

Environmental, Social and Governance (ESG) Considerations

The Trustee seeks to take Environmental, Social and Governance (ESG) factors into account when managing the Scheme.

The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and financial markets as a whole. The Trustee recognises that long-term sustainability issues, such as climate change, present both risk and opportunities that may require explicit consideration.

Here are three things the Trustee is doing to further evaluate ESG issues in the context of the Hays Pension Scheme (the Scheme) and its investment strategy:

1. Training

The Trustee undertook responsible-investment training in May 2019, which covered ESG factors, stewardship, climate change and ethical investing. This training was used as a basis for the updates made to the Scheme's Statement of Investment Principles (SIP) in September 2019.

2. Beliefs survey

The Trustee undertook a beliefs survey designed to assist it with refining its policy and to identify areas of focus. The results of this survey were discussed at the Trustee meeting in June 2020.

3. Work plan

As at 30 June 2020, the Trustee was in the process of devising a responsible-investment and ESG work plan, which will outline a timeline of possible actions around:

- ESG belief monitoring (and strengthening);
- policy implementation on stewardship and climate change;
- improving the processes we use to monitor and report periodically; and
- further identifying ESG-related risks and opportunities within the Scheme's investment portfolio.

In addition to these specific actions, the Scheme's investment performance report includes specific ESG ratings for the investment managers employed by the Scheme. These ratings are provided by the Scheme's investment consultant and are monitored on a quarterly basis. When appointing a new investment manager, the Trustee would consider the extent to which the manager integrates ESG considerations into its investment processes. The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities but may consider this in future.

The Trustee keeps its policies under regular review, with the SIP subject to review at least every three years, and usually annually.