DHL Group Retirement Plan
UK Stewardship Code Statement

DHL Trustees Limited ("DTL Board") is Trustee of the DHL Group Retirement Plan (the "Plan") and seeks to be a responsible long-term steward of capital in pursuit of its fiduciary duty. The DTL Board supports the UK Stewardship Code ("the Code") which it recognises as best practice.

The DTL Board delegates responsibility for the selection and monitoring of investment managers to the Investment Implementation Committee ("IIC") in its capacity as Trustee of the DHL Pensions Investment Fund ("the Fund"). The Fund is a common investment fund which enables the Sections of the Plan to commingle their assets. The IIC has appointed a number of investment managers with delegated authority to invest the Fund's assets, within mandated guidelines and restrictions. These appointments are made directly by the IIC. This Statement describes how the IIC, on behalf of the DTL Board implements the seven principles of the Code.

Principle 1 - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The DTL Board sets out its approach to stewardship in the Plan's Statement of Investment Principles and in this Statement. Both are available to the Plan members at their request.

The IIC, on behalf of the DTL Board, recognises its position as an asset owner with ultimate responsibility to its members and beneficiaries and recognises that effective stewardship can help protect and enhance the long-term value of its investments to the ultimate benefit of its beneficiaries. The adopted approach to stewardship is framed in that context.

In practice, the IIC delegates responsibility for the selection, retention and realisation of investments to numerous external investment managers and in so doing, it also delegates day-to-day implementation of its stewardship activity. The IIC believes that this approach is compatible with its stewardship responsibilities as it is the most effective and efficient manner in which it can promote and carry out stewardship activities in respect of its investments, and ensure the widest reach of these activities given the Fund's investment arrangements.

The IIC views stewardship activities within the context of its wider investment process and overall approach to investing, which is described in the Plan's Statement of Investment Principles and Investment Policy Implementation Document. A key related area where stewardship is integrated into the wider process is in the selection and monitoring of external investment managers. When considering the appointment of external investment managers the consideration of Environmental Social and Governance (ESG) integration and stewardship activity of each investment manager is part of the selection process and is captured as part of the research process carried out by the Fund's Investment Consultant.

The IIC expects its equity investment managers to adhere to the principles within the UK Stewardship Code. This position is communicated to the Fund's investment managers and forms the basis of the approach to monitoring the investment managers as outlined in this document. Whilst the Stewardship Code is primarily directed at UK equity investments, the IIC encourages its investment managers to apply the principles of the Code to overseas equity holdings where possible. The primary mechanisms for the application of effective stewardship for the Fund are exercise of voting rights and engagement with investee companies. The IIC expects its external equity investment managers that invest directly in companies, to pursue both these mechanisms while being mindful of context.

The IIC is satisfied that each of the Fund's equity managers that invest in companies directly adhere to the principles within the UK Stewardship Code. All of the Fund's equity managers are signatories to the Code and have publicly disclosed their policy via their Statements on how they will discharge their stewardship responsibilities. The Fund's managers that invest in companies directly discharge their responsibilities by:

- having extensive dialogue with the company's management throughout the year on a range of topics such as governance, financial performance and strategy; and
- voting, either directly or via the services of voting agencies.

In the process of monitoring stewardship responsibilities delegated to external investment managers, tasks undertaken by the IIC in the past year include:

- reconfirming the IIC's beliefs and associated statements (such as this document);
- incorporating the review of each manager's compliance with the Stewardship Code as part of the IIC's annual business plan, which, in practice involves reviewing each investment manager's activities in terms of its ESG integration and stewardship (voting and engagement) on an annual basis as part of each manager's annual review meeting;
- supplementing the material provided by the investment manager as part of the annual review with research carried out by the Investment Consultant which reviews each investment manager's activities in terms of its ESG integration and stewardship (voting and engagement) as part of the ongoing manager research process; and
- organising a training session delivered by Sacha Sadan (Director of Corporate Governance at Legal & General Investment Management) to reinforce the importance of good corporate governance, discuss key trends in the industry and present an overview of how Legal & General carry out their stewardship responsibilities.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

Day-to-day implementation of the Fund's stewardship activity has been delegated to external investment managers. The IIC expects its investment managers to document their approach to stewardship, which should include how they manage any conflicts of interest that arise to ensure that the interests of the Plan's members are prioritised.

The IIC's investment consultant receives and reviews the conflicts of interest policy for each of the Fund's equity managers that invest directly in Companies and highlights any potential area of concern (if any) to the IIC. Factors considered in the review of each manager's policy include:

- an explanation of how the manager acts in the best interest of clients;
- a description of how conflicts of interest arise and how they are identified; and
- the process that is followed when a conflict of interest is seen to exist.

At present, there are no concerns regarding the manner in which conflicts of interest are managed for each of the Fund's equity managers that invest directly in companies.

The DTL Board has clear policies in place which address the identification, management and disclosure of conflicts of interest that may arise for trustees and its officers when making decisions on its behalf. The Conflicts of Interest policy is reviewed formally by the DTL board annually. A Conflicts of Interest Register is maintained for all officers of the DTL Board and this is reviewed at the start of each formal meeting.

Principle 3 - Institutional investors should monitor their investee companies

The IIC requires its external equity investment managers to monitor investee companies. Issues to be monitored are likely to vary, however typically these might include a company's corporate strategy, financial performance, risk (including those from environmental and social factors), capital structure, leadership team and corporate governance. The IIC encourages its investment managers to satisfy themselves that investee companies adhere to the spirit of the UK Corporate Governance Code.

The IIC reviews investment managers in this area as part of their annual meeting, in conjunction with research carried out by the IIC's investment consultant. For equity investment managers this includes consideration of:

- who has overall responsibility for ESG risk analysis and integration;
- resources and experience of the team;
- at what stages of the process ESG risks are considered;
- exposures to environmental, social or governance risk within the portfolio; and
- the investment manager's willingness to become an insider and, if so, whether the manager has a policy setting out the mechanisms through which this is done.

The IIC does not expect itself to be made an insider given the delegation of investment decision-making in place for the schemes.

Principle 4 - Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities

The IIC recognises that the use of proxy votes and constructive engagement with company management can help protect and enhance shareholder value. Typically, the IIC expects its investment managers to intervene with investee companies when they view that there are material risks or issues that are not currently being adequately addressed.

The IIC reviews investment managers in this area as part of their annual meeting, in conjunction with research carried out by the IIC's investment consultant. For equity investment managers that invest directly in Companies, this includes consideration of:

- whether voting activity has led to any changes in company practice;
- whether the investment manager's policy specifies when and how they will escalate engagement activities;
- overall engagement statistics (volume and areas of focus);
- example of most intensive engagement activity discussed as part of the manager's annual review meeting; and
- the estimated performance impact of engagement on the strategy in question.

The IIC is satisfied that each of the Fund's equity managers that invest in companies directly have demonstrated areas in which they have escalated their stewardship duties through the case studies that have been discussed as part of the annual review meeting.

Given the range of fund managers and Fund investments, the IIC carries out its monitoring at the manager level to identify:

- trends to ensure progress is being made in stewardship activities;
- specific managers where progress or the rate of progress is not adequate; and
- appropriate specific actions necessary.

Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate

As day-to-day management of the Fund's assets has been delegated to external investment managers, the IIC is unlikely to be directly involved in collective engagement activity. However, the Fund's investment managers are encouraged to get involved in collective engagement where this is an efficient means to protect and enhance long-term shareholder value.

The IIC reviews investment managers in this area as part of their annual meeting, in conjunction with research carried out by the IIC's investment consultant. For equity investment managers this includes consideration of:

- whether the investment manager's policy specifies their stance on collaborative engagement activities; and
- the extent to which the investment manager contributes to these efforts.

All of the Fund's equity managers that invest directly in Companies are signatories to the Code and have stated their willingness to act collectively with other investors where appropriate as part of their respective Statements in relation to the Code.

The IIC is open to work with other investors in either formal or informal arrangements to enhance the impact of their engagement activities should such a situation arise.

Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity

The IIC has delegated its voting rights to the Fund's investment managers and expects them to vote, except where it is impractical to do so. The Fund's investment managers are encouraged to have a documented voting policy in line with relevant industry best practice and to disclose this publicly.
The IIC reviews investment managers in this area as part of their annual meeting, in conjunction with research carried out by the IIC's investment consultant. For equity investment managers this includes consideration of:

- whether the manager has a voting policy and, if so, what areas are covered;
- the level of voting activity which is disclosed to clients and the level of voting activity which is disclosed publicly;
- whether the investment manager typically informs companies of their rationale when voting against or abstaining (and whether this is typically in advance of the vote or not);
- if securities lending takes place within a pooled fund for the strategy, whether the stock is recalled for all key votes for all stocks held in the portfolio; and
- whether a third party proxy voting service provider is used and, if so, how.

The IIC is satisfied that for equity investment managers that invest directly in companies, there is a clear voting policy which is publicly disclosed via their Statements in relation to the Code. The Fund does not undertake any stock-lending and therefore recalling stock for the purposes of voting is not an issue for the Fund's segregated equity mandate. The Fund's pooled investment manager does not undertake securities lending in the UK market so all shares are available for voting.

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities

The IIC expects and encourages investment managers to disclose their voting records publicly in an appropriate format. The Fund's UK equity managers are signatories to the Code and links to their Statements are provided below:

http://www.lgim.com/library/capabilities/UK_Stewardship_Code.pdf
https://www.longview-partners.com/wp-content/uploads/2013/05/Longview-UK-Stewardship-Code-Statement-September-2016-Website-Version.pdf

Legal & General Investment Management publicly disclose a summary of their voting activities via their annual report, a link to which is provided below:

http://www.lgim.com/uk/en/capabilities/corporate-governance/corporate-governance-report/

Longview does not publicly disclose their voting data due to the concentrated nature of their portfolio. They believe that it is in their clients' best interests to preserve the confidentiality of their holdings and the IIC agrees with this position. For both UK equity managers, an independent audit is carried out to ensure that voting activities are carried out in line with the AAF 01/06 standards.

The IIC receives, and reviews annually, reporting provided by the investment managers which summarises the voting and engagement activities of the Fund's investment managers and highlights areas of potential concern. For equity investment managers that invest directly in companies this includes consideration of:

- the level of transparency offered by the individual investment managers;
- the level and frequency of standard regular reporting offered by the individual investment managers;
- the use of voting service providers; and
- whether the manager has any independent process assurance and whether this is available to clients.

In terms of disclosure to the Fund's beneficiaries, the Trustee provides members with an Annual Report which provides a high level overview of the Fund's activities. Within this report, reference is made to the Fund's Statement of Investment Principles, in which the DTL Board sets out its approach to stewardship. Both are available to the Plan members at their request.

This statement is reviewed regularly and updated as necessary.