ROBERT BOSCH LIMITED MONEY PURCHASE PLAN

Statement of Investment Principles

1. Introduction

This Statement sets out the principles governing decisions about investments for the Robert Bosch Limited Money Purchase Plan ("the Plan") to meet the requirements of the following legislation:

- The Pensions Act 1995 ("the Act") and as amended by the Pensions Act 2004;
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- Subsequent legislation.

In drafting this Statement, the Trustees of the Plan have taken advice from their investment advisers, Mercer Limited ("Mercer"). Robert Bosch Limited (the "Principal Employer") has also been consulted.

The Plan is a defined contribution pension plan which will provide members with a money purchase benefit.

The Trustees' investment responsibilities are governed by the Plan's Trust Deed and this Statement takes full regard of its provisions. A copy of the Plan's Trust Deed is available to members upon request.

2. Governance Structure

The Trustees have ultimate responsibility for the investment of the Plan's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take and which to delegate, the Trustees have taken into account whether they have the appropriate training and expertise in order to take an informed decision. The Trustees have established the following decision making structure:

Trustees

- Set structures and processes for carrying out their role;
- Set investment structures and their implementation, including the structure of blended funds;
- Select and monitor investment advisers and fund managers;
- Delegate the structuring of certain investment options, including the selection of fund managers, to third party fiduciary managers, where the Trustees believe better value can be added;
- Set structures for implementing investment strategy;
- Select and monitor direct investments; and
- Make on-going decisions relevant to the principles of the Plan's investment strategy.

Mercer, as investment adviser ("Investment Consultant")

- Advises on all aspects of the investment of the Plan assets, including implementation;
- Advises the Trustees on the suitability of each fund's structure, composition and benchmark;
- Advises on this Statement; and
- Provides ongoing training to the Trustees

Scottish Widows Limited, the investment-only platform provider

- Operates within the terms of this Statement and the written long-term insurance contract with the Trustees; and
- Provides access to a platform through which third party funds can be accessed by the Trustees, for the Plan's members (although Scottish Widows Limited – not the Trustees – retains the contractual relationships with each fund management group for third party funds).

Investment Managers (also known as fund managers)

- Select individual investments with regard to their suitability and diversification, in line with their prospectuses and investment mandates.

Mercer Global Investment Europe

- (Where the Trustees use a 'Mercer'-blended fund that is created and managed by Mercer Global Investment Europe) select, blend and monitor component investment mandates (third party funds and managers) with regard to their suitability and diversification, in line with objectives of the 'Mercer'-blended fund.

Mercer Workplace Savings

- Provides advice in selecting the investment platform provider;
- Provides on-going governance monitoring services (i.e. on the platform provider); and
- Provides investment governance of the platform provider's fund range.

The Statement is divided into sections which the Trustees believe contain, in aggregate, the prescribed contents under the Act. Sections 3 to 8 deal with the strategic management of the Plan's assets which is the responsibility of the Trustees. Sections 9 to 12 deal with the day to day management of those assets (which is delegated to authorised investment managers).

The Trustees are committed to maintaining the accuracy of this Statement on an on-going basis. Their fiduciary obligations to Plan members will take precedence over the respective Trustees' own wishes, should these ever conflict.

3. Investment Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have a range of different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.

The Trustees also recognise that members may not believe themselves qualified or confident to make investment decisions. As such the Trustees make available a default investment option. The default investment option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses a switch into asset classes designed to reduce the volatility of members' account values, in the years approaching their selected target retirement age.

These objectives translate to the following principles:

a. Offering members a pre-defined 'Lifestyle' approach to the default investment option and ensuring that the investment strategy allows members to plan for retirement;

b. Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Plan members;

c. Using white-labels to create understandable and descriptive investment options, reflecting their broad objectives and/or asset class;

d. Actively managed funds will only be included to the extent that the Trustees have a high level of confidence in the respective investment managers achieving their performance objectives, net of active investment management fees;

e. The range of pooled investment funds will have strategies that are highly rated by the Trustees' investment adviser unless the Trustees decide there is good reason not to. If the Trustees' investment adviser downgrades the rating (to "R", "N" or below "B+") of an investment strategy which is used within a pooled investment fund, the Trustees will seek to replace it with another highly rated strategy, as recommended by their investment adviser, again unless the Trustees decide there is good reason not to;

f. Adopting a framework which provides flexibility to change investment managers proactively, create blended funds for members (combining several underlying constituents) and which allows efficient fund switching (e.g. without out-of-market risk) as required;

g. Providing general guidance as to the purpose of each investment option;

h. Encouraging members to seek impartial financial advice from an appropriate party in determining the most suitable option for their individual circumstances;

i. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustees aim to make available a range of options which satisfy the needs of the majority of members.

The Trustees regularly review the suitability of the investment choices provided and from time to time will change or introduce additional investment funds as appropriate.

4. **The Trustees' Policy with Regard to Risk**

The Trustees have considered investment risk from a number of perspectives. The main risks faced by members that the Trustees consider to be financially material and how the Trustees help members manage them are listed in the table below. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Risk	How it is managed	How it is measured
Inflation Risk The investment return over members' working lives will not keep pace with inflation and does not, therefore, secure adequate benefits at retirement	The Trustees provide members with a range of funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds).	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.
Currency Risk Investment in overseas markets will be affected by changes in exchange rates leading to lower returns in pound sterling terms (e.g. due to appreciation of pound sterling relative to overseas currencies)	The Trustees provide diversified investment options that invest in local as well as overseas markets and currencies.	Considering the movements in foreign currencies relative to pound sterling.
Credit Risk The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due	The Trustees make available a Bond Fund, which allocates to a diversified range of fixed income funds. Further details of the portfolio allocation are detailed in Section 10. Within the active funds, management of this risk is delegated to the investment manager.	Within active funds, he Trustees delegate the management of this risk to the investment manager. However, the Trustees regularly review the performance of all investment options and meet with the managers to ensure they remain with their stated investment process.
Equity, Property and Other Price Risk Relative market movements lead to substantial reduction in the value of members' accumulated savings, particularly in the years just prior to retirement	The Trustees offer a lifestyle strategy (also the default investment option), which automatically switches member assets as they approach retirement into investments that are expected to be less volatile, in order to reduce the risk of a substantial fall in the value of their accumulated savings near retirement.	Considering the returns of the funds used within the switching phase of the lifestyle strategy both in absolute terms as well as relative to inflation.

Risk	How it is managed	How it is measured
Inadequate Diversification The range of funds made available to members is not appropriate for their needs	The Trustees make available a focussed range of funds, covering key asset classes and different management styles; the Trustees aim to balance the conflicting objectives of providing a broad range versus governing the range well.	It is not possible to ascertain the appropriateness of the fund range for all members, so this risk is not explicitly measured but is qualitatively considered through engagement with members.
Underperformance of Expectations The investment vehicles in which monies are invested underperforms the expectation of the Trustees	The Trustees seek advice from their investment advisers on the suitability of investment vehicles and aim to invest in funds with strategies that are highly rated by their investment adviser, based on forward-looking expectations of meeting objectives.	Considering the ratings of investment strategies from their investment adviser, as well as the returns of funds relative to their benchmarks and stated targets/objectives.
Liquidity Risk The pooled funds, through which the Trustees allow members to invest, do not provide the required level of liquidity	The Trustees access daily dealt and daily priced pooled funds through a unit-linked insurance contract from Scottish Widows. Investment managers are expected to manage the liquidity of assets in the underlying strategies and keep exposures to any illiquid assets to prudent levels.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract.
Environmental, Social and Corporate Governance Risk The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.	The management of ESG related risks exercised by the underlying investment managers. Section 11 details the Trustees' responsible investment and corporate governance statement.	The Trustees review the ESG credentials of their managers on a regular basis using the investment reports provided by their investment advisers, which includes use of the investment consultant's ESG ratings. Further information included in Section 11.

The Trustees believe that the investment strategy outlined in section 9 is appropriate for meeting the financially material risks outlined above.

5. The Trustees' Investment Beliefs

The Trustees expect:

- the long-term return on the investment options that invest predominantly in equities and other growth-seeking asset classes to exceed price inflation and general salary growth;

- the long-term returns on the bond and cash options to be lower than the predominantly equity options;

- bond funds to broadly match short term changes in the price of annuities, on a pragmatic basis, and so investing in a bond fund prior to retirement is expected to provide some protection for the amount of projected pension that a member could expect to purchase, via an annuity, at retirement;

- money market funds to provide protection against changes in short-term capital values, and may be appropriate for members receiving all, or part, of their retirement benefits in the form of a cash lump sum (although it is not guaranteed that these funds will not fall in value).

In choosing the Plan's investment options, it is the policy of the Trustees to consider:

- A full range of asset classes, including alternative asset classes;

- The suitability of different styles of investment management and the need for investment manager diversification;

- The suitability of each asset class within a defined contribution Plan;

- The need for appropriate diversification.

The Trustees regularly review the continuing suitability of the Plan's investment arrangements. The Trustees utilise the Investment Consultant to advise on investment strategy and provider appointments, and to assist in monitoring the funds available, both in the form of written reports and attendance at meetings.

6. Default Investment Option ("Default")

Typically, a proportion of members will actively choose the Default because they feel it is most appropriate for them. However, the vast majority of members do not make an active investment decision and are invested in the Default.

The Default aims to generate investment returns, in a risk-controlled manner, which are sufficient to provide a reasonable level of retirement benefits for members, given the level of contributions paid over their lifetime in the Plan.

The objectives of the Default, and the ways in which the Trustees seek to achieve these objectives, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

  The growth phase of the Default initially invests entirely in equities (High Growth Fund). These investments are expected to provide returns above inflation, in line with equities, over the long term. An allocation to the Moderate Growth Fund is introduced within the Default from 25 years to a member's selected retirement date and invests in a diverse range of asset classes, including equities, multi-asset strategies, bonds and property to provide some downside protection and some protection against inflation erosion. The downside risk from an equity market downturn is mitigated through *(i) a diversified allocation to equities within the High Growth Fund, across geographical markets and investment styles, as well as an explicit allocation to low volatility equities;*

(ii) diversification away from equities as achieved via the allocation to other asset classes within the Moderate Growth Fund.

- To provide a strategy that reduces investment risk for members as they approach retirement, while maintaining some level of growth. The Trustees' full policy with regards to risk is detailed in Section 4 of this Statement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.

  These risks are managed via automated lifestyle switches to the Cautious Growth Fund over the eight year period to a member's selected retirement date. The Cautious Growth Fund invests a mix of low-volatility equities, bonds, multi-asset strategies and money market instruments.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to access their savings in the Plan flexibly at retirement.

  At the member's selected retirement date, 25% of their assets will be invested in low volatility equities, 20% in bonds, 25% in multi-asset funds and 30% in a money market fund. This allocation is expected to provide an element of capital preservation while providing some growth potential for members wishing to access their savings through income drawdown and sufficient liquidity for withdrawal of a 25% tax-free cash lump sum.

The Trustees' policies in relation to the Default are detailed below:

- The Default manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the Default, the Trustee has explicitly considered the trade-off between risk and expected returns. The list in the table below is not exhaustive but covers the main risks that have been considered that the Trustees consider to be financially material. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Risk	How it is managed	How it is measured
Inflation Risk The investment return over members' working lives will not keep pace with inflation and does not, therefore, secure adequate benefits at retirement	The strategy for the Default is set with the intention of diversifying these risks to reach a level of risk deemed appropriate. This is set with advice from Mercer. Within active funds, management of many of these market risks is delegated to the investment manager.	The Trustees monitor performance on a quarterly basis.
Currency Risk Investment in overseas markets will be affected by changes in exchange rates leading to lower returns in pound sterling terms (e.g. due to appreciation of pound sterling relative to overseas currencies)		
Credit Risk The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due		
Equity, Property and Other Price Risk Relative market movements lead to substantial reduction in the value of members' accumulated savings, particularly in the years just prior to retirement		
Underperformance of Expectations The investment vehicles in which monies are invested underperforms the expectation of the Trustees	The Trustees seek advice from their investment advisers on the suitability of investment vehicles and aim to invest in funds with strategies that are highly rated by their investment adviser, based on forward-looking expectations of meeting objectives.	Considering the ratings of investment strategies from their investment adviser, as well as the returns of funds relative to their benchmarks and stated targets/objectives.

Risk	How it is managed	How it is measured
Liquidity Risk The pooled funds, through which the Trustees allow members to invest, do not provide the required level of liquidity	The Trustees access daily dealt and daily priced pooled funds through a unit-linked insurance contract from Scottish Widows. Investment managers are expected to manage the liquidity of assets in the underlying strategies and keep exposures to any illiquid assets to prudent levels.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract.
Inappropriate investment choice The investment profile of the Default is unsuitable for the requirements of some members	The Default is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age. As part of the triennial default strategy review, the Trustees ensure the default destination remains appropriate by considering the membership profile, market trends and how members have previously accessed their pension savings. The Trustees provide a range of self-select options that span a range of different asset classes and risk characteristics. The Trustees also seek to ensure that the objectives of the Default are clearly communicated to members.	It is not possible to ascertain the suitability of the Default for all members invested therein, so this risk is not explicitly measured but is qualitatively considered through engagement with members.

Risk	How it is managed	How it is measured
Environmental, Social and Corporate Governance Risk The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.	The management of ESG related risks exercised by the underlying investment managers. Section 11 details the Trustees' responsible investment and corporate governance statement.	The Trustees review the ESG credentials of their managers on a regular basis using the investment reports provided by their investment advisers, which includes use of the investment consultant's ESG ratings. Further information included in Section 11.

- Assets in the Default are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustees considered high level profiling analysis of the Plan's membership in order to inform decisions regarding the Default. Based on this understanding of the membership, a Default that targets income drawdown or accessing benefits flexibly is considered appropriate.

- Members are supported by clear communications regarding the aims of the Default and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the Default; the target benefits are merely used to determine the investment strategy held pre-retirement.

- Assets in the Default are invested in a long-term insurance contract. The assets underlying the insurance contract is invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various underlying fund managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective underlying fund managers in line with the mandates of the funds. Likewise, the underlying fund managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. The Trustees' full policies on Responsible Investment and Corporate Governance are detailed in Section 11 of the SIP.

- Within the Default, notional units across the underlying pooled funds are bought and sold according to the table below:

Time to Retirement (years)	High Growth Fund (%)[1]	Moderate Growth Fund (%)[2]	Cautious Growth Fund (%)[3]
>25	100.0	0.0	**0.0**
24	97.6	2.4	**0.0**
23	90.5	9.5	**0.0**
22	79.4	20.6	**0.0**
21	65.5	34.5	**0.0**
20	50.0	50.0	**0.0**
19	34.5	65.5	**0.0**

18	20.6	79.4	**0.0**
17	9.5	90.5	**0.0**
16	2.4	97.6	**0.0**
15	0.0	100.0	**0.0**
14	0.0	100.0	**0.0**
13	0.0	100.0	**0.0**
12	0.0	100.0	**0.0**
11	0.0	100.0	**0.0**
10	0.0	100.0	**0.0**
9	0.0	100.0	**0.0**
8	0.0	98.8	**1.2**
7	0.0	95.1	**4.9**
6	0.0	88.9	**11.1**
5	0.0	80.2	**19.8**
4	0.0	69.1	**30.9**
3	0.0	55.6	**44.4**
2	0.0	39.5	**60.5**
1	0.0	21.0	**79.0**
0	**0.0**	**0.0**	**100.0**

These funds are portfolios consisting of other blended funds. Please refer to Sections 10 and 11 for further information on the undying components.
[1] 100% Global Shares Fund
[2] 50% Global Shares Fund, 20% Bond Fund, 20% Multi-Asset Fund, 10% Property Fund
[3] 25% Acadian Global Managed Volatility Equity Fund, 20% Bond Fund, 25% Multi-Asset Fund, 30% Cash Fund

In addition, a range of self-select funds are offered to members (further details of which are provided in Section 10).

Taking into account the demographics of the Plan's membership and the Trustees' views of how the membership is likely to behave at retirement, the Trustees believe that the current Default is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

7. Additional Default Arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the investment option(s) listed in the table below have been identified as 'default arrangements' (as defined by these regulations). These have been identified as 'default arrangements' as members' contributions were transferred on a non-consent basis. The disclosures in Sections 6 also apply to the additional default arrangements.

	Following market volatility in Q1 2020 due to Covid-19, the LGIM Managed Property Fund, the underlying component of the Property Fund, suspended dealing with effect from 18March 2020. Members who had self-selected the Property Fund has their future contributions redirected to the Cash Fund. Members were notified in advance of the change.
Cash Fund	Trading in the Property Fund resumed with effect from 1 October 2020. Any contributions for self-select members that were invested in the Cash Fund (or alternative fund) whilst the Property Fund was suspended can now be transferred back into the Property Fund if the members wish to do so. Members' future contributions were not automatically re-directed to the Property Fund unless action was taken by each member. Members were written to regarding these changes in November 2020.

The Aim of the Additional Default Arrangement:

- In designing the Additional Default Arrangement, the Trustees have explicitly considered the trade-off between risk and expected returns.
- Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- If members wish to, they can opt to move assets away from the Additional Default Arrangement and choose their own investment strategy at any time.
- Assets in the Additional Default Arrangement are invested in the best interests of members and beneficiaries, taking into account the objectives of the arrangements.
- Assets in the Additional Default Arrangement are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested in pooled funds which are daily dealing and readily realisable.

The Trustees policy in respect of the Additional Default is summarised in the table below:

Fund	Fund Objective and Investments Held	Trustee Objective and Expected Risk and Return
Cash Fund	The aim of the Cash Fund is to provide a return that is in line with the wholesale money market short-term interest rates. The Cash Fund invests in high quality, short term money market and fixed income securities.	The Trustees have determined that as this fund is being used on a temporary basis to hold members' contributions whilst the UK Property Fund is suspended, the key aim should be to preserve the value of those contributions rather to seek long term investment growth. The Cash Fund has the lowest expected volatility of the funds available in the Scheme.

8. Additional Voluntary Contributions

Members can invest additional voluntary contributions into the same funds and options that are available for the investment of regular contributions paid into the Plan.

9. Direct Investments

All of the funds offered to members, excluding the Prudential With-Profits Fund are accessed through Mercer Workplace Savings ("MWS") on the platform provided by Scottish Widows Limited ("Scottish Widows"). The Trustees access the platform via a long-term insurance contract with Scottish Widows.

The Pensions Act 1995 (and subsequent legislation) distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments. The Trustees have direct contractual relationships with:

a) Prudential to make available the Prudential With-Profits Fund for members;

b) Scottish Widows to access the investment platform for the remaining fund range.

The policy of the Trustees 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 managers. The written advice will consider the issues set out in the Occupational Pension Scheme (Investment) Regulations 2005 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015) and the principles contained in this Statement. The adviser will have knowledge and experience required under section 36(6) of the Pensions Act 1995.

10. Day-to-Day Management of Assets

Day-to-day management of the assets is delegated to professional Investment Managers who are all authorised or regulated. The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts. The range of funds offered to members incorporates funds from a number of Investment Managers.

The Investment Managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.

The Trustees recognise that it is not possible to specify investment restrictions where assets are managed via pooled funds and furthermore, given that it is Scottish Widows that has the direct relationship with the third parties offering the funds (and not the Trustees).

The Investment Managers have appointed custodians for the safe custody of assets held within their pooled funds in which the Plan is invested. The custodians are responsible for the safekeeping of the assets held and for performing various administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustees assess the continuing suitability of the Plan's Investment Managers on a periodic basis. The Trustees' investment adviser is available to provide help in monitoring the Investment Managers, both in the form of written reports or attendance at meetings as required by the Trustees.

The Trustees will review the appointment of any Investment Manager for any reason it considers appropriate. These will include, but will not be limited to:

- Breach of investment guidelines;
- Changes to the investment management process, personnel or business management of the Investment Manager that could lead to a loss of confidence in the Investment Manager's ability to outperform its benchmark over a full market cycle;
- Changes to the investment management process that results in the Investment Manager no longer being suitable for the mandate for which it was appointed;
- If the Trustees' investment adviser downgrades the rating, to "R", "N" or below "B+", of an investment strategy which is used within a pooled investment fund (further details are noted in Section 3 (e) of this Statement).

11. **Investment Options**

As an alternative to the Default, members can choose to invest in any of the following funds:

Fund	Investment Objective	Underlying Funds	
Global Shares	The fund seeks to achieve growth by investing in shares of companies (equities) across the globe. The fund invests in a mix of passively and actively managed equity funds, providing diverse exposure to various share markets and investment styles. The fund aims to outperform the composite benchmark return.	57.50% 10.00% 12.50% 10.00% 10.00%	LGIM World Equity Index Acadian Global Managed Volatility Equity Mercer Active Emerging Markets Dimensional Global Small Companies Stewart Investors Worldwide Sustainability
Multi-Asset	The fund seeks to achieve long-term growth by investing in a broad range of different types of assets such as shares, bonds (loans to companies, organisations or governments), infrastructure, commodities and other asset types. The fund invests in one or more multi-asset funds with the aim of providing a less volatile (but potentially lower) return than investing only in shares. The fund aims to achieve returns of benchmark +4.0% p.a. (gross of fees) over rolling 5 year periods.	50.00% 50.00%	Invesco Perpetual Global Targeted Returns Nordea Diversified Returns Strategy

Fund	Investment Objective	Underlying Funds	
Bond	The fund seeks to achieve growth through the income generated by predominantly investing in bonds (loans to companies, organisations or governments). The fund predominantly invests in bonds denominated in sterling, but may also invest in bonds issued by overseas companies in other currencies. The fund aims to outperform the composite benchmark return.	14.87% 2.63% 17.50% 30.00% 35.00%	BlackRock Aquila Index-Linked Over 5 Year Gilts BlackRock Aquila Index-Linked Up to 5 Year Gilts BlackRock Aquila All Stocks UK Gilts M&G All Stocks Corporate Bond Newton Global Dynamic Bond
Pre-Retirement Bonds	The fund seeks to invest in the types of bonds typically held by annuity providers, with the aim of producing returns that very broadly move in line with changes in the prices of (non-increasing) annuities.	100.00%	LGIM Pre-Retirement
Property	The fund seeks to achieve growth by investing in commercial and industrial property in the UK. The fund aims to outperform the benchmark return.	100.00%	LGIM Property
Cash	The fund seeks to invest in cash holdings and other money market instruments (e.g. very short term loans, term deposits, etc.) with the aim of achieving an investment that is in line with wholesale money market short-term interest rates. The fund aims to outperform the benchmark.	100.00%	LGIM Sterling Liquidity
Prudential With-Profits	This fund invests in a wide range of different investment types and aims to smooth fluctuations in returns, with the expectation of providing a more stable return for investors. The fund aims to offer competitive long term returns.	100.00%	Prudential With-Profits Fund

The table below details the Total Expense Ratio (TER) applicable for each investment option within the Plan (including the three options which make up the default option). The TER includes the annual management charge (AMC), the platform charge from Scottish Widows and the fees for MWS services. It also includes other fund manager costs not included in the AMC, which can fluctuate from time to time. The TERs shown below are correct as at March 2021 and may vary from this over time.

Fund	**Benchmark**		**TER (% p.a.)**
High Growth (Default only)	57.50% 10.00% 12.50% 10.00% 10.00%	FTSE World (Net of tax) Index MSCI World Index MSCI Emerging Markets Index MSCI World Small Cap Index MSCI All Country World Index	0.416
Moderate Growth (Default only)	28.75% 5.00% 6.25% 5.00% 5.00% 20.00% 3.50% 3.50% 6.00% 7.00% 10.00%	FTSE World Net Tax MSCI World Index MSCI Emerging Markets Index MSCI World Small Cap Index MSCI All Country World Index LIBOR GBP 1 Month FTSE Actuaries UK Index-Linked All Stocks FTSE Actuaries UK Conventional Gilts All Stocks iBoxx UK Sterling Non-Gilts All Maturities LIBOR GBP 1 Month MSCI/AREF UK All Balanced Quarterly Property Fund Index	0.482
Cautious Growth (Default only)	25.00% 25.00% 5.50% 5.50% 9.00% 30.00%	MSCI World Index LIBOR GBP 1 Month FTSE Actuaries UK Index-Linked All Stocks FTSE Actuaries UK Conventional Gilts All Stocks iBoxx UK Sterling Non-Gilts All Maturities 7-Day LIBID	0.434
Global Shares	57.50% 10.00% 12.50% 10.00% 10.00%	FTSE World (Net of Tax) Tax MSCI World Index MSCI Emerging Markets Index MSCI World Small Cap Index MSCI All Country World Index	0.416
Multi-Asset	100.0%	3 month GBP LIBOR	0.934
Bond	17.50% 17.50% 30.00% 35.00%	FTSE Actuaries UK Index-Linked All Stocks FTSE Actuaries UK Conventional Gilts All Stocks iBoxx UK Sterling Non-Gilts All Maturities 1 Month GBP LIBOR	0.359
Pre-Retirement Bonds	100.00%	Composite benchmark	0.144
Property	100.00%	IPD All Balanced Weighted Property	0.749
Cash	100.00%	7-day LIBID	0.153
Prudential With-Profits	-	There is no market related benchmark against which the fund is measured	0.650 + £500

12. **Responsible Investment and Corporate Governance**

The Trustees believe that environmental (including climate change), social and corporate governance (“ESG”) factors may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

The Trustees also recognise that long term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Plan, when considering how to integrate these issues into the investment decision making process. These beliefs cover the entire fund range including the investments used within the Default.

The Trustees have given the appointed investment managers, accessed via the Scottish Widows platform, full discretion when evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the Plan’s investments. This includes undertaking engagement activities, in accordance with their own ESG and stewardship policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees will review the investment managers’ policies and engagement activities (where applicable) on an annual basis.

The Trustees consider, amongst other factors, how ESG, climate change and stewardship is integrated within investment processes in the selection, retention and realisation of investments. The Trustees consider the ESG credentials of investment managers in the selection of investment managers, making use of their Investment Consultant’s ESG ratings. Where appropriate the Trustees will seek to incorporate the use of thematic investment options; i.e. the allocation to Stewart Investors Worldwide Sustainability Fund within the Global Shares Fund.

The Trustees review the ESG credentials of their managers on a regular basis using the investment reports provided by their Investment Consultant, which includes use of the Consultant’s ESG ratings. The Investment Consultant’s ratings consider the investment manager’s policies on voting, engagement and incorporation of ESG factors in the investment process, on the basis that these issues can impact revenue, operating costs, competitive advantage, and the cost of capital.

The Trustees recognise that it is not possible to specify investment restrictions, in particular ESG restrictions, where assets are managed via pooled funds and furthermore, given that it is Scottish Widows that has the direct relationship with the third parties offering the funds (and not the Trustees). However, this may be considered in the future.

Non-financial matters, including (but not limited to) members’ ethical views are not currently taken into account in the selection, retention and realisation of investments. However, members have a variety of methods by which they can make views known to the Trustees and the Trustees will reflect on feedback received as part of their investment strategy discussions.

13. **Buying and Selling Investments**

The Investment Managers have responsibility for buying and selling the underlying assets and in the realisation of investments. As already mentioned, the day-to-day activities which the Investment Managers carry out for the Trustees are governed by the arrangements between the Investment Managers and Scottish Widows.

14. **Investment Manager Arrangements**

Aligning Manager appointments with investment strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected.

The Trustees will seek guidance from the Investment Consultant, where appropriate, for their forward looking assessment of an active manager's ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in.

For passively managed mandates, or those where outperformance is not the primary goal, the Trustees will seek guidance from the Investment Consultant in relation to their forward looking assessment of the manager's ability to achieve the stated mandate objectives.

The Investment Consultant's manager research ratings assist with due diligence and where available are used in decisions around selection, retention and removal of manager appointments.

The Trustees will review an appointment if the investment objective for a manager's fund changes to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The investment manager is aware that their continued appointment is based on the success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, they will look to review the appointment.

Evaluating Investment Manager performance

Trustees receive investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years and since inception. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis.   The Trustees' focus is on long term performance but will put a manager 'on watch' if there are short term performance concerns.

The Trustees maintain a focus on long term performance. However, they may review a manager's appointment if the manager has extended periods of underperformance, there is a material change in personnel or there is other news that may severely impact the outcome of the investment.

Manager fees are calculated as a percentage of assets under management. If managers fail to meet their performance objectives, the Trustees may ask managers to review their fee. As part of the annual Value for Members ("VfM") assessment, the Trustees review the investment manager fees against comparable funds.

Portfolio turnover costs

The Trustees do not currently actively monitor portfolio turnover costs but will consider these as part of their annual Value for Members assessment going forwards.

Duration of arrangement with Managers

The Trustees are long-term investors and are not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The Default Investment Option and the available fund range are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the Default Investment Option or the general fund range.

15. Compliance with this Statement

The Trustees and Mercer each have duties to perform to ensure compliance with this Statement. These are:

- The Trustees will review this Statement at least triennially, or without delay after any significant changes in investment policy, on the advice of Mercer and will record compliance with it at the relevant Trustees' meeting. The Trustees will also consult with the Principal Employer over any changes to the Statement.

- The Trustees will monitor the arrangement with Scottish Widows and MWS to ensure that the service continues to meet the Plan's needs and objectives.

- Mercer will provide the advice needed to allow the Trustees to review and update this Statement annually (or more frequently if required).

The original copy of this document was signed by Peter Milburn (Chair of Trustees) and Roger Ottewell on behalf of the Robert Bosch Limited Money Purchase Plan on 25 October 2021.