DHL GROUP RETIREMENT PLAN

ANNUAL DC GOVERNANCE STATEMENT FOR THE PLAN YEAR ENDING 31 MARCH 2024

This statement has been prepared by the Trustee of the DHL Group Retirement Plan ('the Plan') to demonstrate how the Plan has complied with the governance standards set out in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'). It covers the Plan Year from 1 April 2023 to 31 March 2024 and relates to the Plan's defined contribution (DC) arrangements.

The statement covers the following:

1. Update on the Trustee's activity to meet its regulatory duties;
2. The Plan's investment strategy (including the default);
3. The processing of core financial transactions;
4. Charges and transaction costs;
5. Net investment returns;
6. Assessment of the Plan's value for members; and
7. Maintaining the Trustee Board's knowledge and understanding.

The Plan includes a DC Section, AVCs for members of the DB Sections with Aviva, ReAssure (previously Legal & General), M&G Prudential and a DC policy for ex-Williams Lea employees with Royal London. The Trustee's Defined Contribution Committee (DC Committee) undertakes the governance of these DC arrangements.

1) Meeting our regulatory duties

Assessment against the Pensions Regulator's expectations for a well-governed DC scheme

The Pensions Regulator (TPR) published its General Code of Practice which came into force on 27 March 2024. The Trustee is working with its advisers to ensure that its governance standards are maintained and, where appropriate, changed to reflect the requirements of the new General Code. The Trustee very much believes that good governance leads to better member outcomes.

Climate-related regulations and disclosures

The Trustee has a legal duty to document its policies on material financial considerations including climate change. These can be found in the DC Statement of Investment Principles (DC SIP) and adherence to these policies is documented within the Implementation Statement. For some time, the Trustee has been taking into account Environmental, Social and Governance (ESG) related factors when assessing and selecting asset managers and funds.

The Trustee adheres to the climate risk governance and reporting requirements which were introduced from 1 October 2021, following the recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD). Under the requirements, the Trustee has established a climate risk policy for identifying and managing key climate related risks and opportunities following advice from its investment adviser - WTW. The Trustee has been working with WTW and has prepared a report outlining these policies, and how climate related risks and opportunities have been identified and are being managed. The DC Section's last Climate Report was made available to members in September 2023, and the next Climate Report will be published in September 2024.

2) The Plan's investment strategy

<u>DC Section Statement of Investment Principles (DC SIP)</u>

The DC SIP sets out the aims and objectives of the Plan's investment strategy, including full information about the default investment arrangements. In particular, it covers:

- The Trustee's investment policy, including policies on risk and expected return; and
- The design of the default investment arrangements.

A copy of the latest DC SIP can be found in the Appendix 5. Full details of the investment options, including the default investment arrangements, are set out in the DC SIP and further information can be found in the 'Investing' section of the Plan's website.

<u>Default arrangements</u>

During the Plan Year, the Plan's principal default investment strategy was the DHL Lifestyle Annuity that new members were invested in if they didn't make an active investment choice.

As a result of the triennial investment strategy review carried out during the Plan Year (see further below), the DHL Lifestyle Drawdown is now the principal default arrangement that new members will be invested in if they don't make an active investment choice. Existing members invested in the DHL Lifestyle Annuity who were more than 5 years away from their Target Retirement Date were also automatically switched into the new DHL Lifestyle Drawdown in the last week of March 2024. In addition, the DHL Lifestyle Annuity also remains a default arrangement as a number of members who were previously automatically invested in this option (those within 5 years of retirement) remain invested this way.

As a consequence of investment changes implemented previously, four of the Freestyle funds - the DHL Global Property, DHL Corporate Bonds, DHL Emerging Markets Equities and DHL Global Equities funds - are also deemed to be default investment arrangements for the following reasons:

- The Trustee closed a number of funds they no longer deemed to be suitable, and members were moved to the DHL Global Property and DHL Corporate Bonds funds without them needing to give their express consent.

- The DHL Emerging Markets Equities and DHL Global Equities funds were given new benchmarks which changed the objectives of these funds from those the members would have originally selected.

The aims and objectives of all the Plan's default arrangements are set out in the DC SIP.

<u>Triennial investment strategy review</u>

The latest formal triennial review of the Trustee's DC investment strategy and performance for the Plan's principal default investment arrangement commenced on 28 June 2022 and was completed during the Plan Year.

The annual DC governance statement for last year explains the aspects of the review that were carried out during the previous Plan Year. To recap, one aspect of this stage of the review involved undertaking detailed membership analysis, using demographic data to help understand the suitability of the default strategy in terms of risk profile and how well aligned the strategy is to how the Trustee expects members to access their DC savings. The analysis segmented the Plan membership in a number of ways including current age, current fund size and risk tolerance to assess whether the current strategy remained appropriate for groups of members under the Plan. The DC Committee also considered the potential projected pot sizes for members of the Plan in combination with the actual retirement decisions made by members over the review period to help understand how members are likely to access their benefits in the future. This part of the review found that:

- In the future, more DC Plan members may consider accessing their benefits flexibly and, as a result, the Trustee agreed to update the retirement objective for the principal default investment arrangement to target a member looking to use an income drawdown arrangement in retirement rather than an annuity.

- Members could afford to take more risk with the aim of delivering higher growth over the longer term. This was particularly the case for members in the early stages of their career who have a long time horizon to retirement.

The final stage of the review was undertaken over 2023 and focused on the design of the default strategy and other lifestyle strategies in terms of the asset allocation to be held at different stages with consideration to the above membership analysis. The Trustee formally concluded its investment strategy review at its 20 September 2023 Board meeting and agreed the following changes to the default strategy and other lifestyle strategies:

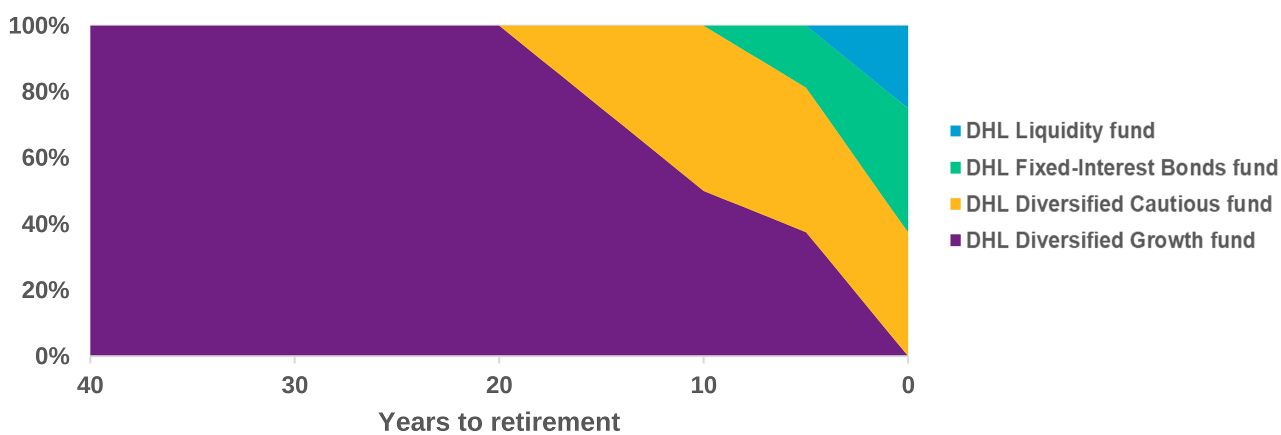
1. The new default arrangement for members who join the Plan will be the DHL Lifestyle Drawdown. Existing members invested in the DHL Lifestyle Annuity who were more than 5 years away from their target retirement date would be automatically moved to the DHL Lifestyle Drawdown (unless they chose otherwise). The Trustee agreed that members who were within 5 years of their target retirement date would remain under the DHL Lifestyle Annuity due to their proximity to retirement age.

2. To introduce an initial 100% equity phase to all three lifestyles available to members including the DHL Lifestyle Drawdown and the DHL Lifestyle Annuity, that would apply until 25 years from target retirement date.

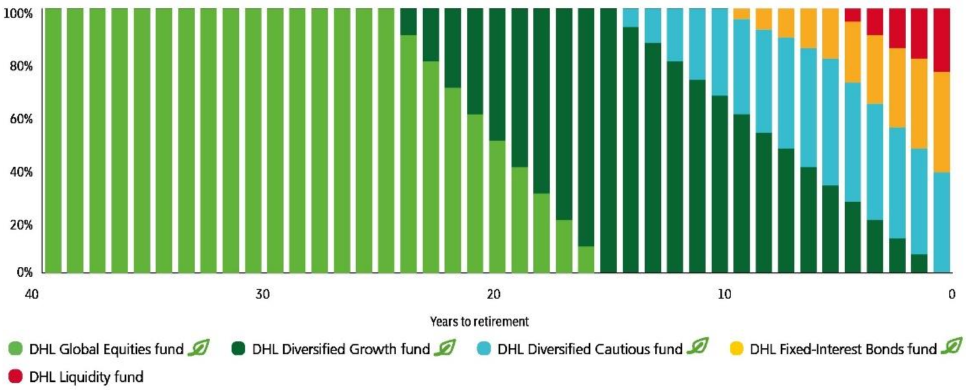
3. To have a shorter de-risking period for all three lifestyles available to members including the DHL Lifestyle Drawdown and the DHL Lifestyle Annuity, so that members would hold investments in the DHL Diversified Growth Fund for longer.

The charts below show the changes to the two default lifestyle options:

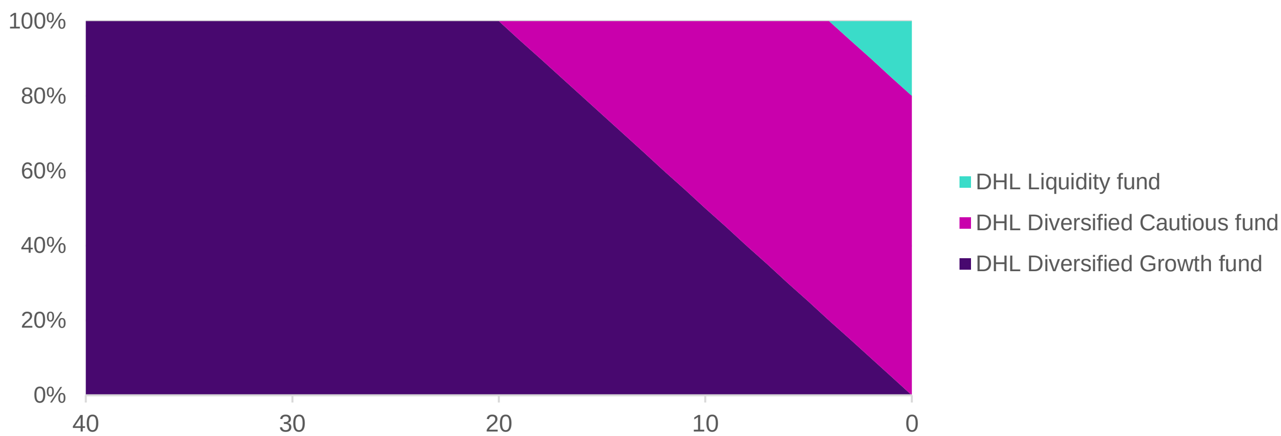
Previous DHL Lifestyle Annuity



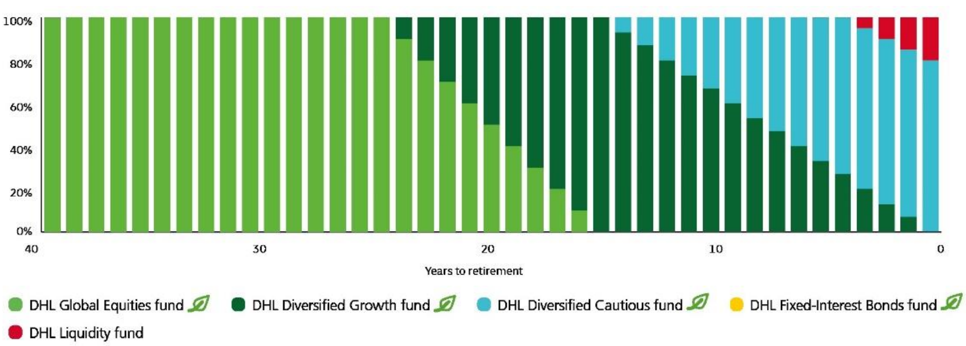
New DHL Lifestyle Annuity



Previous DHL Lifestyle Drawdown



New DHL Lifestyle Drawdown



As part of the investment strategy review the Trustee also reviewed the Freestyle fund range including the funds' "deemed" default arrangements within the Plan (see above). The Trustee concluded that all Freestyle funds including those that are considered default arrangements had met their stated objectives as set out in the DC SIP over the review period and remained suitable for members. The Trustee agreed as part of this review to further integrate ESG factors into its investment strategy through switching all of the Plan's corporate bond exposure to the Future World Corporate Bond fund range. This covered:

- The DHL Corporate Bonds fund, which would switch to invest 100% in the LGIM Future World GBP Corporate Bond Index fund; and
- The DHL Diversified Growth and DHL Diversified Cautious funds where the GBP, EUR and USD corporate bond allocations would switch to the "equivalent" LGIM Future World funds.

The changes set out above to the Plan's lifestyle strategies were implemented at the end of March 2024 and the changes to the freestyle fund options were implemented in April 2024.

<u>Ongoing monitoring</u>

The formal triennial review was supplemented by the regular reviews of the performance of each investment option (including the default arrangements) against their benchmark or performance target. These reviews were undertaken over the Plan Year at the quarterly DC Committee meetings. The reported analysis and advice received supported the Trustee and is provided by the Trustee's investment advisers. The content of these quarterly reports includes performance data against benchmark, details of the underlying funds for each available investment option, and commentary regarding the global investment markets as well as the investment adviser's latest research views and ratings of the Plan's DC investment managers. Summarised versions of these reports are also made available to members that have registered on the Plan's website and are called FundWatch reports and are held under the 'Your investments' section of the website. These reviews showed that the default arrangements had met their stated performance objective as set out in the Plan's DC SIP over the Plan Year.

3) The processing of core financial transactions

The Trustee has ensured that all the required processes and controls for core financial transactions are in place for the DC Section of the Plan including:

- The payment and investment of contributions;
- Investment switches; and
- Payments to members on retirement, death, transfers out of the plan and transfers in from other schemes.

The Trustee has appointed DHL GBS (UK) Limited to provide the Plan's Administration Team which is responsible for the day-to-day management of the DC Section. This includes the legacy AVC arrangements for members of the DB Sections and the DC policy for ex-Williams Lea employees of the Plan. The Trustee has a Service Level Agreement (SLA) with the Plan's Administration Team which covers the timeliness of processing core financial transactions. The Administration Team focuses on accurate and timely processing of transactions (including the investment of monthly contribution amounts). For the Plan Year, this included:

- Daily reconciliation of the Trustee bank account and units held by the investment manager against the administration system, including cash requirements;
- A robust checking and authorisation process for the accurate processing of all transactions is in place including requiring a two-stage checking process for larger payments; and

- Dedicated personnel within the Administration Team support the processing of the monthly contributions.

Service monitoring

The Trustee regularly monitors the core financial transactions of the Plan. This is achieved through quarterly reporting from the Plan's in-house Administration Team and the monitoring of performance against the SLA. When issues arise, the Trustee works with the Plan's Administration Team to ensure that appropriate action is taken.

During the Plan Year, the Administration Team had in place a service improvement plan which included an increase in permanent and temporary headcount and secondment support from WTW with the aim to return SLA performance to the Trustee's expected levels of performance. Since July 2022, the Trustee has appointed COSAN Consulting Limited (COSAN) to provide administration consultancy services to review the current service delivery model to ensure it continues to meet the needs of the Trustee and members. A small working group was formed to assist COSAN in its review and COSAN reported quarterly to the Pensions Operations Committee (POC) over the Plan Year and provided updates at the quarterly Trustee meetings. This review was ongoing at the end of the Plan Year.

Processing of core financial transactions

Although no relaxation of the SLAs was formally agreed with the Trustee, the Administration Team closely monitored performance against targets of 10 working days over the Plan Year for the following processes (with existing agreed SLAs noted below):

- Contributions reconciliation and investment – 5 working days following receipt of contributions and interface files.
- Processing of switches (bulk and individual) – 5 working days.
- Disinvestments (covering retirements and transfer payments) – 5 working days.
- Transfer quotes – 5 working days.

During the Plan Year, performance against the SLA requirements (including core financial transactions) was reviewed, with any complaints and updates on any ongoing projects formally considered at the quarterly POC meetings. The Chair of the POC provides an update at the quarterly Trustee meetings. In addition to the quarterly reporting from the Plan's Administration Team and the monitoring of performance against the SLA, the Trustee was provided with regular updates from Mr. Dan Cavaciuti, Vice President Pensions, UK and Ireland or Mrs. Lorraine Large, Head of Operations, during the Plan Year.

The combined SLA performance for all DC and DB tasks over the Plan Year was 83.2% completed within 5 working days (the contractual SLA) and 85.6% within 10 working days which is an improvement from the previous Plan Year. In relation to core financial transaction tasks, over the Plan Year, 100% of individual DC switches, profiling DC switches, transfers in and the payment and investment of DC contributions were completed within 5 working days. The performance of retirement and transfer payment related tasks was below the Trustee's expectation with a number of cases taking longer than 10 working days to complete. As noted above, the Trustee is working closely with the Administration Team and COSAN to ensure service performance continues to improve and also review and update the Administration Team's processes to achieve a sustainable administration service for the Trustee.

During the Plan Year the POC undertook a 'deep dive' looking at bank account transactions going back over the last seven years and identified seven overpayments to members which totaled £131,580. The Administration Team has investigated each case and has started the process of recovering the overpaid amounts. The errors relate to:

- Five payments where additional assets held in the Trustee bank account at the time of these payments were then incorrectly included. The standard operating procedures have been changed to prevent this error from occurring in the future.

- Two payments of a cash lump sum to members where the incorrect amount was paid. This was caused by a manual error and so to avoid this issue occurring again, these payments now require a senior member of the Administration Team to oversee the task to ensure the process is completed correctly.

Data accuracy

To support the accuracy of processing core financial transactions during the Plan Year, the Trustee asked the Administration Team to audit of the quality of the Plan's DC Section data considering the common data as noted by TPR and scheme specific data identified by the Trustee. As at February 2024 the Trustee held 100% of its scheme specific data which is an excellent result. The common data score was 89.6% which is an improvement on the previous Plan Year score of 85%. The Trustee and the Administration Team undertook an address tracing exercise which has contributed to the improved score.

In addition to the above data checks, during the Plan Year the Trustee identified an issue with the target retirement dates recorded on the records for certain members within the DC Section of the Plan. For members affected who were not in the Automatic Enrolment Section, impacted members were written to in March 2024 asking them to confirm their target retirement age and if there was no response received the record was updated to align with the DC Section normal retirement age of 65. The work to investigate the issue for the Automatic Enrolment Section was ongoing at the end of the Plan Year and the Trustee will report on any actions taken as part of its next annual Governance Statement.

Legacy AVC arrangements

The DC Committee received quarterly research updates from WTW that considered the overall suitability of the legacy AVC arrangements (including the AVC providers' administration service) held during the Plan Year for members of the DB Sections with Aviva, ReAssure, Phoenix Life, M&G Prudential and Royal London (ex-Williams Lea employees). These policies are valued at around £557,000, a relatively small sum when compared to the value of the DC section assets of over £2.6bn. No ongoing contributions are made to these policies and members cannot switch into other investments within these policies; so the only relevant core financial transactions are the payment of benefits and any transfers. It has been confirmed by the AVC providers' administrators that there have been no material issues in processing these financial transactions over the Plan Year.

Taking everything into account, the Trustee is satisfied overall that the requirement to process core financial transactions promptly and accurately has been met during the Plan Year in relation to the vast majority of DC related core financial transactions and no material issues arose other than the items noted above. The Trustee continues to have additional oversight of the Administration Team to ensure that service standards continue to improve to expected levels.

4) Charges and transaction costs

The Trustee has had regard to statutory guidance on "reporting of costs, charges and other information" in preparing this section of the report.

The annual investment charges and the transaction costs for the funds invested in by members of the DC Section during the Plan Year are set out in the table below. Members currently pay the following costs and charges:

- Total member charges – this is a combination of the fund's Annual Investment Charge, the Annual Administration Charge and any additional expenses incurred by the fund over the Plan Year.

- Transaction costs – these are costs that can be incurred whenever the investment fund's units are either bought or sold, such as when a member switches their investment choice. These costs are taken into account through the unit price for each of the funds and are not directly deducted from members' assets. These costs are typically categorised as:
  - Explicit costs which are directly incurred and include broker commissions and taxes; or
  - Implicit costs which are not incurred in the same way but can also result in a reduction in the value of capital invested. These implicit costs include market impact or delay costs which can also result in a gain for the fund (i.e. a negative transaction cost).

The Annual Investment Charge pays for fund management costs. In addition, over the Plan Year, 0.04% of the Annual Investment Charge deducted from members' accounts was returned to the Plan and used towards the cost of ongoing governance and advice to the Trustee of the DC Section. This charge does not cover the costs of the services provided by the Administration Team.

The Annual Administration Charge is used towards the cost of administration, communications to members and advice to the Trustee. Up to 31 December 2023 the Annual Administration Charge was 0.375% of the first £15,000 of a member's account value, meaning an annual maximum additional charge of £56.25. The Trustee agreed during the Plan Year to amend the Annual Administration Charge to be a flat 0.17% p.a. on the whole of the members' account value and this took effect from the 1st January 2024.

The maximum total charge (excluding transaction costs) for the DHL Lifestyle Annuity and DHL Lifestyle Drawdown default investment strategies is now 0.295% and so is well below the charge cap of 0.75%. The total maximum charges for the four freestyle funds that are also deemed to be defaults are also below the charge cap.

In the table we have set out the member related charges that applied to the investment options held by members during the Plan Year since the change in Annual Administration Charge from 1 January 2024. In addition, in Appendix 1 we have also shown the previous charges that applied during the period 1 April to 31 December 2023, prior to the change in the Annual Administration Charge from 1 January 2024. Investment options shown in bold are the default arrangements that applied during the Plan Year.

Lifestyle options	Total member charge (% of account value)	Transaction costs (% of account value)
Growth phase – more than 25 years from retirement age – all lifestyles **(DHL Lifestyle Drawdown,** DHL Lifestyle Cash **and DHL Lifestyle Annuity)**	0.295	0.016
15 Years from retirement age – all lifestyles **(DHL Lifestyle Drawdown,** DHL Lifestyle Cash **and DHL Lifestyle Annuity)**	0.295	0.052
10 years from retirement age – all lifestyles **(DHL Lifestyle Drawdown,** DHL Lifestyle Cash **and DHL Lifestyle Annuity)**	0.295	0.063
DHL Lifestyle Drawdown - at retirement age	0.282	0.064
DHL Lifestyle Cash – at retirement age	0.288	0.042
DHL Lifestyle Annuity – at retirement age	0.292	0.068

Freestyle options	Total member charge (% of account value)	Transaction costs (% of account value)
DHL Emerging Markets Equities fund	**0.430**	**0.058**
DHL Global Equities fund*	**0.295**	**0.016**
DHL Global Property fund	**0.457**	**0.078**
DHL Corporate Bonds fund	**0.457**	**0.205**
DHL Diversified Growth fund*	0.295	0.052
DHL Diversified Cautious fund*	0.295	0.085
DHL UK Equities fund	0.280	0.067
DHL Shariah Global Equities fund	0.520	0.000
DHL Inflation-Linked Gilts fund	0.2425	0.037
DHL Fixed-Interest Bonds fund*	0.270	0.000
DHL Liquidity fund*	0.280	0.000

*These funds are also used as components of the lifestyle strategies.

The transaction costs have been provided by Legal & General as at 31 March 2024 on a basis prescribed by the Financial Conduct Authority. Legal & General has confirmed there is no missing transaction costs information.

During the Plan Year, the Plan also included some DC assets principally in with-profits and deposit funds through policies issued by Aviva, ReAssure, Phoenix Life, M&G Prudential, and Royal London. The Trustee has requested the same costs and charges information for all these arrangements and have been advised of the following:

Fund name	Total Expense Ratio (TER) (% of account value)	Aggregate transaction costs (% of account value)
Aviva With-Profits Fund	Not available***	Not available***
ReAssure Special Deposit Fund	Not applicable*	Not applicable *
Phoenix Life Deposit Account	Not applicable *	Not applicable *
M&G Prudential Cash Accumulation With-Profits Fund	0.97**	0.20**
Royal London Crest Secure Fund	1.45**	0.00**

* Due to the nature of the Fund and policy invested in, no member specific charges or transaction costs apply.

**These costs and charges are not explicitly applied to members' fund values with any costs incurred being factored into the level of bonus rate applied to members' funds.

***The Trustee has requested the required information from Aviva on numerous occasions but at the time of preparing the DC Governance Statement Aviva has not provided this. The Trustee will continue to engage with Aviva with the aim of the information being included in future Statements.

Investment strategy changes implementation

As noted under Section 2 of the Statement, at the end of the Plan Year and the beginning of the current Plan Year, the Trustee implemented changes to the fund options available under the Plan. There was no period during these changes where members' assets were 'out of the market'. For the transition of assets, steps were taken to reduce the transaction costs incurred. The assets were transitioned using a combination of in specie and cash trading. The transaction costs incurred for these changes were:

- The transaction costs for the change to the lifestyle strategies were £732,761 (which was 0.12% of the value of assets transitioned).
- The transaction costs for the corporate bond changes under the DHL Diversified Cautious fund, DHL Diversified Growth fund and the DHL Corporate Bonds fund were £571,015 (which was 0.25% of the value of assets transitioned). The Trustee would note that the use of in specie trading for this element of the trade is estimated to have saved c£330,000 of costs.

These costs were in line with the Trustee's expectation.

Specified performance based fees

No specified performance based fees were incurred in respect of any of the default arrangements under the Plan over the Plan Year as none of the funds offered under the Plan are performance based fee funds.

'Pounds and pence' projections

We have illustrated the effect of the member borne charges and transaction costs through a set of 'pounds and pence' projections in Appendix 2. They show the compounding effect over time of these charges for some example member accounts investing in the principal default DHL Lifestyle Drawdown, the DHL Lifestyle Annuity and six freestyle funds (the four which are considered to be default arrangements and also the highest and lowest charging funds). The Trustee has taken account of the statutory guidance produced by the DWP in preparing these illustrations.

5) Net investment returns

The Trustee is required to report on the net investment returns for all of the lifestyles and funds held by members during the Plan Year. The DHL lifestyle Drawdown, the DHL Lifestyle Annuity and the freestyle funds in bold below are the current default arrangements. The net investment returns that applied for the old lifestyle strategies that were in place over the majority of the Plan Year including the previous default DHL Lifestyle Annuity can be found in Appendix 3. The net investment return is after taking into account all transaction costs and charges (see above). When preparing this section of the DC Governance Statement, the Trustee has taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns". The 5 and 10 years returns shown below are the annualised return.

DHL Lifestyle Drawdown – default arrangement (age of member in 2024)	Last 12 months Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	22.29	11.43	9.81
45	17.68	8.51	8.34
55	12.36	5.11	6.41

DHL Lifestyle Cash (age of member in 2024)	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	22.29	11.43	9.81
45	17.68	8.51	8.34
55	12.16	5.04	5.61

DHL Lifestyle Annuity – default arrangement (age of member in 2024)	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	22.29	11.43	9.81
45	17.68	8.51	8.34
55	12.15	4.87	6.28

Freestyle Fund name with net investment returns to 31 March 2024	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
DHL Diversified Growth fund*	14.60	6.56	7.36
DHL Diversified Cautious fund*	9.02	2.94	4.97
DHL Fixed-Interest Bonds fund*	3.27	-3.57	1.67
DHL Liquidity fund*	4.87	1.41	0.84
DHL Emerging Markets Equities fund	3.84	2.28	5.52
DHL Global Equities fund*	22.29	11.43	9.81
DHL UK Equities fund**	6.36	Not available[4]	Not available[4]
DHL Shariah Global Equities fund	31.93	17.05	Not available[4]
DHL Global Property fund**	15.95	Not available[4]	Not available[4]
DHL Corporate Bonds fund**	5.23	Not available[4]	Not available[4]
DHL Inflation-Linked Gilts fund	-8.13	-7.07	0.95

*These funds are also used under the lifestyle options.

**These funds were introduced less than 5 years ago so performance over a 5 and 10 year period are not available.

Notes:

1. The returns have been calculated using data provided by LGIM and allow for the Annual Investment Charges and the Annual Administration Charge of 0.17%.
2. The returns also factor in the transaction costs incurred by the funds.
3. Age specific returns shown under the lifestyle strategies arrangements are based on a member with a target retirement age of 65.

4. The net investment returns figures above are for the longest time period available for each fund reflecting when the funds were introduced by the Trustee. Longer term returns (including over 15 and 20 years) will be included in future DC Governance Statements once the funds have been in place for the required amount of time.

During the Plan Year, the Plan also held DC assets through legacy policies issued by Aviva, ReAssure, Phoenix Life, M&G Prudential, and Royal London. As noted previously, the Phoenix Life AVCs were transferred to the Main DC Section fund range with Legal & General during the Plan Year and are now invested in the DHL Liquidity Fund. The Trustee has requested the same investment return information for these arrangements and have been advised of the following:

Fund name	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years*** (2014 to 2024) (% p.a.)
Aviva With-Profits Fund	Not available	Not available	Not available
ReAssure Special Deposit Fund*	5.06	1.67	Not available
Phoenix Life Deposit Account Fund*	5.30	1.87	Not available
M&G Prudential With-Profits Fund	2.00	1.70	1.70
Royal London Crest Secure Fund**	1.05	1.05	1.50

* The return figures illustrated for these funds have been obtained via publicly available information and have not been confirmed by the providers. These therefore do not reflect any Plan specific charges or terms.
** Return information is to year end 31 December 2023 as figures to 31 March 2024 were not available at the time of preparing the DC Governance Statement.
***Longer term returns were not available over a 10 year period from some of the legacy providers and were not available over a 15 and 20 year period for all providers.

At the time of preparing the DC Governance Statement, Aviva has not provided the required information. The Trustee will continue to engage with Aviva with the aim of the information being included in future Statements.

Please note, investments in the above funds are not applicable for the 0.17% annual administration charge.

6) Asset allocation within the default arrangements

In Appendix 4 of this DC Governance statement, the Trustee has provided tables detailing the asset allocation of the default arrangements under the Plan as at the end of the Plan Year. The Trustee has taken account of the statutory guidance when preparing this information.

7) Assessment of the Plan's Value for Members ('VFM')

The Trustee is committed to ensuring that the Plan provides value to its members and assesses whether the costs and charges members pay provide good value in relation to the benefits and services provided. During the Plan Year, members' charges covered the costs of the investment management services provided by Legal & General and part of the costs for the ongoing operation of the Plan (including administration, the governance of the Plan and communications). All other costs for the Plan were met by the Plan.

DHL GROUP RETIREMENT PLAN

ANNUAL DC GOVERNANCE STATEMENT FOR THE PLAN YEAR ENDING 31 MARCH 2024

In order to assess value for money for this Plan Year, the Trustee with its adviser, WTW, undertook an assessment of the value provided in August 2024. The assessment was undertaken in line with the DWP's and TPR's latest guidance and considered the following areas and the value provided over the Plan Year:

- The investment returns of the principal default arrangement that applied over the majority of the Plan Year – the old DHL Lifestyle Annuity. The Trustee assessed the performance delivered against a range of master trusts' 'off the shelf' default options. The assessment also considered the investment performance of the freestyle funds against their respective benchmarks. The assessment also considered the performance of the new principal default arrangement – the DHL Lifestyle Drawdown that applied since the end of March 2024.
- The services provided to members covering the governance of the Plan, the administration services provided, and the quality of the solutions provided to members to support their savings and retirement decisions. The Trustee has assessed these elements by benchmarking the services offered to members against those seen via other large pension schemes offering a best practice approach.
- Benchmarking the level of charges members pay in comparison to those pension schemes of a similar type and size and other types of pension vehicles.
- Benchmarking the level of transaction costs for each fund to relevant market comparators.

Having viewed the results at the August 2024 meeting, the DC Committee has concluded that the DC Section continues to represent good value for members. A summary of the assessment results is below.

Investment returns

For the old DHL Lifestyle Annuity the performance was compared to that seen by a range of master trust default options over a 5 year period to 31 March 2024 at three stages of investment by members. The findings were:

- For the growth phase the performance was in line with the average performance seen across all of the master trust default options compared against.
- The performance for a member at 10 years from retirement age was in line with the average performance seen across all of the master trust default options compared against.
- The performance for a member at retirement age was below the performance of the majority of the master trust default options compared against.

The Trustee would note that where the master trust default options produced higher absolute performance the Trustee and its investment adviser believe this relates to the investment approach taken by the old DHL Lifestyle Annuity. This is because the majority of the master trust default options had a larger allocation to higher risk assets at these points which delivered higher returns over the Plan Year. The new principal default, the DHL Lifestyle Drawdown, produced higher returns at each assessment point compared to the old DHL Lifestyle Annuity, and the returns compared well to the master trust comparators particularly in the growth and at retirement phases.

All of the freestyle funds had all performed within an acceptable tolerance of their performance objectives over either a 3 or 5 year period to 31 March 2024.

Services provided to members

The assessment found that the Plan was offering the vast majority of the services that are typically seen across large schemes providing a best practice approach. Examples of the services provided to members include:

- A bespoke pensions app.
- Communications that have been designed specifically for the Plan including highly personalised benefit

statements, newsletters, and the member guide.
- The Trustee regularly reviewing its communication strategy to increase engagement with members.
- The investment strategy has been developed specifically for the Plan membership and is delivered using funds that have been highly rated by the Trustee's investment adviser.
- ESG related factors are integrated into the lifestyle strategies and offered through the Freestyle fund range.
- A dedicated Plan Administration Team is in place to help members.
- Members are provided with tools to aid with retirement planning and have use of a specialist annuity broker and facilitated access to a drawdown provider.
- Significant time and resource are devoted to the oversight and management of the Plan on behalf of the members.

The Trustee noted that the administration performance had been below its expectation over the Plan Year but, as noted in Section 3 of this Statement, the Trustee is working closely with the Administration Team to improve this.

Charges and transaction costs

- The Trustee reviewed the Plan's charging structure over 2023 and agreed a revised approach that applied from 1 January 2024 (see Section 4 above and Appendix 1) which it believes is consistent for all members and ensures the charges are competitive against the market benchmarking.
- The benchmarking analysis indicated that the current total member charge for the Plan's default lifestyle options that applied over the Plan Year and currently (the DHL Drawdown Lifestyle and DHL Lifestyle Annuity) where the majority of members are invested, were in line with the average seen across schemes of similar size and nature. The benchmarking also showed that the total member charge was below those seen across a range of alternative scheme types including master trust arrangements.
- The benchmarking showed that the majority of the funds' transaction costs were either below or broadly in line with the market average for their relevant asset class.

The Trustee is committed to ensuring the value provided to members remains high and will continue to look to enhance the solutions provided to members with the focus being on supporting members at every moment that matters, improving the on-line access, further improvements to the Plan's website, app and generally improving member understanding of the Plan and their options.

During the Plan Year, the Plan also maintained several DC arrangements for members of the DB Sections with Aviva, ReAssure, Phoenix Life, M&G Prudential and a DC Section policy with Royal London. During the Plan Year, the DC Committee reviewed the ongoing suitability and value provided by these legacy arrangements via regular reports from WTW. Following these reviews, the DC Committee agreed that the majority of these policies should be retained, however, it was agreed in the previous Plan Year that the assets with ReAssure and Phoenix Life should be moved to the DC Section fund range as they are no longer held in 'with profits' and members would be expected to receive improved value following this change. The Phoenix Life AVCs were transferred to the DC Section fund range with Legal & General after the end of the Plan Year and no assets now remain under this policy. The transfer of the ReAssure assets is expected to be completed over 2024.

8) Maintaining the Trustee knowledge and understanding (TKU)

The Trustee Directors are required to maintain an appropriate level of knowledge and understanding, including as to the law relating to pensions and trusts and funding and investment and to be conversant with the Plan documentation, which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Plan.

This requirement is underpinned by guidance in TPR's General Code of Practice. The Trustee's approach to meeting the TKU requirements encompasses the following aspects:

- Maintaining a rolling programme of bespoke Trustee training which is delivered during designated training days and within Trustee or Committee meetings where appropriate. During the Plan Year, training sessions were held on the following subjects to ensure the Trustee remains up to date with the principles of funding and investment and the law relating to pensions and trusts that are relevant to DC pensions:
    - Training on conflicts of interest and the Trustee's Conflicts Policy delivered at the December 2023 Trustee meeting.
    - DC risk relating to the Plan delivered in May 2023.
    - Holding a DC Committee training day in October 2023 covering the following topics:
        - The new Statutory Money Purchase Illustrations requirements.
        - Investing in illiquid assets.
        - The DWP's consultations following the Chancellor's Mansion House speech.
    - GDPR training delivered at the May 2023 POC meeting.
    - Unconscious bias training delivered by DHL in September 2023.
    - DC assets transitions at the November 2023 DC Committee meeting.
    - Three Directors completed their PMI Accreditation for Lay Trustees.
    - The Trustee Directors also undertook individual training including:
        - Investment matters in relation to DC arrangements.
        - Lifetime allowance changes.
        - TPR's General Code of Practice.
        - Attendance at industry conferences.
        - Pensions dashboards.
- The Trustee also received updates or written advice from their advisors over the Plan Year to aid their knowledge of the principles of funding and investment and the law relating to pensions and trusts including:
    - Advice in relation to the triennial DC investment strategy review as noted earlier in this Statement.
    - Review of the Plan's compliance with the TCFD requirements including receiving a 'DC Climate Report' from its investment adviser in relation to the governance of climate-related risks and opportunities which are relevant to the Plan.
    - Updates from its investment adviser in relation to the Plan's fund managers performance and any changes relevant to the Plan.
    - Receiving updates from its investment adviser on the legacy AVC policies held at the quarterly DC Committee meeting.
    - Reviewing a 'Sustainable investment review' report from its investment adviser covering ESG factors within the Plan's fund managers' investment process and their stewardship activities.
    - Advice in relation to the transition of Plan assets to support the implementation of the investment strategy changes.
- All non-professional Directors completed the hours required to obtain their PMI CPD Certificate for 2023.
- Recording all training and attendance at appropriate seminars in the Trustee training log in order to allow an ongoing assessment of Trustee TKU and help identify any gaps for training in future years.
- New Trustee Directors complete an induction programme which includes receiving training from the Secretariat Team, legal advisers and actuarial/investment advisers on Plan specific matters and key areas relevant to the role. In addition,

the new Trustee Directors are expected to complete the TPR's online trustee training "toolkit" within six months of appointment. One new Trustee Director was appointed during the Plan Year and they have completed the new Trustee induction programme including completing the TPR trustee toolkit within six months of appointment.

- All other Trustee Directors have completed TPR's toolkit prior to the Plan Year.
- At each Trustee meeting, the Trustee's advisers highlight the parts of the Plan Rules, SIP and other Plan documents that are relevant to the decisions at the meeting, to ensure the Trustee remains conversant with relevant Plan documents. Examples included:
  - Considering the Trust Deed & Rules as part of its decision making on various aspects during the Plan Year including the changes agreed to the Annual Administration Charge noted earlier in this Statement.
  - Reviewing and agreeing changes to the Conflicts Policy at the December 2023 Trustee Board meeting.
  - Reviewing and testing the Cyber Incident Response Plan at the March 2024 Trustee Strategy Day.
  - Reviewing and agreeing a cyber data and assets maps document and the Trustee Policy for reviewing cyber risks for third parties at the March 2024 Trustee Board meeting.
  - Reviewing the DC SIP at the August 2023 DC Committee meeting and agreeing changes at the September 2023 Trustee Board meeting to reflect the Trustee priorities in relation to its stewardship activities. The DC Committee also considered the content of the DC SIP as part of its review of the Plan's Implementation Statement.
  - Agreeing amendments to the Member Nominated Director Arrangement and Procedures document at the March 2024 Trustee Board meeting.
  - Approving a new Recovery of Overpayments Policy at the September 2023 Trustee Board meeting.
  - Agreeing revised objectives for the Trustee's investment adviser at the November 2023 DC Committee meeting.
  - Agreeing the Plan's first Own Risk Assessment (ORA) Report, a new Risk Management Policy and the Plan's Effective Systems of Governance document at the December 2023 Trustee Board meeting.
  - Reviewing the conflicts register at each Trustee and DC Committee meeting.
  - Reviewing the DC Risk Register at various meetings during the Plan Year.
- The Trustee's legal advisers also highlight significant developments in pension law, covering key areas such as pension reform, regulatory developments, new legislation and cases to ensure the Trustee is up to date with pensions and trust law.
- A summary of current issues is also provided by the Trustee's advisers at the appropriate meetings to ensure the Trustee is up to date with pensions and trust law and the principles of funding and investment as far as it relates to DC pensions. Updates over the Plan Year included:
  - The Spring 2023 Budget and how this impacts on pension schemes.
  - Small DC pots and the DWP's supporting consultation.
  - TPR's review of pension schemes' annual climate reports.
  - The Chancellor's Mansion House speech and the resulting DWP consultations in particular:
    - The proposed new value for money framework for DC pension schemes.
    - Proposal for a default decumulation framework to be offered by DC pension schemes.
  - The abolition of the LTA from 6 April 2024.
  - TPR's Equality, Diversity and Inclusion Guidance.
  - The Gender Pensions Gap.
  - WTW's 2023 DC Savings survey which highlighted key trends and developments for DC pension schemes.
  - Update on the Pensions Dashboard developments.
  - Changes to the Pensions and Lifetime Savings Association's (PLSA) retirement living standards.

- The Trustee Directors have access to a knowledge centre – an online document system, Knowa, which holds details of all the meeting papers for the six sub committees and Trustee Board, together with the Trust Deed and Rules, DC SIP and various other formal scheme documents. This ensures that the Trustee Directors remain conversant with the Plan's documentation.
- The Trustee takes advice from their professional advisers which includes:
  - Legal advice from Sacker & Partners LLP.
  - Investment, specialist DC and communication advice from WTW.
  - Auditing and accounting advice from KPMG LLP.
- The Trustee Directors assess their skills and competencies on an annual basis. At its June 2023 Board meeting, the Trustee concluded it had the necessary diversity of skills and experience to oversee the operation of the Plan. Each committee also undertakes this exercise with a focus on the areas relevant to that committee. Each committee also assesses how effective it has been in achieving its objectives over the previous 12 months. The latest assessment of the DC Committee was considered at its November 2023 meeting with the key findings set out below:
  - The DC Committee, with support from the Committee Secretary, concluded that overall it had the necessary skills and competencies to undertake the business of the Committee in the future.
  - The DC Committee, with support from the Committee Secretary, concluded that overall it was run effectively with the areas assessed being rated as either excellent or very good. The DC Committee agreed the following activities to further enhance the operation of the DC Committee:
    - Review the training provided to ensure this was tailored to specific member characteristics where appropriate. This is being considered further over 2024 including ensuring the training provided at the 2024 DC training day factors this in.
    - Consider the use of additional shorter online meetings in between the main meetings where this would be beneficial. In response to this additional online meetings have been held to support the effective decision making and operation of the Plan.

For the Plan Year, the TKU requirements were met through a combination of the above.

In addition to the above, the Plan has an Independent Trustee, Law Debenture, who, as a professional Trustee, brings advanced technical knowledge and understanding to the DC Committee and the Trustee. The Independent Trustee maintains a higher standard of knowledge demonstrated through their own CPD activities.

Taking account of actions taken individually and as a trustee body, and the professional advice available to them, the Trustee considers that it is properly enabled to fulfill its role and responsibilities.

This statement will be available free of charge, on the Plan's website, **https://mypension.dhl.co.uk**, and can be downloaded as a PDF without the need for members to login to access this information.

P FLANAGAN

Chair of the Trustee
DHL Group Retirement Plan

Date: 11 SEPTEMBER 2024.

Appendix 1 – Previous charging structure

The tables below show the charges applicable to members during the Plan Year between 1 April 2023 and 31 December 2023 based on the previous Annual Administration Charge that applied until 31 December 2023. The previous Annual Administration Charge was 0.375% of the first £15,000 of the members' account value up to a maximum additional charge of £56.25. The figures below are based on a member with a fund value of less than £15,000. If a member had a fund value of say £50,000 the equivalent Annual Administration Charge would reduce to 0.1125% (i.e. £56.25 / £50,000 = 0.1125%) and so the total member charge would be lower by 0.2625% to the figures shown below. Funds shown in **bold** are the default arrangements for the Plan during the relevant period.

Lifestyle options	Total member charge (% of account value)
Growth phase – more than 25 years from retirement age – all lifestyles **(DHL Lifestyle Annuity,** DHL Lifestyle Cash **and DHL Lifestyle Drawdown)**	0.500
15 Years from retirement age – all lifestyles **(DHL Lifestyle Annuity,** DHL Lifestyle Cash **and DHL Lifestyle Drawdown)**	0.500
10 years from retirement age – all lifestyles **(DHL Lifestyle Annuity,** DHL Lifestyle Cash **and DHL Lifestyle Drawdown)**	0.500
DHL Lifestyle Drawdown – at retirement age	0.487
DHL Lifestyle Cash – at retirement age	0.493
DHL Lifestyle Annuity – at retirement age	0.497

Freestyle options	Total member charge (% of account value)
DHL Emerging Markets Equities fund	0.635
DHL Global Equities fund*	0.500
DHL Global Property fund	0.662
DHL Corporate Bonds fund	0.662
DHL Diversified Growth fund*	0.500
DHL Diversified Cautious fund*	0.500
DHL UK Equities fund	0.485
DHL Shariah Global Equities fund	0.725
DHL Inflation-Linked Gilts fund	0.448

DHL Fixed-Interest Bonds fund*	0.475
DHL Liquidity fund*	0.485

*These are also utilised under the current lifestyle options.

Appendix 2 – Member illustrations of 'pounds and pence' projections.

Having assessed the current membership, we have selected four typical members for the illustrations.

How to use these tables: The four sample members (A to D) in the tables below are characteristic of the range of members in the Plan's DC Section. To interpret the tables, members should pick the example member that is closest to their own circumstances. Using member C as an example (member is now aged 45, with total contributions of £3,250 a year and an accrued fund of £25,000), Table 1 sets out illustrations for member C investing in the current principal default – the DHL Lifestyle Drawdown. The table then tells us that based on the assumptions in notes 1 to 9, the projected value of member C's pension account invested in the DHL Lifestyle Drawdown after 1 year would be £28,900 before charges are deducted and £28,800 after charges are deducted. This illustration is then repeated over 3, 5, 10, 15 and 20 years. So, for example the projected value of member C's pension account invested in the DHL Lifestyle Drawdown in 20 years' time would be £108,400 before charges are deducted and £103,100 after charges are deducted. There are similar illustrations for members A, B and D. The freestyle funds were selected as four of these (Table 2) are those considered default arrangements and two (Table 3) are the freestyle funds with the lowest and the highest annual investment charges available in the Plan (these help to illustrate the impact of different levels of charges on members' funds over time).

Table 1 – default lifestyles

Example Member	Years invested	DHL Lifestyle – Drawdown		DHL Lifestyle Annuity	
		Before charges	After charges	Before charges	After charges
A	1	£1,800	£1,800	£1,800	£1,800
	3	£5,600	£5,600	£5,600	£5,600
	5	£9,600	£9,500	£9,600	£9,500
	10	£20,400	£20,100	£20,400	£20,000
	15	£32,700	£31,900	£32,700	£31,800
	20	£46,600	£45,000	£46,600	£44,800
	25	£62,200	£59,600	£62,200	£59,200
	30	£80,000	£75,800	£79,800	£75,100
	35	£99,700	£93,400	£97,500	£90,800
	40	£118,600	£109,700	£114,800	£105,600
	45	£134,800	£123,100	£133,000	£121,000
	48	£141,600	£128,400	£142,200	£128,700
B	1	£17,100	£17,100	£17,100	£17,100
	3	£23,600	£23,500	£23,600	£23,400
	5	£30,500	£30,100	£30,500	£30,100
	10	£49,100	£48,000	£49,100	£47,900
	15	£70,200	£67,900	£69,300	£66,800
	20	£92,300	£88,300	£89,700	£85,500
	25	£113,400	£107,100	£111,300	£105,000
	30	£130,500	£121,900	£131,600	£123,000
C	1	£28,900	£28,800	£28,900	£28,800
	3	£37,000	£36,700	£36,800	£36,500
	5	£45,600	£44,900	£45,000	£44,300
	10	£67,700	£65,900	£65,900	£64,100
	15	£89,400	£86,000	£88,100	£84,800
	20	£108,400	£103,100	£109,700	£104,700
D	1	£39,100	£39,000	£39,100	£38,900
	3	£47,400	£46,900	£47,400	£46,900

Example Member	Years invested	DHL Lifestyle – Drawdown		DHL Lifestyle Annuity	
		Before charges	After charges	Before charges	After charges
	5	£55,700	£54,800	£56,100	£55,200
	10	£74,900	£72,800	£77,100	£75,100

Table 2 Freestyle defaults

Example Member	Years invested	DHL Global Property fund		DHL Corporate bonds fund		DHL Emerging Markets fund		DHL Global Equities fund	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
A	1	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800
	3	£5,800	£5,700	£5,600	£5,600	£5,600	£5,600	£5,600	£5,600
	5	£10,100	£9,900	£9,600	£9,400	£9,600	£9,500	£9,600	£9,500
	10	£22,600	£21,900	£20,400	£19,800	£20,400	£19,900	£20,400	£20,100
	15	£38,200	£36,400	£32,700	£31,200	£32,700	£31,400	£32,700	£31,900
	20	£57,700	£54,000	£46,600	£43,700	£46,600	£44,100	£46,600	£45,000
	25	£82,000	£75,200	£62,200	£57,400	£62,200	£58,100	£62,200	£59,700
	30	£112,300	£100,900	£80,000	£72,400	£80,000	£73,600	£80,000	£76,000
	35	£150,000	£132,000	£100,100	£88,900	£100,100	£90,600	£100,100	£94,100
	40	£196,900	£169,600	£122,800	£107,100	£122,800	£109,500	£122,800	£114,300
	45	£255,500	£215,000	£148,600	£127,000	£148,600	£130,200	£148,600	£136,900
	48	£297,300	£246,800	£165,600	£139,900	£165,600	£143,700	£165,600	£151,600
B	1	£17,400	£17,300	£17,100	£17,000	£17,100	£17,100	£17,100	£17,100
	3	£24,800	£24,400	£23,600	£23,300	£23,600	£23,300	£23,600	£23,500
	5	£32,800	£32,100	£30,500	£29,800	£30,500	£29,900	£30,500	£30,100
	10	£56,300	£54,000	£49,100	£47,100	£49,100	£47,400	£49,100	£48,100
	15	£85,500	£80,400	£70,200	£66,100	£70,200	£66,800	£70,200	£68,100
	20	£122,000	£112,400	£94,100	£87,000	£94,100	£88,100	£94,100	£90,300
	25	£167,400	£151,200	£121,100	£110,000	£121,100	£111,700	£121,100	£115,100
	30	£223,900	£198,000	£151,600	£135,200	£151,600	£137,700	£151,600	£142,800
C	1	£29,400	£29,300	£28,900	£28,800	£28,900	£28,800	£28,900	£28,800
	3	£39,000	£38,400	£37,000	£36,500	£37,000	£36,600	£37,000	£36,700
	5	£49,300	£48,100	£45,600	£44,500	£45,600	£44,700	£45,600	£45,000
	10	£79,600	£76,100	£68,900	£65,900	£68,900	£66,300	£68,900	£67,300
	15	£117,400	£110,000	£95,200	£89,400	£95,200	£90,300	£95,200	£92,100
	20	£164,500	£151,000	£125,000	£115,100	£125,000	£116,700	£125,000	£119,800
D	1	£40,200	£39,900	£39,400	£39,200	£39,400	£39,200	£39,400	£39,300
	3	£51,200	£50,400	£48,600	£47,800	£48,600	£47,900	£48,600	£48,200
	5	£63,200	£61,600	£58,200	£56,800	£58,200	£57,000	£58,200	£57,500
	10	£98,300	£93,800	£84,500	£80,700	£84,500	£81,300	£84,500	£82,500

Table 3 – Funds with the highest and lowest costs and charges

Example Member	Years invested	DHL Inflation-linked Gilts fund – lowest costs		DHL Shariah Global Equity fund – highest costs	
		Before charges	After charges	Before charges	After charges
A	1	£1,800	£1,800	£1,800	£1,800
	3	£5,800	£5,700	£5,600	£5,600
	5	£10,100	£10,000	£9,600	£9,500
	10	£22,600	£22,200	£20,400	£19,900
	15	£38,200	£37,300	£32,700	£31,300
	20	£57,700	£55,700	£46,600	£44,000
	25	£82,000	£78,300	£62,200	£57,900
	30	£112,300	£106,100	£80,000	£73,300
	35	£150,000	£140,100	£100,100	£90,200
	40	£196,900	£181,900	£122,800	£108,900
	45	£255,500	£233,200	£148,600	£129,400
	48	£297,300	£269,400	£165,600	£142,700
B	1	£17,400	£17,400	£17,100	£17,100
	3	£24,800	£24,600	£23,600	£23,300
	5	£32,800	£32,400	£30,500	£29,900
	10	£56,300	£55,000	£49,100	£47,400
	15	£85,500	£82,800	£70,200	£66,600
	20	£122,000	£116,800	£94,100	£87,800
	25	£167,400	£158,600	£121,100	£111,200
	30	£223,900	£209,800	£151,600	£137,000
C	1	£29,400	£29,400	£28,900	£28,800
	3	£39,000	£38,600	£37,000	£36,500
	5	£49,300	£48,700	£45,600	£44,600
	10	£79,600	£77,800	£68,900	£66,200
	15	£117,400	£113,500	£95,200	£90,000
	20	£164,500	£157,200	£125,000	£116,300
D	1	£40,200	£40,000	£39,400	£39,200
	3	£51,200	£50,700	£48,600	£47,900
	5	£63,200	£62,400	£58,200	£56,900
	10	£98,300	£95,900	£84,500	£81,100

Notes:

1. Projected pension account values are shown in today's terms. They are estimates and so cannot be guaranteed. The amount of benefit payable to you from the Plan will depend on what actually happens in the future.
2. Each year's contributions are assumed to be applied halfway through the year.
3. Investment returns and the total member charges (as set out in Section 4 of the Statement) are assumed to be applied at the end of the year.

4. The projected growth rates (based on the agreed SMPI assumptions in line with AS TM 1 version 5) for each investment option are shown below. These returns are shown before the deduction of the below inflation assumption and the relevant charges and transaction costs:

Fund	Growth rate (p.a.)
DHL Lifestyle Drawdown	From 2.60% to 5.00% (adjusted depending on term to retirement)
DHL Lifestyle Annuity	From 3.25 to 5.00% (adjusted depending on term to retirement)
DHL Global Property Fund	7.00%
DHL Corporate Bonds Fund	5.00%
DHL Emerging Markets Fund	5.00%
DHL Global Equities Fund	5.00%
DHL Inflation-linked Gilts Fund	7.00%
DHL Shariah Global Equity Fund	5.00%

5. Inflation is assumed to be 2.5% each year and is deducted from the above returns when producing the illustrations.
6. Contributions are assumed to age 65 and increase in line with the above inflation assumption.
7. Contributions are assumed to be paid from age 17 to 65 for Strawman A, 35 to 65 for Strawman B, 45 to 65 for Strawman C and 55 to 65 for Strawman D. Contributions are assumed to increase in line with the above inflation assumption.
8. Transactions costs have been provided by L&G and cover the period 1 April 2019 to 31 March 2024. The transaction costs have been averaged by WTW using a time-based approach.
9. Example members are set out below. All members are assumed to retire at age 65 in line with the Plan’s normal retirement age. The example members:
   A: age 17, total contribution: £1,800 a year, starting account value: £0.
   B: age 35, total contribution: £2,750 a year, starting account value: £14,000.
   C: age 45, total contribution: £3,250 a year, starting account value: £25,000.
   D: age 55, total contribution: £3,500 a year, starting account value: £35,000.

Appendix 3 – Net Investment returns – Old lifestyle strategies

The tables below show the returns for the old default DHL Lifestyle Annuity strategy and the old DHL Lifestyle Drawdown and DHL Lifestyle Cash strategies that were invested in by members up to March 2024.

DHL Lifestyle Annuity – previous default arrangement (age of member in 2024)	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	14.84	6.78	6.92
45	14.56	6.60	6.79
55	11.70	4.63	5.43

DHL Lifestyle Drawdown (age of member in 2024)	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	14.84	6.78	6.92
45	14.56	6.60	6.79
55	11.78	4.79	5.53

DHL Lifestyle Cash (age of member in 2024)	Last 12 months (Year to 31 March 2024) (%)	Last 5 years (2019 to 2024) (% p.a.)	Last 10 years (2014 to 2024) (% p.a.)
25	14.84	6.78	6.92
45	14.56	6.60	6.79
55	11.76	4.82	5.46

Notes:

1. The returns have been calculated using data provided by LGIM and allow for the Annual Investment Charges and the Annual Administration Charge of 0.17%.
2. The returns also factor in the transaction costs incurred by the funds.
3. Age specific returns shown under the lifestyle strategies arrangements are based on a member with a target retirement age of 65.
4. The net investment returns figures are for the longest time period available for each fund reflecting when the funds were introduced by the Trustee. Longer term returns will be included in future DC Governance Statements once the funds have been in place for the required amount of time.

Appendix 4 – Asset Allocation Reporting

The tables on the following pages provide the asset allocations for each of the default arrangements under the Plan at the end of the Plan Year. The Trustee has taken into account the statutory guidance on "Disclose and Explain asset allocation reporting and performance-based fees and the charge cap".

DHL Lifestyle Drawdown

Asset class	Percentage allocation - average 25 year old (%)	Percentage allocation - average 45 year old (%)	Percentage allocation - average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.7	0.1	-1.1	15.7
Bonds	0.0	12.9	36.2	48.3
Listed equities	99.3	87.0	64.9	36.0
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property/real estate	0.0	0.0	0.0	0.0
Private debt/ credit	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Totals	**100.0**	**100.0**	**100.0**	**100.0**

DHL Lifestyle Annuity

Asset class	Percentage allocation - average 25 year old (%)	Percentage allocation - average 45 year old (%)	Percentage allocation - average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.7	0.1	-1.1	20.9
Bonds	0.0	12.9	36.2	62.2
Listed equities	99.3	87.0	64.9	16.9
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property/real estate	0.0	0.0	0.0	0.0
Private debt/ credit	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Totals	**100.0**	**100.0**	**100.0**	**100.0**

DHL Global Equities Fund

Asset class	Percentage (%)
Cash	0.7
Bonds	0.0
Listed equities	99.3
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Total	**100.0**

DHL Global Property fund

Asset class	Percentage (%)
Cash	0.0
Bonds	0.0
Listed equities	100.0
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Total	**100.0**

DHL Emerging Markets Equities fund

Asset class	Percentage (%)
Cash	1.9
Bonds	0.1
Listed equities	98.0
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Total	**100.0**

DHL Corporate Bonds fund

Asset class	Percentage (%)
Cash	0.7
Bonds	99.3
Listed equities	0.0
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Total	**100.0**

Notes:

1. Age specific asset allocations shown under the lifestyle strategies are based on a member with a target retirement age of 65.
2. The asset allocations have been provided by Legal & General as at 31 March 2024.

Appendix 5 – Statement of Investment Principles

Statement of Investment Principles

Last updated June 2024

This Statement of Investment Principles (SIP) is a legally-required document, produced by the Trustee of the Plan. This SIP is for the Defined Contribution Section of the Plan and it sets out the principles the Trustee follows to ensure it provides suitable investment funds for the members investing their money in the Plan.
Here's a summary of what the Statement of Investment Principles (DC Section) covers:

1. Who has responsibility for the Plan's investment matters

The Trustee	DC Committee	Platform provider and Investment managers	Investment Consultant
DHL Trustees Limited, also known as the Trustee. The Trustee has the ultimate responsibility for DC investment matters but delegates some of these responsibilities to a dedicated committee (the DC Committee) and third party organisations with the necessary resources and expertise.	The DC Committee is responsible for appointing and monitoring the DC investment platform and investment managers and listening to members' feedback. The DC Committee makes recommendations to the Trustee, who has the final say.	Between them, they are responsible for the day-to-day management and recordkeeping of investments. The investment managers make decisions about changes to investments within set guidelines for each individual fund. They must regularly report back to the DC Committee and Trustee.	They work with the DC Committee and Trustee to monitor the platform provider and investment managers, provide independent expert advice on DC investment matters and assist with projects such as investment strategy and fund changes.
Read about the Trustee here >	**Read about the DC Committee here >**	**Read about the platform provider and investment managers here >**	**Read about the investment consultant here >**

2. The Trustee's investment objectives and strategy

The Trustee's overall objective is to provide a suitable range of funds that aim to grow your money over time to provide you with an income in retirement. Read about the objectives here >

The Trustee's strategy is to provide an appropriate range of investment funds to suit the members currently in the Plan. When deciding which funds will be suitable, the Trustee looks at a number of aspects including the expected risks and returns of the different funds, as well as their costs and charges.

The fund range includes 3 Lifestyle strategies (including the default strategy) and a range of Freestyle funds. The default strategy – the DHL Lifestyle Drawdown – is for members who do not make their own investment choice. Read about the strategy here >

Details of the Lifestyle strategies and Freestyle funds are in the Appendix here >

3. Other investment considerations – including Sustainable Investment

Among other investment matters, the Trustee has considered how investment funds' performance can be influenced by a number of factors including those arising from Environmental, Social and Governance (ESG) issues, including climate change. For a number of the Freestyle funds and underlying Lifestyle strategy funds, the Trustee has selected funds that take account of the approach that companies take to ESG issues. Read about Sustainable Investment and other considerations here >

4. The investment manager arrangements

The Trustee closely monitors the performance of the investment managers appointed to look after the Plan's funds and reviews the managers' fees to ensure they are appropriate and competitive. Read about the Trustee's arrangements with the investment managers here >

5. Managing risk

The Trustee recognises a range of risks for members investing in the Plan's fund range. While the Lifestyle strategies in particular are designed to help members manage these risks over time, it is not possible to mitigate all the risks all the time. It's up to members to consider the different risks carefully and invest in funds they consider suitable for their circumstances. Read about the risks here >

6. The Trustee's obligations to comply with and review this SIP

The Trustee regularly monitors its activities to ensure they comply with the principles set out in this SIP. It also reviews this SIP at least every 3 years or when there are material changes to the Plan to ensure the principles remain fit for purpose. Read about the Trustee's obligations here >

DHL GROUP RETIREMENT PLAN

ANNUAL DC GOVERNANCE STATEMENT FOR THE PLAN YEAR ENDING 31 MARCH 2024

Section 1: Introduction

Plan details

1.1 This document describes the investment policy pursued by DHL Trustees Limited ("the Trustee").

1.2 The DHL Group Retirement Plan ("the Plan") operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries. The Plan operates both defined benefit ("DB") sections and a defined contribution ("DC") section although this SIP is only applicable to the DC Section of the Plan.

1.3 The Plan is a registered pension scheme under the Finance Act 2004.

Pensions Acts

1.4 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This SIP describes the investment principles for the DC Section adopted by the Trustee.

1.5 In preparing this SIP, the Trustee has consulted the Sponsor of the Plan to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the investment arrangements. However, the ultimate power and responsibility for deciding investment policy lies with the Trustee.

1.6 In drawing up this SIP, the Trustee has sought advice from the DC Section's investment consultant. Before preparing this SIP the Trustee has had regard to the requirements of Section 36 of the Pensions Act 1995 concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this SIP or any change in its investment policy. The Trustee will refer to this SIP where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

1.7 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers, which may include an insurance company or companies.

The DC regulatory framework including Code of Practice

1.8 The Pensions Regulator has established a regulatory framework for all pension schemes that includes a Code of Practice. The Trustee has considered the relevant aspects of the regulatory framework.

Division of Responsibilities

1.9 The Trustee has ultimate responsibility for decision-making on DC investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

The Trustee

1.10 The Trustee's responsibilities include:

(i) Reviewing the content of this SIP and modifying it if deemed appropriate, in consultation with the investment consultant and the Sponsor.

(ii) Developing a work plan for the Plan and the Trustee.

(iii) Setting terms of reference for the DC Committee, appointing the members of the DC Committee and holding the DC Committee to account.

(iv) Assessing its own performance and those of its advisors and delegates in fulfilling the requirements of the work plan.

(v) Reporting to Plan members as appropriate on the content of and compliance with this SIP.

(vi) Monitoring investment arrangements on an ongoing basis.

DC Committee

1.11 The Trustee has delegated authority to a DC Committee which has authority for the Plan's DC arrangements as set out in the terms of reference. The DC Committee is responsible for considering issues relating to members of the DC Section of the Plan and the AVC options offered to members of all sections of the Plan. The DC Committee's investment related responsibilities include but are not limited to:

(i) Making recommendations to the Trustee on all aspects of DC investment policy having taken appropriate advice.

(ii) Reviewing and agreeing any changes to the investment manager(s) policy document

(iii) Reviewing and making recommendations to the Trustee on the Investment Beliefs for the DC Section

(iv) Appointing, monitoring and removing the DC platform provider and the investment manager(s).

(v) Receiving presentations from the investment manager(s) at regular intervals

(vi) Assessing the quality of the performance and processes of the investment managers by means of regular reviews of the investment results and other information, in consultation with the Investment Consultant.

(vii) Monitoring and considering the appropriateness of the investment strategy, having regard to the need for diversification of investment so far as is appropriate and to the suitability of investments, and providing recommendations to the Trustee.

(viii) Engaging with the investment managers about their preferred benchmarks and policies for shareholder activism and transaction cost minimisation.

(ix) Monitoring investment choices made by members including fund choices, contribution rates, opt out rates and decisions made at retirement.

(x) Obtaining member feedback.

(xi) Reviewing the administration and investment charges applied to members of the DC Section of the Plan including adherence to the charging controls for the default investment strategy.

(xii) Reviewing the Investment Consultant's performance relative to their agreed strategic objectives on an annual basis.

(xiii) Undertaking the required governance and reporting relating to the identification, assessment and management of climate related risks and opportunities which are relevant to the DC assets and make recommendations to the Trustee.

(xiv) Reviewing the annual Task Force on Climate Related Financial Disclosures report for the DC Section prepared by the investment consultant and making a recommendation to the Trustee.

Platform provider and investment managers

1.12 Between them, the responsibilities of the DC platform provider and the investment managers include:

(i) Investing contributions and transfers received, processing fund switches and disinvestments, and processing and paying out the agreed fee rebates.

(ii) At their discretion, but within the guidelines for each individual fund, implementing changes in the asset mix and selecting securities within each asset class.

(iii) Informing the Trustee of any changes in the internal performance objective and guidelines of any pooled fund used by the Plan's DC arrangements as and when they occur.

(iv) Providing the Trustee with quarterly statements of the assets together with a quarterly report on actions and future intentions and any changes to the processes applied to the portfolio.

(v) Arranging the independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Trustee.

Investment Consultant

1.13 The Investment Consultant's responsibilities include:

(i) Participating with the Trustee in reviews of this SIP.

(ii) Undertaking project work as required including transitions and implementations, strategy reviews and reviews of the platform provider and the investment managers.

(iii) Advising the Trustee on:

- as requested, how any changes within the Plan's membership profile may affect the manner in which the assets should be invested
- how any changes in the investment managers' organisations could affect the interests of the Plan

- how any changes in the investment environment could either present opportunities or problems for the Plan

(iv) Undertaking trustee education on DC matters.

(v) Providing commentary on investment performance.

(vi) Providing general advice in respect of the Plan’s DC investment activities.

(vii) Providing views of the platform provider and investment managers used for the Plan’s DC arrangements.

Section 2: Objective and Investment Strategy

2.1 This arrangement is a defined contribution section and therefore members' benefits are dependent on the amount of money paid into their individual pension accounts, performance of investments and, in some cases, annuity rates at retirement.

Investment Objective

2.2 The Trustee's objective is to make available to members a programme of investment via pooled funds which seeks to generate income and capital growth which, together with new contributions from members and the employers, will provide a fund at retirement with which to pay the retirement benefits selected by members.

Investment Strategy

2.3 The DC Section of the Plan provides investment options sourced via an investment platform through which a number of different investment managers and funds can be accessed.

2.4 Details of the investment platform and a full list of the range of funds offered, and their aims and objectives, is shown in Appendix A.

2.5 The DC Section offers a total of 3 lifestyle strategies, each with a different pre-retirement target portfolio. Each lifestyle invests in the DHL Global Equities fund during the initial growth phase, and then begins to switch to the DHL Diversified Growth fund 25 years prior to retirement. From 15 years to retirement the lifestyle strategies start switching to the DHL Diversified Cautious fund. Finally, from 10 years to retirement, the lifestyle strategies start switching to the relevant pre-retirement portfolios, which are designed to be appropriate to the member's retirement plans:

- For members planning on annuity purchase (DHL Lifestyle – Annuity), assets gradually switch so that the portfolio at the target retirement age is 25% DHL Liquidity fund, 37.5% DHL Fixed-Interest Bonds fund and 37.5% DHL Diversified Cautious fund.

- For members planning to draw only a lump sum (DHL Lifestyle – Cash), the portfolio at the target retirement age is 50% DHL Liquidity fund and 50% DHL Diversified Cautious fund.

- For members planning to enter into an income drawdown arrangement (DHL Lifestyle Drawdown), the portfolio at the target retirement age is 80% DHL Diversified Cautious fund and 20% DHL Liquidity fund.

The aim of these lifestyle strategies is to offer members a simple range of range of options that they can select to reflect their retirement plans.

2.6 As an alternative to the lifestyle strategies, members can elect to invest in Freestyle – a range of 11 funds.

Default Options

2.7 The Trustee offers members the option to invest in the range of funds described in Appendix A entirely at their discretion. The main default option is the DHL Lifestyle – Drawdown. If members of the Plan fail to make a choice, the DHL Lifestyle – Drawdown acts as a default and 65 years acts as the default target retirement age. The design of the default takes into consideration the expected retirement objectives of the Plan membership. The default is designed with the objectives of generating returns above inflation over the long term, and to reduce investment risk as members get closer to their target retirement age. At retirement the portfolio allocations are designed to be appropriate to the income drawdown retirement objective targeted by the default.

2.8 Prior to the investment changes implemented in March 2024, the default option for new joiners was the DHL Lifestyle – Annuity. When the 2024 changes were implemented, those members who were in the DHL Lifestyle – Annuity and who were within 5 years of their target retirement date remained in that investment option (unless they chose a different option themselves). Therefore the DHL Lifestyle – Annuity is still deemed to be a default option. The Trustee is satisfied that this is a suitable option for members who remain invested this way.

2.9 As part of investment changes implemented in February 2020, changes were made to the underlying fund composition of some Freestyle funds, and some Freestyle funds that had previously been available were closed and replaced with new funds. These changes meant that members' investments in a number of funds were transferred to new funds without them needing to give their express consent or the composition of the funds were changes beyond the original description, meaning that the new/updated funds are deemed to be default options.

The changes made to the Freestyle funds were based on the Trustee's review of the Plan's investment strategy and fund range, and were based on advice from the Trustee's Investment Consultant. The Trustee is satisfied that these funds are suitable options for members, forming part of the overall Freestyle fund range which provides members access to assets with a range of risk and expected return characteristics.
The Freestyle funds which are deemed to be default options have been highlighted in Appendix A, including the aims and objectives of the funds.

2.10 The aims and objectives of the default options, along with the policies set out in section 2 and 3 of this SIP, ensure that the assets in the default options are invested in the best interests of the members invested in each default and their beneficiaries.

2.11 When designing and reviewing the investment strategy for the default options, the Trustee has regard to the sustainable investment principles outlined in Section 3 of this SIP.

Expected Risk and Return

2.12 The investment options invest in the following assets and have the following risk and expected return characteristics:

(i) Equities – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.

(ii) Diversified assets – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

(iii) Property – allows members to gain exposure to global property investments on a self-select basis through a portfolio of shares of property companies. This provides a degree of diversification from broad market equities or bonds whilst expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term.

(iv) Bonds – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of bonds are expected to move broadly in line with the price of annuities, providing some protection to the 'purchasing power' of a member's pension account near retirement.

(v) Cash – low risk to capital but with limited investment returns, consistent with the low risk nature of the assets.

Additional Voluntary Contributions ('AVCs') and Additional Penwise Contributions ('APCs')

2.13 The DC Section of the Plan provides a facility for members to pay additional contributions into the Plan to enhance their benefits at retirement. These are termed AVCs, or APCs for members in the Penwise (salary sacrifice) arrangement The Trustee has also adopted the principles set out in this SIP with regard to defined contribution AVC/APC investment options for DB members of the Plan. The options for AVCs/APCs are the same as for ordinary contributions. Members have the choice of investing their AVCs/APCs in the Lifestyle or Freestyle strategies.

In addition, there are a number of legacy AVCs (and one DC arrangement with Royal London) which are closed to the majority of members but where appropriate, these have been transitioned to the DC Section fund range.

Section 3: Other investment policies

Choosing investments

3.1 The Trustee has appointed investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business. After gaining (and reconfirming at least annually) appropriate investment advice, the Trustee has specified the asset allocation of every manager. Investment choice has been delegated to the managers subject to defined tolerances relative to their respective benchmarks.

3.2 In this context, investment advice is defined by Section 36 of Pensions Act 1995 (as amended).

Responsible investment and sustainability

3.3 The Trustee considers long-term sustainability to be an important and relevant issue to consider throughout the investment process.

3.4 The Trustee recognises that an investment's financial success can be influenced by a number of factors including (but not limited to) those arising from Environmental, Social and Governance (ESG) issues, including climate change.

3.5 The Trustee considers ESG issues, including climate change to be financially material and takes them into account when designing and monitoring the Lifestyle strategies, considering in particular the time horizons of those strategies. A number of the Lifestyle and Freestyle funds include investments which have been chosen taking account of the approach that companies take to ESG issues.

3.6 The Trustee believes that the impact of, and potential responses to, climate change, creates a material financial risk, and has agreed an ambition for the DC Section to be aligned with Net Zero by 2050. The Trustee also believes that companies should adjust their business strategies to align with the 2015 Paris Agreement on Climate Change.

3.7 Within all investment options the Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers (within certain guidelines and restrictions). This includes consideration of all financially material factors, including ESG-related issues (including climate change) where permissible within applicable guidelines and restrictions.

Stewardship

3.8 The Trustee's policy is to delegate responsibility for the stewardship activities (including voting rights and engagement activities) attaching to investments to the investment managers.

3.9 The Trustee expects the Plan's investment managers' engagement activities to cover a range of relevant matters including, but not limited to considering performance, strategy, capital structure and the management of actual and potential conflicts of interest of investee companies and other stakeholders and considering the ESG impact of underlying holdings.

3.10 Within the context of ESG the Trustee has agreed a number of factors which it considers to be priorities for stewardship activity undertaken by their investment managers:

E - Climate Change: For example engaging with companies on their climate change policies, and/or voting on resolutions requiring publication of a business strategy that is aligned with the Paris Agreement on climate change. This is consistent with the Trustee's Net Zero ambition noted in paragraph 3.6.
S - Modern Slavery: For example engaging with companies on their modern slavery policies, especially with regards to their supply chains.
G - Diversity and Inclusion: For example voting against a director appointment where the board is not sufficiently gender diverse.

3.11 The Trustee periodically reviews stewardship activity undertaken by their investment managers to ensure that the policies and priorities outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers.

3.12 Where practicable the Trustee will seek to avoid investment in controversial weapons (defined, as a minimum, as weapons which are contrary to international treaties or conventions). A number of the Lifestyle and Freestyle funds have explicit exclusions in this area. Where this is not the case the Trustee will seek to understand the managers' policies, and the extent to which companies involved in the manufacturing or distribution of controversial weapons may be held in the portfolio.

Members' views on non-financial matters

3.13 The Trustee believes that ESG issues span both financial and non-financial matters. Through a process of surveys and other member feedback it is clear that members view these matters as important. These views are taken into consideration in the range of Lifestyle strategies and Freestyle funds offered.

Liquidity and realisation of investments

3.14 The members' pension accounts are held in funds which can be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

Diversification

3.15 The Trustee believes that the provision of the investment funds and the three Lifestyle strategies meet the Plan's investment needs and that these funds provide adequate diversification of investments.

Suitability

3.16 The Trustee has taken advice from the Investment Consultant to ensure that the investment options specified above are suitable for the Plan. The Trustee continues to monitor, and take advice on, the various options on an ongoing basis.

Fee basis

3.17 Members pay both investment and administration charges. Full details of all charges are given on the Plan website. The investment management charges are collected through the adjustment to the unit prices within the funds, calculated daily on the value that day. The Trustee believes the charging structure is appropriate and in line with standard market practice.

3.18 The Trustee is aware of the importance of fees for members over long periods and therefore takes into account the level of fees when selecting funds, and seeks to negotiate improved terms where possible.

3.19 The Trustee has undertaken an assessment of the charges associated with the default options: DHL Lifestyle – Drawdown, DHL Lifestyle – Annuity and the Freestyle funds highlighted in Appendix A, and is satisfied that they comply with the charges controls, effective from April 2015.

Illiquid Investments

3.20 The Trustee does not currently make an allocation to illiquid investments within the default options, and overall believes these are sufficiently well diversified to deliver good long term returns for members. However, the Trustee will keep this policy under review, and may make an allocation to illiquid investments if solutions can be found which the Trustee believes will improve the overall risk and return characteristics of the default options, taking into account the cost of any such investments.

Section 4: Investment Manager Arrangements

Investment Manager Structure

4.1 Currently, the DC Section offers members a range of Freestyle and Lifestyle investment options as listed in Appendix A.

4.2 The funds which form the Lifestyle, and the Freestyle fund range, are white-labelled. White-labelling refers to the process of using a generic name for each investment option offered to members. White-labelling allows for underlying components to be changed more easily. In addition, the use of white-labelled investment options that are not specifically branded by reference to the manager makes it potentially easier for members to understand where they are investing their assets. The assets of the Plan are invested with investment managers appointed by the Trustee.

4.3 The Trustee's policy is to obtain ongoing advice on whether these funds continue to be satisfactory and in addition that the Legal & General Assurance (Pensions Management) Limited investment platform continues to be appropriate.

4.4 The investment managers have regard to:

(i) at their discretion, but within the guidelines for each individual fund, implementing changes in the asset mix and selecting securities within each asset class

(ii) informing the Trustee of any changes in the internal performance objective and guidelines of any pooled fund used by the Plan as and when they occur

4.5 The Trustee has delegated day-to-day management of the assets to the investment managers and all are given the freedom to use financial instruments, such as derivatives, when deemed appropriate.

Performance Objectives

4.6 Whilst the Trustee is not involved in each investment managers' day to day method of operation and therefore cannot directly influence attainment of the performance target, it will regularly assess performance and review appointments. A set of measurable objectives has been developed for each investment manager consistent with the achievement of the DC Section of the Plan's longer term objectives with an acceptable level of risk.

4.7 The investment managers set performance objectives and risk tolerances for each of the Plan's funds. The Trustee considers these investment performance objectives to be appropriate to assess each fund's performance against.

4.8 The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Plan or any part of it.

Relationship with Investment Managers

4.9 Alignment between an investment manager's management of the Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new investment manager. As the DC Section only invests in pooled investment funds, the Trustee cannot directly influence or incentivise investment managers to align their management of the funds with the Trustee's own policies and objectives. However, before selecting any investment fund or other investment arrangement, the Trustee will seek to ensure that the investment objectives and guidelines of the fund are consistent with its own policies and objectives. The Trustee will also seek to understand the investment manager's approach to sustainable investment (including engagement).

4.10 The DC Committee is responsible for monitoring the performance of the investment funds and managers. As part of this, the DC Committee will provide investment managers with the most recent version of this SIP on an annual basis and ask managers to confirm whether they believe there is any misalignment between the objectives and guidelines of the fund(s) they manage on behalf of the Plan, or the manager's approach to sustainable investment, and the Trustee's policies as documented in the SIP, including the Trustee's stewardship priorities outlined in section 3.10.

4.11 Should the DC Committee's monitoring processes reveal that an investment fund's objectives and guidelines, or an investment manager's approach to sustainable investment, do not appear to be sufficiently aligned with the Trustee's policies and stewardship priorities, the DC Committee will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. If this is not possible the Trustee may look to replace the fund.

4.12 The Trustee appoints its investment managers (via an investment platform) with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. For most of the Plan's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

4.13 When assessing an investment manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short term performance. However, an investment manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

4.14 Investment managers are paid a fee expressed as a percentage of the Plan assets managed, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee seeks to ensure value for money for members when considering whether to appoint new investment managers.

4.15 The Trustee reviews the costs incurred in managing the Plan's assets on an annual basis, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that type of fund.

Fees

4.16 The Trustee has accepted the fees of the Plan's investment managers are at least in line with the managers' stated fee scale.

4.17 The Trustee pays fees to its DC Section's Investment Consultant, on a time-related basis in accordance with an agreed annual budget (or as agreed in advance for specific projects).

Soft commission

4.18 The Plan's investment managers do not enter into soft commission arrangements with brokers in relation to the Plan's assets.

Section 5: Risk Management

5.1 The Trustee recognises a range of specific investment risks with reference to the Plan's DC arrangements which are summarised below:

(i) 'Inflation risk' - if investment returns are lower than inflation then the purchasing power of a member's pension account will go down.

(ii) 'Conversion risk' - the risk that a member's pension account will buy less pension at retirement as a result of changes in annuity prices.

(iii) 'Shortfall' or 'opportunity cost' risk - the risk that members end up with insufficient funds at retirement with which to secure a reasonable income.

(iv) 'Manager risk' - the risk that decisions taken by an investment manager may have a detrimental impact on the returns of a fund. A passive manager will not make any investment decisions other than how to best manage the tracking of the performance of an index.

(v) 'Capital risk' - the risk of a fall in the value of the member's pension account.

(vi) 'Liquidity risk' – relates to how easily an asset can be bought or sold. If an asset is illiquid, it can't be easily sold or exchanged for cash quickly without a substantial loss in value.

(vii) 'Political risk' – the level of concentration of any one market, leading to the risk of an adverse influence on fund values arising from political intervention.

(viii) 'Concentration risk' – the risk of holding a large proportion of assets in a single manager, strategy or asset class.

(ix) 'Currency risk' – the risk of the potential loss in value following a change in price of one currency against another.

(x) 'Contributions at risk' – the ability of members to increase contributions in order to offset the effect of an adverse market event.

(xi) 'Retirement at risk' – the ability of members to delay retirement in order to receive the level of income expected at retirement.

(xii) 'Pension income at risk '– the ability of members to accept a lower pension in retirement.

(xiii) 'ESG risk' – the risk that investments held may be materially and adversely impacted by the impact of, and potential responses to, environmental, social and governance factors, including climate change.

5.2 These risks can generally be mitigated through the Lifestyle and Freestyle investment strategies. However, it is not possible to mitigate all of the risks at the same time. So, members are encouraged to consider the risks that are most relevant to them and to invest so as to mitigate these risks.

Section 6: Compliance with and Review of this SIP

Compliance with this SIP

6.1 The Trustee will monitor compliance with this SIP regularly, and produce an annual Implementation Report to detail how the principles described in this SIP have been implemented in practice and give reasons for any changes made to this SIP.

Review of this SIP

6.2 The Trustee will review this SIP in response to any material changes to any aspects of the Plan, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.

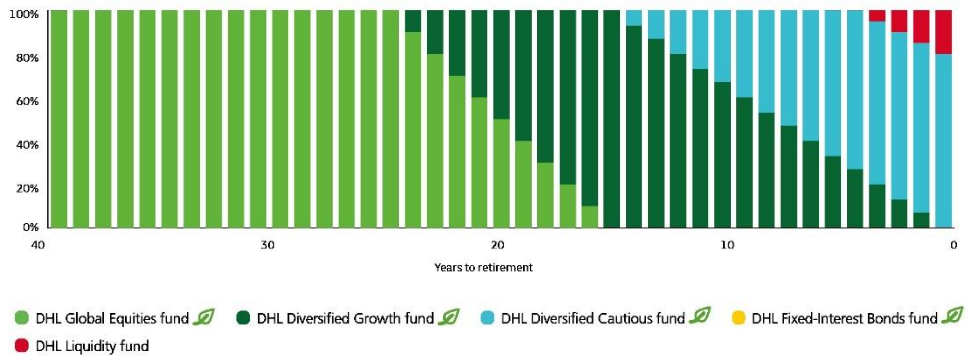
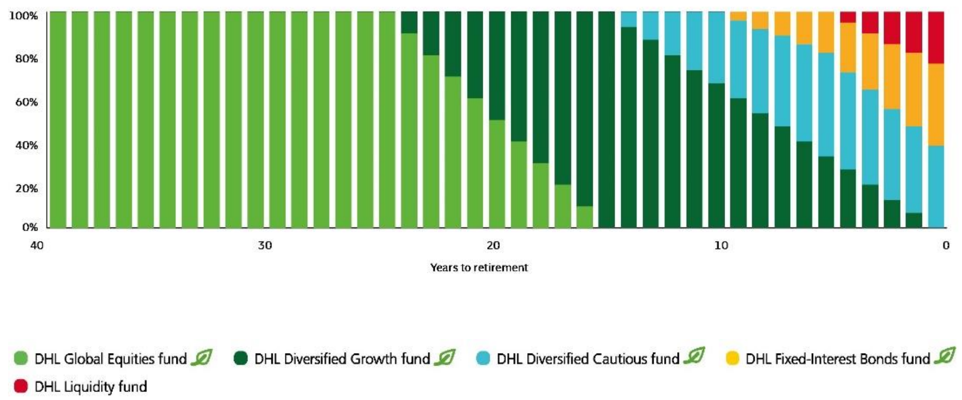
6.3 This review will occur no less frequently than every three years or at the time of any changes to the fund range. Any such review will be based on written expert investment advice and the Sponsor will be consulted.

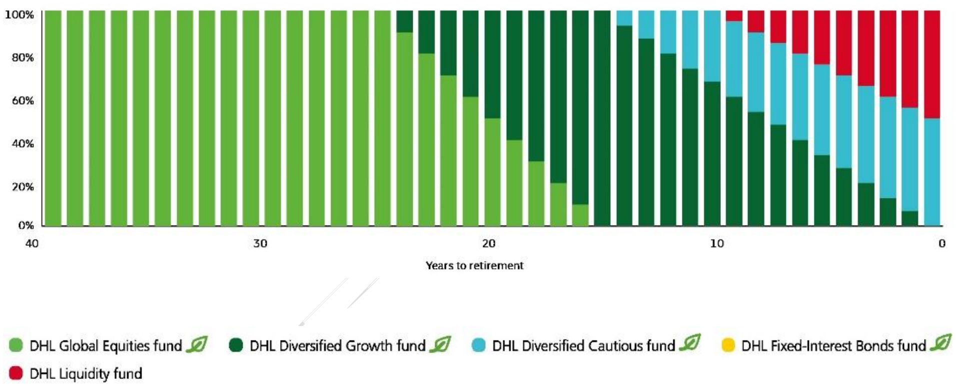
Appendix A: Fund Range

Investment Platform

All current funds including those underlying the lifestyle are funded through an investment platform. This is delivered through an insurance policy issued by Legal & General Assurance (Pensions Management) Limited.

Lifestyle Fund Range

DHL Lifestyle – Drawdown	In the early years a member will be invested in the DHL Global Equities fund. From 25 years to retirement, funds switch towards the DHL Diversified Growth fund From 15 years to retirement, funds switch towards the DHL Diversified Cautious fund From 4 years to retirement, funds switch towards: DHL Liquidity fund	
DHL Lifestyle - Annuity	In the early years a member will be invested in the DHL Global Equities fund. From 25 years to retirement, funds switch towards the DHL Diversified Growth fund From 15 years to retirement, funds switch	

	towards the DHL Diversified Cautious fund From 10 years to retirement, funds switch towards the DHL Fixed Interest Bonds fund From 5 years to retirement, funds switch towards the DHL Liquidity fund	
DHL Lifestyle – Cash	In the early years a member will be invested in the DHL Global Equities fund. From 25 years to retirement, funds switch towards the DHL Diversified Growth fund From 15 years to retirement, funds switch towards the DHL Diversified Cautious fund From 10 years to retirement, funds switch towards the DHL Liquidity fund	

Freestyle fund name	Aims and objectives	Benchmark/Target	Underlying fund(s)
DHL Diversified Growth fund	To provide long-term capital growth in excess of UK price inflation. The fund aims to have less capital risk than a totally equity-based fund. 50% of the fund is allocated to equities (company shares), and 10% to corporate bonds, which have been chosen to reflect the approach that companies take to Environmental, Social and Governance (ESG) issues.	Benchmark: Weighted average of the benchmark indices of the underlying funds Long-term performance target: UK Consumer Price Inflation +4% per annum over an economic cycle.	50% Future World Global Equity Index Fund 12.5% Infrastructure Equity MFG Fund – GBP Currency Hedged 12.5% Heitman Global Prime Property Securities Fund -GBP Currency Hedged 1% Future World GBP Corporate Bond Index Fund (Passive) 2.5% Future World EUR Corporate Bond Index Fund (Passive) - GBP Currency Hedged 6.5% Future World USD Corporate Bond Index Fund (Passive) – GBP Currency Hedged 5% High Yield Bond Fund 5% Emerging Markets Passive Local Currency Government Bond Fund 5% Emerging Markets Passive USD Currency Government Bond Fund
DHL Diversified Cautious fund	To provide long-term capital growth in excess of UK price inflation. The fund aims to have less capital risk than a totally equity-based fund and the DHL Diversified Growth fund. 25% of the fund is allocated to equities (company shares), and 25% to corporate bonds, which have been chosen to reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	Benchmark: Weighted average of the benchmark indices of the underlying funds Long-term performance target: UK Consumer Price Inflation +2% per annum over an economic cycle.	25% Future World Global Equity Index Fund 10% Infrastructure Equity MFG Fund - GBP Currency Hedged 10% Heitman Global Prime Property Securities Fund – GBP Currency Hedged 5% Over 15 Year Gilts Index Fund 2.5% Future World GBP Corporate Bond Index Fund (Passive) 6.25% Future World EUR Corporate Bond Index Fund (Passive) GBP Currency Hedged 16.25% Future World USD Corporate Bond Index Fund (Passive) GBP Currency Hedged 5% All Stocks Index-Linked Gilts Index Fund 8% High Yield Bond Fund 6% Emerging Markets Passive Local Currency Government Bond Fund 6% Emerging Markets Passive USD Currency Government Bond Fund
DHL Global Equities fund (default fund)	To provide long-term capital growth in excess of UK price inflation. The fund's investments reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	Solactive L&G ESG Global Equity Index	LGIM Future World Global Equity Index Fund (consisting of a number of underlying regional LGIM Future World equity funds)
DHL UK Equities fund	To provide long-term capital growth in excess of UK price inflation. The fund's investments reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	Solactive L&G ESG UK Index	LGIM Future World UK Equity Index Fund
DHL Emerging Markets Equities fund (default fund)	To provide long-term capital growth in excess of UK price inflation. The fund's investments reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	Solactive L&G ESG Emerging Markets Index	LGIM Future World Emerging Markets Equity Index Fund

Freestyle fund name	Aims and objectives	Benchmark/Target	Underlying fund(s)
DHL Shariah Global Equities fund	To provide long-term capital growth in excess of UK price inflation and meet Islamic investment principles.	Dow Jones Islamic Titans 100 Index	HSBC Islamic Global Equity Index Fund
DHL Global Property fund (default fund)	To provide long-term capital growth in excess of UK price inflation.	Heitman Prime Real Estate Index – GBP Hedged	LGIM Heitman Global Prime Property Securities Fund – GBP Hedged
DHL Fixed-Interest Bonds fund	To mitigate against pension conversion risk (for non-increasing and fixed increase annuities). The fund's investments reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	FTSE Annuities Index	LGIM Future World Annuity Aware Fund
DHL Inflation-Linked Gilts fund	To invest in UK government debt that pays interest linked to UK inflation. This fund also helps to mitigate against pension conversion risk (for indexed annuities).	FTSE A Index-Linked (Over 5 Year) Index	LGIM Over 5 Year Index-Linked Gilts Index Fund
DHL UK Corporate Bonds fund (default fund)	To provide a combination of growth and income. The fund's investments reflect the approach companies take to Environmental, Social and Governance (ESG) issues.	Solactive L&G ESG GBP Investment Grade Corporate Index	LGIM Future World GBP Corporate Bond Index Fund (Passive)
DHL Liquidity fund	To protect the absolute value of the investment.	SONIA	LGIM Sterling Liquidity Fund