Hays Pension Scheme

Statement of Investment Principles
January 2025

1. Introduction

1.1 The Trustee of the Hays Pension Scheme (the “Scheme”) has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Scheme’s investments.

1.2 In preparing this Statement, the Trustee has consulted Hays plc (the “Principal Employer”) to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Scheme’s investment arrangements.

1.3 The Trustee seeks to maintain a good working relationship with the Principal Employer and will discuss any proposed changes to the Statement with the Principal Employer. However, the Trustee’s fiduciary obligations are to the Scheme’s members and these will take precedence over the Principal Employer wishes, should these ever conflict.

1.4 The Trustee chooses appropriate investments for the Scheme by first identifying their objectives and subsequently identifying investments that are aligned with this. The Trustee’s objectives, and therefore the appropriate investment arrangements, will change over time. In reviewing and implementing their investment arrangements, and in the preparation of this Statement, the Trustee has obtained and considered the written advice of Mercer Limited (the “Investment Consultant”), whom the Trustee believes to be suitably qualified to provide such advice

2. Investment Objectives

2.1 Investment Objectives

2.2 The primary objective of the Scheme is to provide pension and lump-sum benefits for members on their retirement and/or benefits on death, before or after retirement, and their dependents on a defined-benefits basis.

2.3 In December 2024, the Trustee secured this objective by investing the Scheme assets in a bulk annuity contract with Pension Insurance Corporation plc (known as “PIC”)). The contract is a buy-in policy and covers accrued DB benefits for all members not covered by the Canada Life buy-in policy already in place. In addition to the buy-in policies with Canada Life and PIC, the Scheme holds a small amount of residual assets as cash with their custodian, BNY Mellon, which are expected to be depleted in the near term. There is also a Trustee Bank Account operated by the Scheme’s administrator. Any residual cash holdings will be used to help meet ongoing expenses and any imminent member payments/adjustments.

3. Risk Management and Measurement

3.1 There are various risks to which any pension scheme is exposed, albeit these risks have to a large extent been mitigated by investing in the buy-in contracts with Canada Life and PIC.

3.2 The Trustee recognises a number of risks, in particular:

- **Credit risk**: The principal risk facing the Trustee and the Scheme’s members is that Canada Life or PIC may default on their obligations under their annuity contracts to meet accrued benefits (as contracted). Before entering into these contracts, the Trustee obtained advice from its buy-in advisors which considered this risk, and it was a key consideration for the insurer selection process. The policy in place is governed by market solvency requirements and the protections provided by the Financial Services Compensation Scheme.

- **Liquidity risk**: It is recognised that although the buy-in policies held with Canada Life and PIC could be liquidated in specific and limited circumstances, these are not liquid investments and are intended to be held for the life of the Scheme. The buy-in policies are intended to match the liquidity requirements of the relevant liabilities as exactly as possible, and so the requirement to hold liquid assets to meet these liabilities falls away. The residual balances held with BNY Mellon and any cash held in the Trustee Bank Account are highly liquid in case of any cashflow requirements that are not covered by the buy-in policy (e.g. fund expenses).

- **Environmental, Social and Governance risks (including but not limited to climate change)**: These risks are recognised and considered to be financially material. With the purchase of the buy-in policies, responsibility for management of these risks passed to Canada Life and PIC; their ability to manage these risks was considered as part of the insurer selection exercise. The Trustee may from time-to-time ask Canada Life and PIC to comment on the integration of ESG factors, where relevant, in the assets underlying the insurance policies.

3.3 The risks and other factors set out above are those that the Trustee determines to be financially material over the Scheme's anticipated lifetime. Other risks, such as regulatory risk and operational risk, are considered and monitored as appropriate.

4. Investment Strategy and Day to Day Management of the Assets

4.1 As noted, the Scheme holds buy-in policies with Canada Life and PIC, both of which account for close to 100% of the Scheme's assets. Canada Life and PIC are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and are registered in the United Kingdom.

4.2 The nature of the buy-in policies are such that the expected returns will fund the Scheme's pension obligations. Due to the buy-in policies, the Scheme does not have a return target and instead the objective is to maintain liquidity and security and pay members' pensions as they fall due.

5. Realisation of Investments

5.1 Canada Life and PIC, via the bulk annuity policies, provide a monthly annuity income to the Scheme to allow the Trustee to meet monthly cashflow requirements. Lump sum payments from the insurer are paid if members transfer out of the Scheme and to allow the Trustee to meet retirement lump sums.

5.2 Any residual cash balances that remain with BNY Mellon and in the Trustee Bank Account will be used to meet any additional costs of the Scheme that arise.

6. Investment Manager Appointment, Engagement and Monitoring

6.1 The Scheme invests in buy-in policies that matches the liabilities of the Scheme. The Trustee appointed Canada Life and PIC with the expectation of long-term partnerships; as buy-in policies cannot be traded in the open market the Trustee does not expect to review their appointment.

6.2 The Trustee

6.2 paid a premium to Canada Life in August 2018 and to PIC in December 2024 when they entered into the buy-in policies. There are no ongoing fees in relation to the policy.

6.3 The purchase of the buy-in policies means the Trustee does not expect to appoint any further investment managers in future, with residual assets held in the Trustee Bank Account as required.

7. Additional Assets

7.1 The Scheme consists of a defined benefit section. However, in addition the Trustee is responsible for the investment of the assets relating to the Additional Voluntary Contributions (AVCs) previously made by members. These assets are invested with Aviva and Prudential Assurance Company Limited. The Trustee reviews the investment arrangements and performance of these sections on a regular basis and takes advice as to their ongoing suitability. Members no longer have the opportunity to invest contributions into AVCs.

8. Policy on ESG, Stewardship and Climate Change

8.1 The Trustee believes that environmental, social and governance ("ESG") factors have a material impact on investment risk and return outcomes, and that good stewardship, exercised through voting and engagement, can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, such as climate change, present risk and opportunities that increasingly require explicit consideration.

8.2 The Trustee has considered all financial factors, including ESG factors, when setting the investment strategy. Given the buy-in policies in place, the responsibility for management of all financial factors including ESG factors has been delegated to the insurers. The Trustee reviewed the insurers' ESG capabilities as part of the insurer selection exercises.

9. Review of this Statement

9.1 The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Signed on behalf of Hays Pension Trustee Limited, Trustee of the Hays Pension Scheme.

Signed: ______________________________ Date: ______________________________

Name: ______________________________