

STRATEGY OVERVIEW

Our position

Leveraging our position at the centre of STEM to deliver sustainable value to our candidates and clients

Our stakeholders



Key performance indicators we track

Revenue

Net fees

Adjusted profit before tax

What we did in 2020

- Using MFV principles of driving economic returns over time, hard-wired our strategic plan choices into our resource allocation on budgets and executed against this.
- Performed a strategic portfolio review (including geographical footprint) and developed a roadmap to help future-position SThree across all core markets, brands, products and services.
- Reviewed our brand purpose and aligned it to SThree's core value proposition.
- Delivered two community outreach programmes to grow diversified STEM candidate communities.
- Delivered #STEMSeries events to share knowledge and insights to existing and potential candidates and clients. Over 5,600 people registered for our events.

Initiatives and immediate priorities for 2021

- Continue to drive insight into emerging STEM job markets and create industry Thought Leadership.
- Ensure ongoing strategy execution through quarterly operational reviews with key markets.
- Execute on the strategic programme roadmap initiated in 2020.
- Scale our community outreach programmes into more markets.

Our platform

Create a world class operational platform through data, technology, and infrastructure

Our stakeholders



Key performance indicators we track

Adjusted operating profit conversion ratio

Adjusted free cash conversion ratio

What we did in 2020

- Strengthened operations management – new COO appointed to implement efficiencies and modernise support functions.
- Targeted investments in IT infrastructure to drive productivity and deliver value to our stakeholders without interruption.
 - Global laptop rollout – SThree workforce working remotely.
 - Deployed digital technologies to enhance connectivity, productivity and efficiency in response to emergent business needs.
- Established Strategic Portfolio Governance Group (our new 'ways of working') to create a scalable end-state of systems, processes, resourcing and governance within operations' support functions.
- Launched a global programme of work to build out commercial teams and service models by reducing operational friction and creating scalable solutions.
- Developed a new data operating model (set of rules to collect, process and analyse internal data and market insights about rapidly changing customer behaviours).
- Optimised cash management and credit risk control across the entire global debtor portfolio.

Initiatives and immediate priorities for 2021

- Modernise our global data platform to leverage our insight and provide advanced analytics on skills market trends.
- Further roll out front-office market intelligence tools to increase sales productivity.
- Roll out operational improvement programmes to improve forecasting, revenue assurance, compliance, and risk management.

Key to stakeholders

Our people Our clients and candidates Our shareholders Our local communities

Our markets

To be a leader in markets we choose to serve

Our stakeholders



Key performance indicators we track

Customer net promoter score ('NPS')

Total shareholder return

Adjusted basic earnings per share ('EPS')

What we did in 2020

- Group net fees down 9% YoY, demonstrating resilience and the continued recovery from the impact of the health crisis. Standout performances in the USA and Germany.
- Our market share has remained stable YoY.
- Continued to improve our strategic approach to deliver STEM talent in our key STEM geographies.
- Invested in scalable and best-in-class tech solutions to enhance our talent recruitment and service models.
- Thought Leadership – continued to maximise our position to develop a deeper understanding of the market dynamics by understanding and flexing to current trends and clients' changed behaviours in the face of the health crisis.
- Continued improvement in customer satisfaction results and driving the right behaviours by monitoring our NPS score (2020: 52, 2019: 44).
- Our DACH business was recognised as the third largest IT contract recruiter in Germany.

Initiatives and immediate priorities for 2021

- Underpin our ambition to grow our overall market share by +50% by 2024, by working with our key regions and local commercial teams to further develop their growth plans and prioritise investments.
- Look to ensure that our businesses in the USA and Japan accelerate their performance in line with their market opportunities.
- Unlock performance in the highly competitive UK and DACH markets.
- Continue to reinforce processes, systems and governance within our operational functions.

Our people

Find, develop, and retain great people

Our stakeholders



Key performance indicators we track

Year-end sales headcount/turnover

Female representation in key sales roles

Employee net promoter score ('eNPS')

What we did in 2020

- Increased employee communication – CEO Town Halls and Q&As provided an interactive platform for Senior Leadership Team to discuss Group strategies and obtain immediate team's feedback.
- Organised pulse surveys on key areas of impact to the employee experience.
- Delivered over 5,900 hours of learning, enabling staff to work, lead and perform in our new remote world.
- Launched a new management development programme to grow manager capability and nurture great leadership behaviours and skills.
- Expanded knowledge hub blueprint to reinforce staff skills and quality of Permanent service delivery.
- Launched THRIVE – our new global commitment to health and wellbeing.
- Global D&I four-year strategy signed off by the Board with key actions and targets to deliver in 2020.
- Raising awareness in D&I pivoted towards virtual or online events, widening the coverage and audience both internally and externally.
- Conducted eNPS pulse surveys – eNPS declined from 38 to 5 due to the impact the health crisis had on our people and business.

Initiatives and immediate priorities for 2021

- Develop the organisational culture through leadership behaviours, development, D&I, strategy, and operating principles.
- Build consistent approach towards reward frameworks, career pathways and structures.
- Continue to embed the new flexible ways of working.
- Strengthen diversity in STEM through growing community outreach programmes.
- Implement new Learning Management System to drive 'self-service' approach to learning.
- Build global talent acquisition community to create and share best-in-class hiring practices across the Group.

KEY PERFORMANCE INDICATORS

We assess our performance across a wide range of measures and indicators that are consistent with our strategy and investor proposition

Our key performance indicators ('KPIs') provide a balanced set of metrics that cover both financial and non-financial measures. These help the Directors assess performance against our strategic pillars.¹

Our position

Leveraging our position at the centre of STEM to deliver sustainable value to our candidates and clients

Revenue

Income generated from the sale of services to clients, including discounts, from continuing operations.

2020 performance

£1.2bn **-9% (-9%*) (2019: £1.3bn)**

2020	£1.2bn
2019	£1.3bn
2018	£1.2bn
2017	£1.1bn

Overall, our revenue performance was impacted by a decline in aggregate demand due to the COVID-19 health crisis. In the second half of the year, we saw a notable improvement in performance, mainly in our USA and German businesses, with strengthening sales activity levels in Life Sciences and Technology, and greater resilience more broadly in our Contract division. Thanks to the emergent market trends, such as the mobilisation of IT infrastructure and increased digitisation, we were fully aware of market pockets for which we were busy filling rapidly rising demand for specialist skills.

Net fees[®]

Revenue less cost of sales from continuing operations.

2020 performance

£309m **-9% (-8%*) (2019: £338m)**

2020	£309m
2019	£338m
2018	£317m
2017	£282m

Group net fees were down 8%* year-on-year, again impacted by a decline in aggregate demand due to COVID-19. Our strategic focus on flexible working and STEM continued to serve us well. Contract placements remained relatively resilient as employers needed the right talent to help them navigate the crisis. Contract net fees were down only 7%*, whilst Permanent net fees declined by 13%*. In the second half growing sales activity and improved contractor retention rates led to an increase in net fees performance.

Adjusted profit before tax[®]

Net fees less administrative expenses, less interest before adjusting items, from continuing operations.

2020 performance

£30.1m** **-49% (-49%*) (2019: £59.1m**)**

2020	£30.1m
2019	£59.1m
2018	£53.3m
2017	£43.2m

Adjusted profit before tax ('PBT') from continuing operations declined by 49%* mainly driven by the slowdown in the Group's operations caused by the COVID-19 health crisis, partially offset by savings in operating expenses, including a pause in marketing spend, decline in commissions and bonuses in line with performance, and the impact of government job retention support schemes.

* In constant currency.

** Excludes the impact of £0.5 million in net exceptional income (2019: £2.3 million in net exceptional cost).

Our platform

Create a world class operational platform through data, technology, and infrastructure

Adjusted operating profit conversion ratio[®]

Operating profit before adjusting items stated as a percentage of net fees, from continuing operations.

2020 performance

10.1%** **-7.7pts (2019: 17.8%**)**

2020	10.1%
2019	17.8%
2018	17.0%
2017	15.5%

The operating profit conversion ratio declined to 10.1% year-on-year due to the overall slowdown in the Group trading activity in the light of the health crisis. It was partially offset by cost management initiatives implemented during the year in response to the crisis.

Adjusted free cash conversion ratio[®]

Cash generated from operations for the year after deducting tax paid, net interest cost and rent payments, stated as a percentage of adjusted operating profit.

2020 performance

178% **+110% pts (2019: 68%)**

2020	178%
2019	68%
2018	48%
2017	67%

Free cash conversion has increased significantly. It is the net result of reduced adjusted EBITDA and increased investments in technology and strategic initiatives, offset by the release of working capital, as the business slowed down, strong action to manage cash in the face of the COVID-19 health crisis, and lower tax paid.

** Excludes the impact of £0.5 million in net exceptional income (2019: £2.3 million in net exceptional cost).

Our markets

To be a leader in markets we choose to serve

Customer net promoter score ('NPS')[®]

Candidate and client surveys capture regular feedback from customers about their experience of working with SThree. This helps us measure and improve the customer experience and draw meaningful insights into the changing work landscape.

2020 performance

Average NPS

52 **(2019: 44)**

Overall, across the business we recorded an impressive improvement in NPS, which currently stands at 52, eight points up from 44 at the end of last year. This is testament to the strength of the ongoing support we have given to our clients and candidates and the flexible approach we have taken to meet their new and changed demands.

Total shareholder return ('TSR')[®]

The growth in value of a shareholding over a three-year period, assuming that dividends are reinvested to purchase additional shares at the closing price applicable on the ex-dividend date.

2020 performance

-15.8% **-49% pts (2019: 33.2%)**

2020	-15.8%
2019	33.2%
2018	6.7%
2017	19.1%

Overall, during the assessed three-year period (2017 to 2020), SThree plc's share price plus dividends reinvested experienced less volatility and subsequently lower decline relative to a basket of listed peers in the recruitment sector.

In 2020, after two years of TSR growth, we saw as a result of the health crisis a decline in our share price and consistent with the temporary withdrawal of our dividend our TSR went negative.

Despite the temporary withdrawal of dividend, the resilience of the Group's business model and strategy, with a clear focus on key STEM markets and flexible working, sent positive signals to the market about SThree's outlook, resulting in a rise of share price in Q4 2020.

Adjusted basic earnings per share ('EPS')[®]

Profit after tax before adjusting items divided by the weighted average number of shares in issue during the year.

2020 performance

13.9p **-58% (-58%*) (2019: 33.2p)**

2020	13.9p
2019	33.2p
2018	30.7p
2017	24.7p

Adjusted basic EPS deteriorated due to the significant reduction in adjusted profit before tax and an increase in effective tax rate. It was further influenced by a 2.2 million increase in the weighted average number of shares in issue, at 132.1 million (2019: 129.9 million).

* In constant currency.

Our people

Find, develop, and retain great people

Year-end sales headcount/turnover[®]

Headcount turnover is calculated as the number of leavers in a year as a percentage of the average sales headcount. Headcount is based on full-time equivalent heads in place at the year end.

2020 performance

2020	1,957 heads	Turnover 39%
2019	2,463 heads	Turnover 37%
2018	2,332 heads	Turnover 39%
2017	2,257 heads	Turnover 36%

To achieve our strategic growth plans and expand efficiently, we must attract and retain sufficient headcount, thereby building the experience pool and avoiding retraining.

In 2020, we saw an increase of two percentage points in the Group's headcount turnover ratio. This was primarily driven by the UK&I, France and Benelux businesses which all right-sized their sales headcount due to the significantly changed economic environment and increased risk and uncertainty caused by COVID-19.

Female representation in key sales roles[®]

Female representation in a particular sales cohort (e.g. Level 3 or Level 4) is calculated as the number of female colleagues at each job level at the year end as a percentage of the total headcount at that job level at that particular point.

2020 performance

Level 3 34% **Level 4 14%**
+3% pts **+3% pts**

(2019: Level 3: 31%, Level 4: 11%)

Level 3 cohort represents Sales Business Managers

Level 4 cohort represents Sales Directors

In line with SThree's Leadership Principles, we strive to have a diverse leadership team, by increasing the number of women at every level. Throughout 2020 we maintained a focused approach to the development of our female colleagues. We continued to make various investments across the business to develop and nurture an inclusive work environment. Throughout SThree we delivered new Sales Leadership and Sales Management development programmes, equipping our people – especially female members – with the skills and techniques to effectively lead and manage their teams, and with support and insights on how to reach their next career level.

Employee net promoter score ('eNPS')[®]

Biannual colleague survey that captures regular feedback from colleagues about their experience of working at SThree.

Average global eNPS 5 **-33 pts (2019: 38)**

eNPS global sales: 11 **-34 pts (2019: 45)**

eNPS global support: -14 **-17 pts (2019: 3)**

Our average global eNPS decreased across sales and support functions as a result of the impact that the global health crisis had on our people and business.

It is not surprising that the score is lower this year. Indeed, this is a trend that companies have noted more broadly. Our people recognised the efforts and clear strategic focus of our business in these challenging times. We obtained positive scores for provision of flexible and remote working arrangements, career development and our commitment to purpose and culture. Key themes that we need to develop and invest in include pay and reward schemes, management development, systems, and technology.

Our leadership team have commissioned the refresh of the SThree people engagement strategy in 2021 to continue to reinvent our culture through engagement by listening to our people, caring about their experiences and creating a sustainable people offering.

1. KPIs accompanied by the symbol [®] are used for the Executives' remuneration, as per the policy approved by shareholders at the 2020 Annual General Meeting.

STRATEGY IN ACTION

Our position

Leveraging our position at the centre of STEM
to deliver sustainable value to our
candidates and clients



SCIENCE



TECHNOLOGY



ENGINEERING



MATHEMATICS



Strategic positioning

Our strategic focus on STEM and flexible working, combined with our scale in markets with the highest growth opportunity, was more relevant than ever as we navigated the global health crisis and prepared for the next normal.

The COVID-19 health crisis had a significant impact on the recruitment market. However, robust demand has held up for STEM roles and digital transformation has been crucial in the global response. Alongside this, our second secular trend of flexible working continued to intensify as clients respond to the crisis with the need for flexible project-based staffing solutions. The shift in working practices seen through the health crisis has changed the workplace and many businesses are seen to be adopting these for the long term.

Uses of cash - investing in areas that will drive growth

In 2020, the Board reviewed and temporarily withdrew the dividend to safeguard the business whilst creating capacity for SThree's value-enhancing investments.

Funding organic growth remained the Board's top priority. The Directors considered business requirements that emerged in the new normal and pivoted funding towards investment in the core business, the pursuit of our ambitious ESG policy - 'Building back better' - and IT infrastructure (the latter to meet an urgent need for (i) digitalisation of internal processes and modernisation of operational systems, (ii) greater support for a global remote-working staff, and (iii) development of the Group's analytical capabilities).

Our approach reflects the ongoing uncertainty in the global economy but acknowledges a need to invest in core enablers that are required to seize opportunities in our STEM markets, many of which remained resilient through 2020. Our investments have remained consistent with our Managing for Value framework, focusing on projects that deliver economic value.

To capitalise on improving sequential trends, we continued assessing potential M&A opportunities to drive scale in our core markets.

Portfolio optimisation - concentration on attractive markets

We came into this period selectively investing in the right vertical markets and continued to do so to position us for the future.

As previously outlined at the Capital Markets Day, we focus on the big staffing opportunities in the USA, Germany, UK, the Netherlands and Japan. However, during the year we also performed a strategic review of our portfolio of markets with regard to the attractiveness and potential of their STEM recruitment markets.

In collaboration with regional Managing Directors and their teams, and in alignment with the Group vision and purpose, we agreed upon a number of unique strategic priorities for each country to protect core profits from industry forces and to drive a profitable growth, sector expansion underpinned by strong high-quality execution. In the USA, the world's largest staffing market, we prioritised IT strategy and expansion of services supported by improved sales execution and a focused people model. In Germany we have continued to invest in our Market Intelligence tool and have seen a growth in our STEM market share, which helps us to become a leader in our top STEM specialist markets. In the Netherlands and UK we have focused on our customer relationships to deliver value and as a result have taken further market share. In Japan we have taken the opportunity this year to focus on our brand identity and value proposition and as a result delivered targeted solutions for the success of our clients.

Through the strategic review, we have aligned our market strategies to delivering the Group's objectives in revenue, net fee and margin ambitions that we have set for ourselves, and to grow our STEM staffing market share in our markets from 2% to 3% by 2024, as shared at the Capital Markets Day in November 2019.

3%

2024 ambition for STEM
staffing market share

STRATEGY IN ACTION continued

Growing revenue by adopting new ways of working and agile delivery practices

During the year, we established a global programme to explore the future business model for SThree and envision our future recruitment markets. Recognised as a strategic imperative by the Board and senior leadership, the programme has a collective goal to deliver a step change in the way we identify and maximise market opportunities, to refine our multi-brand strategy for the Group and explore digital propositions which complement our core business. To achieve this vision, we have formed a core programme team to identify the requirements of our future model, and to lead change activities across the Group, starting with core enablers:

1. improving our data structures and platforms to allow for more effective data analysis and data-entry automation;
2. developing better market insights and tools to provide analysis of internal and external data to maximise sales productivity;
3. refining our brand strategy and associated value proposition to drive increased brand awareness; and
4. exploring how innovative digital recruitment propositions will change the recruiting landscape.

Driving efficiencies and modernising support functions

We continued to invest in our sales operating model by modernising our front-and-back-office infrastructure, to strengthen our execution with clients, deepen STEM sector focus and coverage, and improve sales consultants' effectiveness in promoting and selling the SThree offering. Underpinning this is a modern and scalable IT infrastructure with operational support centres focused on our core markets.

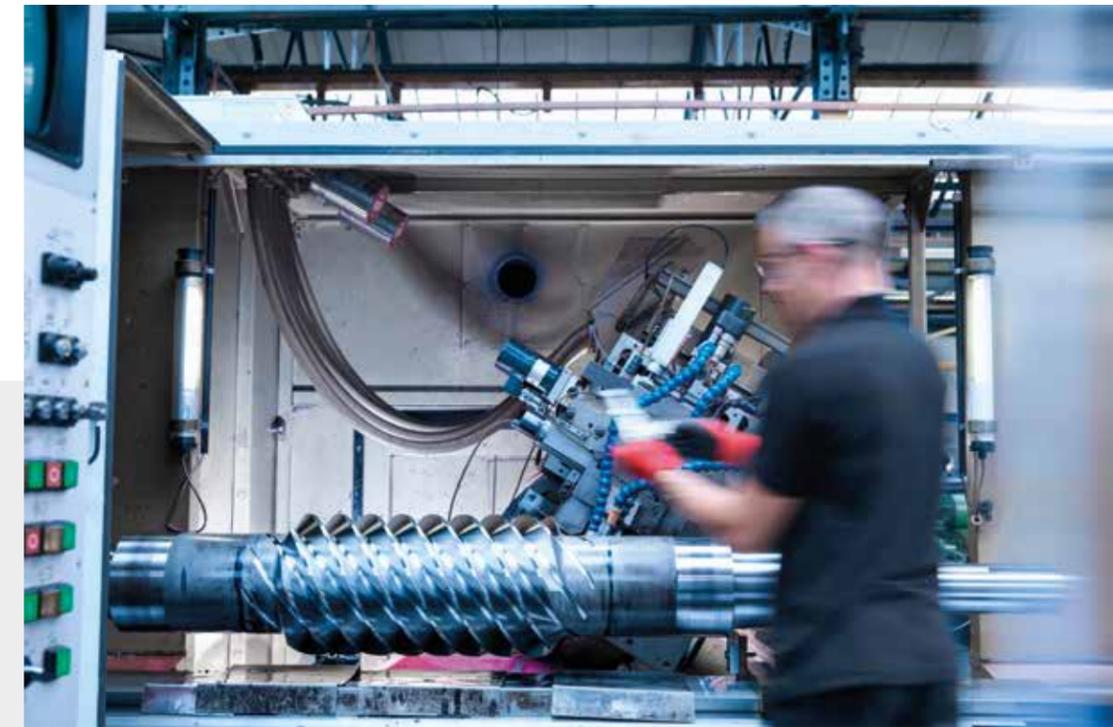
2,140+

women in tech attended our virtual events in 2020

Our marketing function has evolved in line with our sales activity model to lower the cost of candidate and client acquisition, and drive actionable insights while creating and managing candidate communities. To do so, we have upgraded our capabilities and made material changes to our core sales processes. We equipped our marketing team with data and advanced analytic tools to support locally targeted marketing activities.

Customer journeys and experience are being mapped and re-engineered, and we're equipping our salesforce with greater sector insights and Thought Leadership materials while candidate and client NPS continue to be rigorously tracked. This allows us to have different activation campaigns for different sectors and regions. We aim to build and sustain this critical capability as a long-term competitive advantage.

In Germany and Japan we established fit-for-purpose localised support functions to enable competitive and lean Contract and Permanent placement models. We invested in the right capabilities to navigate increasingly complex legal and regulatory landscapes. In Japan, we ensured that all our clients are being serviced locally by Japanese native speakers.



Developing strong candidate communities in skill shortage markets

Building and nurturing candidate communities is key to ensuring we can provide the very best talent to our clients. In 2020, we undertook surveys to understand what support our candidates required and we responded accordingly with virtual onboarding and other tools to make the transition to remote working successful.

Through our candidate communities we facilitate learning and networking that strengthens careers. We continued to grow and expand our candidate communities through the following initiatives:

1. In the USA and UK we supported communities of women in tech through awareness, knowledge and education-based events. Over 2,140 women in tech attended our virtual events in 2020.
2. We delivered 75 virtual events across the globe within our #STEMSeries, during which we shared our intellectual capital and discussed important topics facing STEM professionals. Over 5,600 people registered for our events.
3. Our STEM Career Pathways programme provided accredited training, mentoring, industry insights and career development support to people from underserved communities. We mobilised our candidates as mentors, developing their skills whilst helping future talent. Our colleagues provided career support, and our clients provided work opportunities. In 2020 we launched this programme in the USA.

STRATEGY IN ACTION continued

Our platform

Create a world class operational platform through data, technology, and infrastructure



“This is not the first public health and economic crisis, but it certainly is the first one where tech has become critical for business to continue, with infrastructure, IT-hardened remote working and Life Sciences all having a contribution to play in solving the health crisis – elevating the status of STEM skills and accelerating the digitisation of the workplace amongst employers globally.”

Mark Dorman, CEO

2020 showed us the importance and value that technology has in running our business. We have continually made operational improvements within our core businesses, focused on digital enablement, remote working, onboarding technology, use of data, and knowledge sharing.

Appointment of Chief Operating Officer

In January we appointed Kelly Olsen as our new Chief Operating Officer ('COO') to provide strategic leadership and management of organisational functions, their systems and processes, and to oversee the delivery of core services to the organisation. The COO will lead on implementing a change programme which comprises a series of activities over the next few years to develop more collaborative and effective ways of working.

Leveraging technology in times of change and uncertainty

During the year we have embraced technology at a pace never seen before in our organisation, as we prioritised keeping people safe while continuing to serve our customers in the best possible way.

Working, staying connected, and promoting wellbeing through tech

Since lockdown measures were introduced, we immediately adapted remote working, reshaping our client and candidate interfaces. Our technology team accelerated their plans for hardware refresh, invested in systems and enhanced the networks to support remote working. We invested in Group-wide communication technology to stay connected in a way that has proven to be highly effective. Virtual initiatives have been launched across the business on collaboration platforms which allowed us to run workshops and agile sprints, and to work together across offices and markets.

The health crisis has forced us all to work differently and through this situation many will ultimately enjoy better, more flexible working experiences. As a result, we have already seen thousands of hours saved on commuting has led to greater productivity across the business. Technology has made this possible and will be fundamental to long-term recovery and the transition to the new normal.

Disciplined innovation – our new 'ways of working'

Portfolio management is at the core of our strategic pillars. With the aim to safeguard the strategic fit of innovation initiatives identified anywhere within the business, we introduced greater rigour and control around our project portfolio and financial processes. We set up new 'ways of working', the Group's strategic operating model, to promote

and successfully execute growth programmes. Our new 'ways of working' are underpinned by guiding principles ensuring financial discipline, consistent collaborative behaviours, skills, and delivery across the Group.

The new 'ways of working' are monitored and directed by the Portfolio Governance Group, responsible for transformation programmes and their alignment with broader Group strategy. Communities of experienced portfolio practitioners and Scrum Masters create a work environment where projects are delivered through an agile sprint-based lifecycle to ensure rapid, robust, and safe execution. Operating as a cross-functional core team and organised in discrete sprints, team members hold themselves mutually accountable for the success of each project.

As we emerged from the immediate COVID-19 health crisis period we've re-baselined the portfolio around the most critical strategic programmes to execute on our goal to create a world class operational platform, in line with our Capital Markets Day ambitions.

Operational alignment with our business model

We launched a global programme of work with the aim to build out commercial teams and service models by reducing operational friction and creating scalable solutions, fit for the next phase of SThree growth.

The initial focus of the programme was put on our four largest regions: the USA, UK&I, DACH and the Netherlands.

The programme is broken down into four workstreams. To support and improve decision-making of our commercial teams we modernised systems and reporting tools ensuring more regular and accurate financial forecasting, risk and credit control, improved data quality, and business control mechanisms. We are refining the incentive and reward schemes to ensure that the right quality-driven behaviours are adopted by our commercial teams. We also made significant progress in streamlining our product and service portfolio by having a very clear and transparent go-to-market strategy that enables us to create scale in the current market environment. We will underpin it with an appropriate pricing strategy and streamlined end-to-end process workflows across all regions.

All workstreams are employing a solid ADKAR change management framework, supported by dedicated change managers, so that sustainable change is delivered throughout the business.

STRATEGY IN ACTION continued

Leveraging data - we are informed by market intelligence

We remain focused on learning to operate better in whatever environment we find ourselves. As we navigated through the health crisis in 2020, we developed new use cases for our internal data and market insights, applying them across our global business processes and management systems while reskilling our workforce through digital learning.

As we act in many cases as a bellwether for activity in STEM specialisms, we invest to make better use of our data to help our own performance and to advise our clients accordingly. During the year, we created Thought Leadership pieces, ran PR events and hosted (virtual) fireside chats on social media, as well as focused our sales activity on new emergent opportunities.

VIP outreach to selected companies and key industry bodies

In 2020, we reached out to a wide selection of our clients representing STEM industries to learn more about the health crisis impact in their local markets. We found out about clients' new preferences and emerging behaviours in candidate selection and placement, as well as their interest and readiness in supplying flexible working arrangements to access a broader pool of candidates.

This wealth of insights allowed us to have the right immediate objectives and long-term strategic priorities. Our better understanding of customers helped us adapt by improving and fine-tuning our service proposition to ensure it continues to be relevant to evolving customer needs and local conditions. It also helped us further build on our expertise in sourcing niche skills and difficult-to-find candidates in all our markets.

Ultimately, our market intelligence helps us steer the Group effectively in the new world of work and to remain the STEM provider of choice.

New use cases for internal data

In our efforts to address value chain challenges, including rapidly changing customer behaviour and needs, employee safety and workplace concerns, we have been redesigning our internal processes by building cross-functional teams dedicated to regular analysis of our business and its environment.

Our finance function has developed strategies to cope with the unprecedented and big change. Responding effectively requires high-quality, reliable information, the consistent monitoring of which is essential to the Board and senior leadership decision-making. Consequently, our finance professionals have become more agile in their thinking and

with their processes. They revise plans, build and review multiple scenarios, which often necessitates the involvement of the broader base of managers, and present their analyses to the Board and its Committees.

To further illustrate this, our internal crisis committee set up in response to the COVID-19 health crisis met every day during the early stages of the crisis to take decisions that best reflected individual markets and individual conditions at any point during the year. The insightful data, which we collected through ongoing communication with our customers and market analysis, highlighted what needed to be done, and by whom, to reach a stated goal, allocate sales resources accordingly, and bring leadership to bear. We were able to diagnose and remedy the priority operational issues at pace.

Purposeful cash management

The ability to forecast our short and medium-term cash position efficiently and effectively is essential for strategic decisions. Cash generated from SThree day-to-day activities supports organic growth of our business, allows us to explore new investment opportunities and provides shareholders with capital returns and dividend. To maintain a strong financial position, our finance teams implemented new measures and processes designed to optimise working capital and preserve cash.

In 2020, we standardised our rolling cash forecast process by establishing formal roles and responsibilities, enhancing variance analysis functionality, and extending the cash modelling horizon from a medium term to longer term. The suite of improved cash forecasting tools has provided senior leadership with enough detail to monitor each category of spend, assess debt positions, monitor bank covenants, and prioritise operational and strategic decisions. It also created a greater opportunity for corrective action when cash forecasts are benchmarked against actual performance and the outlook for trading conditions.

Credit control

To ensure greater clarity on the Group's current credit risk position, we also analysed the financial viability of our clients. We established global dashboards and implemented enhanced investigation tools for managing credit risk across all regions. Up-to-date risk ratings are now being maintained to identify the highest risk clients, apply the most appropriate collection strategies, and deliver focused credit controls and escalation measures.



SAP cloud migration

In 2020 we modernised our SAP ERP implementation into the cloud. SAP is our critical business application to account for day-to-day business transactions, generate invoices, settle bills, maintain fixed asset schedules, and provide real-time customer analytics and data.

The key objective of the SAP cloud migration initiative is to support the ongoing rapid growth and scalability of the Group.

The migration helped us eliminate complexity and the resources needed for the ongoing maintenance and development of our on-premise IT instance. We can now build and deploy consumer and business applications more effectively, leveraging the power of the cloud platform.

STRATEGY IN ACTION continued

Our markets

To be a leader in markets
we choose to serve



“**Economic recovery will bolster demand for tech talent and STEM skills. Our position as a global STEM specialist means we will play a huge part in supplying skilled candidates to the clients who will make a difference now and in the months to come and beyond.**”

Mark Dorman, CEO

Building market share in core STEM markets

As we have outlined, we want to be a STEM staffing leader in the major STEM markets where SThree has the best possible opportunity to grow and take market share. We're laser-focused on the opportunity within our core markets of the USA, the Netherlands, Germany, the UK and Japan. During the year, we increased our market share in the USA, Germany, the Netherlands and the UK, despite the health crisis. Demand for STEM talent fluctuated during the health crisis as some sectors were impacted more than others. However, our focus allowed us to outperform competitors in some key sectors. In particular, we saw strong performance in IT sectors in the USA and Germany, and robust performance in Life Sciences, reflecting both strong demand through the health crisis, and strength in our value proposition against competitors' offerings.

In line with our strategy to be the number one STEM talent provider in the best STEM markets in which SThree has the strongest opportunity to take market share, we discontinued our operations in Australia.

Delivering STEM talent

As the global economy started to recover through evolved business models, redesigned supply chains and rethought customer channels, we observed companies that moved further along the digital transformation journey, and allocated more resources to removing manually intensive processes, bypassing legacy IT and simplifying customer journeys.

Employers also adapted to the changing nature of employment to attract and retain talent. Finding skills to fill new business-critical roles often relies on contract workers who can bring highly specialised knowledge gained from deep industry deployments on flexible work contracts and have the experience to hit the ground running.

Rapid growth in STEM-related employment and an increase in flexible working played to our strengths. We understood these imperatives and worked with our clients to source the best talent in software development, IT security hardening, data science, pockets of ERP modernisation, clinical research, product development, and quality assurance.

At a regional level, our teams have gone above and beyond by finding and delivering STEM skills to support their customers to cope with the crisis, and build up skills which they can pivot when circumstances change.

Future Jobs and Project Jobs platform

Looking ahead to the next stage of growth, we want to be in a position where we can track new opportunities and skill requirements and be best placed to support our clients when they feel they are ready to recruit.

Aiming for further growth and success in meeting a rising demand for STEM skills, we created the 'Future Jobs and Project Jobs' (F&P) platform that helps us build a solid, long-term job pipeline. Since its launch in April, thousands of future job opportunities and projects have been registered on the platform, which helped us remain agile and make better informed decisions. By tracking roles and open projects, we are better placed in anticipating and managing clients' demands and needs to fill in future roles. The F&P platform strengthens our Managed Service and Customer Relationship Management functions and accelerates our route to market ahead of the competition. It already allowed us to bounce back quicker when the new normal started to return by turning vacancies into placements.

Finding STEM talent with faster, scalable interview and placement solutions

We continued to strengthen our route to market with a relentless focus on excellence in service execution.

According to the Client Panel Survey conducted by SThree in June, 74% of our clients, most notably in the Netherlands, USA, Ireland, France and Japan, are now more willing to make offers following virtual interviews.

We have been increasingly investing in, and using, virtual solutions that allow our recruitment consultants to connect with hiring managers and candidates in real time. For example, on-demand video interviews that we have been using since March 2020 allow candidates to pre-record responses to structured, consistent, job-relevant questions anytime, anywhere, and without an SThree recruitment consultant or hiring manager's presence. The pre-recorded on-demand interviews can be easily shared among the hiring team, prompting faster feedback.

The result is consistent evaluation of candidates, increased quality of hire by focusing on potential and culture fit, lower likelihood of candidates dropping out of the process, and overall reduced lead time to fill a role.

Online onboarding

As the health crisis escalated, the key employer challenge was to fill roles through remote onboarding from a candidate pool. Virtual technology has replaced face-to-face communication in many essential processes, including onboarding new hires into an organisation. The shift to remote onboarding – one of the more complex transitions demanded by lockdown restrictions – required an agile and adaptable approach. We streamlined the end-to-end experience, weaving in cultural elements, the organisation's vision, mission, values, norms, behaviours and rituals, into the early stages of remote onboarding. The result is a more effective and enjoyable experience of employee onboarding with automated steps of the process ensuring a consistent experience, and allowing more time for meaningful interactions. Facilitating the remote onboarding of candidates has been a recurring client request and is a service we are very well placed to provide.

STRATEGY IN ACTION continued

Partnering with our customers – sector and skill Thought Leadership

Throughout the year we engaged with our clients, candidates, and business partners in the recruitment industry to deeply understand the changing nature of commercial and human interactions and to explore trends that guide businesses in their strategic choices and decision-making. These trends include (i) a drive to create more flexible and resilient supply chains, and (ii) emerging trends to invest in technology to reduce fixed and variable costs.

There were multiple tools and channels that we used to communicate with, and gain insights about, our customers, e.g. VIP/targeted telephone survey, mass-email pulse surveys (to circa 6,000 respondents), roundtables, stay-in-touch events, webinars, or virtual events. Our wide network of recruitment consultants also enabled us to gain a deeper understanding of the current marketplace, which in turn allowed us to service our clients in the best possible way. In June we conducted a pulse survey among our recruitment consultants to deep dive into current job trends, to see how demand has changed by job and by industry, what prompts candidates to look for a new job opportunity and what challenges they encounter landing their desired job. This panel survey also helped us refine the communication channels we have since been maintaining with our clients.

The insights helped us understand our customers' needs and priorities, now and into the future. In turn, this validated our strategy and the investments we should be undertaking to maximise sales in the evolving market.

Alongside this, we created a dedicated Market Intelligence team with tools and processes in order to enhance our capability in market research, application of the obtained insights, and external communication. They released regular analyses for our customers such as Thought Leadership materials – multiple fact packs – pivoting our clients towards changing work patterns, recruitment and placements challenges, and ways to overcome them.

c.6,000

respondents completed pulse surveys

Overall, our integrated Market Intelligence tool enriches our partnering model and enhances our client engagement.

Our focus during the health crisis has not stopped at our clients and people (for more on whom, see the next section strategic pillar 4) – we have provided support and materials to help our contractors understand how to remain active with regional, brand-led contractor information hubs set up online to include rolling updates and support.

Customer feedback

Gathering feedback from our customers on an ongoing basis was incredibly valuable this year. The more data we collected, the more patterns and trends in the labour markets we were able to see, and the more informed we were about our business future and services we can offer. We analysed customer feedback and tailored our service to individual needs.

DACH region recognition from Lünendonk

In 2020 our German colleagues were very proud to announce that they had become the third largest IT contract recruiter in Germany. Lünendonk is the German affiliate of the global organisation, Staffing Industry Analysis – the body that analyses the worldwide recruitment industry and its participants. It measures performance and growth, based on which it establishes an annual ranking of firms.

Being on the recruitment stage as the third largest IT contracting German recruiter is a tremendous achievement. The recognition from Lünendonk helps our staff to open doors with large clients and shows how we have grown as an organisation over the past years since first entering the Lünendonk top ten list in 2014.

**Customer net promoter score**

We monitored customer satisfaction by commissioning regular surveys (customer net promoter score) of more than 20,000 customers. Testament to the strength of the support we have given to our clients and candidates in this year, we have recorded an impressive improvement in NPS across the business, up by eight points to 52.

This demonstrates the value our customers attribute to our ongoing support and the flexible approach we have taken to meet new or changed demands.

52customer NPS score¹

1. 'Customer' NPS score consists of both client and candidate feedback.

STRATEGY IN ACTION continued

Our people

Find, develop, and retain great people



Our own wellbeing is one of the most important things we can invest in. When we feel healthy and secure, we can be the best version of ourselves, at work and at home."

Mark Dorman, CEO

Our people vision is to create the environment that enables our people to be at their best. We will do this by building a truly inclusive culture to drive diversity, collaboration, engagement, and both individual and collective performance.

As a purpose-driven organisation we want our people to be aware of the influence they can have on our customers' lives and businesses. Our recruiting consultants can change candidates' lives by finding them new career opportunities, while playing a crucial role in supporting our clients who are part of life-changing industries.

We encourage our people to develop skills and diverse thinking, so as to play the leading role of the pure-play STEM recruitment specialist.

This is demonstrated in our operating principles, that our people apply in a day-to-day business environment, by providing excellent customer service, delivering exceptional results, thinking innovatively, and acting with integrity. Our people foster our culture by being committed to creating a positive and inclusive work environment where diverse opinions and perspectives are valued.

This year was overshadowed by the complexities and implications of the global health crisis. It has altered the course of individuals, businesses, and societies across the globe. Protecting and motivating our people was our priority, to ensure that we come out of this crisis stronger and more resilient than ever before. Ultimately, our people will help us shape our business for months and years to come. We describe below several initiatives that we undertook to counteract the negative consequences of the health crisis on our people.



We work with some of the most critical talent helping to pull us through the COVID-19 health crisis, whether that's through manufacturing, infrastructure and food tech, or life sciences where people are doing the research that has ultimately helped us find a vaccine. Our purpose of 'bringing skilled people together' has never felt more important, or relevant, than it does today."

Mark Dorman, CEO

Beyond reskilling

This year we saw a rapidly changing business landscape where success increasingly depended on agility, innovation, collaboration, and professional resilience. This prompted us to make improvements in how we educate and train our people, and help them obtain skills and resilience for both the short and long term.

We restructured the Learning & Development ('L&D') function, helping it become a more collaborative function that partners with the business and stays agile to new and evolving needs of the organisation. We issued new training content, with learning modules and webinars available on demand, to allow our colleagues to develop delivery and service skills and less quantifiable capabilities such as emotional intelligence, remote leadership and collaboration, and apply them immediately in their work.

We launched the first two cohorts of our SThree Leaders Development programme to enhance our ability to lead complex business challenges, understand how to lead during uncertain times and stay motivated whilst motivating others. This fully virtual programme will allow collaboration with leaders across the globe and will use training, coaching, and peer-to-peer learning.

We established the 'SThree Content hub' that provides our people with a central repository for all things brand-related, e.g. Thought Leadership, recent customer success stories and case studies. Sharing valuable STEM insights, knowledge and achievements with our networks is incredibly important in telling SThree's story.

Permanent blueprint

We launched the Permanent blueprint knowledge hub that supports and reinforces Permanent recruitment service and delivery to our customers. It emulates the success of Contract blueprint SharePoint by providing a consistent and uniform best practice training platform globally.

The Permanent blueprint programme has been created as a direct result of the business going into COVID-19 Emergency Response phase and in response to the senior leadership feedback. It reflects our refreshed approach to be more agile as an organisation and share knowledge in real time as it becomes available. It is especially pertinent now that we have moved a big part of our salesforce to working remotely and we expect it to continue to push client and candidate NPS scores higher.

The platform provides modern, advanced and engaging material hosted on a SharePoint, e.g. videos with consultant win journeys, tips on use of technology in recruitment, insights from experts on how to create a strong capability statement calling out SThree USPs, as well as practical animation scripts designed to support recruiting consultants in implementing the blueprint concepts in a real business environment.

STRATEGY IN ACTION continued

Health and safety ('H&S')

This year, protecting our people's health, wellbeing and mental welfare was one of the highest priorities. We invested in this area by addressing the root causes of mental and physical wellbeing, injuries, and empowering our colleagues and contractors to do what is right.

We established a global leadership committee to monitor COVID-19 impacts and ensure timely decision-making. The committee revisited the review of our H&S policy (available to all territories on the SThree intranet), following the unprecedented events of this year, and following a detailed review in 2019. Whilst H&S risks remained the same year-on-year, certain actions were undertaken to address the impact the ongoing health crisis had on our policies, processes and ways of working.

A Group-wide leadership team was established covering all geographies to ensure a Group-led risk assessment and analysis process and setting minimum standards for local specific hotspots.

We increased the support for our people in areas such as dependant care, absence management, flexible working, and information sharing.

Employee wellbeing

In May we launched our global initiative THRIVE to support the wellbeing of our people at work and at home. THRIVE is a multi-lingual programme that has been tailored to support regional requirements. It was created as an interactive platform with representatives from across the business working together to shape and design support and resources for our people in four areas of wellbeing: body and mind, self-purpose, personal growth, and financial stability.

In October we started our journey in creating a global mental health offering that includes a Mental Health Statement, training and resources. We believe that mental health is just like physical health - everybody has it and we need to take care of it, and we commit to do so through removing the stigma, leading the way, training, creating a safe space and equalising the issue.

Remote working

The COVID-19 health crisis affected almost all Group locations, necessitating the full closure of almost every SThree office for at least three months in H1 2020. It dramatically redefined what a normal work environment means. To obey social distancing rules, limiting most human contact to digital communications and relationships, at one stroke the entire SThree workforce was deployed to their home environments and started to work remotely. We provided our people with the necessary tools needed to perform work and deliver on objectives remotely - this proved to be a vast operational success given the nature of our people-centric business. We identified common H&S, IT, and cyber security risk factors in delivering customer and support function service remotely, and when needed provided the appropriate ergonomically designed equipment and IT safety measures to reduce the risk. Any H&S concerns and incidents were reported to our H&S leads who promptly acted on mitigating these risks with the local leadership teams. Additionally, we kept our colleagues engaged through frequent remote Town Hall discussions and the use of video posting from the wider SThree community through internal communication channels.

Diversity and inclusion ('D&I')

The world can only innovate and develop solutions to address huge global issues if there is diverse thinking in the room to consider the needs of the population as a whole. SThree is in a unique position to be at the start of the people supply chain in the world of STEM. As an organisation, we hold a personal responsibility to STEM to ensure we are actively contributing to diversity, not only within our own organisation but also through the candidates we source for our clients. Our ambition is to be recognised as a global D&I leader in the staffing industry. We invest time, resource and effort to make real change, both in our organisation and in society.

In 2020, we continued on the good work we had previously accomplished in D&I on gender, with our D&I Specialist continuing to work with the senior leadership and our people to develop a strategy and build on our impact as an organisation to drive an inclusive culture. In April 2020, the Board signed off the Global D&I strategy - our commitment to accelerate representation and drive improved diversity across SThree. Since then, we have moved forward on global and local activities that are already making a real difference.

We launched Global D&I focus groups to hear the experiences and opinions of our people on our four global pillars of D&I (age, race and ethnicity, nationality, and gender) and to centre the strategy on the voice of our

people. We want to identify evidence-based solutions for embedding an inclusive culture that aims to increase diverse representation at all levels of the business, increase engagement and retention, and enable individual and collective performance and growth.

To advance the implementation of our D&I strategy, we appointed Regional D&I Leads and Local D&I Advocates to help shape and deliver future plans. The advocate group is made of regional representatives - a diverse cross-section of gender, ages, roles, and ethnicities. They share employee feedback, recommend ideas and best practices, and discuss solutions to common culture and inclusion challenges seen across the business.

The gender and wider diversity balance across SThree as a whole is stable, and we already meet the FTSE 350 criteria of having 33% of Board/senior leadership positions held by women. Of the 2,608 people within the Group at 30 November 2020, 1,279 or 49% were women (2019: 1,578 or 49%). However, only a third of our people in key sales roles (level 3 or above) are women. There were 572 managers and directors within the Group, of which 208 or 36% were women (2019: 213 or 37%). One of our 2024 sustainability commitments is to achieve a full gender balance in managerial roles.

We are working to improve these numbers further by launching internal initiatives and programmes to support inclusion, flexible working and mentoring, and we have invested in the development of our current and future leaders as well as in technology and innovation.

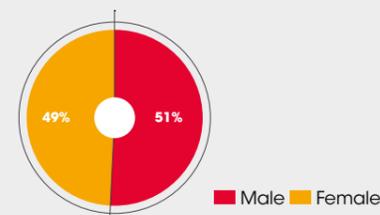
We have been working with our network, sharing ideas and strategies on how to narrow the gender pay gap and how to support women in the workplace. Through our candidate communities, 'Mind the Gap' and 'Breaking the Glass' campaigns we hosted events and webinars to discuss female leadership, work-life balance, female innovators, remote networking and many other topics that support female progression. Since March, we pivoted our programmes online, which helped us accelerate deployment of our D&I action plan by expanding our reach and collaborating with a wider community of subject matter experts.

Gender diversity profile at 30 November 2020

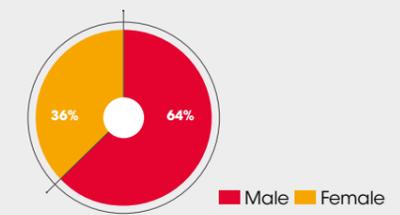
	Male			Female	
	Total	Number	%	Number	%
Board of Directors of SThree plc	6	4	67%	2	33%
Managers and directors	572	364	64%	208	36%
Other employees	2,030	961	47%	1,069	53%
Total	2,608	1,329	51%	1,279	49%

For more information on the composition of our Board of Directors, see pages 92 to 93.

Group gender diversity profile at 30 November 2020



Management¹ gender diversity profile at 30 November 2020



1. Employees with people management responsibilities

STRATEGY IN ACTION continued

“**Great minds don't think, look or act alike: why diversity and inclusion matter to us.**”

Mark Dorman, CEO

United against racism

This year, people from across the world came together to stand united against racism. We have become united more than ever in creating a fair environment with greater accessibility and opportunities for all. Discrimination never has and never will have a place here at SThree.

Since 2016 the SThree Foundation has funded, volunteered and supported programmes that empower people of all races and backgrounds, with access to quality STEM education and career development opportunities. We have worked to create accessible pathways into STEM careers for underserved communities because we know that great talent does not look, think and act alike.

We will continue to work with community partners, clients and candidates to build programmes in order to open up pathways into STEM careers for people from diverse backgrounds. We launched the first STEM Career Pathways programme in the USA in 2020, alongside a number of other interventions that empower people to access STEM careers.

Gender pay

As a business, enabling better representation of women and other diverse talent in STEM is central to our strategic objectives, and a key part of our D&I strategy. How we reward people on a global basis is integral to success in this area and with a sharp focus on narrowing our own gender pay gap, this allows us not only to attract the best people, but to keep the highest calibre of individuals with us long term.

Our five-point plan will enable us to fulfil our ambition in creating a diverse and inclusive environment, with the following activities focused on increasing female representation at senior level and reducing the gender pay gap:

1. Hire – develop hiring practices which are accessible and create opportunities for diverse talent.
2. Engage – promote a positive and inclusive work environment and work towards becoming an employer of choice.
3. Advance – recognise, develop and promote a broad range of talent.
4. Reward – provide reward structures that enable and support our focus whilst being fair and transparent.
5. Involve – work with our external communities and partners to encourage diversity in the workplace, particularly as the only pure-play STEM specialists.

In 2020, we saw an overall improvement in our gender pay gap. This was predominantly driven by successful initiatives and programmes launched within SThree to support flexible working, mentoring, and the development of our current and future leaders. This, in turn, led to an increase in the number of females in the business, particularly within our higher-salaried support services teams. However, we recognise that there is still work to do to ensure that the number of women within the trading division of our businesses and at the senior levels continues to rise.

Karima Green, Diversity, Inclusion and Engagement Partner at SThree, has been featured in WeAreTheCity

In the article, Karima discussed why women could hold the key to solving some of the world's most difficult and complex problems through STEM.



Can investing in women help solve some of the world's biggest problems?

It's widely accepted that climate change, poverty, injustice, gender discrimination and barriers to quality education are among the biggest challenges people face across the globe. But there is also a massive shortage of people who have the STEM skills to find or develop the answers to these issues which impact us all in some way.

What is most striking, however, is the huge lack of women in STEM jobs or studying STEM subjects.

According to the World Economic Forum, women make up around half of the world's population, but are disproportionately featured across the STEM industries.

How can we innovate and develop solutions to address huge global issues if we are not using the knowledge or intelligence of half of the population?

Explaining the under-representation of women in STEM

The lack of women in STEM is an issue that starts in childhood. Fewer girls choose to pursue STEM-related subjects into secondary and university education than their male peers. There is little incentive for talented women and girls to enrol in STEM education programmes. And a lack of confidence, inclusive cultures and female role models contributes to and solidifies the perception that the STEM industry is better suited to men.

As someone who started my career in technology, I was often the only female in the room and on many occasions, my opinions and ideas were not heard or held in the same esteem as my male colleagues. But on the flip side, some of the more progressive

male leaders really helped me and provided opportunities to women who had masses of potential and who were brave enough to change the landscape in their own way.

So, how do we change the landscape?

Representation and role models matter, and we need to position STEM to young women and girls differently.

We need people, organisations, and businesses to be proactive in making space for women, to provide opportunities and give them the support they need to be successful.

I am really proud to see how SThree has helped fund the education of girls at the specialist STEM African Science Academy in Ghana. It is a real testament to how SThree lives its purpose.

Since our partnership began in 2019, we have donated almost £170k to the school, while helping mentor and support the girls through university and giving them the chance to live their dreams of becoming engineers, scientists, and tech experts. The best part though is that many will go on to take what they have learned to give back and improve their communities across Africa, while making a dent in some of the biggest issues affecting the world.

Giving those girls the opportunity and helping them succeed is just a drop in the ocean when it comes to solving the world's problems. But if that scheme, the motivations behind it and its successes, can be replicated across the world, it will go a long way to building the future in a diverse and exciting new way.