Hays Pension Scheme

Actuarial valuation as at 30 June 2024

Scheme funding report

16 May 2025

This report is addressed to the Trustee of the Scheme for the purposes set out below. It should not be used for any other purpose, be relied upon or shared with any other third party unless there is a legal obligation to do so, or we give our prior written consent (in which case it should be released in its entirety).

Neither I, nor Hymans Robertson LLP, accept any liability or duty of care to any third party for any use of this report unless this has been expressly accepted in writing.

A full list of reliances and limitations are set out in Appendix D to this report.

Alec Day FIA C.Act, Scheme Actuary
For and on behalf of Hymans Robertson LLP

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1 The results of the valuation

I have carried out an actuarial valuation of the Hays Pension Scheme ('the Scheme') as at 30 June 2024 ('the valuation date') and this is my report on the results of the valuation. This is a scheme funding report.

Funding objectives

The Trustee is required to adopt a 'statutory funding objective'. The statutory funding objective is that the Scheme must have 'sufficient and appropriate' assets to meet the expected cost of providing members' past service benefits which we refer to as 'technical provisions'. The 'statement of funding principles' sets out the Trustee's policy for meeting the statutory funding objective.

Summary of results

The Scheme's funding position as at 30 June 2024 is shown below alongside the position at the last valuation for comparison.

	Previous valuation 30 June 2021	This valuation 30 June 2024
Assets *See the Trustee's' Report and Accounts as at the valuation date for further details*	**904.5**	**511.6**
Technical provisions liabilities *An estimate of the amount needed to pay benefits, using the assumptions specified by the Trustee's (see appendix A)*	**928.4**	**529.7**
Active liabilities	0.0	0.0
Deferred liabilities	590.0	287.4
Pensioner liabilities[1]	319.7	232.7
Expenses	15.0	7.5
Additional reserve for GMP liabilities notified by HMRC[2]	3.8	2.1
Surplus/(deficit)	**(23.9)**	**(18.1)**
Funding level *Assets divided by Technical Provisions*	**97%**	**97%**

[1] The pensioner liability value includes both non-insured and insured members (including both members in respect of the Canada Life buy-in and the historical annuity policies held with Aviva, Phoenix, Reassure and Rothesay). As at 30 June 2024, the value of the buy-in policy held with Canada Life is estimated to be £161.0m and the combined value of the annuity policies held with Aviva, Phoenix, Reassure and Rothesay is estimated to be £3.6m.

[2] This is a contingent liability to allow for GMPs where HMRC has indicated are a liability of the scheme, but for which the scheme holds no record.

Contributions

The Trustee and the Employer shall arrange for payment to the Scheme of £6m from the escrow account and the Employer shall pay an additional contribution to the Scheme of £12.6m on 11 December 2025 to meet the premium for the bulk annuity policy to be purchased for the non-insured members in the Scheme.

Other contributions payable are as set out in the Schedule of Contributions dated 6 May 2025 (or as subsequently updated).

2 What would happen if the scheme was wound up?

The results in the previous section of the report were prepared on the assumption that the Scheme will continue to operate with the financial backing of the Company. If the Company were no longer able to support the Scheme, it may then be necessary to 'wind up' the pension scheme. This would involve selling the Scheme's investments and using the proceeds to buy annuities from an insurance company. The insurance company would then be responsible for paying pensions to members and their dependants. I have, therefore, estimated the cost of securing members' benefits in this way, had the Scheme wound up on the valuation date.

Summary of results

	Previous valuation 30 June 2021	This valuation 30 June 2024
Assets ***See the Trustee's' Report and Accounts as at the valuation date for further details***	914.0	510.5
Solvency liabilities ***Estimated cost of buying annuities from an insurance company***	1,106.1	549.1
Active liabilities	0.0	0.0
Deferred liabilities	757.2	308.1
Pensioner liabilities[3]	331.9	232.4
Expenses	12.4	6.5
Additional reserve for GMP liabilities notified by HMRC[4]	4.6	2.1
Surplus/(deficit)	**(192.1)**	**(38.6)**
Funding level ***Assets divided by solvency liabilities***	**83%**	**93%**

On a wind-up further funds may be recovered from the Company under section 75 of the Pension Act 1995 and the Company debt regulations. The impact of any such recovery has been ignored in this assessment. If the assets on a wind-up are insufficient to secure the benefits in full, then a statutory priority order applies.

- Benefits corresponding to those covered by the PPF would be met first (either by the PPF or, if there were sufficient funds, by securing these benefits with an insurance company)
- Any remaining assets would be used to secure part of the remaining benefits with an insurance company.

[3] The pensioner liability value includes both non-insured and insured members (including both members in respect of the Canada Life buy-in and the historical annuity policies held with Aviva, Phoenix, Reassure and Rothesay). As at 30 June 2024, the value of the buy-in policy held with Canada Life is estimated to be £159.7m and the combined value of the annuity policies held with Aviva, Phoenix, Reassure and Rothesay is estimated to be £3.7m.

[4] This is a contingent liability to allow for GMPs where HMRC has indicated are a liability of the scheme, but for which the scheme holds no record.

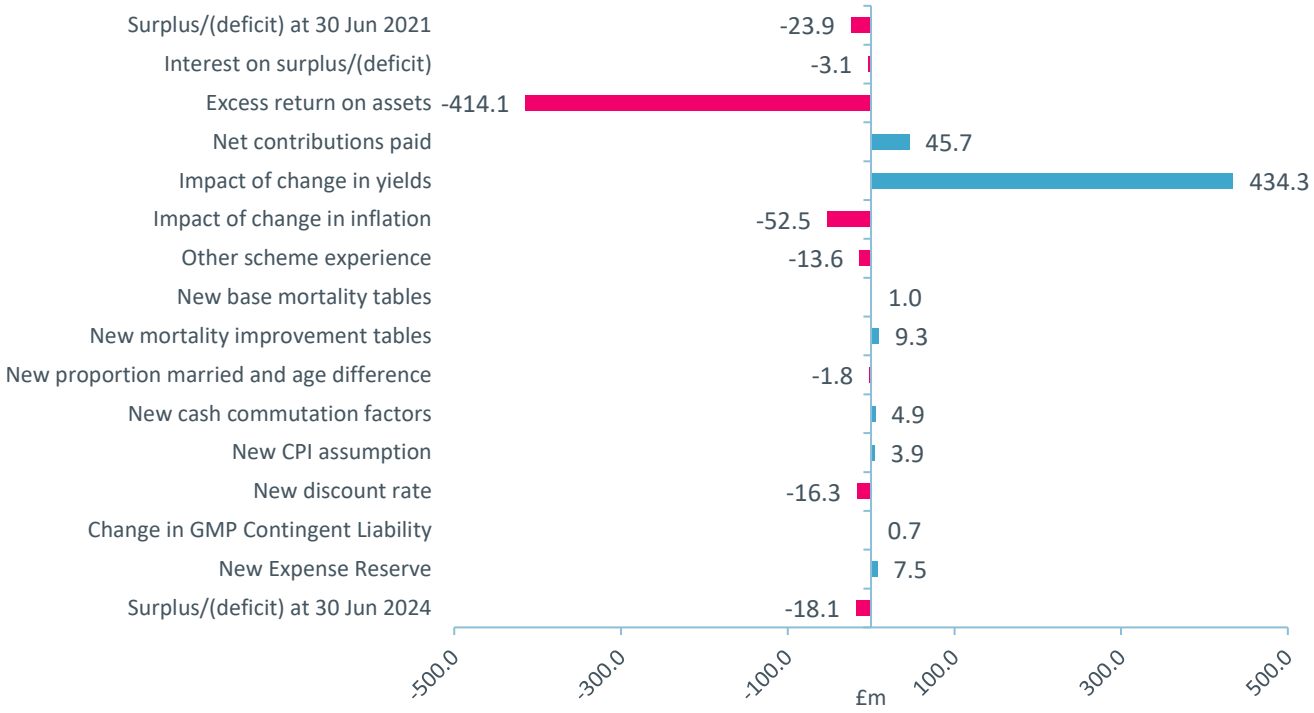
Why are the solvency liabilities different to the technical provisions?

The assumptions used to estimate the solvency liabilities differ from those used to calculate the technical provisions (see Appendix A). This is because they are intended to reflect the assumptions which would be used by an insurer to calculate the cost of the annuities they sell.

The solvency estimate has been calculated using a basis determined from our in-house model of insurer pricing. This model is regularly calibrated using pricing we see from the market on live transaction cases. The basis is not designed to reflect any insurer's particular views or the individual assumptions they would use in setting their premiums. The results are a guide and should not be viewed as a quotation. The true cost of insurance can only be determined by obtaining quotations from providers active in the market and following completion of wind-up.

3 Changes since the previous valuation

Since the previous actuarial valuation of the Scheme, there have been changes to the scheme membership, the value of its investments, the economic environment in which the Scheme operates and the valuation assumptions. These changes have affected the Scheme's funding position on the Technical Provisions basis as follows:



Other Scheme experience in the chart above includes the expenses paid since the previous valuation.

The analysis shows the main factors affecting the funding position since the last valuation have been as follows:

- Deficit contributions paid into the Scheme;
- Higher than expected inflation;
- The increase in gilt yields leading to a decrease in liabilities; however, this was offset by reduction in value of hedging assets; and
- Revised assumptions adopted for the 30 June 2024 actuarial valuation.

4 Risk management

In the previous section, I showed the extent to which the assumptions made at the previous valuation did not reflect actual experience over the period since the last actuarial valuation. In this section I discuss the key risks to the Scheme and the potential implications of the actuarial assumptions not being met in the future.

Funding, investment and covenant risks

The Trustee should understand the risks to its funding plans, particularly those related to funding, investment and the Company covenant.

Risk	How the Trustee manages this risk
Company covenant The Company may not be able to continue to pay contributions or make good deficits in the future. The impact of this scenario is considered in section 2 of this report.	The Trustee commissioned a formal covenant review as part of the valuation to get a sufficiently accurate assessment of Company support. This concluded that covenant of the Company was strong and therefore could pay the required contributions and underwrite Scheme risks. This has been taken into account when setting assumptions for the technical provisions, contributions and investment strategy.
Investment If future investment returns are lower than allowed for in the valuation assumptions, assets will not grow in value as expected, and the funding level will fall. This places greater reliance on the Company covenant since the Company would need to help put scheme funding back on track.	The Trustee manages the risk by using prudent assumptions in the valuation, by monitoring investment risks and performance, and also keeping the investment strategy under regular review. The risk in the investment strategy has also been incrementally reduced over time as the Scheme approaches full Scheme buy-in. At the date of signing, the Trustee had entered into a full scheme buy-in contract with an insurance company which removes most of the investment risk by moving the responsibility for the Scheme's pension payments to the insurer.
Funding Over time, the funding position will depend on the extent to which future experience matches the assumptions made. In particular, if life expectancy improves at a faster pace than allowed for in the valuation assumptions, then pensions will need to be paid for longer, so the liabilities will increase, and the funding level will fall.	The Trustee has adopted Scheme specific mortality base tables derived using Club Vita's data bank which allows the Trustee to use the best available information when setting longevity assumptions. By incorporating an allowance for future longevity improvements in the actuarial assumptions the Trustee can lessen the future adverse impact of such improvements. The Trustee entered into a buy-in policy in 2018 covering the vast majority of pensioner liabilities at that time. This removed the longevity risk for this part of membership. Further, at the time of signing, the Trustee had entered into a full scheme buy-in contract with an insurance company wherein the Trustee has transferred the longevity risks to the insurance provider.

Other risks

There are a range of further risks which the Trustee keep under review. These include the development of legislation relating to pensions and the impact of options offered to members.

There is also an increasing body of evidence demonstrating that climate risk, both the direct physical implications and society's transition to a low(er) carbon economy in response to this risk, pose potentially significant and expansive risks and opportunities to the companies that sponsor pension schemes, to investment portfolios and to the wider economy (with implications for funding assumptions). Climate-related risks include factors such as rising and/or volatile energy prices, resource shortages, property damage (e.g. flooding, storms) and air, water and land pollution (e.g. clean-up costs, health effects, reputational damage).

Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, climate risks may be less significant for the scheme, and thereby I have not explicitly incorporated such risks in these valuation results.

Sensitivity of key assumptions

Scenario	Funding position surplus/(deficit)	Comments
Base case	(18.1)	This is the technical provisions position.
0.25% p.a. decrease in discount rate	(36.2)	Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, the funding position is no longer sensitive to these assumptions.
0.25% p.a. increase in future inflation	(24.4)	For illustrative purposes I have shown the position if inflation-linked benefit increases linked to RPI or CPI grow at a faster rate. Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, the funding position is no longer sensitive to these assumptions.
0.25% p.a. decrease to pre-retirement RPI/CPI 'gap'	(22.7)	Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, the funding position is no longer sensitive to these assumptions.
Broadly a 1-year increase in life expectancy at retirement age	(32.7)	Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, the funding position is no longer sensitive to these assumptions.

Appendix A: Methodology and assumptions

A1. Methodology

Using the actuarial assumptions set by the Trustee I have estimated the payments which will be made from the Scheme throughout the future lifetimes of deferred pensioners, pensioners and their dependants. I then calculate the amount of money which, if invested now, would be sufficient to make these payments in future, assuming that future investment returns are in line with the assumed discount rate. This is the technical provisions. I compare these technical provisions with the value of the assets. The ratio of the asset value to the technical provisions is known as the 'funding level'. If the funding level is more than 100% there is a 'surplus'; if it is less than 100% there is a 'deficit'.

It is a requirement of the legislation that an 'accrued benefits funding method' must be used for valuing the technical provisions. In their application to technical provisions, such methods vary in only one material respect: the extent to which future pensionable pay growth is anticipated for employee members – which is not relevant for this scheme.

A2. Assumptions

The Trustee and Hays plc ('the Company') are responsible for setting the funding assumptions for the actuarial valuation as at 30 June 2024. The assumptions adopted as at 30 June 2024 are set out in the statement of funding principles dated 6 May 2025.

	Technical provisions 30 June 2021	**Technical provisions** 30 June 2024
Key financial assumptions		
RPI increases	Market implied RPI curve	
CPI increases	RPI curve less 0.6% p.a. pre-2030 and less 0.1% post-2030	RPI curve less 0.95% p.a. pre-2030 and less 0.05% post-2030
Pension increases	LPI Pension Increases curves derived from RPI, adjusted for the impact of the cap and floor (using SABR model)	

	Technical provisions 30 June 2021	Technical provisions 30 June 2024
Discount rate (pre- and post-retirement)	Market implied gilt yield curve plus 0.5% p.a.	Market implied gilt yield curve plus 0.3% p.a.
Key demographic assumptions		
Post-retirement longevity base tables	2021 VITA tables	2024 VITA tables
Pre-retirement longevity base tables	100% of S3N[M/F]A standard tables	
Longevity future improvements	CMI 2020 model with 0% weighting for 2020 data, initial addition to improvements of 0.5%, smoothing parameter of 7.0; long-term rate of improvement of 1.5% p.a., tapering to 0% p.a. over ages 85 and 110	CMI 2023 model with 0% weighting for 2020 and 2021 data, 15% weighting for 2022 and 2023 data, initial addition to improvements of 0.25%, smoothing parameter of 7.0; long-term rate of improvement of 1.5% p.a., tapering to 0% p.a. over ages 85 and 110
Normal retirements	All members are assumed to retire at the earliest date at which benefits are payable unreduced. Members above this age are assumed to retire immediately.	
Ill health retirement	No allowance	
Cash commutation	Members assumed to exchange 60% of the maximum allowable amount of their pension for a cash lump sum at retirement	No allowance
Transfers out	No allowance	
Expenses	Expense reserve of £15m	Expense reserve of £7.5m

	Technical provisions 30 June 2021	Technical provisions 30 June 2024
GMP equalisation	1.66% of the Scheme's pensioner liabilities and 0.92% of the Scheme's deferred liabilities (for those who have not yet had their benefits equalised)	The liabilities have now all been equalised, however there is an assumed difference of 1.66% between the value of the buy-in policy held with Canada Life and the liabilities of the members covered, given the benefits insured did not allow for GMP equalisation.
Proportion married	Actual spousal information where available (principally for pensioners included in the buy-in). Where data is not available, 80% for males and 80% for females at pension start date	Actual spousal information where available (principally for pensioners included in the Canada Life buy-in). Where data is not available, 80% for males and 51% for females at pension start date.
Age difference	Male members assumed to be 3 years older than their spouse, and vice versa for female	Male members assumed to be 5 years older than their spouse, and female members assumed to be 2 years younger than their spouse

A3. Solvency assumptions

With the exception of the following changes, I have used the same demographic and financial assumptions as for assessing the technical provisions:

- I have used the Hymans Robertson Annuity Pricing Curves for pensioners and non-pensioners which are built using swap market curves and make allowance for the additional yield available on corporate bonds. As at the date of valuation, this discount rate is broadly equivalent to swap market curves +0.6% p.a. pre- and post-retirement for deferred members and a discount rate based on the swap market curve +0.9% p.a. for pensioners.
- Inflation has been set in line with implied inflation from the swap market.
- Based on LPI swap pricing, I have assumed that future CPI inflation is 0.95% less than future RPI inflation pre-2030 and 0.05% p.a. less than future RPI inflation post-2030.

- I have used the same longevity base tables as for assessing the technical provisions as these are intended to reflect the expected future experience of the Scheme's membership; I would expect an insurer to take account of the Scheme's demographics in a similar way.
- I have used the same future improvements as for assessing the technical provisions.
- Within the liabilities, I have also allowed for additional estimated expenses required to wind-up the scheme of £6.5m (excluding expenses directly paid by the Company, such as for PPF levies).
- There is no history of providing discretionary benefits (i.e. benefits or increases to benefits in excess of those payable under the Scheme's rules) and thereby no allowance has been made for such discretionary benefits.

Appendix B: Data – benefits, membership and assets

B.1 Benefits

The Scheme provisions that I have taken into account in this valuation are set out in the Scheme's trust deed and rules dated 12 June 2012 and the closure deed dated 29 June 2012.

There is no history of providing discretionary benefits (i.e. benefits or increases to benefits in excess of those payable under the scheme's rules) and I have made no allowance for such discretionary benefits in the valuation.

We have not made any adjustment within our calculations for the Virgin Media ruling which was issued by the Court of Appeal.

Benefits of all the current members of the Scheme are equalised. Given the Canda Life buy-in policy was based on unequalised benefits, there is a difference in the value of the buy-in policy and the equalised value of the liabilities of the members covered by the policy, estimated to be 1.66% of the value of the buy-in policy.

B.2 Membership

The membership data as at the valuation date is summarised below:

Status	30 June 2021			30 June 2024		
	Number	Salaries / Pensions	Average age	Number	Salaries / Pensions	Average age
Deferred	3,946	£16.8m p.a.	53.9	3,376	£17.1m p.a.	56.8
Pensioner	2,962	£14.2m p.a.	69.9	3,209	£16.3m p.a.	71.7
Total	**6,908**			**6,585**		

The Scheme membership has changed since the previous valuation, as members have retired and died. We anticipated membership changes at the previous valuation, but the actual changes have not exactly matched the assumptions made at the previous valuation.

The data has been provided by the Trustee via EQ, the scheme administrator. We've carried out some high-level checks to be comfortable that the data is broadly consistent with that provided for the last valuation, but I've relied on the accuracy of this information. I have no reason to doubt that the membership data provided is materially complete and correct.

The pensions show in the table are as at the valuation date for pensioner members and deferred pensioners. Average ages in the table are weighted by liability.

B.3 Assets

The Scheme's assets include additional voluntary contributions (AVCs) paid by members. At retirement, these funds are used to buy benefits for members on a money-purchase basis, with no possibility of profit or loss for the Scheme. In my valuation I have excluded these assets and the corresponding liability. The market value of assets at the valuation date (excluding insured money purchase Additional Voluntary Contribution funds) was £511.6m. This includes the value of the annuities (insured assets) held by the Scheme.

The Trustee's investment strategy as at the valuation date is set out in the table below. I have taken the non-insured assets of the Scheme into account at their market value, as indicated in the audited accounts for the period ended 30 June 2024. The insured assets have been valued equal to the underlying liabilities on the Technical Provisions basis. Full details of the Trustee's investment strategy are contained in the Scheme's Statement of Investment Principles.

Asset class	Allocation as at 30 June 2021 (£m)	Allocation as at 30 June 20214 (%)
Equities	2.3%	0%
Corporate bonds	20.5%	35.3%
Absolute returns and cash	3.8%	2.2%
Fixed interest gilts	3.4%	0%
Global multi-asset credit	5.2%	0%
Property	3.4%	0%
LDI portfolio	32.3%	30.9%
Insured annuity policies	29.2%	31.6%
Total	**100%**	**100%**

Hedge ratio: 95.0% inflation risk, 95.0% interest rates risk.

The appropriate margin above gilts for the technical provisions discount rate must be set with reference to the risks that the company is able to support and the investment strategy of the Scheme and how this may change over time. The current investment strategy as at the valuation date is expected to return broadly gilts + 0.4% pa. The technical provisions discount rate is equivalent to gilts + 0.3% pa at the valuation date. The expected return on assets is therefore 0.1% higher than the technical provisions discount rate at the valuation date.

Appendix C: Technical provisions certificate

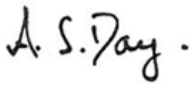
My certification of the calculation of the technical provisions is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions. That certificate is appended to the contribution schedule.

Actuarial certification of the calculation of technical provisions as required by regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Hays Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 30 June 2024 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 6 May 2025.

Signature	
Date	16 May 2025
Name	Alec Day
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of company	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

Appendix D: Reliances and limitations

Purpose of the valuation

This valuation has been carried out to comply with the statutory requirements of Part 3 of the Pensions Act 2004, which requires trustees to periodically obtain an actuarial valuation, defined as “a written report, prepared and signed by the actuary, valuing the scheme's assets and calculating its technical provisions”.

Addressee

This report is addressed to the Trustee of the Scheme who commissioned the work and is provided solely for its purposes in the management of the Scheme and in particular to fulfil its statutory obligations and requirements of the Scheme governing documents. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. The Trustee is obliged to pass a copy of the report to the Company within 7 days. Neither I nor Hymans Robertson LLP accept any liability to any party other than the Trustee unless we have expressly accepted such liability in writing.

Compliance

This report complies with the requirements of the following Technical Actuarial Standards (TASs): TAS 100 and TAS 300.

The following communications are also relevant to this report:

- Assumptions Advice report dated 24 May 2024.
- Preliminary results in respect of the actuarial valuation as at 30 June 2024 dated 4 October 2024.
- Recovery plan, dated 6 May 2025
- Schedule of Contributions, dated 6 May 2025
- Statement of Funding Principles, dated 6 May 2025

Climate-related risks

The weight given to climate-related issues should depend on a scheme’s circumstances, including its funding position and maturity, its investment strategy and its sponsor’s industry sector. These risks exist and may prove to be material. Given the full Scheme buy-in that had been entered into by the Trustee at date of signing, climate risks may be less significant for the scheme, and thereby I have not explicitly incorporated such risks in these valuation results.

Covenant risk

I have not advised on factors particular to the Company, or the Company's industry. I am not, in my opinion, best qualified to advise the Trustee on these sponsor-related matters. The Trustee commissioned a formal covenant review as part of the valuation to get a sufficiently accurate assessment of Company support. This concluded that covenant of the Company was strong and therefore could pay the required contributions and underwrite Scheme risks. This has been taken into account when setting assumptions for the technical provisions, contributions and investment strategy.

Legislative Uncertainties

I have not taken account of any additional costs which may arise from future requirements to amend the Scheme's provisions.