

DSV UK Group Pension Scheme

Implementation Statement for the year ending 31 December 2023

Welcome to the Trustee's Statement of how the Scheme's policies and practices were implemented in the Scheme's Statement of Investment Principles during the year ending 31 December 2023 ('the reporting year').

Why do the Scheme's investments matter to me?

The DSV UK Group Pension Scheme ('the Scheme') provides members with benefits on a Defined Benefit ("DB") basis where the size of benefits paid to you when you retire is dependent on your length of service and salary.

What is the Statement of Investment Principles ('SIP')?

The Scheme has two SIPs which set out the investment principles and practices the Trustee follows when governing the Scheme's investments. The SIPs set out the investment strategy and the general principles behind how the assets are invested as well as the Trustee's approach to responsible investing (including climate change).

The last review of the DSV UK Group section SIP took place in November 2023 and the last review of the DSV GIL section SIP was in February 2023. The next review of the SIPs will take place no later than 31 December 2024 in line with the Scheme's business plan.

The Trustee is aware that the DSV UK Group section asset allocation is currently out of line from their target allocation within the SIP. This is due to an increased requirement by LDI managers to hold additional capital, over and above the original mandate, following the heightened gilt market volatility towards the end of 2022. The Trustee are due to review their investment strategy as part of the 2023 actuarial valuation process however, this has been placed on hold while the Trustee undertake a fiduciary manager selection.

If you want to find out more, you can find a copy of the Scheme's current SIPs at:

[DB UK Group Section Statement of Investment Principles 2023 | DSV \(\[dsvpensions.co.uk\]\(https://dsvpensions.co.uk\)\)](#)

[DB GIL Section Statement of Investment Principles 2023 | DSV \(\[dsvpensions.co.uk\]\(https://dsvpensions.co.uk\)\)](#)

What is this Implementation Statement for?

With effect from 2020, the Trustee is required to prepare an annual Implementation Statement, which sets out how they have complied with the Scheme's SIPs during the reporting year.

In this statement we have set out details of compliance with the SIPs with particular reference to how the Scheme's investments are governed.

Overall, the Trustee is satisfied that:

- **The Scheme's investments have been managed in accordance with the SIPs and the Trustee's objectives laid out in this document; and**
- **The provisions in the SIPs remain suitable for the Scheme's members.**

How the Scheme's investments are governed

Overview

Whilst the Strategy Sub-Committee considers strategic issues in detail, the Trustee has overall responsibility for how the Scheme's investments are governed and managed in accordance with the Scheme's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations,

There have been no changes to the Trustee or the governance processes during the reporting year. The Trustee assesses its governance processes and structures regularly and is satisfied that they allow for the efficient and effective running of the Scheme.

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the fund managers.

Trustee training

The Trustee undertook the following training during the reporting year to ensure that their knowledge of investment matters remains up to date:

- How to effectively govern Scheme investments in May 2023 which covered the Trustee Board's role, the Pension Regulator's Single Code of Practice and Regulatory requirements.
- Investment strategy training in July 2023.
- Consolidated deed, Benefit structure of the two sections and DC wind-up considerations in September 2023.
- ESG, Climate change and overview of TCFD training
- Manager presentations on market conditions, responsible investing, fund performance and relevant issues.

Investment adviser objectives

The investment adviser has agreed the following objectives with the Trustee:

- Delivery of the Trustee's Technical Provisions and long-term funding objectives through gradual de-risking of the investment strategy.
- Provide sufficient liquidity to meet liabilities as they fall due.
- Cost-effective and efficient implementation of the Scheme's investment strategy.
- Delivery of the Scheme's investment objectives is supported by an effective governance framework.
- Ensure compliance with relevant pensions regulation, legislation and supporting guidance relating to investment.
- Develop the Trustee's Responsible Investment policy and ensure this is reflected in ongoing governance and their decision-making processes.

The Trustee monitors how well their investment adviser is meeting these objectives. The latest review took place in 2023 and showed the investment adviser had met their objectives during the year.

The Trustee is satisfied that during the reporting year:

- **The Scheme's governance structure was appropriate;**
- **The Trustee has maintained their understanding of investment matters; and**
- **Their investment adviser met its agreed objectives.**

Scheme objective

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The objective was reviewed by the Trustee during the reporting period as part of the review of the SIP, as well as wider reviews of the Scheme's objectives, and it was agreed that it remains appropriate.

The Trustee is satisfied that the current Scheme objective remains appropriate and has not needed to change during the year.

Investment strategy and choosing investments

The Trustee has translated its objectives into suitable strategic (asset allocation) benchmarks for the Sections of the Scheme. The strategic benchmarks are consistent with the Trustee's view on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk.

The Trustee reviews the nature of Scheme investments on a regular basis, with particular reference to suitability and diversification by receiving quarterly and six-monthly monitoring reports from the platform provider, fiduciary manager and investment advisers respectively, for discussion at Trustee and Strategy Sub-Committee (SSC) meetings. The Trustee also receives presentations from both its investment managers, platform provider and fiduciary manager on a regular basis. Over the reporting year the platform provider and fiduciary manager presented to the Trustee. The Trustee seeks and considers written advice from a suitably qualified person in undertaking more in-depth reviews. These reviews are co-ordinated by the SSC and discussed at separate meetings before being presented to the Trustee.

As noted above a review of investment strategy was put on hold whilst the Trustee undertook a Fiduciary Manager selection exercise.

The Trustee recognises the long-term nature of its liability profile and appoints its managers to invest in such a way that generates long-term sustainable returns. The Trustee will carry out necessary due diligence on the underlying investment decision making process at the time of their appointment, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Scheme's objective.

The Trustee believes, following the changes made during the reporting year, the investment strategy and underlying investments are in line with expectations.

No new investment managers were appointed during the reporting year.

Risks and expected returns

The Scheme's asset risks are outlined in the respective SIPs. The investment strategies are expected to achieve a return on each of the sections, which, when taken in conjunction with contributions, is sufficient over time to match growth in the relevant sections pension liabilities.

As noted above, the Trustee is aware that the DSV UK Group section asset allocation is currently out of line from their target allocation within the SIP, so the actual return on assets may not align with the expected return on assets.

The Trustee believes that the asset risks described in the SIPs remain appropriate.

The current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the Scheme's risks.

Realisation of investments

The DSV UK Group section's invested assets are accessed through pooled fund arrangements and may be realised quickly if required. The majority of underlying investments within the pooled fund vehicles are quoted on major securities markets and may also be realised quickly if required. The Legal & General funds are weekly dealt and there were no issues in meeting cashflow requirements during the reporting year.

The DSV GIL section's invested assets are accessed through pooled fund arrangements and may be realised quickly if required. The majority of underlying investments within the pooled fund vehicles are quoted on major securities markets and may also be realised quickly if required. Russell Investment funds are weekly dealt. There were no issues in meeting cashflow requirements during the reporting year.

The Trustee is satisfied that money can be invested in and taken out of the Scheme's funds without delay as set out in the SIPs.

Platform providers, fiduciary managers and investment managers

Choice of platform providers and funds

The Trustee monitors the service of the platform provider, Mobius for DSV UK Group section and the fiduciary manager appointed is Russell Investments for the DSV GIL section through:

- Investment advisers presenting a half-yearly investment manager report and highlighting any concerning issues relating to the platform provider, fund managers and funds.
- Fiduciary manager and platform provider presenting at regular Trustee meetings.

There have been no changes to the platform provider or fiduciary manager during the reporting period.

Changes in funds' portfolio turnover

The Trustee obtains information from the managers on the volume of buying and selling of assets and the nature of those assets in which each fund is invested, also known as portfolio turnover. This information is requested, reviewed and shared with the Trustee by the Scheme's investment advisers on an annual basis.

Short-term changes in the level of a fund's turnover of assets may be expected when an investment manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover might indicate a shift in the amount of risk the investment manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen.

The Trustee is satisfied that the level of trading of the funds' assets carried out by the investment managers has been consistent with the funds' objectives.

Conflicts of interest

As described in each of the SIPs, the Trustee considers potential conflicts of interest:

- When choosing investment managers;
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing; and
- When the investment manager is making decisions on where each fund is invested.

The Trustee expects the investment managers to invest the Scheme's assets in the members' best interests. The Trustee reviewed the managers' conflict policies during a review carried out by their investment advisers, agreeing they were considered acceptable in May 2023.

The Trustee is satisfied that there have been no material conflicts of interest during the year which might affect members' benefits, and the platform providers' and fund managers' conflicts of interest policies remain appropriate.

Manager incentives

As described in each of the SIPs, the Trustee seeks to ensure that the investment managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Scheme are held at arms-length from the Trustee via investment platforms, fiduciary managers and through investment managers. The Trustee believes it is in the platform providers', fiduciary managers' and investment managers' best commercial interests to ensure that they are suitably incentivised to meet the funds' investment objectives.

The Trustee reviewed platform and investment managers fees for the DSV Group section in August 2021. A review of the platform, fiduciary manager and investment manager fees was due to take place in the summer of 2023, however, this was put on hold while a selection exercise was undertaken in order to select a fiduciary manager in 2023. Performance monitoring and meeting with the managers is also an incentive for managers to deliver performance in line with their objectives.

The Trustee is satisfied that the platform providers and investment managers are suitably incentivised to deliver good outcomes for the Scheme and members via performance monitoring and presentations.

Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors, including Environmental, Social and Governance (ESG) factors, is relevant at different stages of the investment process. The Trustee has explicitly acknowledged the relevance of climate change and ESG factors where applicable in framing their investment beliefs and these beliefs are reflected in the SIPs.

The Trustee has set out its ESG policies in the Scheme SIPs. The ESG policies were last reviewed in the reporting year being carried out in May 2023 and are scheduled to be reviewed again in May 2024. The investment managers' ESG policies are reviewed annually and compared against the Trustee's policies. The last review in the reporting year was carried out in May 2023 and it was concluded that the managers' policies were sufficiently in line with the Trustee's policies.

Russell Investments, as Fiduciary Manager, for the DSV GIL section complete a review of the underlying investment managers' ESG policies.

The Trustee's approach to responsible investing has not changed over the reporting year and the managers' policies are sufficiently in line with the Trustee's policies.

The Trustee is satisfied that during the reporting year the Scheme's investments were invested in accordance with their ESG policies set out in the SIPs.

Stewardship and monitoring

As described in each of the SIPs, the Trustee believes it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Scheme's investments).

As the Scheme's investments are held at arms-length from the Trustee and members through pooled funds on investment platforms, the Trustee is not able to instruct the investment managers on how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses the investment managers whose voting policy are consistent with the Scheme's objectives;
- Expects managers to vote in a way which enhances the value of the funds in which the Scheme invests;
- Monitors how the managers exercise their voting rights.

Voting

The Trustee reviews the investment managers' approaches to stewardship including voting and engagement policies every year. The Trustee via their investment advisers receives annual reports from the managers on how they have voted at shareholder meetings and what topics managers have discussed with the companies in which they invest.

The Scheme's funds, which have investments with voting rights attached, are set out below along with summary voting statistics for each fund for the reporting year.

DSV UK GROUP section

Fund	No. of resolutions eligible to vote	% resolutions voted	% resolutions voted against management	% resolutions abstained
LGIM UK Equity Index Fund	10,517	99.8%	5.8%	0.0%
LGIM World (ex UK) Equity Index Fund	35,367	99.9%	22.1%	0.1%

DSV GIL section

Under the Fiduciary Management arrangement in place with Russell the Trustee has delegated proxy voting and engagement decisions to the Russell. Russell has a robust and well-established set of guidelines to follow when voting on the Trustee's behalf which are reviewed and updated on an annual basis.

A total of 12,287 votes were placed on securities held in the section's Growth portfolio over the period under review. A summary of the voting activity carried out on behalf of the Trustee is set out below:

Management Proposals	Share Holder Proposal	Shareholder Proposals	Total Proposals
With Management	11,328	315	11,643
Against Management	930	207	1,137
Votes without Management Recommendation	29	18	47
Take No Action	789	9	798
Unvoted	0	0	0
Totals	13,076	549	13,625

The decision to "Take No Action" was driven by:

1. Share blocking¹ markets: As per the Fiduciary Managers standing instructions, if a meeting belongs to a Share blocking market such as Switzerland, then the ballots are automatically set to Take No Action.
2. This rule is applicable at the meeting and the ballot level as well. Sometimes if a meeting or a ballot is share blocked then either the entire meeting or a ballot gets auto-TNA.
3. And lastly, for the Contested meetings, one of the two voting cards is set to "Take No Action" (the card which is not voted)

¹Share blocking – once the shares have been voted (or registered to vote), the shareholder can no longer trade these shares until after the shareholder meeting which would potentially create liquidity issues for investors if the voting process becomes protracted.

Significant voting

The Trustee asked the managers to report on the most significant votes cast within the funds they manage on behalf of the Scheme. Managers were asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers' reports, the Trustee has identified the following votes as being of greater relevance to the Scheme:

Date	Company	Subject	Manager's vote
24/05/23	Amazon.com Inc	Report on Median Gender/Racial Pay Gap	A vote in favour of this resolution was made by LGIM as they expect companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM predeclared its vote intention for this meeting with a communication being sent to the company ahead of the meeting.
23/05/23	Shell Plc	Approving the Shell Energy Transition Process	A vote against this resolution was made by LGIM , though not without reservations. LGIM acknowledge the progress made by the company in meeting its climate commitments however remain concerned at the lack of disclosure surrounding future oil and gas production plans.
31/05/23	Meta Platforms Inc	Shareholder Proposal Regarding Recapitalization	Russell Investments voted against this proposal. They believe that the 'one-share, one- vote' principle represents best practice. As a result, they will not support the introduction of multiple-class capital structures or the creation of shares with voting rights disparity and will support proposals calling for recapitalization plans that align with this principle.
04/05/23	Howden Joinery Group Plc	Re-electing Andrew Cripps as Director	LGIM voted against this proposal as the company has been deemed to not meet the minimum standards with regard to LGIM's Deforestation Policy.
07/12/23	Microsoft Corporation	Shareholder Proposal Regarding Report on Sitting in Countries of Significant Human Rights Concern	Russell Investments voted against this proposal as the company upholds sufficient human rights-related disclosure and policies, especially concerning the regions in which it operates. It also maintains board-level oversight of this issue and the proponent failed to provide evidence that the existing disclosures, reporting and oversight present a risk to shareholder value.

The Trustee is satisfied that the investment managers' voting record on significant votes in the companies in which their funds invest was aligned with the stewardship policy described in the Scheme's SIPs.

Summary of manager engagement activity

The Trustee receives annual reporting on managers' engagement activity. The following table summarises the key engagement activity for the reporting period.

Fund Manager	Number of engagements	Topics engaged on
LGIM	2,500*	Climate Change, Remuneration, Diversity, Deforestation and Strategy
Russell Investments	102	Climate Change Resilience, Corporate Governance, Remuneration, Human and labour rights

Note that engagements may cover more than a single topic.

**Figure covers all manager engagement activity over 2023 and is not specific to DSV funds*

Manager	Engagement topics discussed and key outcomes
LGIM – Equity	<p>Case Study 1: BP</p> <p>Key theme: Climate change.</p> <p>Summary: LGIM directly engaged with BP several times during 2023 through meetings and correspondence, following concerns on the company's announcement to amend their oil production targets and associated emissions, shortly after the shareholder approval of the company's climate transition plan at the 2022 AGM. Further direct engagement with BP has involved setting targets, such as halving operational emissions by 2030, setting Scope 3 emissions targets across upstream and downstream segments, and targeting net-zero emissions by 2050.</p> <p>Outcome and going forward: LGIM have upgraded their ESG score for BP between 30 September 2021 to 31 March 2023 in recognition of the company's efforts, and continue to engage with the company both collaboratively and directly.</p> <p>Case Study 2: Amazon</p> <p>Key theme: Corporate transparency.</p> <p>Summary: At Amazon, the firm's approach to, and policies on, human rights have been identified as areas of long-term risk for the company; there have consistently been multiple shareholder proposals relating to various employee welfare and human rights issues. LGIM are applying ongoing pressure for gender/racial pay gap reporting and robust freedom of association policies, as well as advocating for a change to the company's publication of policies, and 'Human Rights Impact Assessment', identifying key areas for improvement.</p> <p>Outcome and going forward: LGIM have downgraded Amazon's ESG score between 30 September 2021 and 31 March 2023, recognising the lack of progress and cause for concern in these areas. The manager continues to monitor Amazon's actions, particularly shareholder resolutions that received high support, whilst investigating board response. LGIM are also involved in collaborative engagement, by joining peers with 'Share' to strengthen influence over concerns related to freedom of association policies.</p>

LGIM – Buy & Maintain	<p>Key theme: Climate change</p> <p>Summary: LGIM engaged with housing association Bromford, by creating a detailed engagement questionnaire to identify where Bromford can expand on their disclosures and practice towards EPC C by 2030, and EPC A by 2050 commitments. The main purpose of the engagement was to obtain a correlation between property age and budgeted spend to see how realistic budget was and the extent of the commitment. This was carried out through two engagements with a view to improving EPC spending disclosure as well as questioning management as to its importance in their business decision making.</p> <p>Outcome and next steps: The outcome of this engagement is such that LGIM can now revert to other housing associations with poor or non-existent disclosure to outline what should be done to improve. One key characteristic is that all housing associations carry the same social purpose and although the location of housing stock and its overall quality is different, overall disclosure around EPC spending should be uniform and of high quality. Engagement with Bromford gave LGIM a template to gain an understanding of what is possible and what other housing associations should be capable of doing.</p>
LGIM – LDI	<p>Key theme: Climate Change</p> <p>Summary: LGIM participated in the consultation on UK Green Financing Programme to provide feedback on the framework, allocations, and reporting for sustainability-linked bonds/green gilts. LGIM proposed a Key Performance Indicator (KPI) structure for Sustainability-Linked Bonds (SLBs) focused on carbon reduction to align with investors' Net Zero objectives. LGIM emphasised the necessity of finalising sustainable finance regulation, stating that the green gilt lacks completeness without the UK taxonomy and Sustainable Disclosure Regulation (SDR), hindering investors' ability to assess asset green credentials and portfolio applicability.</p> <p>Outcome and going forward: No changes to the framework have been reported since the consultation.</p>
Russell Investment	<p>Key theme: UNGC compliance</p> <p>Summary: Russell Investments engaged with a global diversified miner to ensure the company complies with the international norms and standards such as Global Compact's internationally recognised principles for business conduct, ILO Conventions, and the OECD Guidelines for Multinationals Enterprises.</p> <p>The company is facing some challenges in its operations due to the presence of numerous protected rock shelters in the area. The company expressed efforts to avoid blasting near these sensitive sites. In the past, similar events had a profound material impact on the company, influencing its stakeholder relations and operational strategies. It led to reputational damage, affecting investor confidence and brand reputation.</p> <p>Outcome and going forward: The company has recognised the need for potential revisions in blasting management techniques and the acknowledged the complexity of balancing operational needs with environmental and cultural preservation concerns. Russell Investments will continue to engage with the company to ensure we are comfortable with how the company is addressing human rights impacts.</p>

Use of a proxy adviser

The Scheme's investment managers have made use of the services of the following proxy voting advisors as detailed below:

Manager	Proxy Advisor used
LGIM	ISS
Russell Investments	Glass Lewis

Communication and member engagement

During the reporting year the Trustee undertook the following to support member engagement:

- Sent all members the annual newsletter which provides updates about the Scheme and,
- Sent members with DB benefits a Summary Funding Statement, providing information on the funding of the Scheme.

Missing information

The Trustee has requested but not yet received portfolio turnover and voting and engagement data for the reporting period for the two AVC funds: Prudential With-Profits Fund and the Phoenix With-Profits Fund. These represent approximately 0.2% of total Scheme assets.

More information

We hope this Statement helps you understand how the Scheme's investments have been managed in the reporting year. If you have any questions or feedback, please contact:

DSV Scheme Administrator, Hymans Robertson, 45 Church Street, Birmingham, B3 2RT.

T: 0121 212 8100

e-mail: DSV@hymans.co.uk