

DHL Group Retirement Plan – Defined Contribution Section

Statement of Investment Principles

Last updated December 2025

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	Environmental, Social and Governance Committee ("the ESGC")	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.	The Committee supports the Trustee, IIC and Defined Contribution Committee, on developing, implementing and reviewing the Plan's approach to Environmental, Social and Governance ("ESG") matters.	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 more about the ESGC 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 such that DC members are likely to achieve a good retirement outcome for their individual circumstances. [Read about the objectives here>](#)

The Trustee's strategy is to provide an appropriate range of high-quality and good value investment options to suit the needs and objectives of members currently in the Plan at all life stages. 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, consideration of environmental, social and governance issues, 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 considers 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 is 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 >](#)



Table of Contents

Section 1 : Introduction	5
Section 2 : Objective and Investment Strategy	11
Section 3 : Other investment policies	15
Section 4 : Investment Manager Arrangements	19
Section 5 : Risk Management.....	22
Section 6 : Compliance with and Review of this SIP	24
Appendix A : Fund Range.....	25

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 ("TCFD") report for the DC Section prepared by the investment consultant and making a recommendation to the Trustee.

ESGC

1.12 The responsibilities of the ESGC include:

- (i) Make recommendations to the IIC and DCC on TCFD-related decisions, including:
- (ii) Choice of metrics and target(s)

- (iii) Whether to update scenario analysis earlier than 3-year statutory deadline.
- (iv) Review of the draft TCFD reports, including consistency between the DB and DC sections and report back to the IIC and DCC.
- (v) Agree what climate scenarios are modelled in the scenario analysis.
- (vi) Review the quality of data to support reporting against the agreed TCFD and sustainability metrics and targets and report back to the IIC and DCC.
- (vii) Monitor progress towards the Trustee's net zero ambition and report back to the IIC and DCC , including an annual triage of DB mandates to select high priority mandates for engagement in that year, to align with the net zero ambition
- (viii) Review of the draft Implementation Statements for consistency between DB and DC sections and report back to the IIC and DCC.
- (ix) Consider a suitable set of ESG investment beliefs and ensure there is consistency across the DB and DC sections where appropriate and make recommendations to the Trustee.
- (x) Preparation and maintenance of the Plan's ESG policy, including policies to meet the TCFD governance and risk management requirements (with recommendations to the Trustee).
- (xi) Undertake in-depth reviews of ESG risks in the risk register and make with recommendations to the Audit and Risk Management Committee ("ARMC").
- (xii) Undertake review of ESG risks for the Own Risk Assessment.
- (xiii) Undertake in depth reviews of ESG opportunities and make recommendations to the IIC and DCC.
- (xiv) Consider broader sustainability reporting and make recommendations to the IIC and DCC.
- (xv) Engage with fund managers directly on sustainability issues and report back to the IIC and DCC.
- (xvi) Review the choice of stewardship and ESG priorities and make recommendations to the Trustee.
- (xvii) Identify suitable ESG training to be delivered on an annual basis and make recommendations to the Trustee.

(xviii)

(xix) Consider whether to sign up to ESG, stewardship and sustainability-related initiatives and promote better alignment with DHL and make recommendations to the Trustee.

(xx) Assist the drafting of annual newsletters and other member communications (where ESG material is required) for approval by the POC (DB related communications) and the DCC (DC related communications).

(xxi) Consider other ESG matters to agree a recommended course of action, as requested by the IIC, DCC or Trustee from time to time.

Platform provider and investment managers

1.13 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

1.14 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 at-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 at-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 and Infrastructure – allows members to gain exposure to global property and infrastructure investments on a self-select basis through a portfolio of shares of property and infrastructure 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. Some bonds may be more volatile than others, particularly in terms of their sensitivity to interest rate and yield changes. The value of some bonds are expected to move broadly in line with the price of annuities, providing some protection to the ‘purchasing power’ of a member’s pension account near retirement.
 - (v) Cash – low risk to capital but with limited investment returns, consistent with the low risk nature of the assets.

Additional Voluntary Contributions (‘AVCs’) and Additional Penwise Contributions (‘APCs’)

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



contributions. Members have the choice of investing their AVCs/APCs in the Lifestyle or Freestyle strategies.

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

Section 3: Other investment policies

Choosing investments

- 3.1 The Trustee has appointed investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business. After gaining (and reconfirming at least annually) appropriate investment advice, the Trustee has specified the asset allocation of every manager. Investment choice has been delegated to the managers subject to defined tolerances relative to their respective benchmarks.
- 3.2 In this context, investment advice is defined by Section 36 of Pensions Act 1995 (as amended).

Responsible investment and sustainability

- 3.3 The Trustee considers long-term sustainability to be an important and relevant issue to consider throughout the investment process.
- 3.4 The Trustee recognises that an investment's financial success can be influenced by a number of factors including (but not limited to) those arising from Environmental, Social and Governance (ESG) issues, including climate change.
- 3.5 The Trustee considers ESG issues, including climate change to be financially material and takes them into account when designing and monitoring the Lifestyle strategies, considering in particular the time horizons of those strategies. A number of the Lifestyle and Freestyle funds include investments which have been chosen taking account of the approach that companies take to ESG issues.
- 3.6 The Trustee believes that climate change is a financially material systemic issue that presents risks and opportunities for the Plan over the short, medium and long term. In particular, the Trustee has agreed a Net Zero ambition for the Plan's assets to be aligned with net zero emissions by 2050. The Trustee supports engagement with companies to encourage alignment with the 2015 Paris Agreement given those that fail to do so may face significant downside, including potential stranded asset risks.
- 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 and subject to consideration of the Trustee's Responsible Investment (RI) beliefs and approach). This includes consideration of all financially material factors, including ESG-related issues (including climate change) where permissible within applicable guidelines and restrictions.

- 3.8 The Trustee believes that active managers should incorporate ESG factors into their investment process and that investment teams are likely to have stronger ESG analysis if the importance of ESG is recognised by their broader organisation.

Stewardship

- 3.9 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.
- 3.10 The Trustee believes active stewardship can improve investment returns.
- 3.11 The Trustee notes that given the pooled nature of the investment, the Trustee does not have a direct relationship with investee companies or issuers of securities. Therefore, the Trustee expects the Plan's investment managers' stewardship activities with underlying issuers of debt or equity 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. Furthermore, the Trustee encourages its investment managers to work collectively with other investors when practical.
- 3.12 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 3.8.

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.

- 3.13 The Trustee, with the assistance of its investment consultant, reviews stewardship activity (including voting and engagement) undertaken by their investment managers on an annual basis to ensure that the policies and priorities outlined above are being met. The Trustee may engage with its investment managers to explore these issues as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers.
- 3.14 If an investment manager's level of stewardship was viewed to be unsatisfactory, the Trustee would raise its concerns with the investment manager. If the Trustee's engagement with the investment manager does not result in any improvement over a reasonable period of time, the

Trustee would consider whether the specific circumstances justify the termination of the mandate.

- 3.15 The Trustee believes that investments in businesses and corporate entities that are involved in the production of controversial weapons are not appropriate and may be at risk of financial loss, for example for reputational reasons. Where practicable the Trustee will seek to avoid such investments (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

- 3.16 Member views and wider member feedback on non-financial matters (including but not limited to religious views and wider social and environmental impacts) are taken into consideration in the range of Lifestyle strategies and Freestyle funds offered. For example, the Trustee makes available funds that target Shariah-compliance through the Freestyle funds for members with Islamic beliefs.

Liquidity and realisation of investments

- 3.17 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

- 3.18 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

- 3.19 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

- 3.20 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.

- 3.21 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.
- 3.22 The Trustee undertakes an annual assessment of the charges associated with the default options: DHL Lifestyle – Drawdown, DHL Lifestyle – Annuity and the Freestyle funds highlighted in Appendix A, in order to ensure that they comply with the charges controls, effective from April 2015. These charges are disclosed in the annual Chair's Statement.

Illiquid Investments

- 3.23 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 stewardship).
- 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 periodically provide investment managers with the most recent version of this SIP 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

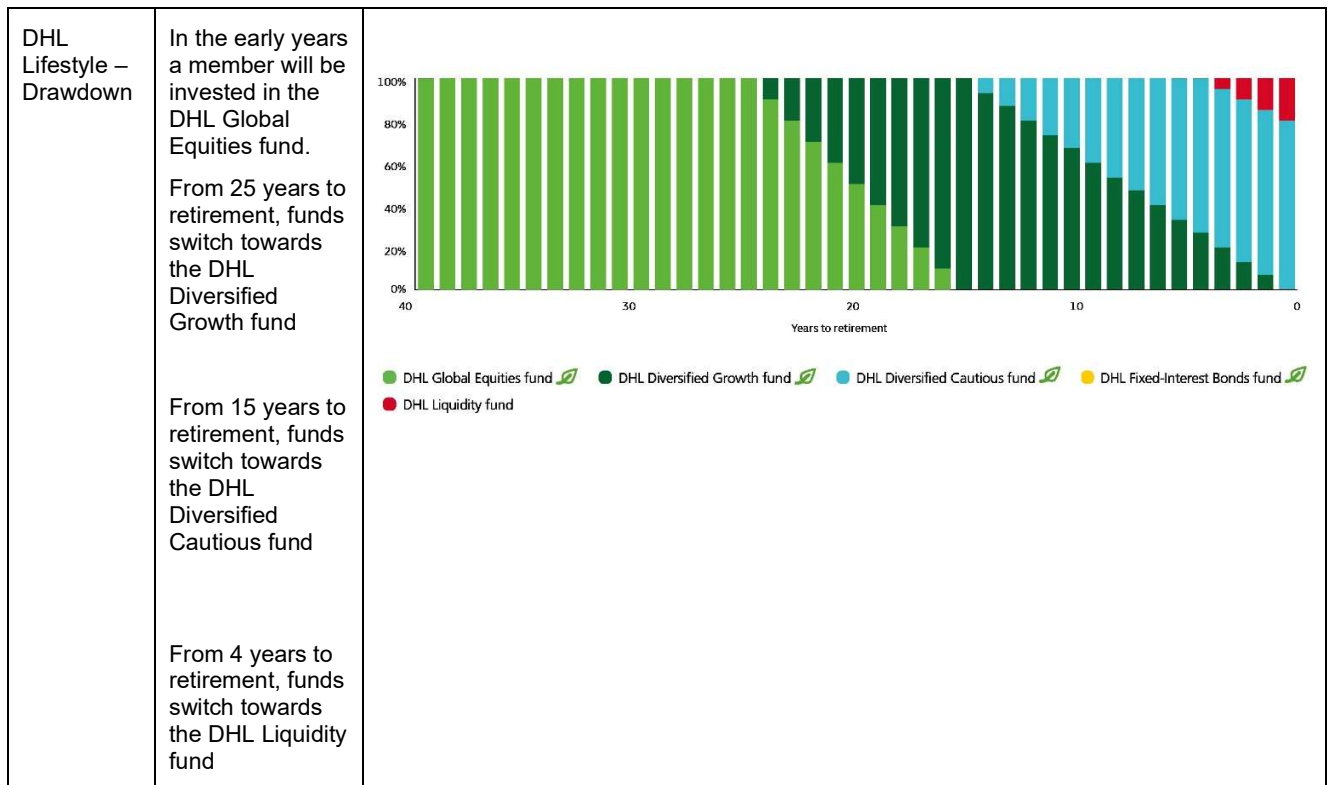
- 6.2 The Trustee will review this SIP in response to any material changes to any aspects of the Plan, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.
- 6.3 This review will occur no less frequently than every three years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

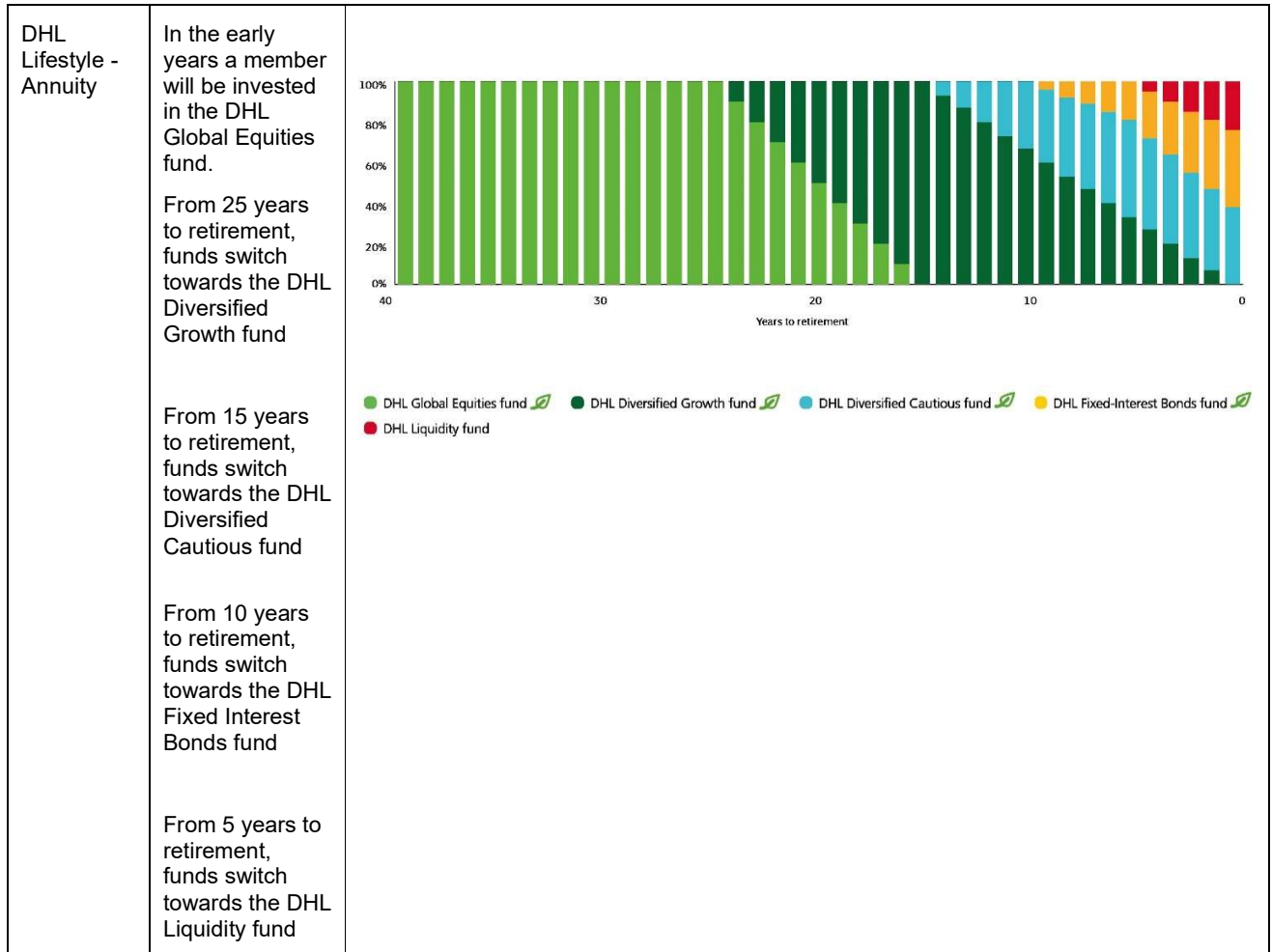
Appendix A : Fund Range

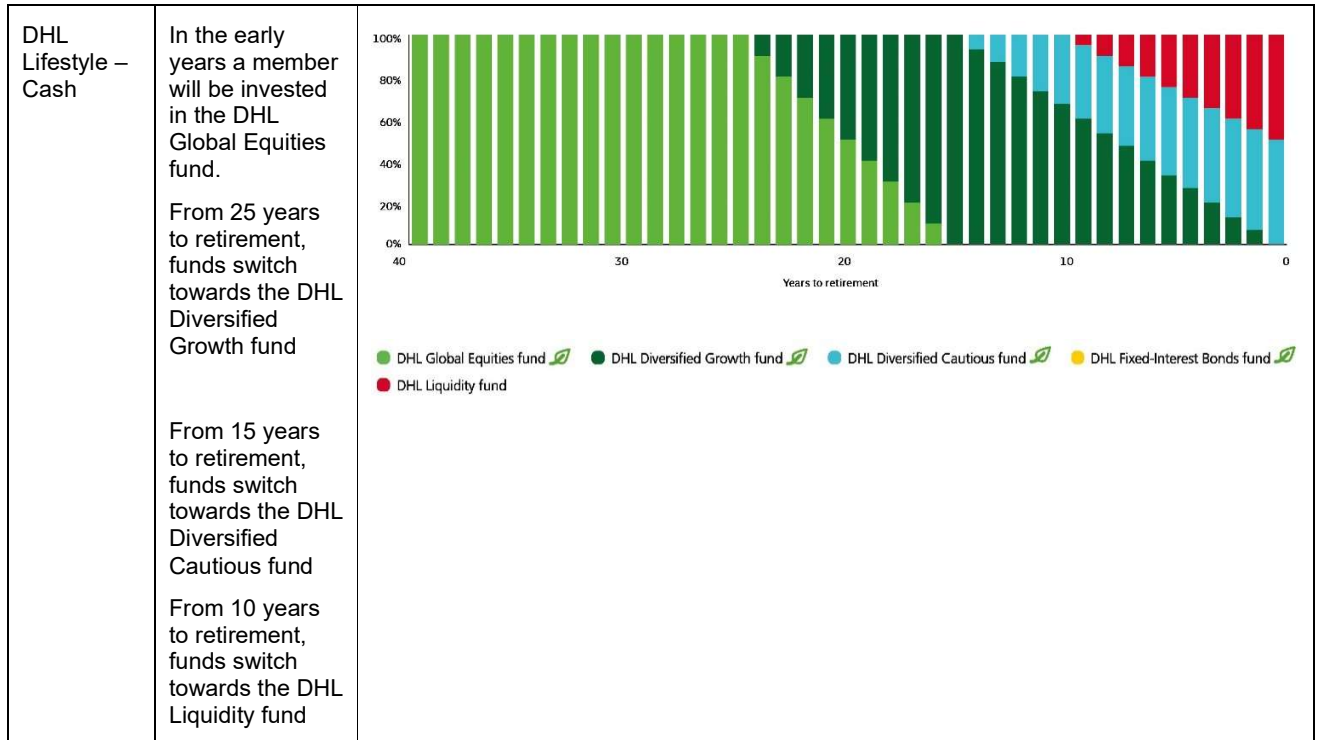
Investment Platform

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	<p>To provide long-term capital growth in excess of UK price inflation.</p> <p>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.</p>	<p>Benchmark: Weighted average of the benchmark indices of the underlying funds</p> <p>Long-term performance target: UK Consumer Price Inflation +4% per annum over an economic cycle.</p>	<p>50% Future World Global Equity Index Fund</p> <p>12.5% Infrastructure Equity MFG Fund – GBP Currency Hedged</p> <p>12.5% Heitman Global Prime Property Securities Fund -GBP Currency Hedged</p> <p>1% Future World GBP Corporate Bond Index Fund (Passive)</p> <p>2.5% Future World EUR Corporate Bond Index Fund (Passive) - GBP Currency Hedged</p> <p>6.5% Future World USD Corporate Bond Index Fund (Passive) – GBP Currency Hedged</p> <p>5% High Yield Bond Fund</p> <p>5% Emerging Markets Passive Local Currency Government Bond Fund</p> <p>5% Emerging Markets Passive USD Currency Government Bond Fund</p>

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