Delta Air Lines UK Staff Pension Scheme (the "Scheme")
Statement of Investment Principles (the "Statement")

1. Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is October 2023. The Trustees will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

2. Consultations Made

As required by the Act, the Trustees have consulted with the employer, Delta Air Lines Inc. prior to writing this Statement, have considered any recommendations and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited ("AIL"), who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Scheme's assets has also been delegated to AIL. A copy of this Statement is available to AIL and to the members of the Scheme.

3. Objectives and Policy for securing objectives

The Trustees' primary objectives are:

- "funding objective" - to ensure that the Scheme is fully funded using assumptions that contain a margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;

- "security objective" - to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustees will take into account the strength of employer's covenant when determining the expected improvement in the solvency position of the Scheme;

- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy;

- "investment objective" – to outperform the Liability Benchmark by 2.5% per annum, over rolling three-year periods. The first rolling three-year period will commence on the start date of investment with AIL. AIL aims to outperform the change in value of a pre-determined set of cashflows which are designed to broadly replicate the estimated movement in the value of the Scheme's liabilities. The initial asset allocation weighting of the Scheme reflects this investment objective.

4. Investment Risk Measurement and Management

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

To understand what is an acceptable degree of risk, the Trustees take expert advice. The nature of this advice is described elsewhere, but has resulted in an investment strategy laid out in detail in the Appendix to this Statement.

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which the Trustees take advice on the continued appropriateness of the existing investment strategy.

The Trustees monitor the risks arising through the selection or appointment of fund managers on a quarterly basis via investment monitoring reports prepared by AIL. Expected deviation from the benchmark or out-performance target is detailed in the Appendix to this Statement. The Trustees have appointed AIL as the investment adviser, to alert them on any matters of material significance that might affect the ability of the Scheme to achieve its objectives.

The Trustees also consider investment risk to include Environmental, Social & Governance ("ESG") factors and climate change. These risks could negatively impact the Scheme's investments. The Trustees consider these risks by taking advice from their investment adviser.

5. The Balance Between Different Kinds of Investments

The asset allocation of the managed fund is considered appropriate, bearing in mind the results of the latest actuarial valuation dated 1st May 2021.

6. Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and the Trustees' objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment in a manner intended to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to void excessive risk exposure to a single counterparty or other derivative operation.

7. Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The manager of the pooled funds is responsible for the appointment and monitoring of the custodian of the funds' assets.

The custodians are independent of the employer.

8. Expected Returns on Assets

In relation to the major asset classes, the Trustees' long-term expectations are:

- for the "growth" assets (UK and overseas equities, property) to achieve a return in excess of the increase in national average earnings over the same period. In the actuarial valuation as at 1 May 2021, future salary growth was taken into account at an assumed rate of price inflation plus 0.6% pa. The Trustees are willing to incur short-term volatility in asset price behaviour with the expectation that, over the long term, these assets will outperform the other major asset classes, which may be regarded as matching the liabilities;

- for the "matching" assets (liability driven investments), to achieve a rate of return which is at least in line with changes in the cost of providing fixed income annuities.

For the 1 May 2021 valuation, the pre-retirement discount rate was set at the yield on fixed-interest gilts plus 2.0% pa and the post retirement discount rate was set as the yield on fixed-interest gilts plus 0.2% pa.

Returns achieved by the fund manager are assessed against performance benchmarks set by the Trustees in consultation with their advisers and the fund manager.

9. Realisation of Investments/Liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (through the sale of units in pooled funds).

10. Arrangements with Asset Managers

The Trustees have appointed AIL as their fiduciary manager, who they consider to be their asset manager. References in this policy to 'underlying asset managers' refers to those asset managers which AIL, in turn, appoints to manage investments on behalf of the Trustees.

The Trustees recognise that the arrangements with AIL, and the underlying asset managers, are important to ensure that interests are aligned. The Trustees seek to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustees receive quarterly reports and verbal updates from AIL on various items, including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to their objectives and assess AIL over 3-year periods.

The Trustees share the policies, as set out in this Statement, with AIL and ask them to review and confirm whether their approach is in alignment with the Trustees' policies.

This includes AIL monitoring the extent to which the underlying asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Before the appointment of a new fiduciary manager, the Trustees will review the governing documentation associated with the investment and will consider the extent to which this aligns with the Trustees' policies. Where necessary, the Trustees will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at Trustee meetings) to improve alignment.

The Trustees believe that having appropriate governing documentation, setting out clear expectations to AIL and carrying out regular monitoring of the performance of the investment strategy will be sufficient to incentivise AIL to make decisions that align with the Trustees' policies and which will be based on assessments of medium- and long-term financial and non-financial performance.

Where AIL is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with AIL to understand the circumstances and materiality of the decisions made.

There is no set duration for the arrangement with AIL, although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying asset managers that AIL invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

11. Costs and Performance

Cost Monitoring

The Trustees are aware of the importance of monitoring the asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that, in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by the investments.

The Trustees receive annual cost transparency reports from AIL. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme;
- The fees paid to the fiduciary manager;
- The fees paid to the investment managers appointed by the fiduciary manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the fiduciary manager;
    - The Trustees acknowledge that portfolio turnover costs are a necessary cost in order to generate investment returns and that the level of these costs varies across asset

classes and managers, and AIL monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustees;

- Any charges incurred through the use of pooled funds (custody, administration, and audit fees);

- The impact of costs on the investment return achieved by the Scheme.

Evaluation of performance and remuneration

The Trustees assess the net performance of AIL on a rolling three-year basis against the Scheme's specific investment objective. The remuneration paid to AIL and fees incurred by third parties appointed by AIL are provided annually by AIL to the Trustees. This cost information is set out alongside the performance of AIL to provide context. The Trustees monitor these costs and performance trends over time.

12. Environmental, Social or Governance ("ESG") Considerations

The Trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments. The Trustees consider these risks by taking advice from ASL.

As part of AIL's management of the Scheme's assets, the Trustees expect AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustees on its ESG activities as required.

13. Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital, promoting corporate responsibility, and encouraging high standards of governance. The Trustees recognise that, ultimately, this will help to protect the financial interests and will create long-term financial value for the beneficiaries of the Scheme.

The Trustees review the stewardship activity of AIL on an annual basis to ensure the Scheme's stewardship policy is being appropriately implemented in practice. The Trustees receive annual reports on stewardship activity carried out by AIL and these reports include detailed voting and engagement information from underlying asset managers.

As part of AIL's management of the Scheme's assets, the Trustees expect the manager to:

- Ensure that (where appropriate) underlying asset managers exercise the Trustees' voting rights in relation to the Scheme's assets; and

- Report to the Trustees on stewardship activity by underlying asset managers as required.

Underlying Managers are expected to vote at company meetings and engage with companies on the Trustees' behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme's assets, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustees.

Where voting is concerned, the Trustees expect the Underlying Managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustees will engage with AIL, which in turn is able to engage with Underlying Managers or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned. This will take the form of annual reporting and follow up meetings, where necessary, from AIL. Such reporting will be made available to Scheme members on request.

Should the Trustees' monitoring process reveal that an Underlying Manager's voting and engagement policies and actions are not aligned with the Trustees' expectations, the Trustees will engage with AIL, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

14. Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly take into account the individual views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

15. Effective Decision Making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustees believe that, given the size of the Scheme, a separate investment sub-committee would not be appropriate. Therefore, all investment issues are discussed by the whole Trustee body with assistance from the Scheme's investment advisers before decisions are taken.

16. Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying AVCs to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of AVC providers and fund options are included in the Appendix to this Statement.

From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

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[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Appendix to Statement of Investment Principles

This Appendix sets out the Trustees' current investment strategy and is supplemental to the Trustees Statement of Investment Principles (the 'attached Statement').

The Trustees' investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below.

1 Investment Strategy

The Scheme's broad investment policy is for the Scheme's assets to be invested in order to target the following Investment Objective and Hedge Ratios:

	Target
Investment Objective	Liability Benchmark +2.5%
Interest Rate Hedge Ratio (as a proportion of assets)	80.0%
Inflation Rate Hedge Ratio (as a proportion of assets)	80.0%

This strategy was decided following expert advice from the Trustees' investment adviser, Aon Investments Limited ("AIL"). AIL, appointed also as the Schemes fiduciary manager, will use reasonable endeavours to maintain the strategic levels of interest rate and inflation hedge ratios within a tolerance range of +/-5% of the target.

The investment strategy is reviewed every three years, or earlier should there be a significant event.

2 Investment Management Arrangements

2.1 Delegated Growth Fund ("the Growth Fund")

The Scheme's Growth assets are invested with AIL as follows:

Fund	**Benchmark**	**Target (p.a.)**
Managed Growth (Adept 9)	SONIA	SONIA + 4% p.a. over the full market cycle

The Growth Fund is diversified by style, strategy, and asset class by investing with underlying funds that may from time to time, including equity funds, fixed income funds, debt funds, currency funds, hedge funds, fund of hedge funds, and other collective investment schemes covering a broad range of asset classes and strategies ("the Underlying Funds"). The Growth Fund utilises, through AIL, an investment process that consists of quantitative and qualitative analyses, by which the Underlying Funds are screened and regularly monitored. The Underlying Funds selected for the Growth Fund are tracked to ensure that, in combination, their strategy, objectives, discipline, transactions, results, and outlook continue to remain consistent with the Growth Fund's objectives. As a fund of investment funds, the Growth Fund is designed to provide investors with the potential to control risk through diversification by investing with several Underlying Funds.

2.2 Delegated Liability Fund (“the Liability Fund”)

The Scheme’s Matching assets are invested with AIL as follows:

Fund	Benchmark
Delegated Liability Fund	Provide returns in line with the Liability Benchmark

The Liability Benchmark is based on the Scheme's projected future cashflows as provided by the Scheme Actuary, incorporating the designated target of an 80% hedge on interest rates and inflation as a proportion of assets. The Liability Fund holds cash as collateral for the leveraged positions.

2.3 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustees’ intention to hold a significant cash balance and this is carefully monitored by the Scheme’s administrator.

2.4 Re-balancing arrangements

The Trustees have delegated the decision to review the balance of the assets to AIL. AIL will review the balance regularly, following which appropriate corrective action is taken, if required. All new contributions are invested with AIL in line with the long-term asset allocation strategy unless the Trustees agree to redirect contributions, having considered the asset allocation of the Scheme.

3 Fee Structure for advisers and managers

The Trustees’ investment advisers are paid for advice received on the basis of the time spent by the adviser.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

3.1 Investment Managers

The investment manager is remunerated as a set percentage of the assets under management. This is in keeping with market practice. The AIL Manager fee is a flat 0.225% p.a. This is in addition to fees charged by the underlying managers.

4 Additional Voluntary Contributions (AVCs)

The Trustees have made available a deposit-based arrangement with Abbey National and a full range of funds with Friends Provident. One member has some legacy AVCs with Utmost Life & Pensions.