

GROUP EHS RISK MANAGEMENT

MANDATORY CARBON REPORT & AUDIT PROCESS

ACCOUNTANCY & FINANCE/EDUCATION/PHARMACY/CONTACT CENTRE/OPERATIONS/TECHNOLOGY/LEGAL SAFETY/POLICY & COMPLIANCE/ENGINEERING/HUMAN RESOURCES/LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL SERVICES/SOCIAL CARE/SALES & MARKETING/ENERGY/OFFICE SUPPORT/RESPONSE MANAGEMENT/HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESSMENT & DEVELOPMENT/PUBLIC SERVICES/ACCOUNTANCY & FINANCE/EDUCATION/PHARMA/CONSTRUCTION & PROPERTY/RESOURCE MANAGEMENT/MANUFACTURING & OPERATIONS/RETAIL/INFORMATION TECHNOLOGY/SALES & MARKETING STRATEGY/BANKING/ENERGY/ENGINEERING/HUMAN RESOURCES/FINANCIAL SERVICES/PHARMA/HEALTHCARE/ARCHITECTURE/LEGAL/OIL & GAS

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1. AUDITING OUR CARBON REPORT

Introduction

The audit is an objective assurance activity designed to add value to and improve Hays' methodology for its data capture process during preparation of the carbon footprint report. It helps Hays accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its control processes.

Mission

To assist the Board by providing assurance, as to the adequacy of the control arrangements in relation to the key environmental reporting risks faced by the company and to raise the understanding and awareness of the risks and controls throughout the Company.

Business Goals

Managing GHG risks and identifying reduction opportunities;

- a) Identifying risks associated with GHG constraints in the future.
- b) Identifying cost effective reduction opportunities.
- c) Setting GHG targets, measuring and reporting progress.

Public reporting and participation in voluntary GHG programs;

- a) Voluntary stakeholder reporting of GHG emissions and progress towards GHG targets.
- b) Reporting to government and NGO reporting programs, including GHG registries.
- c) Participating in mandatory reporting programmes.
- d) Participating in government reporting programs at the international, national, regional or local level.

2. AUDITING OBJECTIVES AND RESPONSIBILITIES

- a. To facilitate standardised data collection methodology, action planning and reporting. The audit report will include listing the material regions, countries, departments and processes within the Company, and assess the relative risk level of each of these on a systematic basis.
- b. To provide assurance, through review and testing, over the adequacy and effectiveness of controls within the Company's systems and activities.

- c. To provide assurance on compliance of policies and procedures pertaining to carbon reporting across the Company.
- d. To prepare an annual risk-based audit plan which will include an indication of the resources which will be required to deliver the plan.
- e. To complete reviews and testing in line with the approved plan.
- f. To report identified control weaknesses and develop recommendations for management, expressing a clear audit opinion, by way of rating reviews according to a defined and consistent criteria.
- g. To recommend changes to the existing controls taking into account the objectives of management, the Board and other stakeholders where relevant.
- h. To provide guidance to management, where required, on the adequacy of solutions to be implemented in order to address weaknesses identified.
- i. To report both progress and continuing weaknesses to management and, where significant issues are identified, undertake implementation reviews.
- j. To highlight opportunities to reduce costs through greater economy and efficiency within the Company's systems and carbon reporting activities.

3. AUDITING SCOPE

Audit work will cover all systems and activities in all departments and locations throughout the Company, both currently existing and under development where carbon reporting functions are carried out. Work will be prioritised according to the view of risk (which is in turn influenced by management's own assessment of risk).

The internal audit schedule is flexible in order to meet the changing business needs, which includes any changes in the market or within the Company and any advisory work which will be generally performed at the request of the auditor or management, subject to available resources.

4. AUDITOR INDEPENDENCE

Auditors will have no direct authority over, or responsibility for, any of the activities they review, and will not develop or install procedures, prepare records, make management decisions, have direct line responsibility or engage in any other activity which could be construed to compromise their independence. When performing advisory services the internal auditors will maintain objectivity and not assume management responsibility.

5. AUDIT PROCESS

Audit Planning

The audit plan is reviewed and approved annually. Regular updates are provided on any significant changes in the audit function and progress against the approved plan.

Reporting

Each audit assignment has a clearly defined report owner(s). Findings from the review are discussed and recommendations are agreed with the owner(s) and the full report will be published to the named individual's chain of management to Country, Region and Management Board level.

Audit Assessment and Rating

Carbon reporting auditors use a standard reporting format for documenting issues raised during a review.

For each point raised in the audit report a recommendation and timeline for implementation is agreed with the process owners.

Audit Score

For each point raised a priority is assigned and score attached, High, Medium or Low based on the controls in place to mitigate the risks identified during the audit. The total score is used to calculate an overall rating (Good, Satisfactory, Unsatisfactory or Weak) and whether the risks are being managed and the controls are effective and efficient.

Information Request

A list of information required in advance will be sent by the auditor at least two weeks prior to the review. The list will be determined based on the results of the planning process and may include financial data for a data analytics request such as energy bills or staff transport expense claims.

Final Audit Report

The draft audit report will be sent as agreed and will be used for 3rd party ISO14064-3 assurance purposes.

6. AUDIT CRITERIA

What is Data Analytics?

Data analytics is used to review complete sets of data over a given period and provides insights into the efficiency and effectiveness of business processes being reviewed. We are able to examine data against a series of risk-based questions to provide a complete view on the control environment operating over a business process.

Advantages of using Data Analytics

The key advantage of this approach is that the level assurance is greater than can be provided by statistical sampling.

7. REPORTING METHODOLOGY

There is no prescribed methodology under the regulations, but for effective emissions management and transparency in reporting it is important to use robust and accepted methods.

It is recommended that the use of a widely recognised independent standard, such as: The GHG Protocol; ISO14064 – Part 1; and UK Government's "Guidance on how to measure and report your greenhouse gas emissions" (2013 version). These are all based on the same fundamental approach.

Intensity Ratios

To allow comparison of performance over time and with other similar types of organisations, the directors' report must also express emissions by way of an intensity ratio or ratios, such as sales revenue, square metres of floor space or other relevant operational metric, for this purpose Hays expresses an intensity ratio for headcount.

This allows investors to focus on the relevant information between companies.

8. REPORTING PROCESS

The guidance sets out broad general principles for how to measure and report greenhouse gas emissions. It is based on the GHG Protocol, the internationally recognised standard for the corporate accounting and reporting of GHG emissions. This means it aligns with many widely used national and international voluntary measuring and reporting schemes such as the International Organisation for Standardisation (ISO) 14064-18 and the Carbon Trust Standard.

9. REPORTING UNITS

Emission-releasing activity	Source of information
Electricity use	Total kilowatt hours (kWh) used from electricity bills
Natural gas use	Total kilowatt hours (kWh) used from gas bills
Water supply	Total water supplied in cubic metres (m ³) from water bill
Water treatment	Total water treated in cubic metres (m ³) from water bill
Fuel used in company owned vehicles	Litres of fuel purchased from invoices and receipts (more accurate); or Vehicle mileage from vehicle log books / odometers (less accurate)
Employee passenger travel	Receipts for details of travel, and use distance calculation websites to obtain flight, rail and road distances
Waste disposal / recycling	Tonnes of waste-treated by waste type (e.g. paper, glass, waste to landfill) from waste collection provider.

10. REPORTING - DATA MANAGEMENT

Greenhouse gas data management systems are the procedures and systems (e.g. paper, electronic, databases, etc.) that the responsible party uses to measure, manage, store, and report data and information. Auditors must have sufficient understanding of the greenhouse gas data management system to develop the verification strategy and plan the verification. The data management system is often a composition of data platforms including the financial accounting system, the operation control system, manual records, etc.

Data flow is used to understand:

- a) Measurements used;
- b) Information transfer processes from one part of the data management system to another (e.g., measurement records entered into a spread sheet);
- c) Different data management systems involved in creating the greenhouse gas assertion;
- d) Calculations performed;
- e) Greenhouse gas reporting; and
- f) Information storage.

Controls are activities and processes that the Company has implemented to reduce the potential for misreporting. Controls can be endemic (e.g., the tone at the top), or specific (e.g., reconciliation of fuel purchase between invoices and meters). Controls can be specific to the data flow (e.g., record counts), or embedded in the organisation (e.g., training). Assessing data controls requires the verifier to understand:

- a) The control and its location in the data flow;
- b) The control objective;
- c) The importance of the control;

- d) Who operates the control;
- e) The frequency of operation of the control;
- f) The control type;
- g) The control method (e.g., automated, manual, etc.); and
- h) The implementation of the control.

Auditors must document their understanding of the responsible party's data management system including the data flow and controls used in the data inputters' working papers.

11. REPORTING PORTAL

Shown below in several screen shots is a user friendly secure online resource that collects all of the businesses energy usage globally.

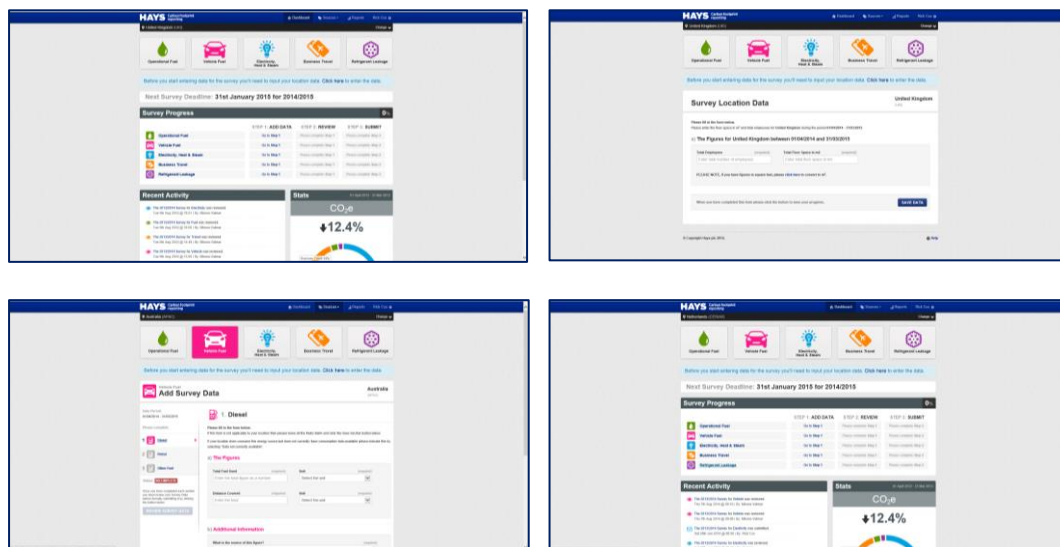
Data inputters enter their Country's accurate energy usage via the section shown:

- a. Operational Fuel,
- b. Vehicle Fuel,
- c. Electricity Heat & Steam,
- d. Business Travel and
- e. Refrigerant Leakage.

The portal converts the data input into tonnes of greenhouse gases created as a result of the businesses global operations.

The data is then mapped into spread sheets that are exported for analysis and auditing purposes and then used to provide accurate data for the Company's annual carbon foot print report.

The conversion factors used in the company carbon reporting portal are updated annually to the latest factors available via the DEFRA website.



12. REPORTING CALCULATIONS TO BE USED

Calculating Factors for Electricity & Gas

The first emphasis has to be on getting the data correct and not making it too easy for a methodology to replace the correct facts; correct facts will stand up to rigorous auditing by external third parties allowing for increased verification.

In the first instance pressure needs to be applied to your energy providers for accuracy in the way that bills are produced for all of your sites and they need to shift dates of billing and the values applied accordingly – as a minimum they should be able to produce an accurate summary of all usage for a reporting period in kWh.

Hays are spending lots of money with energy providers so ask for accurate bills to be provided in a timely manner in order to move away from any extrapolations; as last resort calculation methods are provided below.

Acceptable Units of Measure

1. Floor space should be measured using a consistent factor; the common factor for Hays Globally will be **square metres**.
2. Head count will be the latest staff numbers rather than the design space; for Hays Globally this will be the **average headcount** for the reporting period therefore total headcount per period divided by 13.
3. Power and Gas utilisation must be measured in **kWh** which is a standard measure of such energy.

Insofar as having to make calculations where no measured usage is available you must use the following factors to create an in country multiplier:

In-Country Multiplier

Take a minimum number of 5 sites (where you have more than 5 or the maximum your region allows) and take their usage by kWh/sqm; divide this by 5 (or number selected for your region) to arrive at an average kWh/sqm. This figure can then be used to multiply up by the site area (square meters) to give the estimated overall usage per kWh which can then be divided by the number of staff within that location to arrive at the Electricity Intensity.

Sample Calculation

Site 1 129.88 kWh/m²
Site 2 124.72 kWh/m²
Site 3 105.43 kWh/m²
Site 4 189.83 kWh/m²
Site 5 88.13 kWh/m²

Total 637.99 kWh/m² divided by 5 = 127.60 average kWh/m².

Take 127.60 kWh/m² x Site Area and divide by staff numbers to give Electricity Intensity.

Whilst not ideal if we are consistent in our workings we have the same logic globally. This calculation MUST be applied IN COUNTRY as we need to allow for local conditions.

Billing Anomalies

If the billing information provided is total charge, administration fee and costs per kWh; you need to then use the total charge less the administration fee and divide this by the cost rate to determine the kWh; again however, the emphasis is about accuracy and facts, not assumptions.

The other aspect you need to consider is how to apportion the invoices to fit the required date range.

A lot of our invoices run from connection date using a rough quarterly or monthly cycle. This means the invoices are, for example 8th Mar to 5th Jun. On top of this you may not have received all invoices by the time you are required to report (when coming through a landlord they can possibly be up to 2 months after the electricity period ended).

In order to account for this calculate the daily kWh rate on the invoices available during the year and add or remove the number of days as required to fit the 01 April to 31 March reporting period used.

Purchased Electricity from Renewables

Conversion factors are available for Purchased Electricity from Renewables.

It is important that you only enter the portion attributable to renewable sources within the correct box and all other Electricity use in Scope 1 as the factors for converting the two are different.

Air Travel

1. Short haul under 3,700km;
2. Long haul over 3,700km; and
3. Domestic - where domestic flights are longer than the definition given the distance should be recorded under short haul or long haul rather than.

Rail Travel

Two categories of rail travel; domestic and international.

Private Cars

All private cars used for business whether petrol, diesel or other must have fuel usage entered Scope 3.