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Private & Confidential

18 February 2021

Dear Member

Hays Pension Scheme

Important Information

I am writing to give you some good news.

The Trustee, in conjunction with Hays plc, has now concluded that the best long-term plan for the Scheme is to secure all members' benefits with an insurance company.

This is different to the way the Scheme is currently run, whereby the assets are held by the Scheme and invested by it to provide sufficient money to pay the members' benefits as they fall due. This strategy would have continued until the very last member and, or, their dependant dies. Based on the age profiles of all our members, this would likely be a long-time in the future and certainly five decades at least.

This change in the Trustee's strategy is not something that you need to be concerned about and will not happen overnight.

The Scheme will continue, as at present, run by the Trustee Board who oversee the day to day running of the Scheme which is carried out in conjunction with the Scheme's advisers, including:

- Equiniti, the Scheme's Administrators who calculate and pay your benefits on behalf of the Trustee;
- Hymans, the Scheme Actuaries who calculate both the liabilities of the Scheme (your benefits) and the amount of assets required to pay these benefits when they fall due; and,
- Mercer, the Scheme's Investment Advisers, who advise and monitor the assets of the Scheme.

The change will happen when, and only when, the Scheme has sufficient money available to buy the full pension benefits for every member with an insurance company.

Buying out all members' benefits under the Scheme with an insurance company is a good thing. Insurance companies are regulated by the Prudential Regulation Authority and by the Financial Conduct Authority. These regulators set tight financial and operational controls which insurance companies must follow. Whilst the Trustee is not concerned about the financial strength of Hays plc, this means that members' benefits will be secure over the long term.

This news may have raised a number of questions in your mind and so please find attached a Questions & Answers document which I hope answers all of your queries. However, please do contact me, if you have any unanswered questions.

Although the buy-out of all members' benefits will not happen for a number of years yet, we want to ensure that all our member data is as accurate as possible. Good and accurate member data is vital and critical for both the calculation and payment of your benefits. Accurate data also provides a good estimate of the amount of money the Scheme will need to buy-out your benefits in due course. For example, if we have an incorrect date of birth, then the cost of buying that benefit will be wrong and it could affect the final benefit due to you.

Therefore, later this year, we will be starting on the project of making sure that the personal records that we hold for each member are accurate. Normally, we would check your personal data when your benefit becomes payable, whether that's when you retire or earlier transfer-out, but instead, we will be writing to you in the next few months to ask you to confirm that the data we hold is accurate and to ask you to fill in or update any missing or incorrect information. Your prompt assistance will really be appreciated.

We will update you on how the Trustee's plans to buy-out members' benefits are progressing either by letter or through the newsletter 'In Touch', and of course the Website will also hold a copy. So please remember to update us with any changes of address, and, or let us have your email address, so that we don't lose contact with you.

I would ask that you respond to any requests that you receive from us as this will help enormously in our preparation and speed up our preparation.

Yours sincerely

Kath Bedford.

Kath Bedford (Mrs)
Pensions Manager

Kath.bedford@hays.com

Hays Pension Scheme (the Scheme)

Questions & Answers

Trustee and Company decision to target buy-out of benefits

1. Why have the Trustee and Company decided to go down this route?

Like many other pension schemes, the Scheme faces a number of financial risks including changes in inflation rates and investment risks, as well as the uncertainty over life expectancy of all its members. In addition, the day to day running costs are expensive.

Legislation means that the Trustee is required to have its own appointed advisers to run the Scheme. These include, the Scheme Actuary, its Investment Consultants, Legal advisers, auditors and of course Administrators. There is also the annual Pension Protection Fund Levy. These costs are on-top of the money needed to pay your benefits.

These are on-going costs which will not significantly decrease over time. Buying-out the benefits with an insurance company will remove these variable costs in exchange for a one-off payment.

From the Company's perspective, changes to accounting procedure means that the Scheme's liabilities now appear on Hays plc's accounts. Whilst Hays plc is fully supportive of the Scheme, this change can affect the way the Company is valued by their investors and they would like to be able to remove this from their Accounts, but only when there is sufficient money in the Scheme to secure everyone's benefits. In addition, the Trustee would prefer not to be dependent on the Company for continued contributions.

Therefore, making a change to the Scheme's long-term plans provides members with added security for the payment of their benefits and meets the objectives of both the Trustee and Company.

2. When will it happen?

No one is certain when this will happen. The Scheme needs to have sufficient money to buy-out the benefits of all members and their dependants. There is no rush, it is important to get this right and only when there are sufficient funds. The cost of securing members' benefits with an insurance company also varies over time as their basis of pricing changes regularly.

The Trustee does however, through its advisers, monitor the market place and this provides a good on-going estimate of the cost and enables the Trustee to see how the Scheme is progressing in relation to its long-term strategy.

3. Do you know which insurance company will be used to buy-out the benefits?

The actual insurance company with which the Trustee buys-out members' benefits won't be known until the Trustee signs the contract. There are currently only a few insurers in the market and this may change in the interim period before there are sufficient assets to buy-out the benefits.

You may remember that the Trustee signed an agreement with Canada Life to insure some of the Scheme's benefits through the purchase of a 'bulk annuity policy' in 2018. The remainder of the benefits might be bought with Canada Life or another insurer.

Once the Trustee has entered into a contract with the chosen Insurer, we will of course write to you providing full details of the buy-out including when the Insurer will take over responsibility for paying members' benefits.

4. How will you decide with which insurer to secure the benefits?

Whilst the ultimate price is important and a key aspect, there are a number of other considerations.

The Trustee, together with Hays plc and their advisers will carry out a detailed review of the insurance market. This process takes several months and includes several stages in the process:

- A number of insurers will be asked to provide a quotation of the cost of securing all members' benefits. This is based on member data*, the Trust Deed & Rules which sets out the benefits that are payable to members and the options available to members and, information on administration processes;
- Checks are made to ensure that the quotations are based on the correct benefits and that all the Rules surrounding the payment of benefits are fully understood and correctly priced in the quotations;
- Once the quotations are received, the Trustee, Hays plc and their advisers will short-list the insurers;
- The Trustee and Hays plc will also engage in a due diligence exercise. This means a detailed review looking at the financial strength, reputation, quality of service and administration systems security of each insurer who is shortlisted; and finally
- The Trustee, Hays plc and their advisers will also interview each insurer who is shortlisted.

*The data is anonymised so individual members cannot be identified.

Once the Trustee and Hays plc are happy that the insurer meets all their requirements, they will enter a contract to secure the benefits.

Members' benefits and Options

5. How will this change affect me?

There will be no change to the amount of your benefits or the terms on which they are paid. You also do not need to take any action at present.

If you have any questions about your benefits in the Scheme you should continue to contact either Equiniti or me, the Pensions Manager, as you have done in the past.

6. I retired prior to 1 January 2018, what does this mean for my pension and dependant's pension?

If you were already a pensioner or dependant at 1 January 2018, or you started to receive a dependant's pension following the death of a pensioner who retired before 1 January 2018, then your pension has already been secured with Canada Life though a bulk annuity contract.

Nothing changed at that time and payment of your benefit continues to be paid by the Scheme's administrators, Equiniti.

Both your own pension and that of your dependant have been secured with Canada Life. They have full details of you and your dependant (currently excluding your bank details) and how your pension is paid and the annual increases which are payable.

When the Scheme is in a position to complete the buy-out of the remaining members' benefits, we will at that time ask Canada Life to take on full responsibility for the payment of your pension. Canada Life would then issue a policy to each pensioner confirming the benefits and they will take over future payments.

You would not see any difference in the payment or frequency, other than the fact that your pension will come directly from Canada Life and not Equiniti.

We will write to you when this is going to happen. In the meantime, you should continue to contact Equiniti if you have any questions about your pension.

7. I retired after 1 January 2018 or I receive a dependants' pension in relation to a member (not a pensioner) who died after 1 January 2018?

If you have retired since 1 January 2018 or you are a dependant of member who has died since 1 January 2018 (and the member had not taken their pension before that date), your benefits are not currently insured. Your benefits will be secured as part of a further bulk annuity contract with an insurer.

We will write to let you know when this is going to happen, but you will not see any difference in the payment or frequency of your pension, only that the payment originates from a different source.

However, please be assured that for the time being, there is no change and if you have any questions about your pension you should continue to contact Equiniti.

8. Who should I contact if I have any questions about this communication?

You should contact Kath Bedford, Hays Pensions Manager:

Telephone: **0207 391 6641**
(please leave a message and your phone number as the office is currently not open or preferably email me)
Email: kath.bedford@hays.com

9. Who should I contact if I have any questions about my pension benefits?

You should continue to contact the Hays' pension team at Equiniti with any questions:

Telephone: **0333 207 5957**
Email: **hays@equiniti.com**

Please let the Scheme's administration team know if your contact details change.

This communication will also be loaded onto the Hays Pension Scheme Website for future reference. This Question & Answer document is intended as a summary to assist with your understanding of the Trustee's long-term strategy to secure all members' benefits with an insurance company. It does not confer any entitlement to benefits and, in the event of any discrepancy between this document and the Scheme's governing documentation, the latter will prevail.