aggregate 97.8% of the performance shares granted in 2017 will vest in March 2020 subject to continued service.

As a result of the incentive outcomes noted above, the total remuneration of the Chief Executive is 33% lower than his total remuneration for the previous year. The Committee is satisfied that overall the pay outcomes are a fair reflection of the strong corporate and individual performances delivered over the year and also over the last three years. This means that the ratio of the CEO's total realised pay to average pay in the Company is 37:1 for 2019 (2018: 57:1). Further details in respect of the CEO pay ratio are disclosed on page 78.

New remuneration policy and implementation of policy for 2020

The Remuneration Committee has recently engaged with our largest shareholders on the new Directors' remuneration policy, which is subject to a binding vote at the 2020 AGM. I am very grateful for the time taken by those shareholders to discuss this proposal, and for the constructive feedback they provided. The Remuneration Committee also considered developments in wider market practice and investor guidance when considering the continued appropriateness of the new remuneration policy. The key changes in our policy are:

- Pension contributions for any new Executive Director will be aligned with those of the wider workforce and for the existing Executive Directors these will be aligned by the end of 2021;
- The on-target bonus opportunity has been reduced to 50% of the maximum;
- Reduction in the percentage of PSP awards which vests for threshold performance (from 30% to 25% of maximum); and
- A formal policy on share ownership following cessation of employment will be introduced.

The Committee considered the use of formal post-cessation shareholding requirements. There was a strong view in the Committee that, once employment ceases, the future of the Company is very much in the hands of the new Executives. As these may be selected by the Board and not in the view of departing Executives be the right selection, the Committee understood that the fairness of a requirement to continue to hold shares after employment has ceased is debatable. We are also in a slightly different situation from many companies in that the CEO is a founder and the CFO is also long-serving and committed to the continuing success of the business. All that said we have been mindful that the Corporate Governance Code requires us to have a formal policy on post-employment shareholdings. Under the proposed Directors' remuneration policy, for PSP awards granted from March 2020 onwards, the Executive Directors are required to retain the number of shares worth 200% of salary for two years post-cessation as a Director. Further, deferred bonus shares for Executive Directors will continue to be deferred post cessation for a period of up to two years.

Following shareholder feedback, the Remuneration Committee believes that it is appropriate to propose this new policy.

Directors' Remuneration Report continued

Details of 2020 base salary levels

The Remuneration Committee has reviewed the base salaries of the Executive Directors and considered the overall employment market as well as the average base pay increases for employees in the UK and throughout the Group, together with current trading conditions. As a result, the Committee has decided to increase Executive Directors' salaries by 2.5% with effect from 1 January 2020, once again below the average increase for employees across the Group of 3.2%.

Details of the 2020 annual bonus

For 2020, the Remuneration Committee has determined that the annual bonus payment for the Executive Directors will be by reference to specific performance targets set at the beginning of the year. The performance measures are:

- Reported profit before taxation for the Group (75% weighting – in line with prior year and best practice); and
- Key Performance Indicators (25% weighting – in line with prior year and best practice).

No other changes are proposed to the implementation of the remuneration policy.

I look forward to your support on all of the resolutions relating to remuneration at the AGM on 13 May 2020.

Tanith Dodge

Tanith Dodge
Remuneration Committee Chairman
2 March 2020

Directors' remuneration policy

This section details the Group's remuneration policy (the policy) for Executive Directors. Shareholders are being asked to approve the policy at the 2020 Annual General Meeting in May and if approved, the policy will take effect from the AGM. The Remuneration Committee believes that the current policy, which was originally approved at the AGM on 25 May 2017, remains effective and shareholders will be asked to vote on the new policy which is substantially the same as the previously approved policy. The policy is designed to support the strategic business objectives of the Group in order to attract, retain and motivate our Executive Directors. We place considerable importance on pay for performance, on setting tough targets and on share ownership, which is in line with the entrepreneurial culture of the Group.

How the Remuneration Committee sets remuneration

The Remuneration Committee reviews the Group's remuneration philosophy and structure each year to ensure the remuneration framework remains effective in supporting the Group's business objectives. The review ensures that there is external input from professional advisers, consideration of the remuneration structures and quantum of the internal workforce and the performance of the business. The Remuneration Committee seeks to ensure that the policy is in line with best practice and fairly rewards individuals for the contribution to the business, having regard for the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre. The proposed policy has the benefit of being similar to that for the previous three years which itself was a simplification into a single equity scheme and has been seen to deliver pay outcomes aligned with performance over that period. Feedback from investors with regards to those changes was that the improved simplicity and clarity was welcomed. The policy is structurally consistent with that of the 140 senior employees and is consequentially culturally aligned. It is the view of the Committee that the policy addresses remuneration risk by balancing quantum of performance based reward with minimum required shareholding and sensible and stretching performance criteria. In particular, as equity incentives are proportionate to salary, and as the Group scales in size, percentage outperformance inherently moderates. There were no identified conflicts during the review process and the Remuneration Committee set forth its policy recommendation to the Board.

The total remuneration package links corporate and individual performance with an appropriate balance between long and short-term elements, and fixed and variable components. The policy is designed to incentivise Executive Directors to meet the Company's key objectives and, consequently, a significant portion of total remuneration is performance related.

Key changes in the new policy

As noted above the current policy is considered to be effective in supporting the strategic business objective and therefore few changes have been proposed for the new policy. The key changes in our new policy are:

- Pension contribution for any new Executive Directors will be aligned with those of the wider workforce and for the existing Executive Directors these will be aligned by the end of 2021
- The on-target bonus opportunity has been reduced to 50% of the maximum
- Reduction in the percentage of PSP awards which vests for threshold performance (from 30% to 25% of maximum)
- Introduction of post-cessation shareholding requirements, whereby for PSP awards granted from March 2020 awards, the Executive Directors are required to retain the number of shares worth 200% of salary for two years post-cessation as a Director. Further, deferred bonus shares for Executive Directors will continue to be deferred post cessation for a period of up to two years.

Directors' Remuneration Report continued

Executive Directors' remuneration policy

The table below sets out the detailed workings of each component of total remuneration which will be effective from the AGM on 13 May 2020.

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Base salary	The base salary of each Executive Director takes into account the performance of each individual and is set at an appropriate level to secure and retain the talent needed to deliver the Group's strategic objectives.	Salaries are normally reviewed annually on 1 January and are influenced by: – The performance of each individual Executive Director; – Average increase for employees across the Group as a whole; and – Information from relevant comparator groups including our industry peer group.	Annual increases will not exceed 7.5% + RPI, or the average increase of employees across the Group in any given year, whichever is higher. The level of increase may deviate from this maximum in the case of special circumstances (for example, increases in responsibilities or promotion). In these cases, any exceptional increase will not exceed 20% a year.	Base salary increases are principally set in line with market movement and also consider the average salary increase for other employees across the Group rather than individual performance. Poor performance is likely to lead to no adjustment being made.
Pensions	To provide a competitive employment benefit and long-term security.	Robert Walters Group plc operates a money purchase pension scheme. Executive Directors participating in the pension plan may benefit from annual Group contributions worth up to 20% of base salary. Executive Directors are entitled to take all or part of their pension contributions as a cash allowance.	20% of salary for current Executive Directors, which will be aligned to that available to the wider workforce at the end of 2021. For any new Executive Director the pension contribution will be aligned with that payable to the wider workforce.	n/a
Other benefits[3,4]	To provide cost-effective employment benefits and encourage share ownership.	Benefits currently include car allowance, mortgage subsidy, permanent health insurance and private medical insurance, and may also include other benefits in future. Relocation assistance may also be provided – see notes for further clarity. All benefits are subject to annual review to ensure they remain in line with market practice. Reasonable business related expenses will be reimbursed (including any tax due). The Group will continue to operate the Save As You Earn (SAYE) Option Scheme – see notes for further detail.	Maximum benefit costs will not exceed a value of £72,500 a year, indexed to inflation, except where a relocation package is required, and the costs will be capped by the Company's relocation policy.	n/a

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Annual bonus[1]	The annual bonus is designed to drive the achievement of the Group's financial and strategic business targets on an annual basis.	The annual bonus is dependent upon the achievement of specific annual performance conditions. One third of any earned bonus will be deferred for two years into shares, payable in equal tranches at the end of years one and two. The Group will apply a clawback (i.e. recovery) provision in respect of any annual bonus deferral into shares in the event of material restatement of previously published financial statements within 18 months of the financial year end of the year in which the deferred shares were awarded. A malus provision will operate in respect of any act or omission by the participant which, in the opinion of the Remuneration Committee, has amounted to gross misconduct.	The maximum bonus opportunity is 150% of salary for the achievement of stretch performance in any given year. Zero payment will be made for performance below threshold performance. The on-target bonus is 50% of maximum.	Performance is measured over one financial year, based on the following measures: – Financial targets as set out in the budget at the start of the year; and, – KPIs set against pre-determined strategic performance objectives. The intended weighting of these measures is not less than 75% financial and no more than 25% on KPIs. The Committee reserves the right to determine which performance measures and targets are to be used at the beginning of each financial year in order to align to the Group's strategic objectives. The Committee will not change the mix of measures or targets mid-year but does retain the right to apply its judgement when assessing formulaic outcomes in the case of a material misstatement of financial results or similar situation. The Committee will not exercise discretion to reward failure and will report on any exercise of discretion that changes the amount of remuneration paid in any year.

Directors' Remuneration Report continued

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Performance Share Plan (PSP) award[2,5]	The PSP is designed to promote staff retention, motivate Executives across the Group and promote team efforts towards Group-wide strategic objectives. The three-year time horizon of these share awards also aligns leadership with the longer-term returns of the business and shareholder interests.	PSP awards are normally granted annually and vest after three years, dependent on the achievement of performance conditions over a three-year period. A two-year holding period will apply to the post-tax value of vested shares in respect of awards made from 2019 where Executive Directors have not met the share ownership guideline of two times salary. The Group will apply a clawback (i.e. recovery) provision in the event of material restatement of previously published financial statements within 18 months of the financial year end of the year in which the PSP shares were awarded. A malus provision will operate in respect of any act or omission by the participant which, in the opinion of the Remuneration Committee, has amounted to gross misconduct.	The maximum award of PSP shares that may be made to an Executive Director in any financial year is limited to shares with an aggregate market value of 200% of base salary. The normal award level is 180% of salary and no change to this is envisaged. Threshold performance will result in the vesting of 25% of the shares under award while maximum performance will result in full vesting. There will be no vesting for performance below threshold.	Performance will be measured over a three-year period, subject to the following performance conditions: – 50% of the award will vest based on relative total shareholder return (TSR). This is currently measured relative to the FTSE Small Cap Index; and – 50% of the award will vest based on earnings per share (EPS) growth over the three-year period. The TSR and EPS components will operate independently. Vesting levels between threshold and maximum performance will be calculated on a straight-line basis.

Notes to the policy table:

1. In relation to the annual bonus:
   a. The financial performance measure or measures will be set by the Board at the beginning of each year in line with the budget and market expectations and will include measures such as profit before taxation which drive our business. In order to achieve maximum pay-out the financial performance delivered will have to be significantly ahead of budgets and market consensus.
   b. KPIs are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy. They help to balance our financial operational performance with strategic investments during the year in, for example, clients, our people and internal systems to ensure the long-term growth and sustainability of the Group. At the end of the financial year, the Remuneration Committee meets to assess the performance of each Executive Director against the financial performance targets and KPIs and determine the bonus pay-out. Examples of KPIs include successful execution of the Group's investment strategy, opening of new offices, staff retention and development, client and candidate satisfaction, innovation and cost-effective improvements to IT infrastructure. There is no formulaic threshold vesting for KPIs and it is for the Remuneration Committee to judge performance against KPIs. KPIs are designed to hold individuals accountable for delivering on non-financial value creation and to encourage and reward them for working as a team.
   c. The financial measures of the awards (e.g. profit before taxation) are not disclosed in advance as these are deemed to be commercially sensitive. The Committee assesses each year whether to disclose these targets at such a time when they are no longer deemed to be commercially sensitive and at the earliest after the end of the financial year. This has been the case for the last three years. The KPIs remain more commercially sensitive in the view of the Board but every effort is made to disclose how the decisions on assessing performance have been reached.
2. In relation to the PSP, the vesting criteria are split into the following two components:
   a. In determining the three-year EPS targets, the first year will be set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Committee, taking into account all available data. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The overall threshold target will be the compound result of years one, two and three. At threshold, 25% of the awards will vest. There is then a straight-line increase in vesting with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.
   b. In relation to the TSR performance condition, no vesting will occur unless performance at least matches the performance of the selected peer group which is currently the FTSE Small Cap Index and full vesting occurs when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. This level of performance is deemed to be broadly equivalent to upper quartile performance.
   c. The two criteria above have been selected on the basis that they are considered to align the interests of management with shareholders. EPS is a KPI for the business. The existence of a market-related component ensures that performance is also benchmarked against relative performance and not just absolute performance.

In addition, any vesting will be subject to satisfactory financial performance over the period, as determined by the Committee. The Committee will retain the right to change the performance measures, targets and weightings (within the framework of policy) as appropriate at the beginning of each plan cycle to reflect the Group's current operations. Performance measures, targets and weightings will be set at the beginning of each three-year period and will not be adjusted mid cycle although the Committee does retain the right to alter formulaic vesting of awards in the case of material misstatement of financial results or similar situation. The Committee will not exercise discretion to reward failure and will report on any exercise of discretion that changes the amount of remuneration paid in any year. A holding period of two years will apply to the net value of vested shares awarded under the PSP where Executive Directors have yet to reach the share ownership guideline. This has been introduced in the light of shareholders' views and has been applied to awards granted in 2017 onwards.

3. In addition, the Group operates the Robert Walters Group plc Save As You Earn (SAYE) Option Scheme, which is an HMRC-approved scheme open to all permanent UK employees. Each individual is allowed to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price up to a maximum value of £18,000. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract. The current scheme started in 2017 and will vest in 2020. All Executive Directors have enrolled in this new scheme to the maximum value of £18,000.
4. In respect of other benefits, the maximum benefit costs of £72,500 a year exclude potential costs in respect of any relocation which will be capped by the Robert Walters Group plc policy.
5. Dividends do not accrue to unvested equity awards.
6. The Committee operates the annual bonus, PSP and all-employee share plans in accordance with their respective rules, the Listing Rules and, where appropriate, HMRC rules. The Committee retains a number of discretions to ensure the efficient operation of the plans, which includes:
   a. The participants of each award plan.
   b. The timing of award grant, vesting or payment.
   c. The award quantum (although limited to that set out in the policy table on pages 65 and 66).
   d. The determination of good/bad leaver status for incentive plan purposes.
   e. How to deal with a change of control situation.
   f. Any adjustments which are required to take account of a variation in share capital.
7. The Committee also retains the ability to make adjustments to the performance measures or targets for outstanding awards and/or set different targets if an event occurs (e.g. a material acquisition or divestment) which means the original targets, in the opinion of the Committee, are no longer considered appropriate. Any change will be no less challenging to achieve in the opinion of the Committee. Any use of Committee discretion will be disclosed in the relevant Annual Report on remuneration.
8. To the extent that the remuneration policy for Executive Directors differs from the remuneration policy which applies to employees generally, this reflects differences in levels of responsibility, affordability and market practice.

Directors' Remuneration Report continued

Chairman and Non-executive Directors

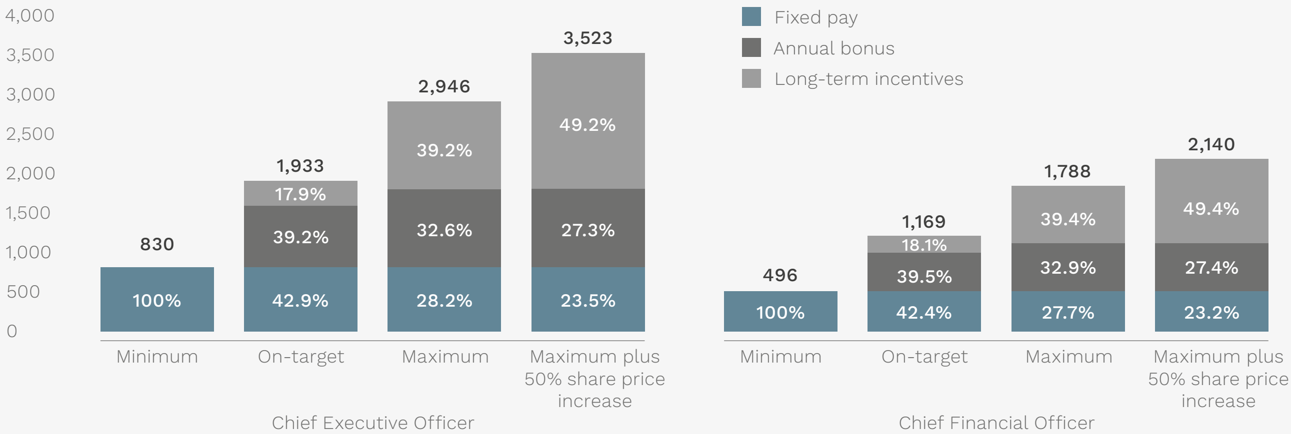
The table below sets out the fees payable to the Chairman and Non-executive Directors:

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Chairman and Non-executive Directors	The Group seeks to pay fees which reflect the level of responsibility, the time commitment and experience of the Chairman and Non-executive Directors and which are competitive with peer group fee levels. In order to ensure no potential impairment to the required impartiality and objectivity of the Chairman and Non-executive Directors, fees are not linked to performance.	The remuneration of the Chairman and Non-executive Directors is determined annually by the Remuneration Committee. The fee level is usually reviewed annually – and may be increased, in the light of practices in our peer group and in companies of similar size. The Chairman and Non-executive Directors have a letter of appointment and not an employment contract. Their appointment is terminable by either party giving not less than three months' written notice at any time. No compensation is payable on early termination. The Chairman and Non-executive Directors do not participate in any of the Group's share schemes, pension schemes or bonus arrangements.	The maximum aggregate fees for the Chairman and Non-executive Directors is set out in the Articles of Association and is currently £250,000. The fees for the Chairman and Non-executive Directors are determined by reference to benchmark market data and assessment of the expected time commitment. Reasonable business and travel expenses are reimbursed (including any tax due). Increases in fee value in any given year will be in line with market movement and will not exceed a maximum of 10% + RPI in any given year. In the event of a temporary but material increase in the time commitment required, an adjustment may be made to the fee level on a pro-rata basis.	The Chairman and Non-executive Directors are subject to an annual evaluation as part of the assessment of the Board's performance but no element of pay is specifically linked to performance conditions or the outcome of this assessment.

Illustration of application of the remuneration policy

The graph below provides an indication of the potential total remuneration of each Executive Director based on four performance scenarios: minimum, on-target, maximum and maximum plus 50% share price increase. As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013, the graph below takes no account of changes in share price growth or dividend and hence may differ from realised earnings shown in the single total remuneration figures on page 71 of the Annual Report on remuneration.

Value of package (£000s)



Notes to the illustrative graph:
1. Share price appreciation and the value of the dividends have not been included (i.e. the deferred bonus and PSP awards are based on the face value at grant).
2. For simplicity the value of any all-employee award has been ignored.

Each remuneration scenario is defined in the table below:

Element	Description
Minimum (fixed pay only)	Base salaries effective as at 1 January 2020. Pension at 20% of base salary. Actual benefit costs as recorded for the year ended 31 December 2019.
On-target	Fixed pay as above. On-target annual bonus of 118.1% of salary (78.8% of maximum). On-target PSP award vesting of 54% of salary (30% of maximum).
Maximum	Fixed pay as above. Maximum bonus of 150% of salary. Maximum PSP award vesting of 180% of salary.
Maximum plus 50% share price increase	Fixed pay as above. Maximum bonus of 150% of salary. Maximum PSP award vesting of 270% of salary.

Directors' Remuneration Report continued

Recruitment and appointment policy

Any remuneration arrangements for a new Director will be in line with the remuneration policy for existing Directors. Incentive awards will be in line with the current awards given to Directors and will be subject to the same maximum award levels and vesting criteria. As set out in the policy table, any new Director's pension contribution rate will be no more than that which applies to the general workforce.

Where the appointee has variable remuneration arrangements with a previous employer that will be forfeited on the termination of that employment, the Remuneration Committee reserves the right to offer a share-based buyout for value foregone. A cash-based buyout may be required if shares may not be awarded. This is meant to facilitate the recruitment of key individuals and may be done in accordance with the rules of the UK Listing Authority. Any such award would only be made in exceptional circumstances, would not exceed the estimated value being forfeited and would take into account any performance and timing conditions appropriate to the awards being replaced. Relocation costs which are reasonable and appropriate may also be paid.

The service contracts for each of the Executive Directors are open-ended and are available for inspection at the Company's registered address. These service contracts are terminable by either party giving up to 12 months' written notice at any time and there are no specific provisions relating to any payments for early termination of office, or in the event of a change of control. Service contracts for any new Executive Directors will feature broadly similar terms.

Policy on payment for loss of office

In the event of early termination of a current Executive Director's service contract, the Group has an absolute requirement to pay compensation reflecting the salary, pension and benefits to which the Executive Director would have become entitled to under the contract during the notice period. Alternatively, the Group may, under the contracts of employment in place and the rules of the plans, at its discretion make the following payments in the event of a 'good leaver' scenario:

- Notice period of 12 months' base salary, pension and contractual benefits or payments in lieu of notice;
- Bonus payable and time pro-rated for the period worked, subject to the achievement of the relevant personal and financial performance conditions; and
- Vesting of PSP awards and any existing share options granted under the Executive Share Option Scheme are governed by the rules of the relevant incentive plans. These rules provide the Remuneration Committee discretion to allow vesting depending on the extent to which performance conditions have been met at the date of cessation and the length of time the awards or options have been held. Accordingly, such awards will be held for up to three years post-cessation.

Each Executive Director has a duty to mitigate his loss in the event of termination. The Committee may settle any other amounts reasonably due to the Executive Director, for example to reimburse the leaver for a reasonable level of legal fees in connection with a settlement agreement or for outplacement services. The Chairman and the Non-executive Directors are not entitled to any compensation in the event of early termination.

Statement of employment conditions elsewhere in the Group

Each year, prior to reviewing the remuneration of the Executive Directors, the Remuneration Committee is fully briefed on the remuneration practice across the Group, including an overview by country of how employee pay compares to the market, and material changes during the year and detailed comparative analysis of basic pay and variable pay changes within the UK where all of the Executive Directors are based. It ensures that the decisions on the remuneration of Executive Directors are made in the context of pay and employment conditions elsewhere in the Group. The Group does not consult with employees as part of the process of reviewing Executive pay. We do consult with our major institutional shareholders when making major changes to pay.

Consideration of shareholders' views

The Committee engages in dialogue with major shareholders and their representatives and meets with the Group's largest investors to discuss and take feedback and to consult on major changes to the Directors' remuneration policy and governance matters. The level of support for the Directors' remuneration policy was high even though our shareholders have differing views on remuneration, for example, on performance measures.

Annual Report on remuneration

This section of the report provides details of the payments made to Directors in respect of the 2019 financial year. The sections of the report which are subject to audit have been highlighted.

Single total figure of remuneration (audited)

As illustrated by the TSR performance graph on page 77, the Group has outperformed the FTSE Small Cap since 2016 and there has been a strong correlation between performance and pay.

Executive Directors

The total remuneration for 2019 and comparative prior year figures for each Executive Director are set out in the table below. The single total figures for 2019 are lower than those for the previous year and reflect the reduction in the annual bonus, given the financial threshold was not met, and the lower value of vested shares due to reduction in the share price during 2019. The single total remuneration figures for 2018 have also been updated to reflect the share price on the date of vesting of LTIP awards (rather than the estimated price used last year prior to them vesting). The total realised remuneration for the Executive Directors is equivalent to 3.2% of the increase in the market capitalisation of the Company created over the last five years.

2019	Base salary £'000	Other[1] benefits £'000	Pension £'000	Total fixed pay £'000	Bonus[2] £'000	LTIPs[3] £'000	Total variable pay £'000	Total[4] £'000
R C Walters	**626**	**60**	**125**	**811**	**188**	**1,340**	**1,528**	**2,339**
G P Daubeney*	**555**	**47**	**111**	**713**	**208**	**1,189**	**1,397**	**2,110**
A R Bannatyne	**382**	**26**	**76**	**484**	**115**	**818**	**933**	**1,417**
	1,563	**133**	**312**	**2,008**	**511**	**3,347**	**3,858**	**5,866**

*Giles Daubeney stepped down from the Board on 17 May 2019. He continues to be remunerated as announced and will cease to be employed by the Group at the end of his notice period on 16 May 2020.

2018	Base salary £'000	Other[1] benefits £'000	Pension £'000	Total fixed pay £'000	Bonus[2] £'000	LTIPs[3] £'000	Total variable pay £'000	Total[4] £'000
R C Walters	607	60	121	788	874	1,809	2,683	3,471
G P Daubeney	539	48	108	695	776	1,605	2,381	3,076
A R Bannatyne	371	26	74	471	534	1,104	1,638	2,109
	1,517	134	303	1,954	2,184	4,518	6,702	8,656

1. Each of the Executive Directors received a range of benefits, comprising permanent health insurance, private medical insurance, a car allowance and mortgage subsidy. The benefits for Robert Walters and Giles Daubeney have not been increased in value since 2000; and, in the case of Alan Bannatyne, since his promotion to Chief Financial Officer in 2007.
2. Two thirds of the annual bonus shown is paid in cash and one third is deferred and held as shares. The performance measures, targets and the outcomes for the annual bonus plan are described on page 72.
3. The performance measures, targets and the performance outcomes for the Performance Share Plan are detailed on page 74. The value of the LTIP vesting which is attributable to share price increases is £302,000, £268,000 and £184,000 for Robert Walters, Giles Daubeney and Alan Bannatyne respectively.
4. The single total LTIP figures for each Executive Director are based on an estimate of the share price on the date of vesting. For the 2019 figure we have used the average share price for the final quarter of the financial year for 2019 of 519p. The 2018 single total figures were based on an estimate using the average share price for the final quarter of the financial year for 2018 of 579p and have been revised to reflect the actual share price on vesting of 600p for the PSP and co-investment awards.

Chairman and Non-executive Directors (audited)

The total remuneration for 2019 and 2018 for the Chairman and each Non-executive Director is set out in the table below.

	2019[1] Total fees £'000	2018[1] Total fees £'000
C Hui	**124**	110
B McArthur-Muscroft	**76**	73
T Dodge	**71**	69
S Cooper[2]	**61**	15
L Van de Walle[2]	**-**	20
	332	287

1. No taxable benefits are payable to the Chairman and Non-executive Directors.
2. S Cooper joined the Board on 8 October 2018 while L Van de Walle resigned from the Board on 1 March 2018.

Directors' Remuneration Report continued

Additional details in respect of the single total figure (audited)

Base salary

For 2019, the Committee gave Robert Walters, Giles Daubeney and Alan Bannatyne a base salary increase of 3.0% and this came into effect on 1 January 2019. These salary increases were lower than the average salary increase for employees across the Group of 3.3%.

Other benefits

Each of the Executive Directors is entitled to a range of benefits, comprising permanent health insurance, private medical insurance, car allowance and mortgage subsidy.

Pensions

Each of the Executive Directors is entitled to an annual contribution of 20% of salary to be paid into an approved money purchase scheme or as cash in lieu. All of the Executive Directors take their pension contribution as a cash allowance.

Annual bonus

For 2019, the Remuneration Committee determined the annual bonus payment for the Executive Directors by reference to specific performance targets set at the beginning of the year. The total maximum bonus payout is 150% of salary of which 112.5% is subject to profit before taxation performance and 37.5% is subject to personal KPI performance.

Annual bonus performance outcomes

– The 2019 threshold, budget (i.e. target) and maximum performance standards for reported profit before taxation (which has a 75% weighting) were set in the light of both internal budgets and market expectations. The Group profit before taxation thresholds, target and maximum performance standards set for 2019 were £48.8m, £54.2m and £59.6m respectively. The upper end of the target range represented a 21% increase on the prior year outturn and was therefore considered to be particularly stretching. At threshold, 35% of maximum bonus is payable and at target 56.25% of maximum bonus is payable. The outcome of profit before taxation was £47.4m. This was below threshold after allowing for the bonus accrual and resulted in the payment of 0% of salary for each Executive Director (2018 payment: 105% of salary).

– Performance against the Key Performance Indicators (KPIs) (which have a 25% weighting) has been assessed against a number of objectives which cover several different areas including financial, environmental, social and governance. The Remuneration Committee does not consider that it is appropriate to disclose the specific targets for the non-financial KPIs which, in the opinion of the Board, remain commercially sensitive even retrospectively. The Board is of the view that this information can give our competitors a competitive advantage. The Remuneration Committee takes a systematic approach to setting the KPIs and to the assessment of performance against them. Although many of the objectives are individual, the Remuneration Committee seeks to encourage the Executive Directors to work effectively as a team, which aligns to the culture of the business. The KPIs therefore reflect their shared responsibilities for moving the business forward and investing appropriately in the long-term sustained performance of the Group. At the start of the year, the Remuneration Committee selects and agrees, for each of the Executive Directors, specific goals which are designed to develop the Group and to mitigate a variety of the risks that face the Company. They are designed to be stretching and require actions and delivery to a high standard. The objectives for 2019 covered three key areas of focus that included specific business units, territories of strategic importance and broader cultural, CSR and employee related issues. These were then subdivided into 13 specific measurable objectives including external benchmarking criteria, percentage employee related targets and clear compliance and governance related metrics. Broader strategic requirements, management development, client acquisition and cross-selling targets were also included.

– These objectives are comprehensively assessed by the Remuneration Committee with detailed reports submitted in respect to the level of achievement during the year against each of the objectives. The Remuneration Committee then meets, reviews and debates the detailed submissions before determining the level to which the KPIs have been met. The majority of KPIs were achieved, including: delivering on strategic re-positioning for Resource Solutions; geographical expansion targets; operational efficiencies; client acquisition; cross-selling; successful external benchmarking in respect of Group employer brand; and ensuring that employee engagement is embedded in the Board agenda. Nevertheless, there were certain areas where it was determined that KPIs had not been achieved and therefore bonus allocation was reduced accordingly. It was therefore determined that 92% of the maximum was payable under this element to Robert Walters and Alan Bannatyne, representing 23% of the maximum bonus and 34.5% of salary. Given the nature of internal bonus distribution during the year, both Robert Walters and Alan Bannatyne opted to receive a reduced allocation of 30% of salary. Giles Daubeney stepped down from the Deputy CEO role on 17 May 2019 and moved into a strategic role which accordingly resulted in different KPI requirements. It was determined that KPIs set in his role as Deputy CEO and in his new role were fully met, therefore 100% of the maximum was payable under this element to him, representing 25% of the maximum annual bonus and 37.5% of salary.

Consequently, total bonuses of 20% of the maximum were awarded to Robert Walters and Alan Bannatyne, representing 30% of salary (compared to 144% of salary for the previous year) and a total bonus of 25% of the maximum was awarded to Giles Daubeney, representing 37.5% of salary (compared to 144% for the previous year). One third of the earned bonus for 2019 will be deferred for two years into shares, payable in equal tranches after one and two years respectively. The bonus figure shown in the single total figure table on page 71 is the total bonus awarded in relation to performance for the year, including the portion that is deferred. Details of the cash payment and the deferred shares are set out below.

	2019			2018		
	Annual bonus £'000s	**Cash payment – two thirds £'000s**	**Deferred payment – one third £'000s**	Annual bonus £'000s	Cash payment – two thirds £'000s	Deferred payment – one third £'000s[1]
R C Walters	**188**	**125**	**63**	874	583	291
G P Daubeney	**208**	**208**	**-**	776	517	259
A R Bannatyne	**115**	**77**	**38**	534	356	178

1. 50% of the deferred shares awarded in 2018 and the remaining 50% of the deferred shares awarded in 2017 have vested at the end of 2019.

Over the last five years, the average total bonus pay-out has been 76% of total bonus opportunity. This has been a period during which the Group has successfully implemented core strategies of entering new markets, expanding disciplines and scaling individual businesses, in particular Resource Solutions which has grown revenues at a compound average rate in excess of 9% during the period. All of which has been achieved against a difficult macroeconomic backdrop. Over the five-year period, EPS has increased year-on-year on average by 21% and by 216% cumulatively.

Directors' Remuneration Report continued

Long-term incentive plans (audited)

The remuneration shown in the long-term incentive plan (LTIP) figures in the single total figure table on page 71 shows the total vested value of shares granted under the Performance Share Plan (PSP) which are detailed below:

Performance Share Plan (PSP)

The 2019 value represents an estimate of the value of the PSP share awards that were granted in March 2017. PSP awards granted in March 2017 are scheduled to vest in March 2020 subject to the achievement of stretching performance conditions over the three-year period ending on 31 December 2019 and continued employment until vesting. Details of the performance levels achieved over this three-year period are set out below:

Performance measure	Weighting	Performance required for minimum vesting (i.e. 33% of award)	Performance required for maximum vesting (i.e. 100% of award)	Actual performance	% of vesting achieved
Compound annual increase in EPS compared to the increase in RPI over three years.	50%	The Group's annualised EPS growth rate to exceed the UK retail price index by at least an annual compound growth of 8%.	The Group's annualised EPS growth rate to exceed the UK retail price index by at least an annual compound growth of 14%.	The Group's annualised compound EPS growth was 20% and hence above the maximum of the performance range (cumulatively: 75%).	100%
Relative TSR measured against the FTSE Small Cap Index over three years.	50%	Relative TSR of the Group matches the median relative TSR performance of the FTSE Small Cap Index.	Relative TSR of the Group exceeds the median relative TSR performance of the FTSE Small Cap Index by at least an annual compound growth of 12.5%.	TSR over the three-year period ended 31 December 2019 was 62.5% compared to a median TSR of the FTSE Small Cap Index of 22.8%. Therefore, performance was between threshold and maximum.	95.5%
Total to vest in March 2020					**97.8%**

The table below details the awards granted in March 2017, the potential value of these awards at grant date and the estimated value of the shares awarded under the PSP included in the single figure table for the financial year 2019.

	No. of PSP awards granted	Grant price (p)[1]	Face value (£'000)[2]	Fair value (£'000)[3]	% of vesting achieved	No. of vested awards	Value attributable to share price increases[4]	Total value of vested awards (£'000)[4,5]
R C Walters	264,067	402	1,062	793	97.8%	258,258	302	1,340
G P Daubeney	234,269	402	942	703	97.8%	229,115	268	1,189
A R Bannatyne	161,216	402	648	484	97.8%	157,669	184	818

1. Grant price is the market value at the time of grant.
2. Face value has been calculated as the maximum number of shares that would vest if all performance measures and targets are met, multiplied by the share price at date of grant.
3. Fair value has been calculated as the fair value of one share as provided by Aon Hewitt New Bridge Street's stochastic option pricing model, multiplied by the number of shares granted.
4. The component value of the awards vesting which is the direct result of the share price increasing over the vesting period.
5. The total value of awards has been estimated using the average share price for the final quarter of 2019 of 519p per share. The value of the award may differ as it is dependent on the share price on the vesting date.

The Remuneration Committee has powers to exercise discretion in relation to the vesting of shares under the PSP. The vesting of share awards is subject to the Remuneration Committee being satisfied that there has been a genuine improvement in the underlying performance of the business. No discretion to enhance or reduce remuneration was exercised in the year. The performance conditions for all outstanding awards under the PSP can be found opposite.

Long-term incentives awarded in 2019 (audited)

Performance Share Plan (PSP)

On 1 March 2019, the Executive Directors were granted share awards to the value of 180% of salary as follows:

	Share awards	Grant price (p)[1]	Face value (£'000)[2]	Fair value (£'000)[3]	% award vesting at minimum threshold performance
R C Walters	207,788	542	1,126	858	30%
A R Bannatyne	126,872	542	688	524	30%

1. Grant price is the market value at the time of grant.
2. Face value has been calculated as the maximum number of shares that would vest if all performance measures and targets are met multiplied by the share price at date of grant.
3. Fair value has been calculated as the fair value of one share as provided by Aon Hewitt New Bridge Street's stochastic option pricing model, multiplied by the number of shares granted.

The performance conditions and weightings for these PSP awards are set out as follows:

Performance measures	Weighting	% of award vesting at threshold
Total shareholder return (TSR) relative to the FTSE Small Cap Index over a three-year period	50%	15%
Earnings per share (EPS) growth over a three-year period	50%	15%
Total	**100%**	**30%**

In relation to the PSP performance measures, the vesting criteria are split into the following two components:

a. In determining the three-year EPS targets, the first year is set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Company, taking into account all available data. For the 2019 awards, the first year target was set at an increase of 12.5% over the previous year. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The three-year threshold will be the compound result of EPS growth in years one, two and three. There is then a straight-line increase in vesting, with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.

b. In relation to the three-year relative TSR performance measure no vesting occurs unless performance at least matches the performance of the FTSE Small Cap Index and full vesting occurs only when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. This is deemed to be the equivalent of upper quartile performance.

Statement of Directors' shareholding and share interests (audited)

Share options

Details of the options to acquire ordinary shares in the Company granted to or held by the Directors under the Company's Executive Share Option Scheme (legacy awards) or SAYE Option Scheme are as follows:

	Options at 1 January 2019	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2019[1]	Price granted (p)[2]	Share price on exercise (p)	Gain on exercise (p)	Exercise dates
R C Walters									
Executive Options	300,000	–	–	–	300,000	353	–	–	Mar 2017 – Mar 2024
SAYE Options	4,945	–	–	–	4,945	364			May 2020 – Nov 2020
	304,945	**–**	**–**	**–**	**304,945**				
G P Daubeney									
Executive Options	250,000	–	–	–	250,000	353	–	–	Mar 2017 – Mar 2024
SAYE Options	4,945	–	–	–	4,945	364	–	–	May 2020 – Nov 2020
	254,945	**–**	**–**	**–**	**254,945**				
A R Bannatyne									
Executive Options	200,000	–	(200,000)	–	–	208	600	392	Mar 2013 – Mar 2020
Executive Options	200,000	–	–	–	200,000	211	–	–	Mar 2016 – Mar 2023
Executive Options	200,000	–	–	–	200,000	353	–	–	Mar 2017 – Mar 2024
SAYE Options	4,945	–	–	–	4,945	364	–	–	May 2020 – Nov 2020
	604,495	**–**	**(200,000)**	**–**	**404,495**				
	1,164,385	**–**	**–**	**–**	**964,385**				

1. In total there are 950,000 options that have vested but are unexercised.
2. Market price when awarded, except for SAYE Options which were granted at a 20% discount to the market price.

Directors' Remuneration Report continued

The performance criteria of the options are detailed in note 18. SAYE Options are not subject to any performance measures.

The market price of the ordinary shares at 31 December 2019 was 556p per share (2018: 550p per share) and the range during the year was 448p to 666p per share.

Performance Share Plan (PSP) (audited)

There are currently 140 senior Executives who participate in the PSP, including the Executive Directors. The table below shows the number of shares that have been awarded to the Executive Directors under the PSP and that remained unexercised at the end of the financial year, and also shows the shares which were granted, which vested and which lapsed during the year. All PSP awards are subject to the same performance measures and targets.

	Date of grant	Share awards	Vested /forfeited during the year	Lapsed /forfeited during the year	At 31 December 2019	Share price on date of award (p)[1]	Exercise date
R C Walters							
	March 2016	339,550	(301,520)	(38,030)	–	305	March 2019
	March 2017	264,067	–	–	264,067	402	March 2020
	March 2018	172,055	–	–	172,055	636	March 2021
	March 2019	207,798	–		207,798	542	March 2022
		983,470	**(301,520)**	**(38,030)**	**643,920**		
G P Daubeney							
	March 2016	301,219	(267,482)	(33,737)	–	305	March 2019
	March 2017	234,269	–	–	234,269	402	March 2020
	March 2018	152,639	–	(152,639)	–	636	March 2021
	March 2019	–	–	–	–	–	March 2022
		688,127	**(267,482)**	**(186,376)**	**234,269**		
A R Bannatyne							
	March 2016	207,295	(184,078)	(23,217)	–	305	March 2019
	March 2017	161,216	–	–	161,216	402	March 2020
	March 2018	105,054	–	–	105,054	636	March 2021
	March 2019	126,872	–	–	126,872	542	March 2022
		600,437	**(184,078)**	**(23,217)**	**393,142**		

1. Market price when awarded.

In accordance with the guidance issued by The Investment Association and consistent with the rules of the Company's share schemes, the maximum number of new shares that may be issued in respect of all share schemes is limited to 10% of the issued share capital. At 1 January 2020 the Company had outstanding options representing 4.6% of issued share capital. Share awards made under the PSP are satisfied with market-purchased shares through the Employee Benefit Trust.

In the event of a change of control, the rules specify that all awards would vest subject to satisfaction of the performance conditions. The awards would normally then be pro-rated to reflect the period of time between the date of grant and the date of change of control. Further information relating to all equity awards currently available to Executive Directors is detailed on pages 74 and 75 and in note 18 to the accounts.

Directors' interests in shares (audited)

The Directors who held office at 31 December 2019 had the following interests in the ordinary shares of the Company:

	31 December 2019 Number	31 December 2018 Number
R C Walters	**2,452,567**	2,267,159
G P Daubeney[1]	**1,656,112**	1,633,069
A R Bannatyne	**585,804**	486,283
C Hui	**10,000**	10,000
B McArthur-Muscroft	**7,140**	7,140
S Cooper	**6,000**	5,000
T Dodge	**6,000**	–
L Van de Walle[2]	**–**	30,587

1. G P Daubeney resigned as Deputy CEO from the Board on 17 May 2019 and his interest at 17 May 2019 was 1,656,112.
2. L Van de Walle resigned as Chairman from the Board on 1 March 2018 and his interest as at 1 March 2018 was 30,587.

There has been no change to the interest of the Directors between 31 December 2019 and the date of the Annual Report.

Share ownership policy (audited)

Executive Directors are subject to share ownership guidelines which recommend a minimum holding of 200% of salary. Their current holdings are all well in excess of this, which we believe aligns their interests with those of shareholders. Only shares that are beneficially owned by the Executive Directors and connected persons count towards the share ownership policy. For the avoidance of doubt, Directors are not permitted to take forward options or in any way securitise or hedge their holdings of Robert Walters Group plc shares.

The percentage and value of the shareholdings of the Executive Directors, based on the share price at 31 December 2019 and expressed as a percentage of salary, are as follows:

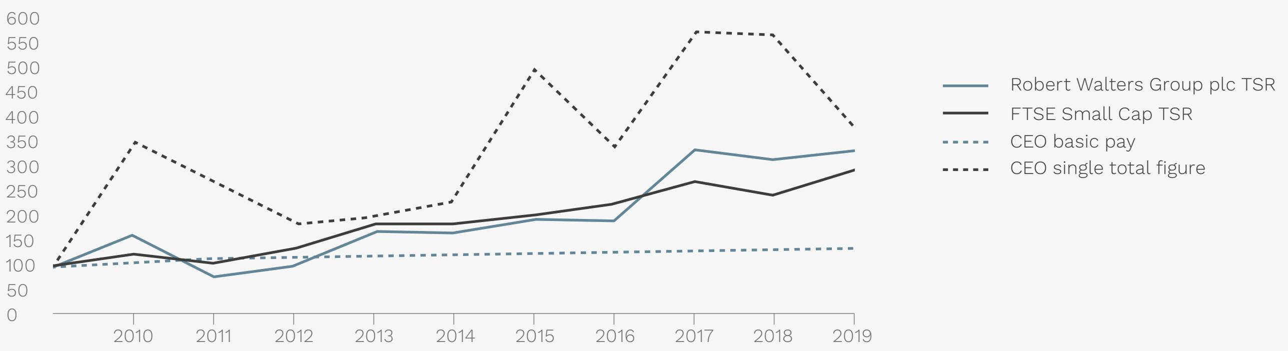
Shares held	% of issued share capital	% of salary
R C Walters	3.06%	2,179%
G P Daubeney*	2.07%	1,659%
A R Bannatyne	0.73%	853%

*G P Daubeney resigned as Deputy CEO from the Board on 17 May 2019; the above has been calculated using his interest as at 17 May 2019.

TSR performance and the CEO's pay

The Remuneration Committee supports the Group's strong view that remuneration should be linked to performance. The following graph shows how the Chief Executive's base salary (and total realised pay) has changed since 2010. It also shows the Company's total shareholder return (TSR) against the TSR of the FTSE Small Cap Index. The FTSE Small Cap Index has been selected because Robert Walters Group plc is a constituent.

Total return (rebased to 100)



Directors' Remuneration Report continued

The following table shows the Chief Executive's total realised pay (calculated using the same approach we have used to calculate the single total figure) in each of the last ten years. It also shows the levels of pay-outs from the annual bonus and the long-term share-based plans in each year going back to 2010.

R C Walters	Single total figure showing realised remuneration £'000[1]	% of total bonus paid against maximum opportunity[2]	% of LTIPs vesting against maximum opportunity[3]	Period over which the LTIP performance targets are based
2019	2,339	20%	98%	2016 – 2019
2018	3,471	96%	89%	2015 – 2018
2017	3,501	95%	100%	2014 – 2017
2016	2,092	80%	78%	2013 – 2016
2015	3,014	93%	100%	2012 – 2015
2014	1,463	100%	18%	2011 – 2014
2013	1,241	100%	0%	2010 – 2013
2012	1,168	0%	71%	2009 – 2012
2011	1,699	40%	35%	2008 – 2011
2010	2,112	120%	32%	2007 – 2010
Total average		**74%**	**62%**	

1. Total remuneration is calculated as the total of fixed and variable pay based on the same calculation method used in the single total figure table on page 71.
2. The percentage (%) of total bonus paid against maximum opportunity is calculated as the annual bonus pay-out in each respective year based on the same calculation method used in the single total figure table as a % of the maximum opportunity.
3. The percentage (%) of LTIP shares vesting against maximum opportunity is calculated as the number of share options and PSP awards that have vested in the year as a % of number granted.

Percentage change in Chief Executive's pay compared to employees

The table below shows the year-on-year percentage movement of base pay, other benefits and annual bonus in 2019 for the Chief Executive, compared with the average percentage change for Group employees.

The Chief Executive's remuneration disclosed in the table below uses the same information for base salary, other benefits and bonus as the single total figure on page 71. The Group employee pay is calculated using the movement of the average remuneration (per head) for all Group employees.

	Base salary	Other benefits including pension	Bonus
R C Walters	3.0%	2.2%	(78.5%)
All employees	3.3%	7.9%	(10.8%)

The ratio of the CEO's total realised pay to average pay in the Company is 37:1 for 2019 (2018: 57:1).

Chief Executive's pay ratio to the UK workforce

As required by The Companies (Miscellaneous Reporting) Regulations 2018, the Group has disclosed the Executive pay ratios, showing the relationship between the Company's Chief Executive's pay, and the pay of the UK-based workforce. Accordingly, the table below shows the ratio of the Chief Executive's single figure total remuneration to the UK-based lower, median and upper quartile paid employees' single figure total remuneration. The employee total remuneration includes base salary, other benefits including pension, annual bonus and share-based remuneration.

	Method	Lower quartile	Median	Upper quartile
2019 ratio	Method A	76:1	51:1	52:1
2019 total pay and benefits £'000s	Method A	30.8	45.9	65.0
2019 salary component £'000s	Method A	26.0	38.0	52.8

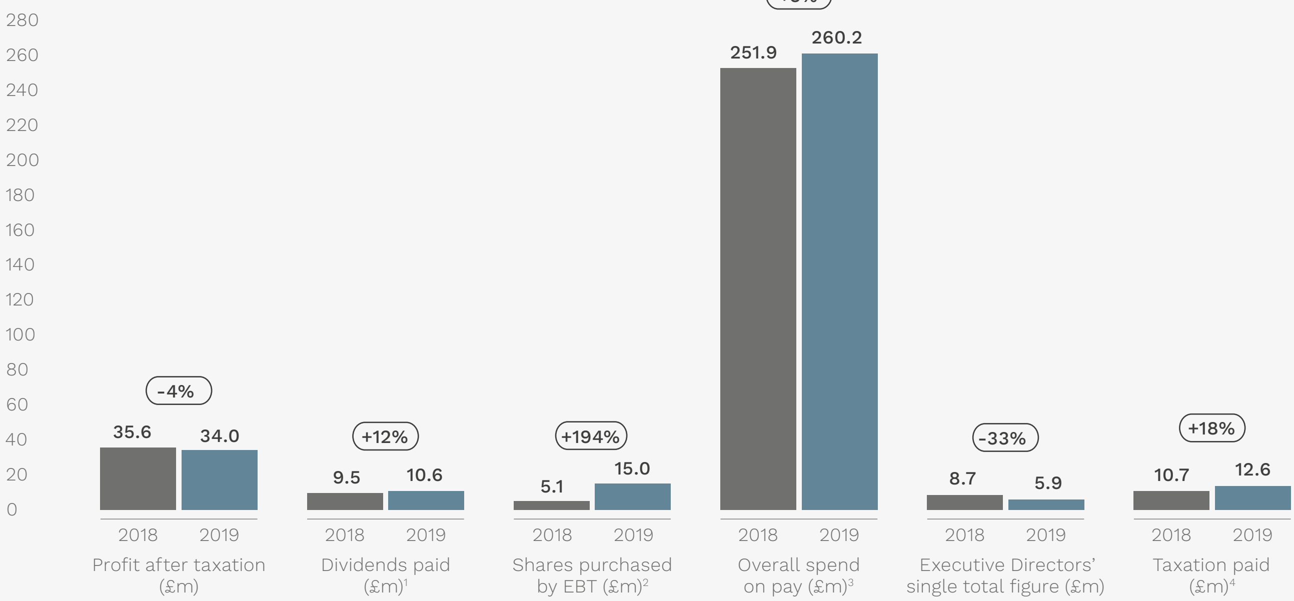
The Group has chosen to calculate the ratios in accordance with Option A methodology laid out in the remuneration regulations as the lower quartile, median and upper quartile employees could be identified based on full-time equivalent pay data as at 31 December 2019 and the Group felt that this was the most accurate way of calculating the ratios.

The employee pay data was obtained from the single payroll system used in the UK and after reviewing the data, the Group is satisfied that it fairly reflects the relevant quartiles given the range of roles within the UK business. As the head office is located in the UK and based on the Group's organisational shape and nature, there is a large proportion of administrative and support roles in the UK which explains both the ratios at the lower quartile and median. The upper quartile ratio is reflective of the make-up of Group management and senior management who have a broad range of salaries. Given potential volatility in the CEO single figure, year-to-year movements can be significant, but the Committee will be more mindful of longer-term trends which are identified by the data.

Relative importance of the spend on pay

The graph below shows details of the Group's profit after taxation, dividends paid, share buybacks, total spend on pay and taxation paid for the years ended 31 December 2018 and 2019. In the opinion of the Board, profit before taxation and taxation paid are both helpful reference points for putting the investment of pay costs necessary in a professional services business into context.

Spend on pay



Notes to the illustrative graph:

1. The total dividend paid during the year ended 31 December 2019 was £10.6m based on a final dividend of £7.5m, paid on 3 June 2019, and an interim dividend of £3.1m paid on 18 October 2019. Further details on dividends are given in note 6.
2. The shares purchased by the EBT represent the total amount spent by the EBT on shares during the year ended 31 December 2019.
3. Overall spend on pay includes wages and salaries, social security costs, pension costs and share-based payments for all employees including Directors. Further details of the total remuneration of the Group are given in note 4.
4. Taxation paid during the year represents the corporation taxation paid for the Group during the year ended 31 December 2019.

Payments to past Directors and payments for loss of office (audited)

There have been no other payments to past Directors or for loss of office during the current or previous financial year.

Directors' Remuneration Report continued

The implementation of our remuneration policy in 2020

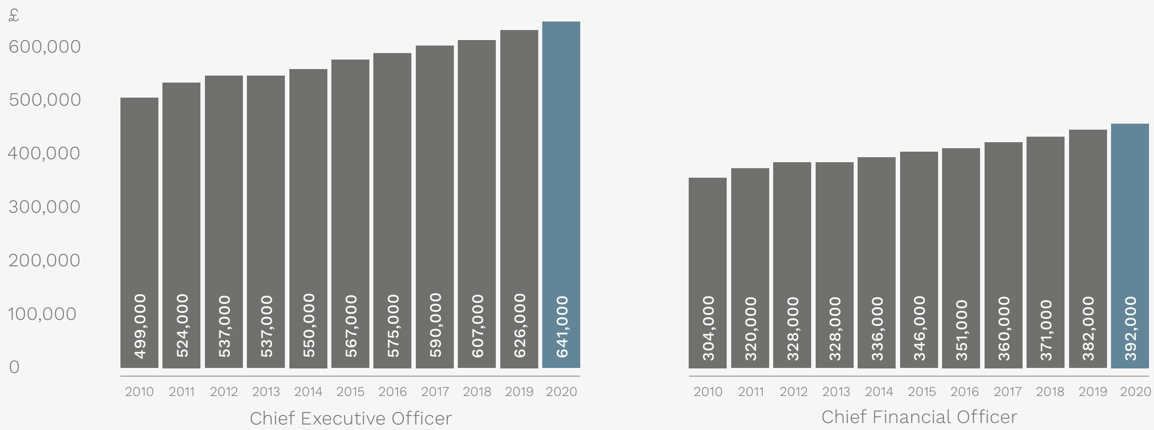
The Group's policy on Executive Directors' remuneration and implementation for the year ended 31 December 2020 will be as follows:

(a) Executive Directors

(i) Base salary

For 2020, the average salary increase for employees across the Group other than Executive Directors is expected to be approximately 3.2%. The Committee has, further to both internal and external benchmarking, decided to, once again, give the Executive Directors salary increases lower than the average employee salary increase. Robert Walters and Alan Bannatyne will each receive a base salary increase of 2.5%. The graph below sets out the base salaries of the Executive Directors going back to 2010.

Base salaries of the Executive Directors



(ii) Other benefits

No changes will be made to benefits in 2020.

(iii) Annual bonus

For 2020, the Remuneration Committee has determined that the annual bonus payment for the Executive Directors will be by reference to specific performance targets set at the beginning of the year. The performance measures are:

- Reported profit before taxation for the Group (75% weighting); and
- Key Performance Indicators (25% weighting – in line with best practice) which include objectives covering a range of key areas such as strategic development, clients, locations, the Group's people, internal systems and Corporate Social Responsibility. The maximum bonus potential remains unchanged at 150% of salary. The bonus payable for on-target bonus will be reduced to 50% of maximum (previously 56.25% of maximum). One third of any earned bonus will be deferred for two years into shares, payable in equal tranches on the first and second anniversary of grant.

The Remuneration Committee has decided that the disclosure of the profit before taxation performance standards or targets set for 2020 is commercially sensitive and this will be disclosed retrospectively in next year's Remuneration Report.

(iv) Performance Share Plan (PSP)

For 2020, it is envisaged that each Executive Director will receive awards under the PSP to the value on grant of 180% of base salary.

The performance period is the three-year period ending 31 December 2022. The performance conditions and weightings for these PSP awards are set out as follows:

Performance condition over a three-year period to 31 December 2022	Weighting	% of award vesting at threshold
Total shareholder return (TSR) relative to the FTSE Small Cap Index	50%	12.5%
Earnings per share (EPS) growth	50%	12.5%
Total	**100%**	**25%**

The proportion of shares that vest for threshold performance has been reduced from 30% of maximum to 25% of maximum despite the high standard of performance expected before the shares start to vest. The historical vesting record of the maximum on average over the last ten years – see page 78 – of 52% of maximum on average suggests that the three-year performance standards set for the longer-term share plans are robust.

In relation to the PSP performance conditions, the vesting criteria are split into the following two components:

a. In determining the three-year EPS targets, the first year is set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Company, taking into account all available data. For 2020 the first year target is set at a stretching target level of 12.5% given the current market conditions which have deteriorated year on year. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The overall threshold target will be the compound result of years one, two and three. There is then a straight-line increase in vesting with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.

b. In relation to the TSR performance condition, no vesting will occur unless performance at least matches the performance of the FTSE Small Cap Index and full vesting occurs when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. The Remuneration Committee believes that this is broadly equivalent to upper quartile performance.

(v) Pensions
No changes in the level of pension contributions or cash in lieu of pension as a percentage of base salary are envisaged for any of the Executive Directors in 2020, which will remain at 20% of salary. This falls within the range of existing pensions; however, is greater than the Group average. It has been agreed to keep existing service contracts unchanged; however, any new appointments or change of role will result in a review with a view to greater align with the Group average. Also as noted in the policy section, it is intended that the pension rate for current Executive Directors will be aligned to the wider workforce by the end of 2021.

(b) Chairman and Non-executive Directors
The Remuneration Committee is responsible for determining the remuneration of the Chairman and the Board is responsible for determining the fees of the Non-executive Directors.

As of 1 January 2020, the agreed fees for the Chairman (as determined by the Remuneration Committee) and the Non-executive Directors (as determined by the Chairman and the Executive Directors) are as follows:

	2020 Total fees[1] £'000	2019 Total fees[1] £'000
C Hui	127	124
B McArthur-Muscroft	78	76
T Dodge	73	71
S Cooper	62	61
	340	332

1. No other taxable benefits are payable to the Chairman and Non-executive Directors.

The Remuneration Committee
The Remuneration Committee comprises Tanith Dodge (Chairman), Brian McArthur-Muscroft and Steven Cooper, all of whom are independent Non-executive Directors. On invitation, the Chairman and Executive Directors attended all Remuneration Committee meetings during the year.

The purpose of the Committee is to consider all aspects of the Executive Directors' and other senior management roles' remuneration and to determine the specific remuneration packages, including bonus schemes, pension contributions and other benefits. The Committee also recommends to the Board the remuneration of the Chairman. The Committee ensures that the remuneration packages are competitive within the recruitment industry and reflect both Group and personal performance during the year, while also having regard to the broader levels of remuneration within the Group itself and environmental, social and governance issues. The Committee meets when required to consider all aspects of Executive Directors' remuneration.

Advisers to the Remuneration Committee
The Committee received independent external advice from FIT Remuneration Consultants LLP during the year. The Committee has satisfied itself that the advice provided is independent and objective. FIT Remuneration Consultants LLP has been formally appointed by the Committee and does not provide other services to the Remuneration Committee or to the Group. The Committee has used its best judgement to satisfy itself that the advice provided is objective and independent. FIT Remuneration Consultants LLP is also a member of the Remuneration Consultants Group. The fees paid during the year were £11,000. The fees are charged on a time and expenses basis.

Directors' Remuneration Report continued

Remuneration for employees below Board

The Committee's extended remit considers and approves the reward structure and levels of remuneration of senior management. In addition, the Committee continues to review overall Group remuneration average increases and workforce-related pay policies and takes these into consideration when setting pay increases to the Executive Directors.

Our senior management has an annual bonus scheme that is measured against Group and regional financial targets and personal and strategic objectives. Members of the Management Board also participate in the Performance Share Plan (PSP) with the same performance conditions as the Executive Directors. Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of reward to performance which is recognised through annual bonuses, commission or other non-financial recognition. Employees who hold key strategic positions or are deemed critical to the business through their performance are also offered the opportunity to participate in the Performance Share Plan with performance conditions based on Group EPS and TSR results measured over one year. Any shares that crystallise at the end of the performance period have a further two-year holding period prior to vesting. During this time there is also a personal performance underpin. In addition, nine countries offer a Sharesave plan to employees.

Employee engagement

In line with the Code, the Remuneration Committee has appointed Tanith Dodge, Non-executive Director and Chair of the Remuneration Committee, to be responsible for employee engagement. Tanith's annual responsibilities will include, but are not limited to, the following:

- Hosting breakfast sessions with a cross-section of employees;
- Office visits to improve dialogue with employees;
- Meet with a sample of new hires and departing employees at exit interviews;
- Presentation to the Board of an overview of the Group training structure; and
- Review internal benchmarking on a six-monthly basis, including staff attrition rates and employee engagement surveys.

These actions will enable the Board to understand the views of employees and to ensure that the Board's approach to investing and rewarding its workforce is appropriate and aligns with the culture and principles of the Group.

The Board believes that a diverse workforce and inclusive culture are essential to business success and the Group supports and values diversity in all forms, not just gender. The Committee believes this is an important part of the employee engagement in relation to remuneration. A detailed explanation of the Group's approach to diversity and inclusion can be found in the Corporate Social Responsibility Report on page 34.

The terms of reference of the Remuneration Committee are available on our website.

Voting at the Annual General Meeting

At the Group's Annual General Meeting on 17 May 2019, shareholders approved the Directors' Remuneration Report for the year ended 31 December 2018. The table below shows the results in respect of the resolution. The table also shows the percentage of votes cast for and against the resolution on the Directors' remuneration policy, originally approved at the Group's Annual General Meeting on 25 May 2017.

Resolution	Votes for	%	Votes against	%	Votes withheld
Approve the Directors' remuneration policy (May 2017)	57,214,725	95.71	2,556,389	4.28	1,019
Approve the Directors' Remuneration Report (May 2019)	58,757,836	97.04	1,783,720	2.95	1,047

Contract of service/letter of appointment[1]	Date of original contract/letter of appointment[1]
Executive Directors	
R C Walters	19 June 2000
A R Bannatyne	1 March 2007
Non-executive Directors	
C Hui	1 January 2012
B McArthur-Muscroft	1 May 2013
T Dodge	1 February 2017
S Cooper	8 October 2018

1. The Directors' contract of service/letter of appointment provide details of the Directors' obligations and are available to view at the Company's registered office.

Legacy awards and any other contractual obligations

All contractual commitments or awards made which are consistent with the remuneration policy in force at the time that the commitment or award was made will be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled or awards vest. For example, this will include payment for the vesting of option awards made prior to the introduction of this policy. Any contractual commitments entered into before the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013 came into force or before a person became a Director will also be honoured.

Alan Bannatyne is a Non-executive Director of XPS Pensions Group plc and his 2019 fees were £75,000. None of the other Executive Directors currently hold Non-executive Director positions.

The Directors all stand for election at the Annual General Meeting every year.

The tables on page 75 show the details of the share options and PSP awards that are currently held by each Director and when they will vest.

The table on page 81 shows the fees payable to the Non-executive Directors.

The Executive Directors are required to seek approval from the Board prior to the acceptance of any such positions in companies outside the Group.

Approval

This report was approved by the Board of Directors on 2 March 2020 and signed on its behalf by:

Tanith Dodge
Remuneration Committee Chairman
2 March 2020

Directors' Responsibility Statement

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, and have chosen to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable laws). Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that the Directors:

- Suitably select and apply accounting policies consistently;
- Ensure information, including accounting policies, is presented 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare a Directors' Report, Strategic Report and Director's Remuneration Report which comply with the requirements of the Companies Act 2006; 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.

Statement of the Directors in respect of the Annual Report

As required by the Code, the Directors confirm that they consider that the Annual Report, taken as a whole, presents a fair, balanced and understandable view and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes, including the following:

- The Annual Report is drafted by appropriate senior management with overall coordination by the Chief Marketing Officer and Group Financial Controller to ensure consistency across sections;
- An extensive verification process is undertaken to ensure factual accuracy;
- Comprehensive reviews of drafts of the report are undertaken by members of the Executive Board and senior management team;
- An advanced draft is considered and reviewed by two senior Executive Committee members; and
- The final draft is reviewed by the Audit and Risk Committee prior to consideration by the Board.

Responsibility statement

We confirm that to the best of our knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company together with a description of the principal risks and uncertainties that they face.

By order of the Board,

Alan Bannatyne
Chief Financial Officer
2 March 2020

Directors' Report

Overview

The Directors present their Annual Report on the activities of the Group together with the audited financial statements for the year ended 31 December 2019.

The Strategic Report provides information relating to the Group's activities, its business and strategy, the principal risks and uncertainties faced by the business and environmental and employee matters. The Group's analysis for greenhouse gases is shown on pages 40 to 41. These sections, together with the Corporate Governance and the Directors' Remuneration Reports provide an overview of the Group and offer an insight of future developments in the Group's business. The Directors consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, in accordance with the latest narrative reporting requirements.

Results and dividends

The Group's audited financial statements for the year ended 31 December 2019 are set out on pages 98 to 126 and the Company's audited financial statements are set out on pages 127 to 130. The Group's profit after taxation for the year ended 31 December 2019 was £34.0m (2018: £35.6m).

The Directors recommend a final dividend of 11.0p per ordinary share (2018: 10.7p) to be paid on 1 June 2020 to shareholders on the register on 8 May 2020, which together with the interim dividend of 4.5p paid on 18 October 2019 makes a total of 15.5p per share for the year (2018: 14.7p).

Post-balance sheet events

There have been no significant post balance sheet events to report since 31 December 2019.

Directors

The Directors who served during the year and at the date of this report are shown as follows:

C Hui[1]
R C Walters
G P Daubeney (stepped down 17 May 2019)
A R Bannatyne
B McArthur-Muscroft[1]
T Dodge[1]
S Cooper[1]

1. Non-executive Directors.

Details of the Directors' service contracts are shown in the Directors' Remuneration Report on page 82.

Details of share awards granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 74 to 76.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were in place during the year and remain in force at the date of this report.

Employees

The Group releases quarterly regional business update videos and financial results to employees via our Workplace by Facebook platform. The Directors also hold managers' forums and conferences to discuss and consult on business priorities.

The Group continues to give full and fair consideration to applications for employment by disabled persons, bearing in mind their aptitudes and abilities. In the event of an employee becoming disabled while working for the Group, every effort will be made to ensure their continued employment and to provide retraining and career development where practicable and appropriate.

Capital structure

Details of the authorised and issued share capital, together with the movements in the Company's issued share capital during the year, are shown in note 17. Each share carries the right to one vote at the general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting which are available on the Company's website at robertwaltersgroup.com/investors.

Directors' Report continued

Restrictions on securities

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Awards of shares under the Company's incentive arrangements, the Performance Share Plan and the Executive Share Option Scheme are subject to restrictions on the transfer of shares prior to vesting.

Certain share awards under the Company's incentive arrangements are held in trust on behalf of the beneficiaries. The Trustee of the Robert Walters Group plc Employee Benefit Trust does not seek to exercise the voting rights on these shares.

Substantial shareholdings

On 2 March 2020 the Company has been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name of shareholder	Number of shares	%
Liontrust Asset Management	8,883,771	11.68
Aberforth Partners	7,382,630	9.71
BlackRock Investment Management	6,452,995	8.49
Merian Global Investors	6,446,606	8.48
Robert Walters Group plc Employee Benefit Trust[1]	5,825,538	5.00
Kames Capital	5,025,580	6.61
Canaccord Genuity Wealth Management	4,828,524	6.35
Aberdeen Standard Investments (Standard Life)	4,633,799	6.09
Invesco	2,584,208	3.40
Mr Robert Walters	2,452,567	3.23

1. Robert Walters Group plc EBT is restricted to 5% voting rights.

There is no significant change to substantial shareholdings between 31 December 2019 and the date of this report.

Appointment and retirement of Directors

The Directors may from time to time appoint one or more additional Directors. The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Articles of Association). The UK Corporate Governance Code recommends that all Directors be subject to annual re-election by shareholders. Therefore all Directors, will offer themselves for re-election at the 2020 Annual General Meeting.

Power of Company's Directors and acquisition of Company's own shares

The business of the Company shall be managed by the Directors, who may exercise all powers of the Company, subject to legislation, the provisions of the Articles of Association and any directions given by special resolution.

The Directors were authorised at the Company's last Annual General Meeting, held on 17 May 2019, to make market purchases of ordinary shares representing up to 10% of its share capital at that time and to allot shares within certain limits permitted by shareholders and the Companies Act. The Directors intend to renew this authority annually and will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will likely promote the success of the Company for the benefit of its members as a whole.

During the year ended 31 December 2019, 2.5m shares were purchased at an average price of £6.03 for £15.0m through the Group's Employee Benefit Trust.

Provisions on change of control

The Company's revolving credit facility agreement for £60.0m includes a provision for a lending counterparty to amend, alter or cancel the relevant commitment to the Group following a change of control of the Company.

The Company does not have agreements with any Director or employee that would provide specific compensation for loss of office or employment resulting from a takeover, except that provisions of the Group's share plans may cause options and awards to vest on a takeover.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution of the members.

Going concern and viability statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on pages 46 to 49.

The Directors have assessed the long-term prospects of the Parent Company and the Group based upon business plans, cash flow projections for the 12-month period ending 31 December 2020, the three-year period ending 31 December 2022 and the impact of Brexit.

The three-year period was chosen as it is considered the longest timeframe over which any reasonable view can be formed, given the cyclical nature of the market in which the Group operates. The forward visibility of permanent recruitment can be measured in weeks, and whilst temporary recruitment and recruitment process outsourcing may be less affected, with 69% of the Group based upon permanent recruitment activity, three years is considered to be the maximum period over which to consider the future cash flows of the business. The forecasts and cash flow projections being used to assess going concern have been comprehensively stress-tested by using simulation techniques involving sensitivity analysis applying, in particular, projections of reduced net fee income of up to 20% from forecasts each year over a three-year period, which also takes into account the worst outcome from Brexit. It should be noted that the Group has limited forward visibility and consequently there is a high degree of uncertainty in respect of future outcomes. Importantly, cash risk is mitigated to an extent as in the event of a reduction in the overall number of contractors working capital is released. Credit risk is seen as an ongoing area of key focus and the Group has historically managed to maintain dividend payments during previous economic downturns and it is the policy of the Directors to at least maintain the dividend in future periods.

In forming their opinion the Directors have performed a robust assessment of the principal risks and uncertainties facing the Group as set out on pages 46 to 49. In addition, note 16 to the accounts includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group had £85.8m of net cash at 31 December 2019 and a £60.0m four-year committed financing facility until March 2023. The Group also has a non-recourse £15.0m facility. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within the Financial Review.

The Group has a strong balance sheet and considerable financial resources and remains confident of the Group's long-term growth prospects, and a diverse range of clients and suppliers across different geographic locations and sectors reduces the risks of a negative outcome from Brexit. As a consequence, the Directors believe that the Group is well-placed to manage its business risks successfully.

After making enquiries, the Directors have formed a judgement, 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 and meet its liabilities as they fall due over the three-year assessment period. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditor and disclosure of information to the Auditor

As required by Section 418 of the Companies Act 2006, each of the Directors as at 2 March 2020 confirms that:

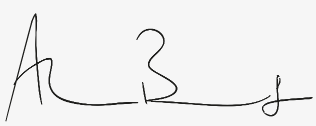
– So far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
– The Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

BDO LLP were appointed as the new Group Auditor at the Annual General Meeting on 17 May 2019 replacing Deloitte LLP who stepped down after the completion of the 2018 year end audit, in line with the European Union Audit Directive.

Annual General Meeting

The Annual General Meeting will be held on 13 May 2020 and the Notice of the Annual General Meeting, including an explanation of the special business of the meeting, will be sent out in due course.

By order of the Board,



Alan Bannatyne
Chief Financial Officer
2 March 2020

Directors and Advisers

Carol Hui
Chairman
Appointed: January 2012
Committees: Nominations

Carol is the Chief of Staff and an Executive Director at Heathrow Airport, as well as a Board Member and Chair of the Audit and Risk Committee at the British Tourist Authority. She is a seasoned Non-executive Director having served on boards in commercial, charitable and university sectors. Carol has extensive senior Executive experience in transport, oil and gas, and infrastructure services organisations and is a qualified lawyer, originally specialising in corporate finance at Slaughter and May. She has received numerous business and legal awards throughout her career, including from the International Law Office, the Financial Times, Sinopro and PwC. She was appointed by the Financial Reporting Council to sit on the Sounding Board for Sir James Wates's review of corporate governance for large private companies and also served as a Prime Ministerial appointee on the Review Body of Doctors' and Dentists' Remuneration.

Robert Walters
Chief Executive Officer
Appointed: July 2000
Committees: Nominations

After three years at Touche Ross & Co., Robert joined the recruitment firm Michael Page as one of its very first employees. Following an eight-year period which included setting up the New York office, he returned to London and established his own recruitment business in 1985, specialising in middle management professional positions. Since then the Company has grown, largely organically, into different sectors and a variety of regional and international locations. Robert Walters Group plc is quoted on the London Stock Exchange and currently has a global presence spanning 31 countries.

Alan Bannatyne
Chief Financial Officer
Appointed: March 2007

After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group. Alan joined Robert Walters as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters Group plc as Chief Financial Officer in March 2007. In February 2017 he was appointed as a Non-executive Director of XPS Pensions Group.

Richard Harris
Company Secretary
Appointed: September 2019

Richard graduated from the University of Surrey with a degree in Sociology and then attended the College of Law, Guildford. After qualifying as a solicitor in 2000, he spent the early part of his career as a technology lawyer at a leading London law firm, Bird & Bird. Richard later made the move in-house and worked for several years for communications company, Tiscali. In 2005, he joined PartyGaming, an online gaming business, as Assistant General Counsel. In 2011, Richard joined the Robert Walters Group as General Counsel with responsibility for legal services across the Group. Richard was appointed Chief Legal Officer in 2016 and Company Secretary in September 2019. He has considerable experience in complex international outsourcing transactions, employment and commercial law.

Brian McArthur-Muscroft
Non-executive Director and Senior Independent Director
Appointed: May 2013
Committees: Audit and Risk (Chairman), Nominations and Remuneration

Brian is the Chief Financial Officer and a member of the Micro Focus plc board, positions he has held since 21 February 2019. Prior to joining Micro Focus plc, Brian held a variety of senior management positions, including the role of Chief Financial Officer at TeleCity Group plc and most recently as Chief Financial Officer of Paysafe Group plc. Also a restructuring specialist, Brian was the Interim CFO on the successful turnaround of MCI Worldcom EMEA. In addition, Brian serves as the Responsible Officer for Hockerill Anglo-European College, a leading international secondary school in Hertfordshire. Brian was named as Business Week's Finance Director of the Year in both 2013 and 2017, and the CBI's FTSE 250 Finance Director of the Year in 2012. Brian holds a law degree and qualified as a Chartered Accountant with PwC in London.

Tanith Dodge
Non-executive Director
Appointed: February 2017
Committees: Remuneration (Chairman), Audit and Risk and Nominations

Tanith is an HR Executive with a strong consumer background in international organisations. She was Group Human Resources Director at Value Retail, joining in May 2016 from Marks & Spencer Group plc where she ran the global HR for 80,000 employees in 53 countries. Before joining Marks & Spencer Group plc, Tanith was Group Human Resources Director at WH Smith, where she was also responsible for Public Relations, Communications and Post Office Operations. Prior to this, she was Senior Vice President Human Resources for Europe, Middle East and Africa (EMEA) at InterContinental Hotels Group. Tanith has also held senior HR roles at Diageo plc and Prudential Corporation plc. Since July 2019 Tanith has been a member of the Advisory Council for PwC.

Steven Cooper
Non-executive Director
Appointed: October 2018
Committees: Audit and Risk, Nominations and Remuneration

Steven is an experienced international business leader who has been at the forefront of business transformation in the banking and payments sector, generating sustainable returns through repositioning the customer offering and using digital and data-driven technologies, most recently as Chief Executive Officer of the private bank, C. Hoare & Co. Steven began his career at Barclays in 1986 and occupied numerous senior positions, including Chief Executive Officer Business Banking, Chief Executive Officer Personal Banking for UK and Continental Europe and Chief Executive of Barclaycard Business. Steven is currently a Non-executive Director of the Financial Services Compensation Scheme and a member of the Social Mobility Commission; previously he served on the advisory board of Teach First and Critical Eye and was also a member of the FCA Practitioner Panel as well as various Government task forces.

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Independent Auditor's Report

Opinion

We have audited the financial statements of Robert Walters Group plc which comprise:

	Composition	Financial reporting framework
Group	– Consolidated Income Statement – Consolidated Statement of Comprehensive Income – Consolidated Balance Sheet – Consolidated Cash Flow Statement – Consolidated Statement of Changes in Equity – Notes 1 to 24 to the financial statements, including a summary of significant accounting policies.	Applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
Parent Company	– Company Balance Sheet – Company Statement of Changes in Equity – Notes 25 to 33 to the financial statements, including a summary of significant accounting policies.	Applicable law and FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The Group financial statements and Parent Company financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement	
Conclusion	– We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:
Area	– The Directors' confirmation set out on page 46 in the Annual Report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated. – The Directors' statement set out on page 87 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. – Whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit. – The Directors' explanation set out on page 87 in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Revenue recognition for permanent and temporary placements
Description	– The significant risk in revenue recognition lies within the valuation of accrued revenues, due to the high degree of judgement and scope for fraud/error in the valuation as explained on page 108. There is a risk that revenue that has not yet been invoiced, or has been invoiced but that the cash collected, does not exist. Additional complexities arise from identification of the performance obligation triggering revenue recognition. – For permanent placements on non-retained assignments, as detailed in the summary of significant accounting policies on page 103, revenue is recognised when a start date is confirmed and a candidate has accepted in writing. From the point of revenue recognition to the candidate starting, accrued income is recognised. A provision is held for candidates who accept but do not start at a consistent percentage of the accrued income balance based on historical experience. Whether the percentage applied remains valid is considered to be a matter of significant management judgement. – For temporary placements, the Group's policy is to recognise revenue as the service is provided at contractually agreed rates. There is a risk that timecards are not appropriately approved or are not submitted on time and therefore that the related revenue does not exist or is not recognised in the appropriate financial year.
How we addressed the key audit matter in the audit	– **Control design:** In components subject to full scope procedures, we evaluated the design and implementation of relevant controls in the revenue cycle intended to ensure revenue is recognised in the correct period. – **Test of controls:** Effectiveness of key controls in the revenue cycle have been tested in the significant components where relevant. For permanent placements, the controls tested include signing of the contract and evidence of candidate acceptance to allocation of cash receipts. For temporary placements we have ensured the rate applied has been appropriately approved. – **Tests of detail:** • Permanent placements recorded around year end were sampled to agree to confirmation of candidate acceptance. Testing was performed to ensure the point of revenue recognition was supportable and revenue was recorded in the correct period in line with the accounting policy. • For those permanent candidates that had accepted but had not started at year end, where revenue is recorded in accrued income, we have challenged the appropriateness of the provision rate applied by reference to the rate of historical back outs over the 12-month period and actual back outs post year end. • We have performed testing to recalculate the accrued income and associated costs recognised for late timecards or timecards straddling the year end (where the approved timecard was submitted after the year end but related to services provided in the year). • Through review of key contracts, we have challenged the accounting treatment of accrued income recognised for Resource Solutions temporary placements to ensure it appropriately represents the contractual relationship as agent or principal.
Key observations communicated to the Audit Committee	– We did not identify any significant deficiencies in internal control as a result of our audit work. – We did not identify any material indication that revenue, that has not yet been invoiced or has been invoiced but not cash collected, does not exist. – We consider the provision rate applied to permanent accrued income to be a reasonable and fair estimate based on past experience. – Our testing of cut off for Resource Solutions temporary placements has resulted in the gross up of accrued income and accruals for the years ended 31 December 2018 and 2019. We are satisfied the presentation in both years is appropriate.

Independent Auditor's Report continued

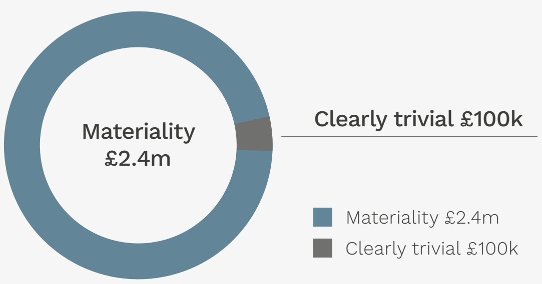
Key audit matter	Implementation of IFRS 16 Leases
Description	– IFRS 16 Leases is effective for the first time in the current financial year. The impact is disclosed in summary of significant accounting policies on page 107. – After determining which leases, or arrangements containing a lease, need to be accounted for and disclosed in line with the new standard, judgement is required to identify the expected lease term, subsequent modifications and extensions and in identifying the discount rate implicit in the lease or estimating the incremental borrowing rate to be used in the calculations. – Use of inappropriate judgements and estimates could materially impact valuation of the right-of-use asset and lease liability and the resultant deferred tax, depreciation and finance charges.
How we addressed the key audit matter in the audit	– **Tests of detail:** • We have reviewed management's accounting policy, the transition methodology and practical expedients taken and financial statement disclosure against the requirements of the standard. • We have considered whether any other potential contracts that would fall within scope of IFRS 16 exist through review of the reconciliation to the prior year operating lease disclosure and review of key expense ledgers. • We have challenged the judgements and key assumptions used in determining the incremental borrowing rates for each lease, agreeing inputs to third-party support. • We have agreed key terms of a sample of leases to the underlying contracts and recalculated the right-of-use asset and lease liability.
Key observations communicated to the Audit Committee	– We did not identify any reportable misstatements or significant deficiencies in internal control as a result of our audit work. – We concluded that estimations and judgements made in identifying leases and determining key inputs to the calculations are reasonable and that disclosures relating to the transition to IFRS 16 Leases are appropriate and accurate.

Our application of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements. 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 have determined materiality based on our professional judgement for the financial statements as a whole as follows:

	Group	Parent Company
Materiality	£2.40m	£1.87m
Basis	5.0% of profit before tax	1.7% of net assets
Rationale	Profit before tax is considered to be the most appropriate benchmark based on market practice and investor expectations. The materiality applied equates to 0.6% of Group net fee income and 1.5% of Group net assets.	Net assets is considered to be the most appropriate benchmark as the Parent Company does not trade.

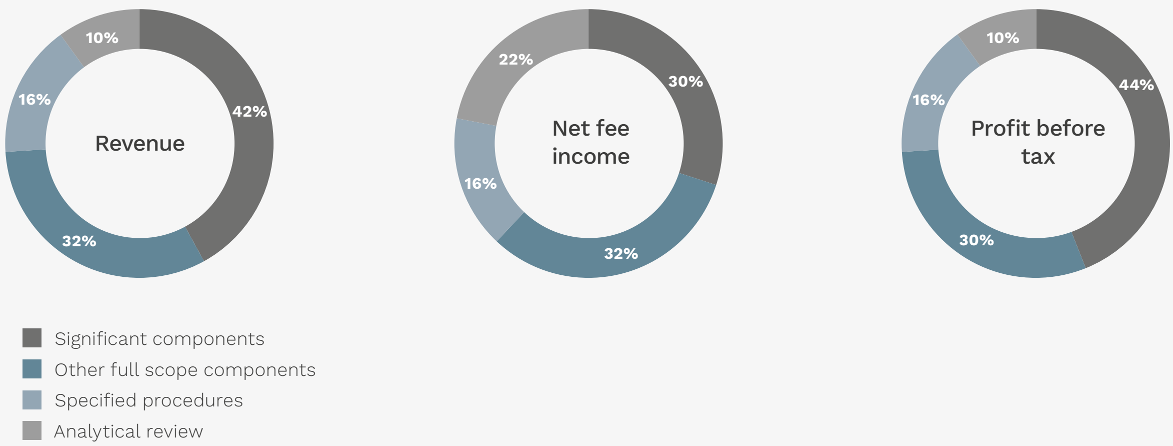


Further materiality measures applied in the conduct of the audit include:

	Measure	Application
Performance materiality	£1.68m (70% of materiality)	The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.
Component materiality	£1.68m cap (70% of materiality)	Our audit work at each component, excluding the Parent Company, was executed at levels of materiality applicable to each individual entity as approved by the Group audit team and in each case, lower than that applied to the Group.
Clearly trivial	£100k	All audit differences in excess of 'clearly trivial' are reported to the Audit and Risk Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
Quantitative and qualitative disclosures	We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.	

The scope of our audit

The Group has diverse international operations. 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. We designed an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion (ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of Group balances on which to base our audit opinion. The coverage of our audit procedures is summarised graphically below and then detailed in the following table.



Independent Auditor's Report continued

The scope of our audit	
Significant components	– We focused our Group audit scope primarily on the audit work at three significant components, which were subject to full scope audit procedures. – These significant components contribute 44% (2018: 49%) of the Group profit before tax, 30% (2018: 30%) of the Group net fee income, and 42% (2018: 44%) of the Group revenue. – The three components considered to be significant were Robert Walters Group plc, Resource Solutions Limited (UK) and Robert Walters Japan KK (Japan). – Following involvement in risk assessment and setting the overall audit approach and strategy with the component auditor at the planning stage, the Senior Statutory Auditor visited the Japanese component to review testing performed, meet with local management and to challenge conclusions reached. – The Senior Statutory Auditor was directly involved in directing and reviewing the audit of the remaining UK significant components with the audit being performed by the Group team.
Full scope audits	– Ten further components were subject to full scope audit procedures in addition to the three identified significant components (thirteen in total). – These components contribute 30% (2018: 18%) of the Group profit before tax, 32% (2018: 33%) of the Group net fee income, and 32% (2018: 32%) of the Group revenue. – Full scope audit procedures were performed on components in the UK, Australia, Hong Kong and France. – All testing was performed by BDO Member Firms under direction and supervision of the Group audit team. – The Senior Statutory Auditor and a senior member of the Group team visited France and directed work for the remaining full scope components via detailed instructions, briefings and via review of selected working papers on significant risk areas.
Specified procedures	– Specified procedures were performed to address the risk of material misstatement arising from key balances in smaller components, with testing performed on all material balances within these components. – This specific scope testing was performed on components that contribute 16% (2018: 18%) of the Group profit before tax, 16% (2018: 16%) of the Group net fee income, and 16% (2018: 14%) of the Group revenue. – These components included: • Robert Walters BV • Walters People BV • Walters People Sociedad Limitada Empresa de Trabajo Temporal • Robert Walters New Zealand Limited • Robert Walters Talent China Limited • Robert Walters Recruitment (Thailand) Ltd • Resource Solutions Inc (Delaware) • Robert Walters Luxembourg Investment SARL (Irish Branch) • Robert Walters (Singapore) Pte Ltd
Remaining components	• All other components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.
Parent Company and consolidation	• The Parent Company is located in the UK and is audited by the Group audit team. The Parent Company is treated as a significant component for the Group audit. • The Group audit team have performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2019, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 84** – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit and Risk Committee reporting set out on page 57** – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 51** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006	
Directors' Remuneration Report	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Strategic and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: – The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception	
Strategic and Directors' Report	In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Companies Act 2006	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – 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 – The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or – Certain disclosures of Directors' remuneration specified by law are not made; or – We have not received all the information and explanations we require for our audit.

Independent Auditor's Report continued

Responsibilities	
Directors	As explained more fully in the Directors' responsibilities statement set out on page 84, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.
Auditors	Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.
Capability of the audit to detect irregularities, including fraud	We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, IFRSs as adopted by the European Union, the Financial Conduct Authority's regulations and the Listing Rules. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to: – Agreement of the financial statement disclosures to underlying supporting documentation; – Enquiries of management; – Review of minutes of Board meetings throughout the period; and – Considering the effectiveness of the control environment in monitoring compliance with laws and regulations. We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. There are inherent limitations in the audit procedures described above. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other matters which we are required to address

Appointment	Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors at the Company's Annual General Meeting held on 17 May 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.
Tenure	The period of total uninterrupted engagement is one year, in respect of the year ended 31 December 2019.
Non-audit services	The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.
Audit and Risk Committee reporting	Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with chapter three of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
2 March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
For the year ended 31 December 2019

	Note	2019 £s millions	2018 £s millions
Revenue	1	**1,216.1**	1,233.2
Cost of sales		**(810.6)**	(841.2)
Gross profit (net fee income)		**405.5**	392.0
Administrative expenses		**(354.3)**	(342.3)
Operating profit		**51.2**	49.7
Finance income		**0.6**	0.5
Finance costs	2	**(4.0)**	(1.0)
Loss on foreign exchange		**(0.4)**	(0.1)
Profit before taxation	3	**47.4**	49.1
Taxation	5	**(13.4)**	(13.5)
Profit for the year		**34.0**	35.6
Attributable to:			
Owners of the Company		**34.0**	35.6
Earnings per share (pence):	7		
Basic		**48.4**	50.4
Diluted		**44.9**	45.8
Adjusted results excluding IFRS 16 Leases:	22		
Adjusted operating profit		**50.5**	49.7
Adjusted profit before taxation		**49.5**	49.1
Adjusted earnings per share (pence):	7		
Basic		**50.6**	50.4
Diluted		**46.9**	45.8

The amounts above relate to continuing operations.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

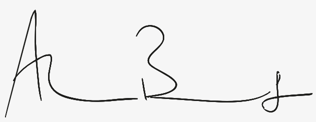
	2019 £s millions	2018 £s millions
Profit for the year	**34.0**	35.6
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	**(5.6)**	2.3
Total comprehensive income and expense for the year	**28.4**	37.9
Attributable to:		
Owners of the Company	**28.4**	37.9

Consolidated Balance Sheet
As at 31 December 2019

	Note	2019 £s millions	2018 £s millions
Non-current assets			
Intangible assets	8	**13.4**	11.2
Property, plant and equipment	9	**11.4**	10.6
Right-of-use assets	22	**72.9**	-
Deferred tax assets	14	**11.6**	12.4
		109.3	34.2
Current assets			
Trade and other receivables[1]	11	**209.7**	242.0
Corporation tax receivables		**2.6**	4.7
Cash and cash equivalents	16	**112.4**	79.9
		324.7	326.6
Total assets		**434.0**	360.8
Current liabilities			
Trade and other payables[1]	12	**(161.9)**	(187.2)
Corporation tax liabilities		**(6.8)**	(11.8)
Bank overdrafts and borrowings	13	**(26.6)**	(5.7)
Lease liabilities	22	**(17.4)**	-
Provisions	15	**(1.3)**	(1.7)
		(214.0)	(206.4)
Net current assets		**110.7**	120.2
Non-current liabilities			
Lease liabilities	22	**(58.1)**	-
Provisions	15	**(1.3)**	(1.7)
		(59.4)	(1.7)
Total liabilities		**(273.4)**	(208.1)
Net assets		**160.6**	152.7
Equity			
Share capital	17	**16.0**	15.9
Share premium		**22.2**	22.0
Other reserves	19	**(71.8)**	(71.8)
Own shares held	19	**(26.5)**	(18.3)
Treasury shares held	19	**(9.1)**	(9.1)
Foreign exchange reserves		**9.1**	14.7
Retained earnings		**220.7**	199.3
Equity attributable to owners of the Company		**160.6**	152.7

1. A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

The accounts on pages 98 to 126 were approved and authorised for issue by the Board of Directors on 2 March 2020 and signed on its behalf by:



Alan Bannatyne
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 £s millions	2018 £s millions
Cash generated from operating activities	20	**82.4**	73.4
Income taxes paid		**(12.6)**	(10.7)
Net cash from operating activities		**69.8**	62.7
Investing activities			
Interest received		**0.6**	0.5
Purchases of computer software		**(3.6)**	(0.6)
Purchases of property, plant and equipment		**(5.9)**	(5.7)
Net cash used in investing activities		**(8.9)**	(5.8)
Financing activities			
Equity dividends paid		**(10.6)**	(9.5)
Proceeds from issue of equity		**0.3**	0.1
Interest paid		**(1.2)**	(1.0)
Interest on lease liabilities	22	**(2.8)**	-
Principal paid on lease liabilities	22	**(16.4)**	-
Proceeds from financing facility		**25.5**	0.5
Repayment of financing facility		**(4.5)**	(25.7)
Purchase of own shares		**(15.0)**	(5.1)
Proceeds from exercise of share options		**0.0**	0.0
Net cash used in financing activities		**(24.7)**	(40.7)
Net increase in cash and cash equivalents		**36.2**	16.2
Cash and cash equivalents at beginning of year		**79.9**	61.9
Effect of foreign exchange rate changes		**(3.7)**	1.8
Cash and cash equivalents at end of year		**112.4**	79.9

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Group	Share capital £s millions	Share premium £s millions	Other reserves £s millions	Own shares held £s millions	Treasury shares held £s millions	Foreign exchange reserves £s millions	Retained earnings £s millions	Total equity £s millions
Balance at 1 January 2018	15.9	21.9	(71.8)	(18.2)	(9.1)	12.4	170.8	121.9
Profit for the year	–	–	–	–	–	–	35.6	35.6
Foreign currency translation differences	–	–	–	–	–	2.3	–	2.3
Total comprehensive income and expense for the year	–	–	–	–	–	2.3	35.6	37.9
Dividends paid	–	–	–	–	–	–	(9.5)	(9.5)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	5.6	5.6
Current and deferred tax on share-based payment transactions	–	–	–	–	–	–	1.8	1.8
Transfer to own shares held on exercise of equity incentives	–	–	–	5.0	–	–	(5.0)	–
New shares issued and own shares purchased	–	0.1	–	(5.1)	–	–	–	(5.0)
Balance at 31 December 2018	15.9	22.0	(71.8)	(18.3)	(9.1)	14.7	199.3	152.7
Profit for the year	–	–	–	–	–	–	34.0	34.0
Foreign currency translation differences	–	–	–	–	–	(5.6)	–	(5.6)
Total comprehensive income and expense for the year	–	–	–	–	–	(5.6)	34.0	28.4
Dividends paid	–	–	–	–	–	–	(10.6)	(10.6)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	5.6	5.6
Current and deferred tax on share-based payment transactions	–	–	–	–	–	–	(1.1)	(1.1)
Transfer to own shares held on exercise of equity incentives	–	–	–	6.5	–	–	(6.5)	–
New shares issued and own shares purchased	0.1	0.2	–	(14.7)	–	–	–	(14.4)
Balance at 31 December 2019	**16.0**	**22.2**	**(71.8)**	**(26.5)**	**(9.1)**	**9.1**	**220.7**	**160.6**

Statement of Accounting Policies
For the year ended 31 December 2019

Accounting policies
Basis of preparation
Robert Walters Group plc is a public company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act.

The financial report for the year ended 31 December 2019 has been prepared in accordance with the historic cost convention and with International Financial Reporting Standards (IFRSs), including International Accounting Standards and Interpretations as adopted for use by the European Union.

The financial statements have been prepared on a going concern basis. This is discussed in the Financial Review on page 43, and within the Directors' Report on page 87.

The principal accounting policies of the Group are summarised below and have been applied consistently in all aspects throughout the current year and preceding year, with the exception of IFRS 16 Leases which was adopted from 1 January 2019.

A material adjustment of £11.0m has been made to increase the receivables and payables for 2018, in order to recognise the gross asset value in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

The financial statements have been presented in UK Pounds Sterling, the functional currency of the Company.

(a) Basis of consolidation
The Group financial statements consolidate the financial statements of Robert Walters Group plc and its subsidiary undertakings drawn up to 31 December each year. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(b) Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

All costs directly attributable to the business combination are accounted for as expenses in the periods in which the costs are incurred and the services received. The only exception to this is in respect of the costs incurred to issue debt or equity securities, which should be recognised in accordance with IAS 32 and IFRS 9. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

(c) Goodwill
Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is not amortised but reviewed for impairment at least annually. Any impairment is recognised in the Consolidated Income Statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the net 1 January 2004 Pounds Sterling UK GAAP amounts, subject to being tested for impairment at that date. On disposal the attributable amount of goodwill is included in determining the profit or loss on disposal.

(d) Taxation
Current taxation, including UK corporation taxation and foreign taxation, is provided at amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences (except unremitted earnings from overseas entities which the Group cannot control timing), and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation is reviewed at each balance sheet date and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred taxation is recognised in the income statement except when the taxation relates to items charged or credited directly to equity, in which case the taxation is also recognised in equity.

Deferred tax is posted as a credit to the Consolidated Income Statement up to the value of the tax impact of the share-based payment charge, with any excess deferred taxation being posted as a credit to equity.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Group operates in many countries therefore being subject to tax laws in a number of different tax jurisdictions. Management applies significant judgement in identifying uncertainties over income tax treatments' based on interpretations of tax statute and case law, taking into account professional advice and prior experience. Since the Group operates in a complex multinational environment, management assessed whether the Interpretation had an impact on the Group's consolidated financial statements and have concluded there was no impact in the year.

(e) Employee share schemes

The cost of awards made under the Group's employee share schemes after 7 November 2002 is based on the fair value of the shares at the time of grant and is charged to the Consolidated Income Statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(f) Revenue from contracts with customers

Revenue comprises the value of services, net of VAT and other sales-related taxes, provided in the normal course of business. Any bad debt provision that may be deemed necessary is treated as an administrative expense. The Group provides a breadth of services to clients with revenue generated by all service offerings, including recruitment process outsourcing, primarily due to the placement of permanent and temporary candidates. There are occasions where the Group will manage the recruitment supply chain on behalf of a client and in such cases a fee is received in respect of the work performed managing a supply chain. This is in accordance with IFRS 15 and is not considered a matter of judgement. The cash value of funds managed during 2019 was £2.5bn (2018: £2.8bn).

Revenue from the placement of permanent staff on non-retained assignments is recognised when a candidate accepts a position and a start date is determined. A provision is made for the cancellation of placements prior to or shortly after the commencement of employment based on past experience of this occurring. For retained assignments revenue is recognised on completion of defined stages of work.

Revenue from temporary placements represents the amounts billed for the services of temporary staff including the salary costs of those staff. This is recognised as the service is provided, to the extent that the Group is acting as a principal. Where the Group is not considered to act as a principal, the salary costs of the temporary staff are excluded from revenue and only the net margin is recognised as revenue. Revenue in respect of outsourcing and consultancy is recognised as the service is provided.

Robert Walters is acting as a principal for both its perm and its temp/interim business and as such presents its revenue gross (i.e. the whole amount collected from the clients) and then it presents its net fee income as gross profit. Resource Solutions is seen as an agent where it does not make a direct placement (i.e. for temp and put through) and as such presents its revenue net in the financial statements in relation to indirect placements.

Revenue from other rechargeable services (e.g. advertising) is recognised when the service is provided.

(g) Gross profit (net fee income)

Gross profit is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and advertising margin. It also includes the outsourcing and consultancy margin earned by Resource Solutions.

(h) Operating profit

Operating profit is the total revenue less the total associated costs incurred in the production of revenue. The only items that are excluded from operating profit are finance costs (including foreign exchange), investment income and expenditure and taxation.

(i) Finance income

Interest received is recorded as finance income in the Consolidated Income Statement in the period in which it is receivable.

Statement of Accounting Policies continued

For the year ended 31 December 2019

(j) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, with any gain or loss that may arise as a result being included in net profit or loss for the period.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through other comprehensive income and reserves, and recognised as income or as expenses in the period in which an operation is disposed of.

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. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as Pounds Sterling denominated assets and liabilities.

(k) Property, plant and equipment and computer software

Property, plant and equipment and computer software are stated at cost, net of depreciation and amortisation. Depreciation and amortisation are provided on all property, plant and equipment and computer software at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold improvements and finance leases: the shorter of estimated useful life and the period of the lease;
- Motor vehicles: 17.5%;
- Fixtures, fittings and office equipment: 10% to 33.3%; and
- Computer equipment and computer software: 10% to 33.3%.

Depreciation and amortisation are recognised in administration expenses.

Assets under construction relate to software under development presented under intangible assets and are stated at cost and are not amortised. When the assets are ready for use they will be transferred to computer software at cost less impairment, which is also when amortisation of the asset will commence.

(l) Leases

Refer to new and amended standards and interpretations below:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonable certain extension options are also included in the measurement of the liability.

Short-term leases and leases of low-value assets

For short-term leases (lease term of 12 months or less) and leases of low-value assets (less than £3,000), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

(m) Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
(i) Investments
Investments are shown at cost, less provision for impairment where appropriate.

(ii) Receivables
Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(iii) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iv) Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
(v) Other financial liabilities
Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs and subsequently held at amortised cost.

(vi) Pensions
The Group currently contributes to the money purchase pension plans of certain individual Directors and employees. Contributions payable in respect of the year are charged to the Consolidated Income Statement.

(vii) Provisions
A provision is recognised when the Group has a present legal or contractual 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.

(viii) Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or they expire.

(n) Employee Benefit Trust
The own shares are held by an Employee Benefit Trust (EBT) to satisfy the potential share obligations of the Group. Own shares are recorded at cost and deducted from equity. As the Company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements.

Statement of Accounting Policies continued
For the year ended 31 December 2019

Developments in accounting standards/IFRSs
At the date of authorisation of these financial statements, the Group has not applied the following new and revised relevant IFRSs that have been issued but are not yet effective:

IFRS 3 (amendments)	Definition of a Business
IAS 1 and IAS 8 (amendments)	Definition of Material

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

New and amended standards and interpretations
IFRS 16 Leases
The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has adopted the modified retrospective application of IFRS 16 Leases from 1 January 2019, and has not restated comparatives for the 2018 reporting period, in accordance with IFRS 16:C5(b). Consequently, the Group recognised the reclassifications and the adjustments arising from the new leasing rules in the opening balance sheet on 1 January 2019.

Impact of the new definition of a lease
The Group has applied the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 will continue to apply to those leases entered into before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into on or after 1 January 2019. In preparation for the first time application of IFRS 16, the Group carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

Operating leases

IFRS 16 has impacted how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Group has:

- Recognised right-of-use assets and lease liabilities in the Consolidated Balance Sheet, initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate if this is not stated;
- Recognised depreciation of right-of-use assets and interest on lease liabilities in the Consolidated Income Statement;
- Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Consolidated Cash Flow Statement.

The incremental borrowing rate is calculated on a lease-by-lease basis. The weighted average lessee's borrowing rate applied to the lease liabilities on 1 January 2019 was 3.38%.

Lease incentives (e.g. rent free period) have been recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This has replaced the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (less than £3,000), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. Where the renegotiated lease increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. There were no significant modifications in the period post transition to IFRS 16.

Adjustments recognised on adoption of IFRS 16

As at 1 January 2019, the Group had non-cancellable operating lease commitments of £64.3m. An assessment showed that £64.0m of these arrangements related to leases other than short-term leases and leases of low-value assets. Taking into consideration the exercise of options to extend where it is reasonably certain these options will be exercised, as at 1 January 2019 the Group has recognised a right-of-use asset of £82.1m and a corresponding lease liability of £83.7m in respect of these leases. The provision for onerous lease contracts which was required under IAS 17 of £0.7m, rental prepayments of £1.3m and lease liability incentives of £2.1m previously recognised in respect of the operating leases have been derecognised and the amount factored into the measurement of the right-of-use assets and lease liabilities.

The net impact on retained earnings at 31 December 2019 was a decrease of £1.5m. This adjustment contains the reversal of the rental charge under IAS 17 of £16.3m, an amortisation charge of £15.6m, finance costs of £2.8m and a reduction in corporation tax of £0.6m.

Impact on segment disclosures and earnings per share

The change in accounting policy has resulted in a decrease in the Group's profit before taxation, for the 12 months ended 31 December 2019, and an increase in the total assets and total liabilities as at 31 December 2019. The following segments were affected by the change in policy:

2019	Profit before taxation £s millions	Assets £s millions	Liabilities £s millions
Asia Pacific	0.2	22.5	23.7
UK	0.2	25.4	26.2
Europe	0.2	18.0	18.3
Other International	0.1	7.0	7.3
Unallocated corporate assets and liabilities*	(2.8)	-	-
	(2.1)	**72.9**	**75.5**

*For the purpose of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, interest charged on leases, corporation and deferred tax balances.

Earnings per share decreased by 2.2p per share for the 12 months to 31 December 2019 as a result of the adoption of IFRS 16 Leases.

Statement of Accounting Policies continued

For the year ended 31 December 2019

Key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates.

– Revenue recognition: revenue from the placement of permanent staff is recognised when a candidate accepts a position and a start date is determined. A provision is made by management, based on historical evidence, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date. As disclosed in note 11, the provision made in 2019 is £2.4m (2018: £2.3m).

Critical accounting judgements

Management has identified the timing of revenue recognition as a critical judgement in arriving at the amounts recognised in the Group's financial statements.

– Revenue recognition: revenue in respect of permanent placements is deemed to be earned when a candidate accepts a position and a start date is agreed, but prior to employment commencing. In making this judgement, management considered the detailed criteria for the recognition of revenue from permanent placements.

– Determining the lease term of contracts with renewal and termination options – Group as lessee: the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

– Incremental borrowing rate: the incremental borrowing rate is calculated on a lease-by-lease basis. The weighted average lessee's borrowing rate applied to the lease liabilities on 1 January 2019 was 3.38%.

Notes to the Group Accounts
For the year ended 31 December 2019

1. Segmental information

	2019 £s millions	2018 £s millions
i) Revenue:		
Asia Pacific	**410.7**	394.1
UK	**514.0**	571.8
Europe	**252.5**	237.1
Other International	**38.9**	30.2
	1,216.1	1,233.2
ii) Gross profit:		
Asia Pacific	**164.6**	154.1
UK	**98.4**	107.4
Europe	**108.7**	100.8
Other International	**33.8**	29.7
	405.5	392.0
iii) Profit before taxation:		
Asia Pacific	**22.8**	21.2
UK	**11.7**	12.4
Europe	**15.4**	15.0
Other International	**1.3**	1.1
Operating profit	**51.2**	49.7
Net finance costs	**(3.8)**	(0.6)
Profit before taxation	**47.4**	49.1
iv) Net assets:		
Asia Pacific	**33.5**	31.6
UK	**6.9**	11.5
Europe	**20.9**	24.0
Other International	**5.9**	6.0
Unallocated corporate assets and liabilities*	**93.4**	79.6
	160.6	152.7

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, corporation and deferred tax balances.

The analysis of revenue by destination is not materially different to the analysis by origin and the analysis of finance income and costs are not significant.

All transactions between reportable segments relate to recharges for central cost sharing and were undertaken on an arms-length basis.

The Group is divided into geographical areas for management purposes, and it is on this basis that the segmental information has been prepared.

Notes to the Group Accounts continued

For the year ended 31 December 2019

1. Segmental information continued

	P,P&E and software additions £s millions	Depreciation and amortisation £s millions	Non-current assets £s millions	Assets[1] £s millions	Liabilities[1] £s millions
v) Other information – 2019:					
Asia Pacific	3.1	8.1	34.9	90.1	(56.6)
UK	4.9	6.0	33.9	130.4	(123.5)
Europe	1.3	5.9	20.7	70.0	(49.1)
Other International	0.2	1.7	8.2	16.9	(11.0)
Unallocated corporate assets and liabilities*	–	–	11.6	126.6	(33.2)
	9.5	**21.7**	**109.3**	**434.0**	**(273.4)**
Other information – 2018:					
Asia Pacific	1.8	1.4	11.2	70.8	(39.2)
UK[1]	2.5	2.9	6.7	121.5	(110.0)
Europe	1.7	0.7	2.5	59.5	(35.4)
Other International	0.3	0.3	1.4	12.0	(5.9)
Unallocated corporate assets and liabilities*	–	–	12.3	97.0	(17.6)
	6.3	**5.3**	**34.1**	**360.8**	**(208.1)**

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, corporation and deferred tax balances.

1. A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

	2019 £s millions	2018 £s millions
vi) Revenue by business grouping:		
Robert Walters	**730.8**	702.1
Resource Solutions (recruitment process outsourcing)	**485.3**	531.1
	1,216.1	1,233.2

2. Finance costs

		2019 £s millions	2018 £s millions
Interest on financing facilities		**1.2**	1.0
Lease interest	22	**2.8**	–
Total borrowing costs		**4.0**	1.0

3. Profit before taxation

	2019 £s millions	2018 £s millions
Profit is stated after charging:		
Auditor's remuneration – BDO LLP (2018: Deloitte LLP) (as Auditor)		
– Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.1**	0.1
– The audit of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
	0.5	0.5
– Other services pursuant to legislation	**0.0**	0.0
– Fees payable to the Auditor pursuant to legislation	**0.5**	0.5
– Tax services – compliance	**-**	0.1
– Tax services – advisory	**-**	-
– Other non-audit services	**-**	-
Total fees	**0.5**	0.6
Depreciation and amortisation of assets – owned	**6.1**	5.3
Depreciation of right-of-use assets	**15.6**	-
Loss on disposal of property, plant and equipment and computer software	**0.1**	0.4
Impairment of trade receivables (net)	**(0.8)**	0.5
Expense relating to short-term leases	**2.1**	-
Foreign exchange loss	**0.4**	0.1
Operating lease rentals – property[1]	**-**	15.6
Operating lease rentals – computers and equipment[1]	**-**	2.2

1. Operating leases have been impacted by the adoption of IFRS 16 Leases from 1 January 2019; please refer to notes 1 and 22 for further information.

4. Staff costs

	2019 Number	2018 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was:		
Group employees	**4,243**	4,036

The Group's closing headcount at 31 December 2019 was 4,027 (2018: 4,132). The Directors analyse headcount in a number of ways and therefore headcount has been presented on a global basis.

	2019 £s millions	2018 £s millions
Their aggregate remuneration comprised:		
Wages and salaries	**224.2**	219.0
Social security costs	**23.9**	21.6
Other pension costs	**6.5**	5.6
Cost of employee share options and awards	**5.6**	5.7
	260.2	251.9

The gain made on share options by the Directors during the year was £0.8m (2018: £nil). Full details of the Directors' remuneration are given in the Directors' Remuneration Report on page 60.

Notes to the Group Accounts continued

For the year ended 31 December 2019

5. Taxation

	2019 £s millions	2018 £s millions
Current tax charge		
Corporation tax – UK	3.7	2.3
Corporation tax – Overseas	11.8	12.1
Adjustments in respect of prior years		
Corporation tax – UK	–	–
Corporation tax – Overseas	(0.5)	0.1
	15.0	14.5
Deferred tax		
Deferred tax – UK	(0.5)	0.1
Deferred tax – Overseas	(1.1)	(1.8)
Adjustments in respect of prior years		
Deferred tax – UK	–	0.4
Deferred tax – Overseas	–	0.3
	(1.6)	(1.0)
Total tax charge for year	13.4	13.5
Profit before taxation	47.4	49.1
Tax at standard UK corporation tax rate of 19% (2018: 19%)	9.0	9.3
Effects of:		
(Relieved) unrelieved losses	(0.1)	(0.2)
Tax exempt income and other expenses not deductible	1.6	0.4
Overseas earnings taxed at different rates	3.3	3.3
Adjustments to tax charges in previous years	(0.5)	0.7
Impact of tax rate change	0.1	–
Total tax charge for year	13.4	13.5

	2019 £s millions	2018 £s millions
Tax recognised directly in equity		
Tax on share-based payment transactions	1.1	(1.8)

In November 2017, the European Commission published a preliminary decision to open a formal investigation in relation to the “Group financing exemption” (‘GFE’) in the UK’s controlled foreign company rules.

The investigation remains ongoing. In common with other UK-based international companies, the Group, whose arrangements are in line with current UK CFC legislation, may be affected by the outcome of this investigation and is therefore monitoring developments. Based on the current status of the investigation, the Group has fully provided for the full value of the potential liability.

6. Dividends

	2019 £s millions	2018 £s millions
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 4.5p per share (2018: 4.0p)	**3.1**	2.8
Final dividend for 2018 of 10.7p per share (2017: 9.3p)	**7.5**	7.1
	10.6	9.9
Proposed final dividend for 2019 of 11.0p per share (2018: 10.7p)	**7.7**	7.1

The proposed final dividend of £7,700,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

7. Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to equity holders of the Parent and the weighted average number of shares of the Company.

	2019 Number of shares	2018 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	**79,652,285**	79,374,520
Shares issued in the year	**284,468**	196,213
Treasury and own shares held	**(9,742,152)**	(9,043,151)
For basic earnings per share	**70,194,601**	70,527,582
Outstanding share options and equity	**5,455,700**	7,054,450
For diluted earnings per share	**75,650,301**	77,582,032

	2019 £s millions	2018 £s millions
Profit for the period attributable to equity holders of the Parent	**34.0**	35.6
IFRS 16 Leases adjustment (note 22)	**1.5**	-
Adjusted profit for the period attributable to equity holders of the Parent*	**35.5**	35.6

*Adjusted profit for the period has been calculated to eliminate the impact of the IFRS 16 Leases adjustments as disclosed in note 22.

Notes to the Group Accounts continued
For the year ended 31 December 2019

8. Intangible assets

	Goodwill £s millions	Computer software £s millions	Assets under construction £s millions	Total £s millions
Cost:				
At 1 January 2018	8.1	13.0	–	21.1
Additions	–	0.6	–	0.6
Disposals	–	(0.0)	–	(0.0)
Foreign currency translation differences	0.0	0.1	–	0.1
At 31 December 2018	**8.1**	**13.7**	**–**	**21.8**
Additions	–	1.4	2.2	3.6
Disposals	–	(2.8)	–	(2.8)
Foreign currency translation differences	(0.1)	(0.0)	–	(0.1)
At 31 December 2019	**8.0**	**12.3**	**2.2**	**22.5**
Accumulated amortisation and impairment:				
At 1 January 2018	–	9.2	–	9.2
Charge for the year	–	1.4	–	1.4
Disposals	–	(0.0)	–	(0.0)
Foreign currency translation differences	–	0.0	–	0.0
At 31 December 2018	**–**	**10.6**	**–**	**10.6**
Charge for the year	–	1.4	–	1.4
Disposals	–	(2.8)	–	(2.8)
Foreign currency translation differences	–	(0.1)	–	(0.1)
At 31 December 2019	**–**	**9.1**	**–**	**9.1**
Carrying value:				
At 1 January 2018	8.1	3.8	–	11.9
At 31 December 2018	8.1	3.1	–	11.2
At 31 December 2019	**8.0**	**3.2**	**2.2**	**13.4**

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,202,000) and the historic acquisition of the Dunhill Group in Australia (£6,847,000). The historical acquisition cost of Talent Spotter was £768,000, with the movement to the current carrying value a result of foreign currency translation differences. Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is based on value in use in perpetuity. The key assumptions in the value in use are those regarding expected changes to cash flow during the period, growth rates and the discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of between 3-5% for years two and three. The forecasts for revenue and costs as approved by the Board reflect the latest industry forecasts and management expectations based on past experience.

The value of the cash flows is then discounted at a post-tax rate of 7.5% (pre-tax rate of 10.3%), based on the Group's estimated weighted average cost of capital and risk adjusted depending on the location of goodwill. The weighted average cost of capital has also been adjusted for a terminal growth rate, between 2-3% depending on location, for year four onwards.

Management has undertaken sensitivity analysis taking into consideration the impact in key assumptions. This included reducing the cash flow growth from year two onwards by 0%, 10% and 20% in absolute terms. The sensitivity analysis shows no impairment charge would arise under each scenario.

9. Property, plant and equipment

	Leasehold improvements £s millions	Fixtures, fittings and office equipment £s millions	Computer equipment £s millions	Total £s millions
Cost:				
At 1 January 2018	8.4	14.2	8.2	30.8
Additions	0.1	2.8	2.8	5.7
Disposals	(0.0)	(0.8)	(0.2)	(1.0)
Foreign currency translation differences	0.2	(0.0)	0.1	0.3
At 31 December 2018	**8.7**	**16.2**	**10.9**	**35.8**
Additions	1.4	2.7	1.8	5.9
Disposals	(0.1)	(0.4)	(1.2)	(1.7)
Foreign currency translation differences	(0.1)	(0.6)	(0.2)	(0.9)
At 31 December 2019	**9.9**	**17.9**	**11.3**	**39.1**
Accumulated depreciation and impairment:				
At 1 January 2018	5.6	9.2	6.9	21.7
Charge for the year	0.7	1.6	1.6	3.9
Disposals	(0.0)	(0.4)	(0.2)	(0.6)
Foreign currency translation differences	0.2	(0.1)	0.1	0.2
At 31 December 2018	**6.5**	**10.3**	**8.4**	**25.2**
Charge for the year	0.8	1.9	2.0	4.7
Disposals	(0.1)	(0.3)	(1.2)	(1.6)
Foreign currency translation differences	(0.1)	(0.4)	(0.1)	(0.6)
At 31 December 2019	**7.1**	**11.5**	**9.1**	**27.7**
Carrying value:				
At 1 January 2018	2.8	5.0	1.3	9.1
At 31 December 2018	2.2	5.9	2.5	10.6
At 31 December 2019	**2.8**	**6.4**	**2.2**	**11.4**

Notes to the Group Accounts continued

For the year ended 31 December 2019

10. Group investments

Subsidiary undertaking	Effective ownership of ordinary shares	Principal activity	Country of incorporation
Robert Walters Pty Limited	100%	Recruitment consultancy	Australia
Resource Solutions Corporation Pty Limited	100%	HR outsourcing services	Australia
Robert Walters SA	100%	Recruitment consultancy	Belgium
Robert Walters People Solutions SA	100%	Recruitment consultancy	Belgium
Robert Walters Brazil Limitada	100%	Recruitment consultancy	Brazil
Robert Walters Canada Inc	100%	Recruitment consultancy	Canada
Robert Walters Chile SpA	100%	Recruitment consultancy	Chile
Resource Solutions Europe Limited (Czech Republic)	100%	HR outsourcing services	Czech Republic
Robert Walters SAS	100%	Recruitment consultancy	France
Walters People SAS	100%	Recruitment consultancy	France
Walters People Business Support SAS	100%	Recruitment consultancy	France
Robert Walters Germany GMBH	100%	Recruitment consultancy	Germany
Resource Solutions Consulting (Hong Kong) Limited	100%	HR outsourcing services	Hong Kong
Robert Walters (Hong Kong) Limited	100%	Recruitment consultancy	Hong Kong
Hungarian Branch Office of Resource Solutions Europe Ltd (Hungary)	100%	HR outsourcing services	Hungary
Resource Solutions India Private Limited	100%	HR outsourcing services	India
PT. Robert Walters Indonesia	100%	Recruitment consultancy	Indonesia
Robert Walters Limited	100%	Recruitment consultancy	Ireland
Robert Walters Luxembourg Investment SARL (Irish Branch)	100%	Investment	Ireland
Robert Walters Japan KK	100%	Recruitment consultancy	Japan
Resource Solutions Japan KK	100%	HR outsourcing services	Japan
Resource Solutions Europe Limited Lieturos Filialas (Lithuania)	100%	HR outsourcing services	Lithuania
Robert Walters Luxembourg Investment SARL	100%	Investment	Luxembourg
Resource Solutions Europe Limited Luxembourg (Branch)	100%	Recruitment consultancy	Luxembourg
Robert Walters (Luxembourg) Holdings ltd	100%	Recruitment consultancy	Luxembourg
Robert Walters Talent Consulting (Shanghai) Ltd	100%	Recruitment consultancy	Mainland China
Robert Walters Talent China Limited	100%	Recruitment consultancy	Mainland China
Robert Walters Resource Solutions Sdn Bhd	100%	HR outsourcing services	Malaysia
Robert Walters Sdn Bhd	100%	Recruitment consultancy	Malaysia
Robert Walters Mexico S. de R.L. de C.V.	100%	Recruitment consultancy	Mexico
Walters People BV	100%	Recruitment consultancy	Netherlands
Robert Walters BV	100%	Recruitment consultancy	Netherlands
SAI Holdings BV[3]	100%	Holding Company	Netherlands
Robert Walters New Zealand Limited	100%	Recruitment consultancy	New Zealand
Resource Solutions Global Service Centre (Philippines), Inc.	100%	HR outsourcing services	Philippines
Robert Walters Portugal Unipessoal Lda	100%	Recruitment consultancy	Portugal
Resource Solutions Consulting (Singapore) Pte Ltd	100%	HR outsourcing services	Singapore
Robert Walters (Singapore) Pte Ltd	100%	Recruitment consultancy	Singapore
Robert Walters South Africa Proprietary Limited	100%	Recruitment consultancy	South Africa
Robert Walters External Profit Company (South Africa)	100%	Recruitment consultancy	South Africa
Robert Walters Holding SAS Sucursal En Espana	100%	Recruitment consultancy	Spain
Walters People Sociedad Limitada Empresa de Trabajo Temporal	100%	Recruitment consultancy	Spain
Robert Walters Korea Limited	100%	Recruitment consultancy	South Korea
Robert Walters Switzerland AG	100%	Recruitment consultancy	Switzerland
Robert Walters Company Limited (Taiwan)	100%	Recruitment consultancy	Taiwan
Robert Walters (Eastern Seaboard) Ltd	100%	Recruitment consultancy	Thailand
Robert Walters Recruitment (Thailand) Ltd	100%	Recruitment consultancy	Thailand
Robert Walters Dubai Ltd	100%	Recruitment consultancy	United Kingdom
Robert Walters Operations Limited	100%	Recruitment consultancy	United Kingdom
Robert Walters Consultancy[2] (3568178)	100%	Recruitment consultancy	United Kingdom
Resource Solutions Limited	100%	HR outsourcing services	United Kingdom
Resource Solutions Europe Limited	100%	HR outsourcing services	United Kingdom
Resource Solutions Europe Limited External Profit Company	100%	HR outsourcing services	United Kingdom
Resource Solutions Technology Consultancy Services Ltd[2] (3542052)	100%	Recruitment consultancy	United Kingdom
Robert Walters Holdings Limited[1,3]	100%	Holding Company	United Kingdom
Walters Interim Ltd[2] (2152308)	100%	Recruitment consultancy	United Kingdom
Resource Solutions Inc (Delaware)	100%	HR outsourcing services	USA
Resource Solutions Inc (Florida)	100%	HR outsourcing services	USA
Robert Walters Associates Inc.	100%	Recruitment consultancy	USA
Robert Walters Associates California Inc.	100%	Recruitment consultancy	USA
Robert Walters Holdings North America	100%	Recruitment consultancy	USA
Robert Walters Vietnam Company Limited	100%	Recruitment consultancy	Vietnam

1. Robert Walters Holdings Limited has branch operations in Luxembourg and South Africa.
2. These subsidiaries, all of which are incorporated in England and Wales, are exempt from the requirements of the UK Companies Act 2006 relating to the individual accounts by virtue of section s394A of that Act.
3. Direct holdings of Robert Walters Group plc.

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Notes to the Group Accounts continued

For the year ended 31 December 2019

11. Trade and other receivables

	2019 £s millions	2018 £s millions
Receivables due within one year:		
Trade receivables	**127.6**	148.8
Other receivables	**7.8**	18.5
Prepayments	**5.1**	6.5
Accrued income[1]	**69.2**	68.2
	209.7	242.0

1. A material adjustment of £11.0m has been made to increase the accrued income for 2018, in order to recognise the gross asset value in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

Included within accrued income is a provision against the cancellation of placements where a candidate may reverse their acceptance prior to the start date.

The value of this provision as of 31 December 2019 is £2,434,000 (31 December 2018: £2,324,000). The movement in the provision during the year is a charge to the income statement of £110,000 (2018: £432,000). Contract assets are expected to convert into contract receivables within three months of recognition.

12. Trade payables and other payables: amounts falling due within one year

	2019 £s millions	2018 £s millions
Trade payables	**4.7**	7.1
Other taxation and social security	**21.9**	25.9
Other payables	**19.1**	24.3
Accruals and deferred income[1]	**116.2**	129.9
	161.9	187.2

1. A material adjustment of £11.0m has been made to increase the accruals and deferred income for 2018, in order to recognise the gross liability value in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

There is no material difference between the fair value and the carrying value of the Group's trade and other payables.

13. Bank overdrafts and borrowings

	2019 £s millions	2018 £s millions
Bank overdrafts and borrowings: current	**26.6**	5.7
	26.6	5.7
The borrowings are repayable as follows:		
Within one year	**26.6**	5.7
	26.6	5.7

In February 2019, the Group renewed and extended to four years its committed financing facility of £45.0m to £60.0m which expires in March 2023.

At 31 December 2019, £25.5m (2018: £4.5m) was drawn down under this facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 10m (£1.1m) was drawn down as at 31 December 2019. The loan is secured against cash deposits in Hong Kong.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £26,600,000 (2018: £5,680,000).

14. Deferred taxation

The following are the major tax assets (liabilities) recognised by the Group and the movements during the current and prior year.

	Accelerated depreciation £s millions	Tax losses £s millions	Share-based payment £s millions	Accruals and provisions £s millions	Total £s millions
At 1 January 2018	0.6	2.1	3.1	4.4	10.2
Credit (charge) to income	(0.2)	0.6	(0.3)	0.9	1.0
Credit to equity	–	–	1.0	–	1.0
Foreign currency translation differences	–	–	–	0.2	0.2
At 31 December 2018	**0.4**	**2.7**	**3.8**	**5.5**	**12.4**
Credit to income	0.3	0.9	0.2	0.2	1.6
Charge to equity	–	–	(2.3)	–	(2.3)
Foreign currency translation differences	–	–	–	(0.1)	(0.1)
At 31 December 2019	**0.7**	**3.6**	**1.7**	**5.6**	**11.6**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	**2019 £s millions**	2018 £s millions
Deferred tax assets	**11.6**	12.4
	11.6	12.4

At 31 December 2019, no deferred tax liability is recognised on temporary differences of £22.4m (2018: £20.2m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing and reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Where a reversal is foreseeable, deferred tax liabilities are provided for using the relevant tax rate applicable on distributed profits.

Deferred tax assets of £3.6m (2018: £2.7m) have been recognised in respect of carried forward losses and latest forecasts show that these are expected to be recovered against future profit streams.

The Group has total unrecognised deferred tax assets relating to tax losses of £1.6m (2018: £3.1m) of which £0.1m (2018: £0.3m) have no time restriction over when they can be utilised, and the remaining £1.5m (2018: £2.8m) are time restricted, for which the weighted average period over which they can be utilised is seven years.

15. Provisions

	Total £s millions
At 1 January 2018	2.8
Additional provisions charged to income statement	1.7
Provision released	(0.9)
Utilisation of provisions	(0.3)
Foreign exchange movements	–
At 31 December 2018	**3.3**
Additional provisions charged to income statement	1.1
Provision released	(1.2)
Utilisation of provisions	(0.3)
Foreign exchange movements	(0.3)
At 31 December 2019	**2.6**
Analysis of total provision:	
Current	1.3
Non-current	1.3
	2.6

The provisions comprise of dilapidation provisions.

The payment of the non-current provision (£1.3m) is expected to occur between two and five years.

Notes to the Group Accounts continued
For the year ended 31 December 2019

16. Financial risk management
The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables, trade payables, etc. that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Group has not entered into derivative transactions and no gains or losses on hedges have been incurred.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and interest rate risk.

(i) Financial assets
Surplus cash balances are invested in financial institutions with favourable credit ratings that offer competitive rates of return, while still providing the Group with flexibility in its cash management.

Cash	2019 £s millions	2018 £s millions
Euros	**33.1**	20.3
Japanese Yen	**18.9**	13.7
Australian Dollars	**12.7**	15.4
Hong Kong Dollars[1]	**11.2**	10.1
Great British Pounds	**9.4**	-
New Zealand Dollars	**4.6**	4.2
US Dollars	**4.0**	4.1
Singapore Dollars	**3.7**	3.7
Chinese Renminbi	**2.5**	2.1
Thai Baht	**1.8**	1.7
United Arab Emirates Dirham	**2.0**	0.8
South Korean Won	**1.6**	1.7
Malaysian Ringgit	**1.6**	0.9
Other	**5.3**	1.2
	112.4	79.9

1. Included in the Hong Kong Dollars cash balance is £3.4m (2018: £3.5m) of restricted cash held on deposit as security against the Chinese Renminbi bank loan. Further details of this loan are provided in note 13.

All financial assets, as detailed above, are at floating rate. There is no material difference between the fair value and the carrying value of the financial assets.

(ii) Currency exposures
The main currencies of the Group are Pounds Sterling, the Euro, Australian Dollars and Yen. The Group does not have material transactional exposures because in the local entities, revenues and costs are in their functional currencies.

There are no material net foreign exchange exposures to monetary assets and monetary liabilities.

The Group has translation exposure in accounting for overseas operations and its policy is not to hedge against this exposure.

(iii) Liquidity risk
The Group's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due.

Surplus funds are invested on short-term deposit. Short-term flexibility is achieved by overdraft facilities, if appropriate.

The capital structure of the Group consists of net cash of £85.8m and equity of the Group, comprising issued share capital, reserves and retained earnings as disclosed in notes 17 to 19.

(iv) Interest rate risk
The Group manages its cash funds through its London head office and does not actively manage its exposure to interest rate fluctuations. Surplus funds in the UK earn interest at a rate linked to the Bank of England base rate.

Surplus funds in other countries earn interest based on a number of different indices, varying from country to country.

16. Financial risk management continued

(v) Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily in respect of trade receivables.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with counterparties that are deemed creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with entities that are considered to have adequate credit ratings. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's exposure and the credit ratings of its counterparties are regularly monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Trade receivables consist of a large number of customers, spread across industry sectors and geographical locations. In a number of territories in which the Group operates, particularly in the contract and interim businesses, invoices are contractually payable on demand. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, if considered appropriate, credit guarantee insurance cover is purchased.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected credit losses are estimated using a provision matrix and applying a probability of default. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. When measuring expected credit losses the Group uses reasonable and supportable forward-looking information, adjusting for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

The Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Out of trade receivables totalling £127.6m at 31 December 2019 (2018: £148.8m), balances totalling £78.9m (2018: £98.3m) are not due. The amount of trade receivables past due up to one month are £34.8m (2018: £36.4m) and past due greater than one month are £16.7m (2018: £17.8m). The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2019 was £2.4m (2018: £1.4m). The level of bad debt provision at 31 December 2019 was £2.8m (2018: £3.7m).

(vi) Financial liabilities

The Group financed its operations during the year through a mixture of retained earnings and also has a Renminbi loan, which was taken out in 2008, and a four-year committed Pounds Sterling sales financing facility, expiring in March 2023. The average effective interest rate for 2019 on the sales financing facility approximates to 2.20% and is determined upon the lenders' published rate plus 1.45%. As the rates are floating, the Group is exposed to cash flow risk. Further details in respect of these borrowings are disclosed in note 13 to the accounts.

The Group's sensitivity to foreign currency has decreased during the year as repayments have been made on the bank borrowings.

Trade and other payables are settled within normal terms of business and are payable in less than 120 days.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the Group Accounts continued

For the year ended 31 December 2019

17. Share capital

	2019 Number	2018 Number	2019 £s millions	2018 £s millions
Authorised				
Ordinary shares of 20p each	**200,000,000**	200,000,000	**40.0**	40.0
Allotted, called-up and fully paid				
Ordinary shares of 20p each	**80,121,475**	79,652,285	**16.0**	15.9

The called-up share capital of the Company was increased on a number of occasions during the year following the issue of new shares in accordance with obligations in respect of the Executive Share Option Scheme. Share capital includes shares held in treasury and in the EBT; see note 19 for more detail.

The Company has one class of ordinary shares which carry no right to fixed income.

18. Share options

Equity-settled share option plan

As at 31 December 2019 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive Share Option Scheme and SAYE Option Scheme:

	Share options granted	Price granted (p)	Exercisable From	Exercisable To
Executive Options	10,000	299	November 2013	November 2020
Executive Options	247,000	211	March 2016	March 2023
Executive Options	854,000	353	March 2017	March 2024
Executive Options	128,389	339	February 2018	February 2025
Executive Options	298,500	299	March 2019	March 2026
Executive Options	817,500	400	March 2020	March 2027
SAYE	318,284	364	June 2020	December 2020
Executive Options	240,499	667	March 2021	March 2028
SAYE	57,866	596	September 2021	March 2022
Executive Options	20,000	662	July 2021	July 2028
Executive Options	217,999	536	March 2022	March 2029
Executive Options	1,900	513	August 2022	August 2029
SAYE	435,264	409	September 2022	March 2023
	3,647,201			

The movements within the balance of share options are indicated below, as well as a calculation of the respective weighted averages for each category of movement and the opening and closing balances.

	2019 Options	2019 Weighted average exercise price (£)	2018 Options	2018 Weighted average exercise price (£)
At 1 January	**4,240,319**	**3.66**	**4,393,000**	**3.29**
Granted during the year	679,663	5.46	558,974	6.67
Forfeited during the year	(388,095)	5.13	(196,275)	3.83
Exercised during the year	(884,686)	2.60	(515,380)	3.31
At 31 December	**3,647,201**	**3.94**	**4,240,319**	**3.66**

The fair value of share options granted during the year was £298,000 (2018: £321,000).

The weighted average share price at the date of exercise for share options exercised during the period was £2.60 (2018: £3.31). The options outstanding at 31 December 2019 had a weighted average remaining contractual life of six years (2018: seven years) and a weighted value of £3.94 (2018: £3.66). The weighted average exercise price is calculated based on a range of share prices between £2.11 and £6.67.

18. Share options continued

There were 1,538,000 (2018: 1,619,000) options already exercisable at the end of the year, with a weighted exercise price of £3.18 (2018: £3.01). The inputs into the stochastic model are as follows:

	Executive options				SAYE options		
	2019	2018	2017	2016	**2019**	2018	2017
Weighted average share price	**£5.96**	£6.62	£4.07	£3.08	**£4.09**	£5.96	£3.64
Weighted average exercise price	**£5.46**	£6.67	£4.00	£2.99	**£4.09**	£5.96	£3.64
Expected volatility	**29.9%**	26.0%	30.8%	32.4%	**29.9%**	26.0%	30.8%
Expected life	**6**	6	6	6	**3.25**	3.25	3.25
Risk free rate	**1.0%**	1.2%	0.5%	1.0%	**1.0%**	1.2%	0.5%
Expected dividend yield	**2.5%**	1.8%	2.1%	2.3%	**2.5%**	1.8%	2.1%

Expected volatility has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Exercise of the Executive Share Options is subject to the achievement of a percentage increase in earnings per share which exceeds the percentage increase in inflation by at least an average 8% per annum, over a period of three financial years of the Group.

On satisfaction of these performance targets, 33.33% of the options vest. Vesting then increases progressively with the Executive Options fully vesting where earnings per share growth matches the UK retail price index plus an average of 14% per annum.

The SAYE Option Scheme enables UK permanent employees to use the proceeds of a related SAYE contract to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract.

Exercise of an option is subject to continued employment.

Equity-settled Performance Share Plan (PSP)

As at 31 December 2019 the following share awards had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive PSP Scheme:

The movements within the balances of share awards and co-investment awards are indicated below.

	2019			2018		
	Share awards	Co-investment awards	Total	Share awards	Co-investment awards	Total
At 1 January	**4,485,457**	**829,671**	**5,315,128**	**4,821,466**	**855,282**	**5,676,748**
Granted during the year	1,272,681	296,170	1,568,851	1,207,587	207,417	1,415,004
Vested during the year	(1,561,220)	(330,459)	(1,891,679)	(1,476,765)	(222,671)	(1,699,436)
Lapsed during the year	(196,911)	(41,680)	(238,591)	–	–	–
Forfeited during the year	(275,977)	(36,193)	(312,170)	(66,831)	(10,357)	(77,188)
At 31 December	**3,724,030**	**717,509**	**4,441,539**	**4,485,457**	**829,671**	**5,315,128**

The fair value of share awards and co-investment awards granted during the year was £6,484,000 (2018: £7,239,000).

The awards outstanding at 31 December 2019 had a weighted average remaining contractual life of 14 months (2018: 13 months).

No awards expired during the year (2018: none).

The inputs into the stochastic model are as follows:

	2019	2018	2017	2016
Weighted average share price	**£5.90**	£6.62	£4.07	£3.08
Weighted average exercise price	**nil**	nil	nil	nil
Expected volatility	**34.3%**	32.0%	29.9%	26.5%
Expected life (years)	**3**	3	3	3
Risk free rate	**0.8%**	0.8%	0.0%	0.5%
Expected dividend yield	**2.5%**	1.8%	2.1%	2.3%

Notes to the Group Accounts continued

For the year ended 31 December 2019

18. Share options continued

Expected volatility has been calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Under the terms of the PSP the number of shares receivable by Executive Directors for a nominal value is dependent upon the total shareholder return (TSR) and the earnings per share (EPS) growth over the three-year period from the initial date of grant. In the case of co-investment awards, the continued ownership of qualifying shares in the Company is also required. As such it is not possible to determine the interests of the individual Directors prior to the completion of the vesting period, although no shares will vest if the TSR performance does not at least equal the performance of the FTSE Small Cap Index or the EPS compound annual growth exceed 8%. For all of the PSP shares to vest, the TSR must exceed the FTSE Small Cap Index by a compound 12.5% per annum and the EPS compound annual growth must also exceed 14%.

The Group recognised an expense of £5,552,000 (2018: £5,654,000) during the year in respect of equity-settled share-based payment transactions and £nil (2018: £nil) in respect of cash-settled share-based payment transactions.

19. Reserves

The other reserves of the Group include a merger reserve of £83,379,000 (2018: £83,379,000), a capital reserve of £9,301,000 (2018: £9,301,000), a capital redemption reserve of £2,216,000 (2018: £2,216,000), and a capital contribution reserve of £44,000 (2018: £44,000).

The own shares are held by an Employee Benefit Trust (EBT) to satisfy the potential share obligations of the Group. The Company also has an obligation to make regular contributions to the EBT to enable it to meet its financing costs. £15.0m of own shares were purchased into the Employee Benefit Trust at an average price of £6.03 in 2019. Rights to dividends on shares held by the EBT have been waived by the trustees. Charges of £27,000 (2018: £36,000) have been reflected in the Consolidated Income Statement in respect of the EBT.

The number and market value of own shares held at 31 December 2019 was 5,741,463 (2018: 5,260,371) and £31,923,000 (2018: £28,932,000). The number and market value of treasury shares held at 31 December 2019 was 4,074,000 (2018: 4,074,000) and £22,651,000 (2018: £22,407,000).

20. Notes to the cash flow statement

	2019 £s millions	2018 £s millions
Operating profit	**51.2**	49.7
Adjustments for:		
Depreciation and amortisation charges	**21.7**	5.3
Loss on disposal of property, plant and equipment and computer software	**0.1**	0.4
Charge in respect of share-based payment transactions	**5.6**	5.6
Unrealised foreign exchange losses	**(1.3)**	(0.8)
Operating cash flows before movements in working capital	**77.3**	60.2
Decrease (increase) in receivables[1]	**25.5**	(12.0)
(Decrease) increase in payables[1]	**(20.4)**	25.2
Cash generated from operating activities	**82.4**	73.4

1. A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

21. Reconciliation of net cash flow to movement in net funds

	2019 £s millions	2018 £s millions
Increase in cash and cash equivalents in the year	**36.2**	16.3
Cash inflow (outflow) from movement in bank borrowings	**(21.0)**	25.2
Foreign currency translation differences	**(3.7)**	1.7
Movement in net cash in the year	**11.5**	43.2
Net cash at beginning of year	**74.3**	31.1
Net cash at end of year	**85.8**	74.3

Net cash is defined as cash and cash equivalents less bank borrowings.

22. IFRS 16 Leases

The Group adopted IFRS 16 Leases on 1 January 2019 as disclosed in the accounting policies on pages 106 to 107. The Group recognised a right-of-use asset of £82.1m and a corresponding lease liability of £83.7m. The lease liability has replaced the commitments for operating leases under IAS 17. The table below shows the reconciliation between the commitments disclosed as at 31 December 2018 compared to the lease liability as at 1 January 2019.

	1 January 2019 £s millions
Commitments as at 31 December 2018	64.3
Less: short-term leases not recognised under IFRS 16	(3.4)
Plus: effect of extension options reasonably certain to be exercised	34.1
Undiscounted lease payments	**95.0**
Less: effect of discounting using incremental borrowing rate as at date of application	(11.3)
Lease liability at 1 January 2019	**83.7**

This note provides information for leases where the Group is a lessee.

Amounts recognised in the Consolidated Balance Sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use asset	Buildings £s millions	Equipment £s millions	Vehicles £s millions	Other £s millions	Total £s millions
Cost:					
At 1 January 2019	79.6	0.2	2.3	–	82.1
Additions	7.0	–	1.4	–	8.4
Foreign currency translation differences	(1.9)	–	(0.1)	–	(2.0)
At 31 December 2019	**84.7**	**0.2**	**3.6**	**–**	**88.5**
Depreciation:					
At 1 January 2019	–	–	–	–	–
Charge for year	14.5	–	1.1	–	15.6
At 31 December 2019	**14.5**	**–**	**1.1**	**–**	**15.6**
Carrying value:					
At 1 January 2019	79.6	0.2	2.3	–	82.1
At 31 December 2019	**70.2**	**0.2**	**2.5**	**–**	**72.9**

	2019 £s millions	2018[1] £s millions
Lease liabilities:		
Current	(17.4)	–
Non-current[2]	(58.1)	–
At 31 December 2019	**(75.5)**	**–**

1. In the previous year, the Group had no lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 1 Accounting Policies on page 102.
2. Of the non-current liability £41.7m relates to liabilities between two and five years.

Amounts recognised in the Consolidated Income Statement

The adoption of IFRS 16 Leases has resulted in the below adjustments recognised in the Consolidated Income Statement.

	Reported results £s millions	IFRS 16 adjustment £s millions	Adjusted results £s millions
Operating profit	51.2	(0.7)	50.5
Profit before taxation	47.4	2.1	49.5
Profit for the year	34.0	1.5	35.5

Notes to the Group Accounts continued
For the year ended 31 December 2019

22. IFRS 16 Leases continued
The statement of profit or loss shows the following amounts relating to leases:

	2019 £s millions	2018 £s millions
Depreciation charge of right-of-use assets	**15.6**	–
Interest expense (included in finance cost)	**2.8**	–
Expense relating to short-term leases (included in administrative expenses)	**3.4**	–
Other	**–**	–
Total charges in relation to leases	**21.8**	–

The total cash outflow for leases in 2019 was £16.4m.

The Group's leasing activities and how these are accounted for
The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of four months to ten years, but may have extension options as described below:

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Lease payments to be made under reasonable certain extension options are also included in the measurement of the liability.

The incremental borrowing rate is calculated on a lease-by-lease basis. The weighted average lessee's borrowing rate applied to the lease liabilities on 1 January 2019 was 3.38%.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

For short-term leases (lease term of 12 months or less) and leases of low value assets (less than £3,000), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise the operational flexibility in terms of managing the assets used in the Group's operations.

23. Related party transactions
Transactions between Robert Walters Group plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The remuneration of key management personnel who are deemed to be Directors has been disclosed in the Directors' Remuneration Report on page 60.

During the year, there were related party transactions totalling £4,000 included within administrative expenses (2018: £71,000) with Tay Associates Limited, a related party through a Director of Robert Walters Group plc.

There were no outstanding balances at the 31 December 2019.

All transactions were undertaken on an arms-length basis.

24. Contingent liabilities
Each member of the Robert Walters Group plc is party to joint and several guarantees in respect of banking facilities granted to Robert Walters Group plc.

Other than as disclosed in note 5, the Group has no other contingent liabilities as at 31 December 2019 (2018: £nil).

Company Balance Sheet
As at 31 December 2019

	Notes	2019 £s millions	2018 £s millions
Non-current assets			
Investments	27	**225.9**	220.5
Current assets			
Trade and other receivables	28	**38.3**	22.0
Cash and cash equivalents		**4.2**	0.6
Total assets		**268.4**	243.1
Current liabilities			
Trade and other payables	29	**(155.6)**	(140.8)
Net current liabilities		**(113.1)**	(118.2)
Net assets		**112.8**	102.3
Equity			
Share capital		**16.0**	15.9
Share premium		**22.2**	22.0
Capital redemption reserve		**2.2**	2.2
Own shares held		**(26.5)**	(18.3)
Treasury shares held		**(9.1)**	(9.1)
Retained earnings		**108.0**	89.6
Shareholders' funds		**112.8**	102.3

Robert Walters plc reported a profit for the year of £29.9m (2018: £30.0m).

The accounts of Robert Walters plc, Company number 3956083, on pages 127 to 130 were approved by the Board of Directors on 2 March 2020 and signed on its behalf by:

Alan Bannatyne
Chief Financial Officer

Company Statement of Changes in Equity
For the year ended 31 December 2019

Group	Share capital £s millions	Share premium £s millions	Capital redemption reserve £s millions	Own shares held £s millions	Treasury shares held £s millions	Retained earnings £s millions	Total equity £s millions
Balance at 1 January 2018	15.9	21.9	2.2	(18.2)	(9.1)	68.4	81.1
Profit for the year	–	–	–	–	–	30.0	30.0
Foreign currency translation differences	–	–	–	–	–	–	–
Total comprehensive income and expense for the year	–	–	–	–	–	30.0	30.0
Dividends paid	–	–	–	–	–	(9.5)	(9.5)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	5.7	5.7
Transfer to own shares held on exercise of equity incentives	–	–	–	5.0	–	(5.0)	–
New shares issued and own shares purchased	–	0.1	–	(5.1)	–	–	(5.0)
Balance at 31 December 2018	15.9	22.0	2.2	(18.3)	(9.1)	89.6	102.3
Profit for the year	–	–	–	–	–	29.9	29.9
Foreign currency translation differences	–	–	–	–	–	–	–
Total comprehensive income and expense for the year	–	–	–	–	–	29.9	29.9
Dividends paid	–	–	–	–	–	(10.6)	(10.6)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	5.6	5.6
Transfer to own shares held on exercise of equity incentives	–	–	–	6.5	–	(6.5)	–
New shares issued and own shares purchased	0.1	0.2	–	(14.7)	–	–	(14.4)
Balance at 31 December 2019	**16.0**	**22.2**	**2.2**	**(26.5)**	**(9.1)**	**108.0**	**112.8**

Notes to the Company Accounts

For the year ended 31 December 2019

25. Accounting policies

The principal accounting policies of the Company are summarised below and have been applied consistently in all aspects throughout the current year and the preceding year.

(a) Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in the Statement of Accounting Policies to the consolidated financial statements on page 102 except as noted below.

(b) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

(c) Investments

Investments are shown at cost less provision for impairment where appropriate.

(d) Employee Benefit Trust

The own shares are held by an Employee Benefit Trust (EBT) to satisfy the potential share obligations of the Group. Own shares are recorded at cost and deducted from equity. As the EBT is deemed to be an extension of the Company, the EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Company financial statements.

26. Profit for the year

The Company has elected not to present its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

£22.8m (2018: £18.2m) of the retained earnings of the Company represent distributable reserves.

Details of the proposed final dividend are provided in note 6 to the accounts.

Details of share-based payments are disclosed in note 18 to the accounts.

Details of treasury and own shares held are disclosed in note 19 to the accounts.

There are no employees of Robert Walters plc.

27. Fixed asset investments

	Total £s millions
At 1 January 2019	220.6
Increase in the year due to equity incentive schemes	5.2
At 31 December 2019	**225.8**

There was no provision for impairment (2018: £nil).

Please refer to note 10 for a list of the Company's principal investments.

Notes to the Company Accounts continued

For the year ended 31 December 2019

28. Trade and other receivables

	2019 £s millions	2018 £s millions
Amounts due from subsidiaries	**38.3**	17.1
Other receivables	**–**	4.9
	38.3	22.0

29. Trade payables and other payables: amounts falling due within one year

	2019 £s millions	2018 £s millions
Amounts due to subsidiaries	**155.6**	140.8
	155.6	140.8

30. Share capital

	2019 Number	2018 Number	2019 £s millions	2018 £s millions
Authorised				
Ordinary shares of 20p each	**200,000,000**	200,000,000	**40.0**	40.0
Allotted, called-up and fully paid				
Ordinary shares of 20p each	**80,121,475**	79,652,285	**16.0**	15.9

31. Commitments

The Company has no lease commitments (2018: £nil).

There are no capital commitments for the Company (2018: £nil).

32. Related party transactions

There were no related party transactions in the year to 31 December 2019 (2018: £nil) other than as disclosed in the Directors' Remuneration Report and notes 27 and 28.

33. Contingent liabilities

The Company has no other contingent liabilities as at 31 December 2019 (2018: £nil).

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