STATEMENT OF INVESTMENT PRINCIPLES

for the

DPDgroup UK Limited Pension Scheme November 2021

1. Introduction

1.1 The Trustees of the DPDgroup UK Limited Pension Scheme (the Scheme) have drawn up this Statement of Investment Principles (the SIP) to comply with Section 35 of the Pensions Act 1995 (the Act) and the Occupational Pension Schemes (Investment) Regulations 2005 the Regulations). The SIP is intended to affirm the investment principles that govern decisions about the Scheme's investments. The Trustees also believe that the investment policies and their implementation are in keeping with best practice, including the principles underlying the (Myners) Code of Best Practice for pension fund investment published in 2001, as amended.

1.2 The Scheme is a defined benefit scheme and operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

2. Governance

2.1 The Trustees make the key strategic decisions relating to the Scheme's investment strategy. During 2020, the Trustees made the decision to change from a traditional investment consultant and investment managers arrangement to fiduciary management. On 22 October 2020, the Trustees formally appointed BMO Global Asset Management (EMEA) [BMO] as fiduciary manager to advise on the investment strategy and supporting objectives. The Trustees have given BMO discretion over the implementation and day to day management of the Scheme's investments. BMO act as the primary investment manager and platform provider. The fiduciary manager has delegated authority to select sub managers (investment managers) via investment funds and other collective vehicles within allocated ranges.

2.2 When making investment decisions, and when appropriate, the Trustees take proper advice from BMO, in their role as fiduciary manager. BMO are suitably qualified and experienced to provide such advice. The Trustees will review BMO's performance and the Scheme's risk profile on a quarterly basis. In deciding on the long-term investment strategy and in preparing this Statement, the Trustees have consulted DPDgroup UK Limited, the Scheme's sponsor.

2.3 The ultimate power and responsibility for deciding investment policy lies solely with the Trustees. The Scheme's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in Clause 50 the Scheme's Trust Deed dated 1st December 2003.

3. Investment objectives

The Trustees' objectives are that:

- the Scheme should be able to meet benefit payments as they fall due;
- the Scheme's funding position (i.e. the value of its assets relative to the assessed value of its liabilities) should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Scheme. In particular, the Trustees have taken into account the funding requirements detailed in the Occupational Pensions Scheme (Scheme Funding) Regulations 2005; and
- as such, the Trustees have agreed a funding and investment plan that aims to reach full funding on the Scheme's self-sufficiency basis (gilts + 0.25% pa) by 2030 or earlier through a combination of contributions and investment returns.

4. Investment risks

When deciding how to invest the Scheme's assets, the Trustees consider a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

5. Investment strategy

5.1 The Trustees, with the help of their advisers and in consultation with the employer, undertook a review of investment strategy in June 2021, taking into account the objectives described in Section 3 above.

5.2 The strategy currently targets to return an excess of 1.2% pa net of fees over a rolling 3 year period above a portfolio of government bonds that replicate the movement of the Scheme's liabilities, based on market expectations as at November 2020.

5.3 The strategy review included modelling the Scheme's assets and liabilities over a wide range of possible scenarios for future economic conditions.

In setting the strategy, the Trustees considered:

- the Scheme's investment objectives, including the target return required to meet the Trustees' investment objectives;
- the Scheme's cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within each strategy, both across asset classes and within asset classes;
- any other considerations which the Trustees consider financially material over the time horizon that the Trustees consider is needed for the funding of future benefits by the investments of the Scheme;

- the need for appropriate diversification between different asset classes; and
- the views of the sponsoring employer, including an assessment of the strength of the covenant of the sponsoring employer.

5.4. The table below shows the Scheme's benchmark strategic allocation for the assets (other than the pensioner buy-in policy) and the allowable ranges around this central benchmark.

Asset class	**Strategic benchmark allocation (Excluding buy-in policy)**	**Allowable ranges**
Growth Assets	22.5%	12.5% – 32.5%
Matching Credit	47.5%	37.5% – 57.5%
LDI and Cash	30.0%	20.0% – 40.0%
	100.0%	

Further sub asset class parameters are below:

Asset class	**Sub asset class**	**Allocation Range**
Growth Assets	Overall Equities (physical/synthetic)	0% - 22.5%
	Physical equities	0% - 22.5%
	Alternatives	5.0% - 15.0%
	Other Fixed income	0% - 7.0%
Matching Credit	Global and sterling long only credit	27.5% - 57.5%
	Absolute Return Bond strategies	0% - 16.0%
LDI and Cash	Hedging of liability valuation interest rate risk	100% Target (+/-7.5%)
	Hedging of liability valuation inflation risk	100% Target (+/-7.5%)

Hedging of liability risk refers to the hedging of funded interest rate and inflation sensitivity of Scheme liabilities as valued on a Technical Provisions basis

The Trustees will monitor regularly the actual split of assets, usually based on information provided by their fiduciary manager on a quarterly basis. Any significant deviation of this from the allowable ranges set out above will be considered and the Trustees will take action to rebalance the assets if necessary.

Following the agreement to update the strategic asset allocation of Scheme, the Trustees put in place a de-risking trigger mechanism designed to reduce the investment risk of the

investment strategy as the Scheme's required return to reach self-sufficiency by 2030 decreases.

5.5. De-risking Plan

A De-risking Plan has also been agreed which may allow BMO to change the investment strategy outside of the allocations above. The Trustees have agreed a longer-term goal to reach full funding on the Scheme's self-sufficiency basis (gilts + 0.25% pa) by 2030 or earlier through a combination of contributions and investment returns.

The objective of the De-risking Plan is to support this longer-term goal; This is done by allowing BMO to adjust the investment strategy to lower the expected target return of the investment strategy when the Fund can afford to do so while still expecting to meet the longer-term goal.

The below investment strategies may be used when a Strategy Return Trigger is met. A Strategy Return Trigger is met when the Fund's funding position is such that it expects to meet the longer-term goal with the return per annum of the Strategy Return Trigger.

Strategy and target return pa	**Gilts+ 1.2% (current)**	**Gilts+ 0.8% (trigger 1)**	**Gilts+ 0.5% (trigger 2)**
Growth Assets (exposure including Equity Linked LDI)	22.5%	11%	0%
Matching Credit	47.5%	59%	70%
LDI and Cash	30%	30%	30%
Interest rate hedge (% funded liabilities)	100%	100%	100%
Inflation hedge (% funded liabilities)	100%	100%	100%
Strategy Return Trigger	Gilts + 0.6%	Gilts + 0.3%	Gilts + 0%

The terms of the delegation surrounding the De-risking Plan are set out in agreements between the Trustees and the investment manager. The agreement includes such matters as the longer-term investment objective, detailed allocation bands by investment strategy, the procedures for notification around a de-risking event.

5.6. Further information on the investment management arrangements is set out in Appendix B.

5.7. The Trustees purchased a pensioner buy-in policy with Pension Insurance Corporation ("PIC") in October 2013.

5.8. Appendix C contains brief details of the respective responsibilities of the Trustees, the fiduciary manager and sub-investment managers. Appendix C also contains a description of the basis of remuneration of the fiduciary manager and sub-managers.

6. Realisation of Investments

6.1. The Trustees' policy is that there will be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Scheme's overall investments where possible. The responsibility for buying and selling investments has been delegated to the fiduciary manager who has discretion over the timing of realisation of investments of the Scheme and the sub-managers, where delegated, in considerations relating to the liquidity of investments. When appropriate, the Trustees, on the administrators' recommendation, decide on the amount of cash required for benefit payments and other outgoings and inform the fiduciary manager of any liquidity requirements.

7. Responsible Investment

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be considered in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members. The Trustees have limited influence over managers' investment practices where assets are held in pooled funds but expects its investment sub-managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate. The Trustee expects its fiduciary manager to consider the sub- managers' approach to these issues when making investment decisions to use a sub-manager or in providing advice.

The Trustees do not consider any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8. Corporate Governance

The Trustees recognise their responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to its fiduciary manager and the fiduciary manager to sub-managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. It expects the fiduciary manager and sub-managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustees have limited influence over managers' stewardship practices where assets are held in pooled funds, but it encourages its fiduciary manager to improve sub-manager practices where appropriate.

9. Review

The Trustees will, from time to time, review the appropriateness of this SIP with the help of their advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

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Rod Dawson
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For and on behalf of
The Trustees of the DPDgroup UK Ltd Pension Scheme

Date 09 February 2022

The Trustees consider that there are a number of different types of investment risk that are important for the Scheme. These include, but are not limited to:

A.1. Strategic risk

This is the risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustees' investment strategy review, and will be monitored by the Trustees on a regular basis.

The Trustees will review the Scheme's investment strategy at least every three years in light of the various risks faced by the Scheme.

A.2. Inadequate long-term returns

A key objective of the Trustees is that, over the long-term, the Scheme should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Scheme to produce an adequate long-term return.

A.3. Investment manager risk

This is the risk that the fiduciary manager fails to meet the investment objectives. Prior to appointing the fiduciary manager, the Trustees received advice from an independent adviser on their appropriateness for the Scheme. The Trustees monitor the fiduciary manager and sub managers on a regular basis.

A.4. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustees' ability to meet their investment objectives.

The Trustees believe that the need for the Scheme's assets to be adequately diversified between different asset classes and within each asset class has been met by the strategy outlined in the SIP and by the guidelines agreed with the investment managers.

A.5. Liquidity/marketability risk

This is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due. The Trustees are aware of the Scheme's cash flow requirements and believes that this risk is managed appropriately via the measures described in the section on realisation of investments.

A.6. Other risks

The Trustees recognise that there are other, non-investment, risks faced by the Scheme. Examples include:

- mortality risk (the risk that members live, on average, longer than expected); and
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Scheme as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Scheme's funding position falls below what is considered an appropriate level. By understanding and considering each of the risks that contribute to funding risk, the Trustees believe that they have addressed and are positioned to manage this general risk.

B.1. BMO's service as fiduciary manager

The Trustees have selected BMO Asset Management Limited ("BMO") as the Scheme's fiduciary manager. The fiduciary manager acts as the Schemes overall investment manager and selects sub managers with discretion within the primary investment categories below. Each sub manager will have a benchmark specific to their mandate.

The overall strategy targets to return an excess of 1.2% pa net of fees over a rolling 3-year period above a portfolio of government bonds that replicate the movement of the Schemes liabilities.

B.2. Growth Assets

The fiduciary manager selects sub managers within the Growth Asset sub portfolio:

Asset classes	Benchmark index
Global equities	Manager Specific
Alternative assets	Manager Specific
Fixed Income Strategies	Manager Specific

Individual manager objectives will be to perform in line with or outperform the benchmark based on the specific mandate.

B.3. Matching Credit

The fiduciary manager selects sub managers within the Matching Credit sub portfolio:

Asset class	Benchmark index
Global Credit	Manager Specific
Sterling Credit	Manager Specific
Absolute Return Bond Strategies	Manager Specific

Individual manager objectives will be to perform in line with or outperform the benchmark based on the specific mandate.

B.4. LDI portfolio

The Trustees have selected BMO to manage the Scheme's LDI portfolio. The investment consists of a delegated mandate which allows BMO to select the appropriate sterling denominated funds from the BMO LDI Fund range or Money Market Funds:

LDI funds included in the Manager's GBP LDI Fund range include the below funds, inclusive of BMO Money Market Funds. The BMO fund line up may change over time.

Dynamic LDI Funds	
BMO Nominal Dynamic LDI Fund	
BMO Real Dynamic LDI Fund	

BMO Inflation Only Dynamic LDI Fund	
BMO Short Profile Real Dynamic LDI Fund	
BMO Short Profile Nominal Dynamic LDI Fund	
LDI + Growth Funds	
BMO Equity-linked Real DLDI Fund	
BMO Equity-linked Nominal DLDI Fund	
Leveraged Gilt Funds	
BMO Regular Profile Leveraged Nominal Gilt Fund;	
BMO Regular Profile Leveraged Real Gilt Fund;	
BMO Short Profile Leveraged Nominal Gilt Fund;	
BMO Short Profile Leveraged Real Gilt Fund;	
BMO Ultra-Long Nominal Gilt Fund; and	
BMO Ultra-Long Real Gilt Fund.	
Money Market Funds	
BMO Sterling Liquidity Fund	
BMO Sterling Liquidity Plus Fund	
Unleveraged Gilt Funds	
BMO Regular Profile Unleveraged Nominal Gilt Fund	
BMO Regular Profile Unleveraged Real Gilt Fund	
BMO Short Profile Unleveraged Nominal Gilt Fund	
BMO Short Profile Unleveraged Real Gilt Fund	

The individual funds listed have bespoke benchmarks, being the cash flows of a typical pension scheme or a cash benchmark for money market funds

The stated objective of the LDI Portfolio is to provide a hedge against Scheme specific nominal rate liabilities and real rate liabilities (i.e. nominal and inflation risks inherent in liabilities), using a number of hedging assets. The target is to hedge 100% of the funded interest rate and inflation rate risk of the Scheme liabilities as measured on a Technical Provisions basis utilising Scheme specific cash flows as provided by the Scheme Actuary to BMO from time to time.

The mandate includes bands for the target hedge of +/-7.5% vs the target 100% hedge

The actual split between funds will deviate from the allocations over time and from time to time some cash may be held in BMO's Sterling Liquidity Fund.

The Fund range includes funds that hedge liabilities but also achieve other market exposure such as equity market exposure. The other (non LDI) exposure is included in the overall allocation to Growth Assets and not the calculation of the Scheme hedge ratios

One feature of LDI Funds (except for Unleveraged Gilt Funds) is that they hedge a greater proportion of the liabilities than the amount invested This means that depending on changes in interest rates and inflation expectations, from time to time, BMO may need to "top up" the cash collateral pool supporting the funds. BMO may manage cash collateral as the overall fiduciary manager by accessing other assets within the Investment Strategy.

B.5. Rebalancing between managers

The Trustees monitor the split of assets between the sub portfolios on a regular basis, usually based on information provided by their fiduciary manager on a quarterly basis. The fiduciary manager may rebalance back to the strategic benchmark with discretion but must rebalance when outside of the primary allocation ranges except for in exceptional circumstances, for example in a period of extremely low market liquidity, where the Trustees will be notified.

B.6. Additional Voluntary Contributions ("AVCs")

The Trustees have selected Clerical Medical, Utmost Life (formerly Equitable Life), Prudential, Phoenix Life and Standard Life as the Scheme's money purchase AVC providers. However, AVCs are closed to new contributions from members.

C.1. Responsibilities and investment decision-making structure

The Trustees have decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that this division allows for efficient operation of the Scheme overall, with access to an appropriate level of expert advice and service.

The Trustees and fiduciary manager to whom discretion has been delegated to implement the Investment Strategy, exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

C.1.1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (e.g. any asset liability modelling exercise);
- if required, the policy for rebalancing between asset classes and asset managers;
- appointing (and, when necessary, dismissing) the fiduciary manager or any separately appointed investment managers, the investment platform provider, the actuary and investment advisers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP;

The Trustees have delegated consideration and implementation of certain investment matters to a De-Risking Sub-Committee, although any decisions remain the responsibility of the Trustees.

C.1.2. Investment platform provider

The fiduciary manager is the investment platform provider. In broad terms, the investment platform provider will be responsible for:

- providing access to a range of funds managed by the Scheme's investment managers;
- providing the Trustees with regular information concerning the management and performance of the assets; and
- carrying out switches to, from and between the funds within the parameters of the Investment Strategy as agreed with the Trustees.

C.1.3. Investment managers

The fiduciary manager acts as the overall investment manager and appoints Sub-Managers to manage portfolios:

In broad terms, the fiduciary manager acting as overall investment manager will be responsible for:

- managing the overall Investment Strategy and selecting and managing respective sub managers, within the guidelines agreed with the Trustees;
- providing the Trustees with regular information concerning the management and performance of overall Investment Strategy and sub portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

Sub Managers selected by the fiduciary manager will be responsible for:

- managing their overall respective portfolios, within guidelines agreed with the fiduciary manager
- providing the fiduciary manager with regular information concerning the management and performance of their respective portfolios

C.1.4. The investment adviser

The fiduciary manager acts as the Scheme investment advisor. In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on how material changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the appropriateness of the Scheme's investment strategy taking into account the Trustees' investment objectives;
- advising on the appointment of insurance providers although this may be done by or in consultation with the actuary;
- researching investment managers and their approach to responsible investment;
- advising on the de-risking trigger mechanism; and
- participating with the Trustees in reviews of this SIP.

C.2. Mandates given to advisers and investment adviser

The Trustees have in place signed agreements with the Scheme's fiduciary manager encompassing investment advisory, investment manager and investment platform provider services. These provide details of the specific arrangements agreed by the Trustees with each party.

C.3. Fee structures

The Trustees recognise that the provision of investment management, dealing and advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme's assets.

The Trustees have agreed Terms of Business with the Scheme's fiduciary manager, under which charges may be calculated as percentage of assets managed by the fiduciary manager.

The sub investment managers appointed by the fiduciary manager receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent than the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers. The fiduciary manager negotiates fees with sub-managers and the Trustees review overall fees, inclusive of sub manager fees, periodically to ensure pricing is in line with expectations.

The fee structure used by sub manager is selected with regard to existing custom and practice in each asset class or investment type. However, the Trustees will consider revising the fee structure and mandate terms with the fiduciary manager if and when it is considered appropriate to do so.