

**RLC Langford Lodge Limited Section of the
Deloitte Pensions Master Plan
("the Plan")**

Statement of Investment Principles

as Required by the Pensions Act 1995 and the Pension Act 2004

November 2018

The Trustees confirm that the following matters have been taken into account when preparing this Statement of Investment Principles:

The Trustees have considered written advice from the Investment Consultant prior to the preparation of this Statement and has consulted RLC Langford Lodge Limited, the Principal Employer, before agreeing this Statement and the investment strategy outlined in this document.

All day to day investment management decisions have been delegated to the Investment Manager where the Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Trustees have full regard to their investment powers under the Trust Deed and Rules and the suitability of types of investments, the need to diversify, the custodianship of assets and any self-investment.

The Investment Manager will continue to prepare quarterly reports on its activities and the Trustees will meet with representatives of the Investment Manager as required.

This Statement of Investment Principles will be reviewed at least every three years, or whenever changes to the principles or strategy are necessary. Any changes to this Statement will be undertaken having taken advice, as appropriate, and following consultation with the Principal Employer.



1. General

This statement sets out the principles governing decisions about the investment of the assets of the RLC Langford Lodge Limited Section of the Deloitte Pensions Master Plan (the "Plan"). It has been prepared on behalf of the Trustees to comply with section 35 of the Pensions Act 1995 (the "Act") as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

The Trustees review the Plan's investment strategy at least every three years, following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way).

2. Consulted Parties

As required under the Act, the Trustees have consulted a suitably qualified person in obtaining written advice from Deloitte Total Reward and Benefits Limited ("DTRB") on the suitability of the investments, the need for diversification and the principles contained in this Statement. DTRB is authorised and regulated by the Financial Conduct Authority ("FCA").

The Trustees, in preparing this Statement, have also consulted RLC Langford Lodge Limited, the Principal Employer (the "Company"), in particular on the Trustees' objectives and investment strategy.

3. Investment Powers

The Trustees recognise that the assets must be invested in the best interests of members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of members and beneficiaries. The Trustees have overall responsibility for the prudent management of the Plan's assets. The strategic management of the Plan assets is fundamentally the responsibility of the Trustees, acting on advice from DTRB, and is driven by its investment objectives as set out in Section 4 below.

The remaining elements of policy are part of the day-to-day management of the assets that is delegated to the professional investment manager, Legal & General Assurance (Pensions Management) Limited where the management of the assets is undertaken by Legal & General Investment Management ("LGIM" or the "Investment Manager"), who is authorised and regulated by the FCA.

4. Investment Objectives

The Trustees' primary objectives for setting the investment strategy of the Plan are set out below:

- "funding objective" - to ensure that the Plan is fully funded using assumptions that contain a modest 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 Company;
- "stability objective" – to have due regard to the Company's ability in meeting its contribution payments given its size and incidence, and to have due regard to the volatility of measures of funding and security; and
- "hedging objective" – for the assets to hedge a significant portion of the interest rate and inflation risk associated with the Plan's liabilities on a Technical Provisions basis.

The investment arrangements outlined in Sections 6 & 7 have been designed with these considerations in mind.

5. Choosing investments

The Trustees recognise that there are two main factors driving the investment characteristics of the pension liabilities:

- Firstly, the actuarial calculation of the liabilities of the Plan uses a discount rate linked to bond rates and thus investments in similar bonds would result in asset values moving in a similar pattern - "matching assets"; and
- Secondly, the liabilities include those increased annually for inflation. Thus these individual liabilities have a direct link to inflation i.e. they are "real" liabilities as opposed to "nominal" liabilities.

Therefore it is considered that the best "matching assets" for the liabilities are a mixture of nominal and index-linked bonds of appropriate durations. Such a portfolio of assets could be considered a "minimum risk" portfolio.

However the concurrent existence of a funding surplus within the Plan and the support of a sponsor are considered to justify a departure from a "minimum risk" position by investing, to a degree, in return seeking assets in the interim until relative market pricing and funding levels permit a reduction in the level of investment risk. The Trustees work with the Scheme Actuary and the investment consultant to decide what degree of risky assets are appropriate at each given point in time.

In addition, the Trustees recognise the "regret risk" associated with not holding return seeking investments over the longer term. Consequently, the Trustees feel that some equities and other growth assets are appropriate in an effort to improve the ongoing and solvency positions and to reduce the reliance on the Company's contributions to fund liabilities. However, both the Trustees and the Company recognise that holding return seeking assets will bring increased volatility of sponsor contribution requirements in anticipation of reduced costs in the long term.

6. Strategic Investment Benchmark

The Trustees have put in place the following strategic investment strategy for the Plan:

Asset Class	Fund	%
UK Equities	LGIM UK Equity Index Fund	20
Overseas Equities	LGIM All World Equity Index Fund (GBP Currency Hedged)	20
Property	Managed Property Fund	20
Corporate Bonds	LGIM AAA-AA-A Corporate Bond – Over 15 Year Index Fund	20
Liability Driven Investments (LDI)	LGIM Matching Core Funds	20
Total		100

The objective of the LDI allocation is to hedge a significant proportion of the interest rate risk and inflation risk associated with the Plan's liabilities on a Technical Provisions basis through the Plan's allocation to the LGIM Matching Core funds. To achieve this, the funds allocated to these LDI funds may vary from the benchmark allocation over time.

All investments to be held are to be managed by an FCA authorised and regulated investment manager.

7. Performance Benchmark and Expected Return on Investments

The Trustees expect the performance of the Funds to match the benchmarks as detailed below:

Asset Class	Benchmark Index
LGIM UK Equity Index Fund	FTSE All Share
LGIM All World Equity Index Fund (GBP Currency Hedged)	FTSE All-World Index (GBP Hedged)
LGIM Managed Property Fund	Investment Association (IA) Property Sector
LGIM AAA-AA-A Corporate Bond – Over 15 Year Index Fund	iBoxx £ Non-Gilts ex BBB 15 Year+
LGIM Matching Core Funds	Custom benchmarks

LGIM's objective for all of the funds invested in is to achieve the performance of the relevant benchmark within an appropriate tolerance range.

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8. Realising investments and rebalancing

In general, the Investment Manager has discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

As the Plan is currently cashflow negative, there is generally a need to realise investments for cashflow purposes. Where possible, income distributions received from the investments to be used as the primary source of cashflows. Additionally the Trustees will disinvest (or invest) assets in order to hold an appropriate short-term cash reserve to fulfil its liquidity objective.

The Trustees will consider requesting specific advice from its investment advisor before undertaking any rebalancing.

When rebalancing using cashflows or to move back towards the strategic benchmark, the LDI funds will generally not be rebalanced as this would alter the level of hedging that the Plan is exposed to. The level of investment in the LDI portfolio will be considered as part of larger strategic reviews of the Plan's investment strategy.

9. Risk

In determining its investment policy, the Trustees have considered the following risks:

- *the risk of failing to meet the objectives set out in Section 4* – the Trustees will regularly take advice and monitor the investments to mitigate this risk;
- *funding and asset and liability mismatch risk* – the Trustees address this through the asset allocation strategy and through regular actuarial and investment reviews;
- *underperformance risk* – this is addressed through investment in passive funds, monitoring the performance of the Investment Manager and taking necessary action when this is not satisfactory;
- *risk of inadequate diversification or inappropriate investment* – the Trustees address this by investing in a diversified portfolio of assets thereby avoiding concentration of assets in one particular stock or sector;
- *organisational risk* – this is addressed through regular monitoring of the Investment Manager;
- *sponsor risk* – the Trustees seek to maximise overall investment returns subject to an acceptable level of risk and, as far as possible, are mindful of the impact of any volatility on the rate of contribution; and
- *liquidity risk* – the Trustees may need to pay pension and lump sum benefits in the short-term and, therefore, address this risk by investing an appropriate amount in assets that are realisable at relatively short notice. In practice, all of the funds invested in by the Plan provide at least weekly liquidity.
- *credit and market risks* – the Trustees accept a degree of each of these risks in the expectation of being rewarded by excess returns. The degree to which these risks are currently exposed to is expanded on further below.

The Trustees will monitor these risks from time-to-time, particularly those deemed to have high likelihood or significant adverse impact, and will look to introduce further control measures as appropriate to contain the overall level and distribution of risks to within acceptable limits.

10. Environmental, social and governance (ESG) policies and voting rights

In line with its legal requirement, the Trustees have requested the Investment Manager to have the financial interests of the Plan members as their first priority when choosing investments. As the Plan's assets are invested in pooled funds the Trustees are restricted in its ability to directly influence its Investment Manager on the ESG policies and practices of the companies in which the pooled funds invest. Further, The Trustees' policy is to invest the Plan's equity and bond assets on a passive basis. The Trustees recognise the restrictions on the Investment Manager to take account of social, environmental or ethical considerations in the selection, retention and realisation of investments given that a passive or index tracking approach is adopted. However, it is the Trustees' policy to give discretion to the passive investment manager to pursue a policy of engagement with companies. The extent to which ESG considerations are taken into account in this engagement policy is therefore left to the discretion of the passive investment manager.

The Investment Manager will undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and climate change. The Trustees monitor Investment Managers' updates on their ESG impact on an ongoing basis to ensure they are in line with relevant regulatory codes.

The Trustees have delegated the responsibility for the exercise of all rights (including voting rights) attaching to the investments to the Investment Manager. The Trustees expect the Investment Manager to provide regular update on how they exercise those rights and what impact on the portfolio they might have.

11. Governance

The Trustees of the Plan are responsible for the investment of the Plan's assets. The Trustees take some decisions and delegate others. When deciding which decisions to take itself and which to delegate, the Trustees have taken into account whether the Trustees have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision making structure:

Trustees <ul style="list-style-type: none">• Select and monitor planned asset allocation strategy;• Select and monitor investment advisers and fund managers;• Select and monitor direct investments;• Responsible for all aspects of the investments of the Plan's assets, including implementation.
Investment Adviser <ul style="list-style-type: none">• Advises on this statement;• Advises the Trustees on areas of strategy, manager selection and implementation as required;• Provides required training when engaged on a separate basis by the Trustee.
Fund Managers <ul style="list-style-type: none">• Operate within the terms of this statement and their written contracts;• Select individual investments with regard to their suitability and diversification.

The Trustees' policy is to review their direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager.

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. DTRB was appointed to provide investment advisory services including the provision of this advice.

The Trustees recognise that, as the Plan is invested in a range of pooled funds, there is limited scope to influence the controls and restrictions used in the management of the underlying assets and acknowledge that derivatives may be used by the manager within the funds.

LGIM's objective is to invest so as to replicate the benchmark indices and their performance.

The Trustees have delegated all day-to-day decisions about the investments that fall within the mandate to the fund manager through a written contract. These duties include:

- Realisation of investments;
- Taking into account socially responsible factors;
- Voting and corporate governance in relation to the financial potential of the Plan's assets.

The Trustees expect the fund manager to manage the assets delegated to them under the terms of their contract and to give effect to the principles in this statement so far as is reasonably practicable.

The fund manager is remunerated on a percentage value of assets basis. In addition, the fund manager pays commissions to third parties on many trades they undertake in the management of the assets.

12. Custodian

The Plan's investments are accessed via insurance policies. The investments in pooled pension funds are a share (measured in units) of larger pools of investments managed by Investment Managers. The custodianship arrangements are those operated by LGIM for all clients investing in the relevant pooled funds. The Investment Managers are expected to provide a statement of the security of the underlying assets annually.

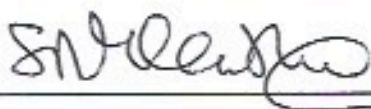
13. Fees

LGIM levies the following annual management charges. These benefit from the discount obtained as part of the Deloitte Master Plan.

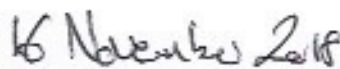
Fund	Fee (p.a.)
LGIM UK Equity Index Fund	0.050%
LGIM All World Equity Fund – GBP Currency Hedged	0.155%
LGIM AAA-AA-A Corporate Bond – Over 15 Year Index Fund	0.085%
LGIM Managed Property Fund	0.650%
LGIM Matching Core Funds	0.180%

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Master Plan

November 2018



Chairman



Date

For and behalf of the Trustees of the RLC Langford Lodge Limited Section of the Deloitte Pensions
Master Plan