



DHL Group Retirement Plan

Defined Contribution Sections

GOVERNANCE STATEMENT

PLAN YEAR ENDING 31 MARCH 2025

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 2024 to 31 March 2025 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 28 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 established a climate risk policy for identifying and managing key climate-related risks and opportunities following advice from its investment adviser. The Trustee has been working with its investment adviser 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 2024, and the next Climate Report/ESG policy will be published in September 2025.

2) THE PLAN'S INVESTMENT STRATEGY

DC Section Statement of Investment Principles ('DC SIP')

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 Appendix 3. 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.

Default arrangements

During the Plan Year, the Plan's principal default investment strategy was the DHL Lifestyle Drawdown that new members were invested into if they did not make an active investment choice upon joining. In addition, the DHL Lifestyle Annuity also remains a default arrangement as a number of members who were previously automatically invested into this option 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 strategies 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; and
- 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.

Triennial investment strategy review

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 the Trustee formally concluded its investment strategy review at its 20 September 2023 Board meeting. The Trustee's next triennial review of the DC investment strategy will be concluded no later than 20 September 2026.

Ongoing monitoring

Regular reviews of the performance of each investment option (including the default arrangements) against their benchmark or performance target are carried out. These reviews were undertaken over the Plan Year at the quarterly DC Committee meetings. The content of these quarterly reports includes performance data against each fund's 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 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.

Change of the Plan administrator

The processing of core financial transactions is delegated to the Trustee's appointed administrator. The Trustee has previously appointed COSAN Consulting Limited ('COSAN') to provide administration consultancy services to review the current service delivery model to ensure it continued to meet the needs of the Trustee and members. This review concluded that a change of administrator was appropriate as this would be expected to improve the overall service delivery and ensure that the members of the Plan receive the best service in the long term. A robust market review process was therefore undertaken by the DHL UK businesses and the Trustee during the Plan Year. Following this it was agreed to move the administration of the Plan to WTW, a leading UK pensions administrator with whom the Trustee has enjoyed a long-standing relationship.

The Trustee appointed WTW as the Plan's administrator, including in relation to the DC Section and the legacy AVC arrangements for members of the DB Sections and the DC policy for ex-Williams Lea employees of the Plan, with effect from 1 January 2025. DHL GBS (UK) Limited (the 'DHL Administration Team') provided the Plan's administration up until 31 December 2024.

Service Level Agreement

Up until 31 December 2024, the Trustee had a Service Level Agreement ('SLA') with the DHL Administration Team which covered the timeliness of processing core financial transactions. Following the change of Administrator to WTW from 1 January 2025, it was agreed to maintain the existing SLAs until 31 December 2025 when they will be reviewed.

DHL GBS (UK) Ltd and, subsequently, WTW, 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.
- Dedicated personnel within the Administration Team to support the processing of the monthly contributions.

Service monitoring

During the Plan Year, performance against the SLA requirements (including core financial transactions) were reviewed, with any complaints and updates on any ongoing projects formally considered at the quarterly POC meetings. The Chair of the POC provided an update at the quarterly Trustee meetings. In addition, the Trustee was provided with regular performance updates from Mr Dan Cavaciuti, Vice President Pensions, UK and Ireland or Mrs Lorraine Large, Head of Operations up until 31 December 2024. Following the move of administration to WTW from 1 January 2025, these updates were provided by Mr Jason Reeves, Senior Director, WTW administration, or Mrs Jeanette Smyth, Operation Manager, WTW administration.

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

- 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

The combined SLA performance for all DC and DB tasks over the Plan Year was 80.7% completed within 5 working days (the contractual SLA) and 83.7% within 10 working days, which is a slight decline from the previous Plan Year. In relation to core financial transaction tasks, over the Plan Year, over 99% 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.

During the Plan Year, the DHL Administration Team had in place a service improvement plan which included an increase in permanent and temporary headcount with the aim to return SLA performance to the Trustee's expected levels of performance. As noted above, the Trustee has also changed administrator during the Plan Year in part to help improve the overall administration service provided to members including the promptness of processing core financial transactions.

For a small number of DC payment tasks, there were errors within the process including where incorrect amounts were paid. To help ensure similar errors do not occur again, additional training was provided to the administration team and the payment authorisation process has been updated so that an additional checking stage by the DHL Secretariat and Governance Team is now in place.

Data accuracy

To support the accuracy of processing core financial transactions during the Plan Year, the Trustee audited the quality of the Plan's DC Section data considering the common data as noted by the Pensions Regulator and Plan specific data identified by the Trustee. As at February 2025 the Trustee held 100% of its Plan-specific data which is an excellent result.

The common data score for the DC Section was 88.9% this year which was actually a slight reduction from the previous year of 89.6%. The Trustee has made an effort to address this in the months since collecting the data by completing an additional member trace exercise which led to obtaining c3,500 new addresses across the whole membership.

In addition to the above data checks, during the previous Plan Year the Trustee identified an issue with the target retirement dates recorded on the records for certain members within the Automatic Enrolment Section of the Plan. The error related to where members had been automatically enrolled with a target retirement date ('TRD') of 65 when under the Trust Deed & Rules, members of the Automatic Enrolment Section should have a TRD that is aligned with their State Pension Age ('SPA'). During the Plan Year, the Trustee undertook a detailed review of this issue and agreed that it was appropriate going forward to align the normal retirement age ('NRA') for the Automatic Enrolment Section with the DC Section's NRA of 65 and the Trust Deed & Rules were amended to reflect this. As a result all Automatic Enrolment Section members now have a TRD aligned with their 65th birthday (except where they have chosen their own TRD). The Trustee is also carrying out an exercise to determine if any Automatic Enrolment Section members have made an investment loss due to this error (as members may have lifestyled at the wrong time) with this work ongoing at the end of the Plan Year.

Legacy AVC arrangements

The DC Committee received half yearly 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, M&G Prudential and Royal London (ex-Williams Lea employees). These policies are valued at c£564,000, a relatively small sum when compared to the value of the main DC section assets of over £2.68bn. 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 service 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 administration services.

The Annual Administration Charge is used towards the cost of administration, communications to members, DHL secretariat and finance services and advice to the Trustee on member communications. The charge is a flat 0.17% p.a. on the whole of the members' account value.

The maximum total charge (excluding transaction costs) for the DHL Lifestyle Annuity and DHL Lifestyle Drawdown default investment strategies is 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. Investment options shown in bold are the default arrangements for the Plan.

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 Annuity, DHL Lifestyle Cash and DHL Lifestyle Drawdown)	0.295	0.005
15 Years from retirement age – all lifestyles (DHL Lifestyle Annuity, DHL Lifestyle Cash and DHL Lifestyle Drawdown)	0.295	0.032
10 years from retirement age – all lifestyles (DHL Lifestyle Annuity, DHL Lifestyle Cash and DHL Lifestyle Drawdown)	0.295	0.037
DHL Lifestyle Drawdown – at retirement age	0.292	0.036
DHL Lifestyle Cash – at retirement age	0.288	0.023
DHL Lifestyle Annuity – at retirement age	0.282	0.034
Freestyle options	Total member charge (% of account value)	Transaction costs (% of account value)
DHL Emerging Markets Equities fund	0.430	0.004
DHL Global Equities fund*	0.295	0.005
DHL Global Property fund	0.457	0.065
DHL Corporate Bonds fund	0.270	0.021
DHL Diversified Growth fund*	0.295	0.032
DHL Diversified Cautious fund*	0.295	0.046
DHL UK Equities fund	0.280	0.068
DHL Shariah Global Equities fund	0.520	0.000
DHL Inflation-Linked Gilts fund	0.243	0.068
DHL Fixed-Interest Bonds fund*	0.270	0.001
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 2025 on a basis prescribed by the Financial Conduct Authority. Legal & General has confirmed there is no missing transaction costs information.

The Trustee notes that zero or negative costs can occur due to the methodology used to calculate implicit costs, such as market movements during the transaction window. Consistent with the guidance from the Department of Work and Pensions (DWP), any negative transaction costs are shown as zero.

During the Plan Year, the Plan also included some DC assets principally in with-profits and deposit funds through policies issued by Aviva, ReAssure (the last of these monies have since been paid out after the Plan Year end and there are no longer any policies held by ReAssure), 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	TBC***	TBC***
ReAssure Special Deposit fund	Not applicable*	Not applicable*
M&G Prudential Cash Accumulation With-Profits fund	0.97**	0.20**
Royal London Crest Secure fund	1.45**	Not available**

* 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. For the transaction costs, these are built into the overall returns of the fund and so Royal London are not able to share these.

*** 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. This delay has been experienced in previous Plan Years and so the Trustee escalated the issue with Aviva via the Chair of the DC Committee issuing a formal complaint letter requesting an explanation of the reason for the continued delays and requesting the information be provided more promptly in future Plan Years.

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 1. They illustrate the compounding effect over time of these costs and 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 relevant statutory guidance produced by the DWP in preparing these illustrations.

Asset Allocation

In Appendix 2 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.

5) NET INVESTMENT RETURNS

The Trustee is required to report on the net investment returns for all of the lifestyle options and individual 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 default arrangements in the Plan. The net investment return is after taking into account all transaction costs and charges (set out 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 returns and are based on members actual investment experience over the period.

DHL Lifestyle Drawdown – default arrangement (age of member in 2025)	Last 12 months (Year to 31 March 2025) (%)	Last 5 years (2020 to 2025) (% p.a.)	Last 10 years (2015 to 2025) (% p.a.)
25	4.43	9.06	6.57
45	5.16	9.21	6.65
55	5.40	7.65	5.91

DHL Lifestyle Cash (age of member in 2025)	Last 12 months (Year to 31 March 2025) (%)	Last 5 years (2020 to 2025) (% p.a.)	Last 10 years (2015 to 2025) (% p.a.)
25	4.43	9.06	6.57
45	5.16	9.21	6.65
55	5.40	7.65	5.91

DHL Lifestyle Annuity – default arrangement (age of member in 2025)	Last 12 months (Year to 31 March 2025) (%)	Last 5 years (2020 to 2025) (% p.a.)	Last 10 years (2015 to 2025) (% p.a.)
25	4.43	9.06	6.57
45	5.16	9.21	6.65
55	5.40	7.65	5.91

Freestyle Fund with net investment returns to 31 March 2025	Last 12 months (Year to 31 March 2025) (%)	Last 5 years (2020 to 2025) (% p.a.)	Last 10 years (2015 to 2025) (% p.a.)
DHL Diversified Growth fund*	5.88	9.36	6.80
DHL Diversified Cautious fund*	4.45	4.62	4.42
DHL Fixed-Interest Bonds fund*	-2.72	-5.07	-0.19
DHL Liquidity fund*	4.91	2.42	1.45
DHL Emerging Markets Equities fund	6.50	6.92	4.87
DHL Global Equities fund*	4.43	14.14	9.04
DHL UK Equities fund**	10.35	10.47	Not available
DHL Shariah Global Equities fund**	3.39	16.16	Not available
DHL Global Property fund**	1.76	5.66	Not available
DHL Corporate Bonds fund**	2.24	-2.14	Not available
DHL Inflation-Linked Gilts fund	-9.48	-9.71	-1.81

* These funds are also used under the lifestyle options.

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

Notes:

1. The returns have been calculated using data provided by LGIM and allow for the fund-specific 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 standard current and historic lifestyle strategies arrangements and 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, M&G Prudential and Royal London. 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 2025) (%)	Last 5 years (2020 to 2025) (% p.a.)	Last 10 years** (2015 to 2025) (% p.a.)
Aviva With-Profits fund	Not available***	Not available	Not available
ReAssure Special Deposit fund*	5.06	2.52	Not available
M&G Prudential Cash Accumulation With-Profits fund	3.00	1.90	Not available
Royal London Crest Secure fund	1.05	1.05	2.88

* Return information is to year end 31 December 2024 as this is Royal London's scheme year end and so figures at 31 March 2025 are not provided. These are based on the annual bonus rates declared by Royal London over the period.

** 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.

*** 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. This delay has been experienced in previous Plan Years and so the Trustee escalated the issue with Aviva via the Chair of the DC Committee issuing a formal complaint letter requesting an explanation of the reason for the continued delays and requesting the information be provided more promptly in future Plan Years.

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) 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 Trustee.

In order to assess value for members for this Plan Year, the Trustee with its adviser, WTW, undertook an assessment of the value provided in August 2025. The assessment was undertaken with consideration to 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 Plan Year – the DHL Lifestyle Drawdown. 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 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 2025 meeting, the DC Committee has concluded that the DC Section continues to represent good value for members. A summary of the assessment results is to the right.

Investment returns

For the DHL Lifestyle – Drawdown the performance was compared to that seen by a range of master trust default options over a 5 year period to 31 March 2025 at three stages of investment by members. The findings were:

- For the growth phase (100% in the DHL Global Equities Fund) the performance was above the average performance seen across all of the master trust default options compared against.
- The performance for a member at 5 years from retirement age (based on 33% invested in the DHL Diversified Growth Fund and 67% in the DHL Diversified Cautious Fund) was similar to the average performance seen across all of the master trust default options compared against.
- The performance for a member at retirement age (based on 80% invested in the DHL Diversified Cautious Fund and 20% in the DHL Liquidity Fund) was similar to the average performance seen across all of the master trust default options compared against.

All of the freestyle funds had all performed within an acceptable tolerance of their performance objectives over either a 5 or 10 year period (where available) to 31 March 2025.



Services provided to members

The assessment found that the Plan offered 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 through WTW is in place to help members (since 1 January 2025).
- 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 expectations over the Plan Year but, as noted in Section 3 of this Statement, the Trustee has moved the administration of the Plan to WTW in part to help improve the service performance delivered to members.

Charges and transaction costs

- The benchmarking analysis indicated that the current total member charge for the Plan's default lifestyle options (the DHL Drawdown Lifestyle and DHL Lifestyle Annuity) where the majority of members are invested was similar to 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 the same as, 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 online 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, 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.

7) 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:
- Trustee Training
 - Risk Management Training (2 December 2024 – provided by Muse) providing the Trustee with an overview of Risk Management concepts in the context of the Plan and how the Risk Management framework operates in practice.
 - DCC Training: – Communications Workshop (9 July 2024)
 - Member Disputes (28 July 2024)
 - Discretionary Death Benefit Training (17 April 2024)
 - Strategy Day (27 March 2025)
 - Developments in Shariah compliant investments
 - All non-professional Trustee Directors completed their PMI Accreditation
 - The Trustee Directors also undertook individual training including:
 - Insider Trading
 - Conflict of Interest
 - Give Fraud No Chance
 - LDI Investments
 - General Elections 2024 Impact on Pensions
 - Information Security Awareness
 - Compliance Investigations
- The Trustee also received updates or written advice from their advisers over the Plan Year to aid their knowledge of the principles of funding and investment and the law relating to pensions and trusts including:
 - 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 at the August 2024 DCC meetings.
 - Updates from its investment adviser in relation to the Plan's fund managers performance and any changes relevant to the Plan at each DCC meeting over the Plan Year.
 - Reviewing and agreeing updated sustainable investment beliefs at the February 2025 Environmental, Social and Governance Committee ('ESGC') meeting and subsequently at the February 2025 DCC meeting.
 - Receiving a presentation from Invesco on its Global Direct Property Fund in March 2025.
 - Receiving updates from its investment adviser on the legacy AVC policies held at the May and November 2024 DCC meetings.
 - Reviewing a 'Sustainable investment review' report from its investment adviser at the November 2024 DCC meeting covering ESG factors within the Plan's fund managers' investment process and their stewardship activities.
 - Undertaking an annual review of the Default Investment Strategy's performance with consideration to how well this was delivering good outcomes for members.
 - Reviewing post transition reporting at the May 2024 DCC meeting following the implementation of the investment strategy changes undertaken in the previous Plan Year.
 - Receiving an advice paper at the November 2024 DCC meeting reviewing the Freestyle fund range covering the suitability of the individual funds and overall fund choice for members.
 - Reviewing the DC-related risk in respect of asset transitions with a revised risk framework and score being agreed within the risk register at the February 2025 DCC meeting.
 - Receiving a 'Platform Provider' review paper at the November 2024 DCC meeting which considered the suitability of LGIM as the Plan's platform provider.

- All non-professional Directors completed the hours required to obtain their PMI CPD Certificate for 2024.
- 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. In addition, they have undertaken a biennial TKU Self-assessment and agreed to do online training sessions covering specific topics arranged by Secretariat.
- 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:
 - The Trustee considered the Trust Deed & Rules as part of its decision making on the review of the retirement age issue highlighted under Section 3 of this Statement where as noted, a Deed of Amendment to the Trust Deed & Rules was agreed and implemented in March 2025 so that the Normal Retirement Date under the Automatic Enrolment Section is now 65.
 - Reviewing an updated DC SIP at the May 2024 DCC meeting and agreeing the proposed changes at the June 2024 Trustee Board meeting. The key changes to the DC SIP related to reflecting the revised investment strategy implemented in the previous Plan Year and to include a new policy on the Trustee's approach to investing in illiquid assets. The DC Committee also considered the content of the DC SIP as part of its review of the Plan's Implementation Statement.
 - Reviewing the conflicts register at each Trustee and DC Committee meeting.
 - Reviewing the DC Risk Register at each DC Committee and Trustee Board meetings during the Plan Year.
- Agreed at the June 2024 Trustee Board meeting:
 - Updates to the Cyber Security Policy
 - Updates to the Cyber Hygiene Guidelines
 - A new Incident Response Plan
- Agreed at the September 2024 Trustee Board meeting:
 - Updates to the Diversity, Equality, Inclusion and Belonging ('DEIB') Policy
 - A new TPR and PPF Reporting & Whistleblowing Policy
 - Updates to the MND Appointment Arrangements
 - Updates to the Complaints Policy (via email outside of Board meetings)
- Agreed at the December 2024 Trustee Board meeting:
 - Administration Contract with WTW
 - Secretariat and Finance Services contract with DHL GBS
- 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 new Value for Money framework for DC schemes.
 - Investment market reactions to the US election results.
 - The Pensions Regulator's ('TPR') compliance and enforcement policy in relation to the Pensions Dashboard requirements.
 - TPR's deep dive into ESG and climate-related disclosures following its review of various scheme's Statement of Investment Principles and Implementation Statements.
 - The Autumn 2024 Budget and how this impacts on pension schemes.
 - The new General Code of Practice requirements.
 - Updates to the Statutory Money Purchase Illustrations assumptions.
 - The Chancellor's Mansion House speech and subsequent Pensions Investment Review.

- The Trustee Directors have access to a knowledge centre – an online document system, ‘Knowa’, which holds details of all the meeting papers for the seven sub-committees and Trustee Board, together with the Trust Deed & 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 during the Plan Year included:
 - 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 knowledge and effectiveness by undertaking a biennial TKU self-assessment and this includes a specific assessment of the overall knowledge and effectiveness of the DC Committee, with the knowledge focused on DC matters. The latest assessment of the DC Committee was undertaken via each DC Committee member completing a survey questionnaire with the results being considered at the November 2024 DC Committee meeting with the key findings set out below:
 - The DC Committee with support from the Committee Secretary concluded that overall, they have 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 the DC Committee 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:
 - Additional monthly 1 hour virtual informal DC Committee calls have now been established during the months between Committee meetings to help keep the Committee updated on ongoing activity and support with the decision making on items that require resolution more promptly.
 - The Trustee Directors agreed to complete online training sessions covering specific topics where individual or collective knowledge gaps were identified, with these being arranged by Secretariat throughout 2025.

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 fulfil its role and responsibilities.

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

On behalf of the DHL Group Retirement Plan

Peter Flanagan

Peter Flanagan, Chair of the Trustee

Date: 17 SEPTEMBER 2025.



DHL Group Retirement Plan ('DHL GRP')

Defined Contribution Sections

APPENDIX



APPENDIX 1 – 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 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 the member aged 45 as an example (with total contributions of £3,250 a year and an accrued fund of £23,500), Table 1 sets out illustrations for this member investing in the current principal default the DHL Lifestyle Drawdown and the other default lifestyle DHL Lifestyle Annuity. The table then tells us that based on the assumptions in notes 1 to 11, the projected value of the member's pension account invested in the DHL Lifestyle Drawdown after 1 year would be £27,600 before charges are deducted and £27,500 after charges are deducted. This illustration is then repeated over 3, 5, 10, 15 and 20 years. So, for example the projected value of the 45 year old member member's pension account invested in the DHL Lifestyle Drawdown in 20 years' time would be £120,600 before charges are deducted and £114,900 after charges are deducted. There are similar illustrations for members aged 17 (based on the youngest member of the Plan), 35 and 55. 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 total charge available in the Plan (these help to illustrate the impact of different levels of charges on members' funds over time).

It is important to note that these illustrated values are not guaranteed and may not prove to be a good indication of how your savings may grow due to the fact these are based on various assumptions, in particular the assumed future investment returns which are prescribed by actuarial standards which the Trustee must follow (see note 4 below in particular). The amount of benefit payable to you from the Plan will depend on what actually happens in the future, for example the actual investment returns achieved and the amount of contributions actually paid in.

Table 1 – default Lifestyles

Example Member	Years invested	DHL Lifestyle – Drawdown		DHL Lifestyle Annuity	
		Before charges	After charges	Before charges	After charges
Youngest member (aged 17)	1	£1,800	£1,800	£1,800	£1,800
	3	£5,700	£5,700	£5,700	£5,700
	5	£9,800	£9,700	£9,800	£9,700
	10	£21,400	£21,100	£21,400	£21,100
	15	£35,100	£34,200	£35,100	£34,200
	20	£51,300	£49,600	£51,300	£49,600
	25	£70,500	£67,500	£70,500	£67,500
	30	£93,200	£88,300	£93,200	£88,300
	35	£119,600	£112,000	£119,600	£112,000
	40	£146,600	£135,600	£147,000	£135,900
	45	£172,100	£157,100	£175,200	£160,100
Member aged 35	48	£184,400	£167,100	£190,700	£173,200
	1	£16,200	£16,200	£16,200	£16,200
	3	£23,100	£22,900	£23,100	£22,900
	5	£30,300	£30,000	£30,300	£30,000
	10	£50,900	£49,800	£50,900	£49,800
	15	£75,100	£72,700	£75,100	£72,700
	20	£102,000	£97,600	£102,000	£97,600
	25	£129,200	£122,300	£130,600	£123,600
	30	£153,600	£143,700	£158,700	£148,700

Example Member	Years invested	DHL Lifestyle – Drawdown		DHL Lifestyle Annuity	
		Before charges	After charges	Before charges	After charges
Member aged 45	1	£27,600	£27,500	£27,600	£27,500
	3	£36,200	£35,900	£36,200	£35,900
	5	£45,500	£44,900	£45,500	£44,900
	10	£70,300	£68,500	£70,300	£68,500
	15	£96,200	£92,700	£97,200	£93,700
	20	£120,600	£114,900	£124,400	£118,800
Approaching retirement (aged 55)	1	£44,600	£44,400	£44,600	£44,500
	3	£54,000	£53,500	£54,200	£53,700
	5	£63,500	£62,500	£64,100	£63,200
	10	£86,600	£84,200	£89,200	£86,900

Table 2 – Freestyle defaults

Example Member	Years invested	DHL Global Property fund		DHL UK 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
Youngest member (aged 17)	1	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800
	3	£5,800	£5,700	£5,700	£5,700	£5,700	£5,600	£5,700	£5,700
	5	£10,000	£9,900	£9,800	£9,700	£9,800	£9,700	£9,800	£9,700
	10	£22,500	£21,800	£21,400	£21,000	£21,400	£20,800	£21,400	£21,100
	15	£37,900	£36,200	£35,100	£34,200	£35,100	£33,700	£35,100	£34,200
	20	£57,000	£53,600	£51,300	£49,500	£51,300	£48,600	£51,300	£49,600
	25	£80,700	£74,500	£70,500	£67,400	£70,500	£65,800	£70,500	£67,500
	30	£110,100	£99,800	£93,200	£88,200	£93,200	£85,600	£93,200	£88,400
	35	£146,600	£130,300	£120,000	£112,400	£120,000	£108,400	£120,000	£112,700
	40	£191,700	£167,000	£151,700	£140,600	£151,700	£134,800	£151,700	£141,000
	45	£247,700	£211,300	£189,300	£173,400	£189,300	£165,300	£189,300	£174,000
	48	£287,600	£242,200	£215,000	£195,600	£215,000	£185,700	£215,000	£196,300
Member aged 35	1	£16,400	£16,300	£16,200	£16,200	£16,200	£16,200	£16,200	£16,200
	3	£23,600	£23,300	£23,100	£22,900	£23,100	£22,800	£23,100	£22,900
	5	£31,500	£30,800	£30,300	£30,000	£30,300	£29,800	£30,300	£30,000
	10	£54,300	£52,300	£50,900	£49,800	£50,900	£49,200	£50,900	£49,800
	15	£82,700	£78,200	£75,100	£72,800	£75,100	£71,500	£75,100	£72,900
	20	£117,800	£109,400	£103,800	£99,600	£103,800	£97,300	£103,800	£99,700
	25	£161,400	£147,000	£137,800	£130,800	£137,800	£127,100	£137,800	£131,100
	30	£215,400	£192,500	£178,000	£167,100	£178,000	£161,500	£178,000	£167,500
Member aged 45	1	£27,900	£27,700	£27,600	£27,500	£27,600	£27,500	£27,600	£27,500
	3	£37,100	£36,600	£36,200	£36,000	£36,200	£35,800	£36,200	£36,000
	5	£47,300	£46,200	£45,500	£44,900	£45,500	£44,600	£45,500	£44,900
	10	£76,700	£73,600	£71,500	£69,800	£71,500	£68,900	£71,500	£69,900
	15	£113,200	£106,600	£102,300	£98,900	£102,300	£97,000	£102,300	£99,000
	20	£158,500	£146,500	£138,600	£132,600	£138,600	£129,400	£138,600	£132,900
Approaching retirement (aged 55)	1	£45,300	£45,100	£44,900	£44,800	£44,900	£44,700	£44,900	£44,800
	3	£56,700	£55,900	£55,300	£54,800	£55,300	£54,600	£55,300	£54,800
	5	£69,100	£67,500	£66,400	£65,500	£66,400	£65,000	£66,400	£65,500
	10	£105,200	£100,600	£97,600	£95,100	£97,600	£93,800	£97,600	£95,200

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

Example Member	Years invested	DHL Inflation-Linked Gilts fund (lowest cost)		DHL Shariah Global Equity fund (highest cost)	
		Before charges	After charges	Before charges	After charges
Youngest member (aged 17)	1	£1,800	£1,800	£1,800	£1,800
	3	£5,800	£5,700	£5,700	£5,600
	5	£10,000	£10,000	£9,800	£9,700
	10	£22,500	£22,100	£21,400	£20,800
	15	£37,900	£37,000	£35,100	£33,700
	20	£57,000	£55,100	£51,300	£48,500
	25	£80,700	£77,300	£70,500	£65,700
	30	£110,100	£104,300	£93,200	£85,400
	35	£146,600	£137,300	£120,000	£108,200
	40	£191,700	£177,600	£151,700	£134,400
	45	£247,700	£226,900	£189,300	£164,700
	48	£287,600	£261,500	£215,000	£185,100
Member aged 35	1	£16,400	£16,300	£16,200	£16,200
	3	£23,600	£23,400	£23,100	£22,800
	5	£31,500	£31,100	£30,300	£29,800
	10	£54,300	£53,200	£50,900	£49,100
	15	£82,700	£80,200	£75,100	£71,400
	20	£117,800	£113,100	£103,800	£97,200
	25	£161,400	£153,300	£137,800	£126,800
	30	£215,400	£202,400	£178,000	£161,100
Member aged 45	1	£27,900	£27,800	£27,600	£27,500
	3	£37,100	£36,800	£36,200	£35,800
	5	£47,300	£46,700	£45,500	£44,600
	10	£76,700	£75,000	£71,500	£68,900
	15	£113,200	£109,500	£102,300	£96,900
	20	£158,500	£151,800	£138,600	£129,200
Approaching retirement (aged 55)	1	£45,300	£45,200	£44,900	£44,700
	3	£56,700	£56,200	£55,300	£54,500
	5	£69,100	£68,200	£66,400	£64,900
	10	£105,200	£102,700	£97,600	£93,700

See Notes on following page.

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 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	Projected growth rate (p.a.)
DHL Lifestyle Drawdown	1.073% – 3.415% (adjusted depending on term to retirement)
DHL Lifestyle Annuity	1.707% – 3.415% (adjusted depending on term to retirement)
DHL Global Property fund	4.390%
DHL Corporate Bonds fund	3.415%
DHL Emerging Markets fund	3.415%
DHL Global Equities fund	3.415%
DHL Inflation-Linked Gilts fund	4.390%
DHL Shariah Global Equity fund	3.415%

We note the above returns are based on a prescribed methodology (set out in Actuarial Standard Technical Memorandum 1 v.5.1) that the Trustee is required to use, pursuant to the statutory guidance the Trustee must have regard to. These returns are determined by the volatility of the funds over a 5 year period to 30 September 2023 and may not reflect the actual returns the funds will deliver.

5. Switching costs are not considered in the lifestyle strategies.
6. Inflation is assumed to be 2.5% each year and is deducted from the assumed returns when producing the illustrations.
7. Contributions are assumed to be paid from the starting age for each example member up to age 65 and increases based on the above inflation assumption.
8. Transactions costs and other charges have been provided by Legal & General and covered the period 1 April 2020 to 31 March 2025. Transaction costs have been averaged by WTW using a time-based approach. A zero cost has been used where Legal & General reported a negative transaction cost.
9. Example members are set out below. All members are assumed to retire at age 65 as this is the Plan's normal retirement age.
 - **Youngest member:** age 17, total annual contribution: £1,800, starting account value: £0.
 - **Member aged 35:** total annual contribution: £2,750, starting account value: £13,000.
 - **Member aged 45:** total annual contribution: £3,250, starting account value: £23,500.
 - **Approaching retirement:** age 55, total annual contribution: £3,500, starting account value: £40,000.

APPENDIX 2 – 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	0.0	0.0	0.0	17.7
Bonds	0.0	12.9	35.6	46.7
Listed equities	100.0	87.1	64.4	35.6
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	0.0	0.0	0.0	22.2
Bonds	0.0	12.9	35.6	61.1
Listed equities	100.0	87.1	64.4	16.7
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	0.0
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
Totals	100.0

DHL Emerging Markets Equities fund

Asset class	Percentage (%)
Cash	1.9
Bonds	0.0
Listed equities	98.1
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Totals	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
Totals	100.0

DHL Corporate Bonds fund

Asset class	Percentage (%)
Cash	0.0
Bonds	100.0
Listed equities	0.0
Private equity	0.0
Infrastructure	0.0
Property/real estate	0.0
Private debt/credit	0.0
Other	0.0
Totals	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 2025.

APPENDIX 3 – STATEMENT OF INVESTMENT PRINCIPLES

DHL Group Retirement Plan – Defined Contribution Section

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 >](#)



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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.

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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

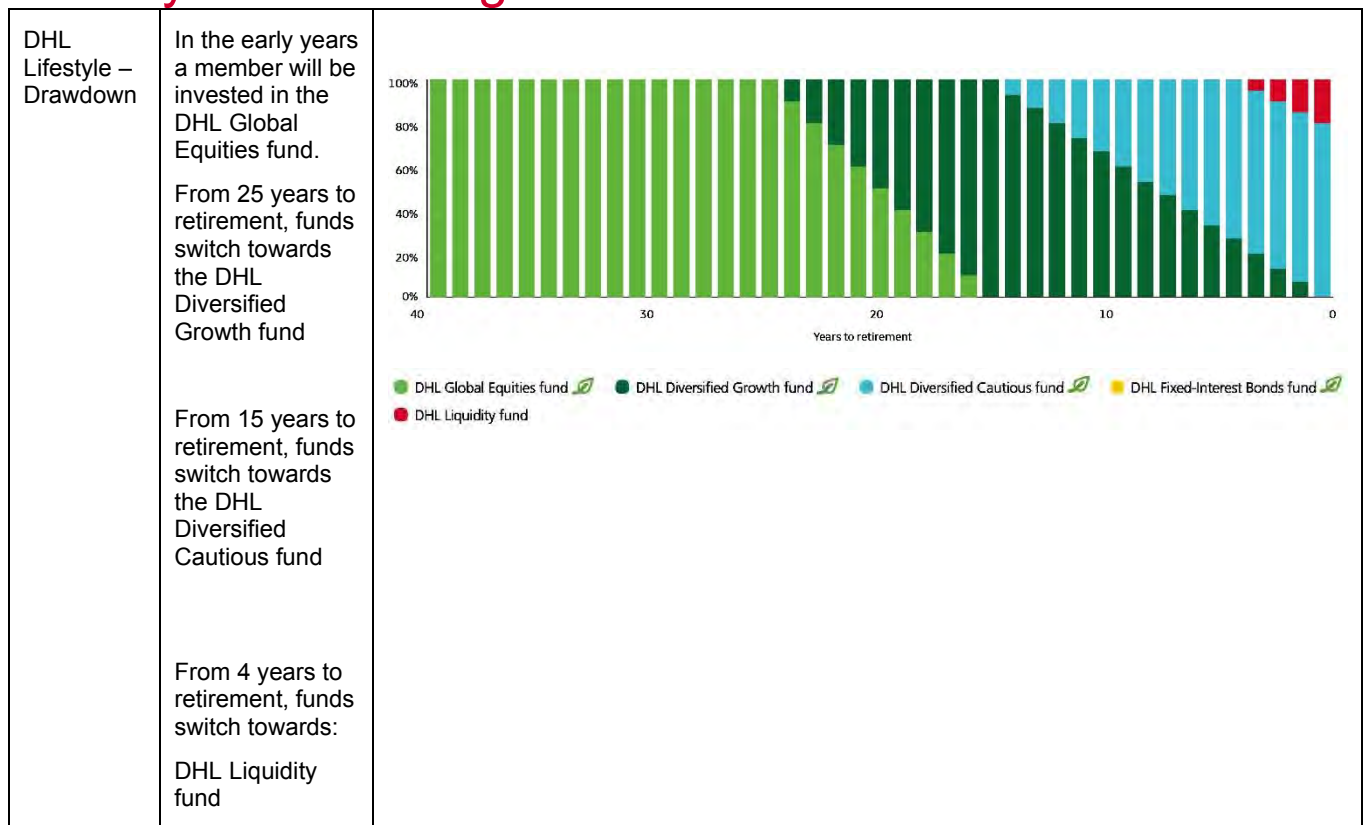
- 6.2 The Trustee will review this SIP in response to any material changes to any aspects of the Plan, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.
- 6.3 This review will occur no less frequently than every three years 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.

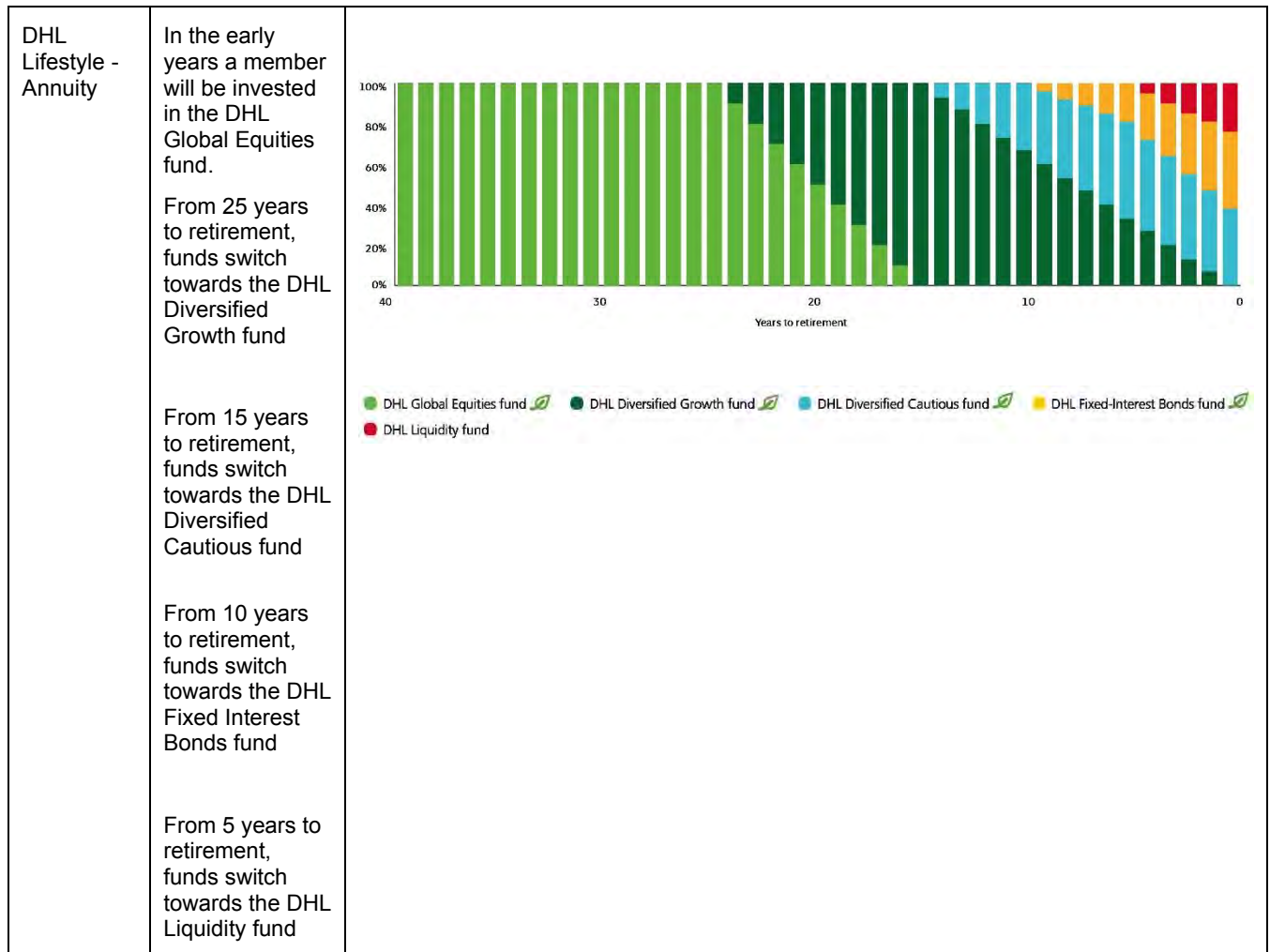
Appendix A : Fund Range

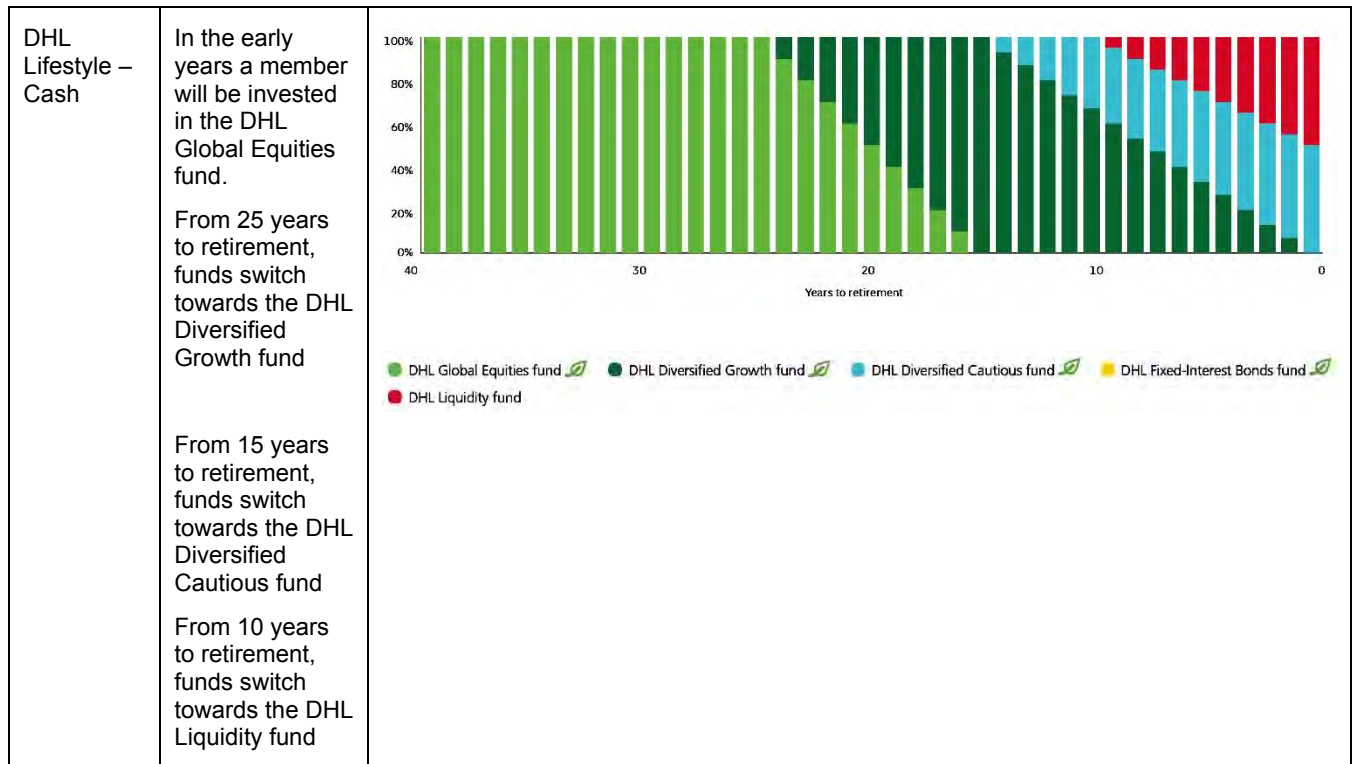
Investment Platform

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







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

Freestyle fund name	Aims and objectives	Benchmark/Target	Underlying fund(s)
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
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

Freestyle fund name	Aims and objectives	Benchmark/Target	Underlying fund(s)
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