BIG THINKING FOR SMALL SCHEMES

Statement of Investment Principles

Continental Landscapes Limited Staff Benefits Plan

June 2020





1. Introduction

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Under the Pensions Act 1995, trustees are required to prepare and review regularly a Statement of Investment Principles, dealing with certain specific matters.

This Statement sets out the principles governing decisions about the investment of the assets of Continental Landscapes Limited Staff Benefits Plan (the Plan). Before preparing it, the Trustees obtained and considered written professional advice from Barker Tatham Investment Consultants Limited as its investment consultants. Prior to finalising this document, it also consulted with the sponsoring employer. Barker Tatham Investment Consultants Limited are licensed by the Institute and Faculty of Actuaries to provide investment advice.

The Trustees review this Statement on a regular basis, and will also do so in response to any material changes to the investment arrangements of the Plan. Formal reviews will be undertaken no less frequently than every 3 years to coincide with the Actuarial Valuations. Any such review will again be based on written expert investment advice and will be in consultation with the Plan's sponsoring employer, Continental Landscapes Ltd.

Signed for and on behalf of the Trustees of the Continental Landscapes Limited Staff Benefits Plan

Signed:	Misurd.	Date:	19 Lef 2020

2. Decision Making

The Trustees distinguish between two types of investment decision:

Strategic investment decisions

These decisions are long-term in nature, and driven by an understanding of the objectives, needs and liabilities of the Plan.

The Trustees take all such decisions. Where appropriate this is after receiving written advice from their investment consultant, and consulting, as appropriate, with the employer.

Examples of such decisions include:

- setting investment objectives;
- setting strategic asset allocation;
- setting benchmarks;
- · drafting the Statement of Investment Principles; and
- appointing and removing fund managers.

Work is charged for either by an agreed fee or on a time cost basis. In particular, the investment consultant does not receive commission or any other payments in respect of the Plan that might affect the impartiality of their advice. The Trustees believe that this is the most appropriate fee structure for the Plan.

Tactical investment decisions

Tactical investment decisions are based on views of future market movements.

The Trustees employ fund managers to make such judgements, and do not interfere with their decisions. Examples of such decisions include:

- selecting individual stocks;
- temporarily deviating from the strategic asset allocation to take advantage of better market opportunities; and
- · timing of entry or exit from a market.

Each investment manager is remunerated by ad valorem charges based on the value of assets managed on behalf of the Plan. The Trustees believe that this is the most appropriate fee structure for the Plan.

The investment consultant and fund managers used by the Trustees are authorised and regulated by the FCA or relevant designated professional bodies.

3. Investment Objectives

The Trustees' overall investment policy is guided by the following objectives:

What constitutes risk?

The Trustees appreciate that the most important aspect of the security of the members' benefits is the continued support of the Plan sponsor. Events that reduce the Sponsor's willingness or ability to support the Plan are the biggest potential threats from the members' perspective.

- 1. The most significant risk from the Trustees' perspective is that the funding level (as calculated in the triennial actuarial valuations) deteriorates.
 - This could jeopardise the deficit recovery plan and necessitate additional contributions from the sponsor.
 - The funding level in percentage terms is of more importance than the size of the deficit in monetary terms.
- 2. The next risk considered is the accounting version of the liabilities (and hence deficit).

Appetite for risk

Balance is required here. Taking too little risk can be as damaging for a pension plan as taking too much risk. The reduction in long-term expected investment returns may push the costs of the Plan to become unsustainably high.

The Trustees want to ensure that excessive risks are not taken.

The level of risk that is acceptable is dependent on the strength of the covenant from the company.

Other considerations

Net cashflows

Short term cashflows should be taken into account to avoid unnecessary transaction costs.

Flexibility

There is no specific need to take into account flexibility. (There are no known plans for major changes to the Plan.)

Environmental, social and corporate governance

No specific account needs to be taken of these issues.

4. Myners' Investment Principles

The Trustees recognise the relevance to pension plans of the Myners' Investment Principles that were published by the Government in October 2001, and updated in March 2008. The Plan's adherence to (or otherwise) the Myners' Investment Principles is set out below.

Principle 1: Effective Decision-Making

"Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.

Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest."

 The Trustees make investment decisions by consulting with professionals that it believes to be best equipped to give that advice. Long-term strategic investment decisions are made in consultation with the Plan's investment consultant, whereas tactical decisions are made by the appropriate fund manager.

Principle 2: Clear Objectives

"Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers."

- The Trustees have formally reviewed their investment objectives with the assistance of their investment consultant.
- The investment objectives are explicitly stated in Section 3 of this document.
- The strength of the Sponsor's covenant is reviewed on a regular basis.
- All the assets of the Plan are invested via pooled funds. In each case, the fund manager
 has an explicit benchmark and, where relevant, an outperformance target, as well as
 clear constraints within which to operate.
- The Plan's overall investment objective is supported by the Plan's Asset Liability Model and the Plan's employer covenant.

Principle 3: Risk and Liabilities

"In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk."

- In reviewing the investment strategy, the Trustees commissioned an Asset Liability Model (ALM) from their investment consultant. This explicitly took account of the form and structure of the liabilities, as well as longevity risk.
- This ALM was used to find a strategy which best met the Trustees' investment objectives. Those investment objectives were influenced by the strength of the sponsor covenant and the risk of sponsor default.

Principle 4: Performance Assessment

"Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisors. Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members."

- The Trustees currently receive:
 - biannual monitoring reports from the investment consultant; and
 - annual audited accounts.
- The investment monitoring reports include an assessment of how successful the Trustees' investment strategy has been in improving the funding position of the Plan. The Trustees will report on this in their annual report to members and the annual summary funding statement.

Principle 5: Responsible Ownership

"Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents. A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles. Trustees should report periodically to members on the discharge of such responsibilities."

- The fund managers confirm their adherence to the UK Stewardship Code (which replaced the 2005 ISC Statement of Principles).
- The Trustees' policy on responsible ownership is described in Section 6 of this Statement of Investment Principles.
- The Trustees will report on the Plan's policy on responsible ownership in the annual report to members and the annual summary funding statement.

Principle 6: Transparency and Reporting

"Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.

Trustees should provide regular communication to members in the form they consider most appropriate."

- Members are provided with annual summary funding statements, and also information on this is provided in the Plan's annual report to members.
- A copy of this Statement of Investment Principles is available to members on request.
- Other documents such as actuarial valuation reports, the Statement of Funding Principles, the schedule of contributions and the annual report and accounts are also available to members on request.
- A representative from the employer regularly attends Trustee meetings and this helps communication with the employer over investment matters.

5. Implementation

In light of the objectives set out in Section 3, the trustees receive advice from their investment consultants periodically. The asset allocation will deviate from the initial investment strategy due to market movements. The distribution of assets as at 16 June 2020 is shown below.

Manager	Fund	Allocation
Newton	Real Return Fund	8.9%
Schroders	Diversified Growth Fund	9.3%
AberdeenStandard	Global Absolute Return Strategies Fund	9.0%
LGIM	World Emerging Markets Equity Index Fund	8.8%
LGIM	Active Corporate Bond Over 10 Year Fund	19.5%
LGIM	Matching Core LDI (fixed) Fund	15.2%
LGIM	Matching Core LDI (Real) Fund	17.5%
LGIM	Sterling Liquidity Fund	11.7%
Total	100.0%	

Newton - Real Return Fund

- The Newton Real Return Fund targets equity-like returns with more bond-like volatility over an investment cycle.
- It does this using a variety of asset classes, changing the mix to suit market conditions.
- The objective of this fund is to outperform 1 month LIBOR by 4% p.a. (gross of fees) over investment cycles.

Schroders - Diversified Growth Fund

- The Schroders Diversified Growth Fund targets equity-like returns with about half to two thirds of the volatility over an investment cycle.
- It does this using a variety of asset classes, changing the mix to suit market conditions.
- The objective of this fund is to outperform RPI inflation by 5% p.a. over a full economic cycle, typically five years, net of fees.

AberdeenStandard-Global Absolute Return Strategies ("GARS") Fund

- The Standard Life GARS fund targets equity-like returns over the long-term with about a half to two-third the volatility over an investment cycle.
- It does this using a variety of asset classes, changing the mix to suit market conditions.
 GARS includes a substantial number of derivative based strategies.
- The objective of this fund is to outperform 6-month LIBOR by 5% p.a. (gross of fees) over rolling three-year periods.

LGIM – World Emerging Market Equity Index Fund

- This fund is invested mainly in emerging markets equities (markets in developing economies including Brazil, Russia, India and China), which are constituents of the FTSE Emerging Index, i.e. advanced and secondary emerging markets.
- The objective of the Fund is to match the return of the Index (less withholding tax if applicable) within a specified tolerance of $\pm 1.5\%$ p.a. for two years out of three.

LGIM - Active Corporate Bond - Over 10 Year Fund

- This Fund is invested predominantly in corporate bonds with credit ratings of BBB and above (i.e. "investment grade".)
- The objective of the fund is to use active management to beat the Markit iBoxx GBP Non-Gilt Over 10 Year Index benchmark by 0.75% p.a. before fees.

LGIM - Matching Core Funds

- These funds aim to protect the Plan from movements in either long-term interest rates and/or expected inflation. This is referred to as 'hedging'. The amount of protection is determined largely by the percentage of liabilities hedged at any time.
- If long-term interest rates fall, or inflation expectations rise, then the value of the Plan's liabilities will increase. These funds are designed to mitigate the impact on the Plan's funding level by rising in value, the amount of such a rise being influenced by the percentage of liabilities hedged at the time.
- However, the reverse is also true. If the liabilities fall in value, these funds are designed
 to mitigate the impact on the Plan's funding level by falling in value, the amount of such
 a fall being influenced by the percentage of liabilities hedged at the time. These funds
 can be very volatile.
- These funds use a combination of UK government bonds (gilts) and derivatives depending on which the fund manager considers the most cost effective way of hedging these two risks.

Rebalancing

There is no regular/automatic rebalancing between the funds listed above. Doing so could lead to under or over hedging of the Plan's liabilities. It could also result in unnecessary transaction costs.

The Trustees will receive ad hoc advice from Barker Tatham Investment Consultants Limited recommending the rebalancing of the growth assets as and when market movements have resulted in significant drift from the original allocation between managers.

Contributions into the Plan and withdrawals of money will be allocated to the Sterling Liquidity Fund, unless advice to the contrary has been received.

6. Prescribed Matters

Introduction

This section covers those matters prescribed in Sections 35 and 36 of The Pensions Act 1995, The Pensions Act 2004 and the 2005 Investment Regulations 2005/3378 (as amended from time to time).

Choosing Investments

The assets of the Plan are invested in pooled vehicles. Selection of the individual underlying assets has been wholly delegated to the fund managers listed in the Appendix.

Kinds of Investments

The Trustees may invest in the following asset classes (via pooled funds) on behalf of the Plan:

- UK equities
- Overseas equities
- Corporate bonds
- Gilts (conventional and index-linked)
- Cash
- Overseas bonds
- Property
- Derivatives

The presence of an asset class on the list does not imply that the Plan is currently invested in such assets.

Securities Lending

The Trustees recognise that the fund managers may engage in securities lending in order to produce additional incremental returns, subject to supervision rules as detailed in the fund managers' prospectuses.

Balance between Investments

The Trustees recognise the advantages of diversifying across different asset classes in order to take advantage of different asset class characteristics.

- Reducing the risk that results from investment in any one particular market; and
- Enhancing return.

Risk

The Trustees pay close regard to the risks that may arise through a mismatch between the Plan's assets and its liabilities, and to the risks that may arise from the lack of diversification of investments. They believe that the investment policies to be followed by their investment manager do have adequate regard for the need to diversify within each asset class as well as in terms of stock selection.

Under the Pensions Act 2004, trustees must now state their policy on the ways in which risks are to be measured and managed. These are set out below.

Solvency / funding risk:

- is managed through setting an investment strategy (primarily asset allocation) with an appropriate level of risk.
- is measured using an Asset Liability Model from the investment consultant.
- is monitored in biannual reports from the investment consultant.

Manager risk:

- is managed through selecting funds with a suitable target level of risk, and that the investment consultant has deemed the manager's risk controls as acceptable.
- is measured and monitored from biannual reports from the investment consultant.

Liquidity risk:

- is managed by ensuring that the majority of the pooled funds used by the Plan are liquid.

Political risk:

is managed by investing globally.

Sponsor risk:

- is managed via the actuarial valuation process.
- is measured and monitored by regular assessment of the Sponsor's covenant by the Trustees.

Expected Return on Investments

Gilts are the easiest asset class for which to predict the long-term returns. Providing that they are held to maturity, and ignoring reinvestment risk, the return on gilts over their lifetime will be the current Gross Redemption Yield (GRY).

The Trustees base expected investment returns for other asset classes on this GRY as a starting point. Over the long-term, they expect the following returns per year over and above that of gilts:

Developed market equities	+3.0%
Emerging market equities	+4.5%
Diversified Growth Funds	+3.0%
Corporate bonds	+1.0%

Realisation of Investments

The Plan's assets are invested in the investment managers' pooled vehicles, which in turn invest in securities traded on recognised exchanges. The Trustees conclude that the majority of the Plan's investments can be realised at short notice if necessary.

Environmental, Social and Corporate Governance Policies

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. It acknowledges that it cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. The Trustees also acknowledge that where index tracking pooled vehicles are employed ESG considerations cannot be taken into account due to the nature of the investment.

In principle, the Trustees believe that ESG factors can have an impact on the performance of its investments and that the management of ESG risks and the exploitation of ESG opportunities, especially in relation to climate change, can add value to the portfolio. To that effect, the Trustees expect its fund managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision- making process.

Appropriate weight will be given to ESG factors in the appointment of fund managers.

The Trustee views that the stewardship responsibilities attached to the ownership of shares is important but recognise that investment in pooled funds limits their ability to be fully involved. The Trustee expects their investment managers to report in detail on how they have exercised voting rights attached to shares (including across passive equity mandates). Managers are expected to be signatories to the FRC UK Stewardship Code.

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations which expand the requirements for Statements of Investment Principles such as this. In order to be compliant with these regulations by 1 October 2020, the Trustee has set further ESG policies.

The Trustee's policies are set out below:

 How they incentivise their appointed investment managers to align investment strategy and decisions with the trustees' policies, including risk, return and ESG.

The Plan invests solely in pooled funds where fees charged are a combination of fixed fees and a proportion of the assets under management. There are no performance-related components of the fees.

The only incentivisation that the Trustee can exert is through the decision to retain or to liquidate their holdings in each fund.

The investment strategies of the pooled funds are aligned to the Trustee's investment objectives by selecting funds with suitable characteristics:

- Benchmarks
- Risk budgets
- Constraints
- Approaches (this includes ESG where appropriate)

The Trustee maximises the probability of its investment objectives being met by selecting an appropriate and Plan-specific combination of such funds with advice from their investment consultant.

 How the asset manager is incentivised to make decisions on assessments about medium to long term financial and non-financial performance of an issuer of debt or equity. Also, how the managers are incentivised to engage with the issuers in order to improve their performance.

Active fund managers are retained subject to, amongst other criteria, achieving adequate medium- to long- term performance. In order to do so, they will need to make assessments about the medium to long term financial performance of debt and equity issuers. They will also need to assess non-financial performance in as much as it may be a source of risk.

It also incentivises them to engage with issuers where this is in the financial interests of the Plan (i.e. where it will make a material impact on the performance of the fund).

Passive fund managers are not expected to make assessments about the financial or non-financial performance of the issuers of securities they invest in.

How the method and time horizon of the evaluation of managers'
 performance and remuneration are in line with the trustees' policies.
 The Trustee receive quarterly reports from the fund managers and six-monthly analysis from their investment consultant. The investment consultant takes into account the performance of the fund managers but does not restrict their analysis to performance alone.

Performance is compared to the benchmark and tracking error target of each fund, in order to ensure that this is in alignment to the objectives and policies of the Trustee.

In selecting pooled funds, the Trustee and their investment consultant take into account the fees charged by the fund manager. These are judged in terms of value for money given the nature of the fund, particularly the asset class and outperformance target.

Fund managers need to give the Trustee notice if they plan to change the level of the fees. If this occurs, the Trustee seeks advice from its investment consultant on whether to retain or replace the manager.

 How the trustees monitor portfolio turnover costs incurred by the manager/s (and how they define and monitor targeted portfolio turnover or turnover range).

Given the size of the Plan's investment it would not be cost effective to monitor the turnover or turnover costs directly. The performance figures that the Trustee and its investment consultant analyse are net of transactions costs, so this is taken into account indirectly.

The Trustee does not believe that they should micro-manage the level of turnover provided that the net outcome to the Plan is acceptable.

The duration of their arrangement with the asset manager.

In order to maintain an incentive for the fund manager to performance well, the Trustee does not enter any fixed term arrangements with their manager. Investments in each pooled fund are only retained for as long as the aim of the fund is consistent with the overall investment objectives of the Plan, and the Trustee has confidence that the fund managers can credibly deliver that aim in a cost-effective manner.

Appendix: Third Party Arrangements

Advisors

The following advisors assist the Trustees:

Scheme Actuary

Chris Atkin Atkin & Co Cornwall House Blythe Gate Blythe Valley Park Solihull B90 8AF

Bankers

NatWest Bank Plc Knowle Branch c/o Leicester Customer Service Centre 11 Western Boulevard Bede Island, Leicester LE2 7EJ

Auditor

Harben Barker Limited Chartered Accountants Registered Auditors 112 High Street Coleshill Warwickshire B46 2BL

Investment Consultant

Barker Tatham Investment Consultants Ltd 5th Floor, AMP House Dingwall Road Croydon CR0 2LX

Fund Managers

The Trustees have appointed the following fund managers:

Legal & General Investment Management

One Coleman Street London EC2R 5AA

Schroder Investment Management

1 London Wall Place London EC2Y 5AU

Newton Investment Management

160 Queen Victoria Street London EC4V 4LA

AberdeenStandard

1 George Street Edinburgh EH2 2LL