

DHL Group Retirement Plan – Defined Contribution section Supervisory review report action plan

As one of the largest employer DC pension arrangements in the UK, the DC section of the DHL Group Retirement Plan (the Plan) has completed a 'supervisory review' with The Pensions Regulator (TPR). The purpose of the review was for TPR to gain an understanding of, and to provide comments to the Plan's Trustee on, how the DC section operates and the management and governance controls in place. This review is also expected to be the beginning of a longer-term closer working relationship between the DC section and TPR.

The review found the DC section to be, "well run with the Chair and DC board demonstrating good control over all areas, with no concerns identified." The review resulted in a 'green' assessment in all five areas. TPR's full report is available for members to read alongside this note.

Although the Trustee was very pleased with such a positive outcome, it remains committed to maintaining and, where possible, improving governance of the Plan. The remainder of this note sets out the recommendations identified by TPR and how the Trustee is incorporating those into the running of the Plan.

**DHL Trustees Limited
December 2019**

1. Management and Governance (assessment: green)

Recommendation	Trustee response
We recommend that a regular review is undertaken to assess any training gaps for the trustees, which is then reflected in a training plan for 2019/2020, especially given the recent addition of a new Trustee to the board.	Trustee directors will complete a self-assessment of their knowledge and understanding in different areas. The results of this will be considered at the Trustee board meeting in March 2020, and will be taken into account when setting the training agenda for 2020/21. It is then intended to repeat a similar self-assessment once every two years. In addition, new directors will continue to complete induction training.
Ensure that training logs are updated with any training completed in the last 12 months, if not already in place at the time of this report.	An up-to-date training log is reviewed at each Trustee board meeting.

2. Systems and Processes (assessment: green)

Recommendation	Trustee response
We recommend that the Scheme continues the good work on focussing on member data quality.	Data quality will continue to be a key focus for the Trustee, overseen in detail by its Pensions Operations Committee (POC).
We recommend that the transfer out due diligence process is updated and monitored to ensure that the Trustees are fully informed of any concerns that develop in respect of transfers.	The due diligence process was updated from July 2019 with the addition of XPS's screening service, and the POC receives an update at each meeting on any suspected pension scams relating to the Plan.
We also recommend that any concerns are appropriately reported to regulators.	As part of the supervisory review we shared details of suspected pension scams relating to the Plan with TPR. We would welcome a more proactive approach from TPR in this area and would be happy to continue to support this in any way we can.

3. IT/Infrastructure (assessment: green)

Recommendation	Trustee response
We recommend that the BCP [business continuity plan] is reviewed annually, with prudent scenario testing undertaken.	The BCP is identified as a key control relating to one of the 18 risks on the Trustee's risk register. This risk, and its controls, was reviewed by the Audit and Risk Management Committee (ARMC) in August 2019 and remains subject to regular (at least annual) review.
We recommend that cyber security continues to be a priority item in the risk register and the Trustee.	Cyber-attack is identified as a potential cause of one of the 18 risks on the Trustee's risk register. This risk, and its controls, was reviewed by the Audit and Risk Management Committee (ARMC) in August 2019 and remains subject to regular (at least annual) review.

4. Control Functions (assessment: green)

	Trustee response
We recommend that the Trustee continues to focus on ensuring that current risks are monitored and new risks identified added.	Each identified risk, and its current controls, is reviewed at least annually by one or more of the Trustee's committees. The ARMC maintains the risk register, and considers whether any new risks need to be added.
We recommend that reports covering risk are cross referenced to the main Risk Register for ease of identification, using the unique identifier. This would allow the relevant comments, recommendations and/or actions agreed which impact the risk scoring to be updated efficiently.	Each risk in the register has a number (1-18). Reviews of individual risks use the same numbering to identify the risk under consideration.

5. Member Outcomes (assessment: green)

Recommendation	Trustee response
We recommend that the Scheme continues to drive the levels of performance and the value for money for members from their providers and advisers.	Value for members remains a priority for the Trustee. An assessment is carried out every year in relation to the DC section, with the 2019 assessment concluding that the section represents excellent value for members. Value for members will continue to be a priority when reviewing or selecting providers. The Trustee has a culture of robustly challenging its advisers at board meetings and across all of its committees, and is supported in this by a strong in-house pensions management team.
We recommend that the Trustees continue to conduct regular reviews of member communication materials to evaluate their effectiveness.	The review of member communication materials will continue to be a regular agenda item for the relevant committees, and member feedback is provided through an annual survey.