

ESG Report

RWL Volac Pension Scheme
IS0008813

31/07/20

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Scheme Summary

Policy Number: IS0008813
Statement Date: 31/07/2020

Funds	Holdings	Unit Price	Value	%	Fund Manager ESG Credentials	Engagement & Voting Records
Ninety One Diversified Growth Fund	66,975	100.749113	6,747,685	37.49%	Yes	Yes
BlackRock Fixed Income Global Opportunities Fund Hedged	47,450	106.083676	5,033,674	27.97%	Yes	No
Partners Group Generations Fund	17,720	108.708575	1,926,316	10.70%	Yes	Yes
L&G Life World Equity Index Fund — GBP Currency Hedged	25,165	110.849042	2,789,571	15.50%	Yes	Voting Only
L&G Life Leveraged Gilt Fund	2,686	187.92019	504,805	2.80%	Yes	No
L&G Life FAAT Leveraged Index-Linked Gilt Fund	1,972	148.996931	293,832	1.63%	Yes	No
L&G Life FAAX Leveraged Index-Linked Gilt Fund	2,639	151.243957	399,143	2.22%	Yes	No
L&G Life FABB Leveraged Index-Linked Gilt Fund	1,907	159.145857	303,493	1.69%	Yes	No
Total			17,998,519	100.00%		

Ninety One data is correct as of 30/06/2020
BlackRock data is correct as of 30/06/2020
Partners Group data is correct as of 31/03/2020
LGIM data is correct as of 30/06/2020

Disclaimer:

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Fund Manager ESG Credentials

Questions	Ninety One	BlackRock	Partners Group
Do you have an ESG policy that is integrated into the investment process?	Yes	Yes	Yes
Do you have a firm ESG rating?	Yes	Yes	Yes
Please provide your UNPRI survey scores	2020 scores: Strategy & Governance: A+ Listed Equity - Incorporation: A+ Listed Equity - Active Ownership: A+ Fixed Income - SSA: A+ Fixed Income - Corporate Financial: A+ Fixed Income - Corporate Non-Financial: A+ Private Equity: A Infrastructure: A+	2020 scores: Strategy & Governance: A+ Listed Equity Incorporation: A+ Listed Equity Active Ownership: A+ Fixed Income SSA: A+ Fixed Income Corporate Financial: A+ Fixed Income Corporate Non-Financial: A+ Fixed Income Securitized: A Private Equity: A+ Property: A+ Infrastructure: A+	2019 scores: Strategy & Governance: A+ Direct Private Equity: A+ Direct Infrastructure: A Direct REAL: A Indirect REAL: A
Do you have a Climate Change policy that is integrated into the investment process?	No	Yes	Yes
Are Senior Management accountable for ESG or Climate Change risks?	Yes	Yes	Yes
Do you have a dedicated team that considers ESG and Climate Change related factors?	Yes	Yes	Yes
Do you rely on any third parties to provide ESG and Climate Change related analysis/research?	Yes - CDP	Yes - MSCI, Sustainalytics, Refinitiv, Bloomberg, RepRisk, Verisk Maplecroft, ISS-Ethix, SASB, CDP, Rhodium	No
Do you create your own ESG or Climate Change related scores?	No	Yes	No
Does your company have a policy on equality and diversity in the workplace?	Yes	Yes	Yes
Do you provide any reporting publicly or to clients with regard to ESG and Climate Change related issues? How often?	Yes, annually	Yes, quarterly and annually	Yes, annually
Do ESG related factors get considered with respect to performance management of investment companies and funds?	Yes	Yes	Yes
Are you signatories of the FRC UK Stewardship Code or equivalent?	Yes	Yes	No

Fund Manager ESG Credentials

Questions	L&G
Do you have an ESG policy that is integrated into the investment process?	Yes
Do you have a firm ESG rating?	Yes
Please provide your UNPRI survey scores	<p>2020 scores:</p> <p>Strategy & Governance: A+</p> <p>Listed Equity - Incorporation: A+</p> <p>Listed Equity - Active Ownership: A+</p> <p>Fixed Income - SSA: A+</p> <p>Fixed Income - Corporate Financial: A</p> <p>Fixed Income - Corporate Non-Financial: A</p> <p>Property: A</p>
Do you have a Climate Change policy that is integrated into the investment process?	Yes
Are Senior Management accountable for ESG or Climate Change risks?	Investment Stewardship team
Do you have a dedicated team that considers ESG and Climate Change related factors?	Yes
Do you rely on any third parties to provide ESG and Climate Change related analysis/research?	Yes - Bloomberg, Boardex, CDP, HSBC, InfluenceMap, ISS, IVIS, Maplecroft, MSCI, Refinitiv (formerly Thomson Reuters), Reprisk, Sustainalytics, Trucost
Do you create your own ESG or Climate Change related scores?	Yes
Does your company have a policy on equality and diversity in the workplace?	Yes
Do you provide any reporting publicly or to clients with regard to ESG and Climate Change related issues? How often?	Yes, monthly, quarterly and annually
Do ESG related factors get considered with respect to performance management of investment companies and funds?	Yes
Are you signatories of the FRC UK Stewardship Code or equivalent?	Yes

Engagement

Activity	Ninety One Diversified Growth Fund	BlackRock Fixed Income Global Opportunities Fund Hedged
How many engagements have you had with companies in the past 12 months?	<p style="text-align: center;">11</p> <p>Note: This is the number of engagements across securities held within the portfolio where a multi-asset team analyst or portfolio manager has been involved.</p>	<p style="text-align: center;">Not provided</p>
How many engagements were made regarding climate change?	<p style="text-align: center;">2 (18%)</p>	<p style="text-align: center;">1260 (Environmental risks and opportunities) (This data has been provided in relation to all BlackRock funds.)</p>
How many engagements were made regarding board diversity?	<p style="text-align: center;">2 (18%) (Board diversity and composition)</p>	<p style="text-align: center;">1593 (Board quality) (This data has been provided in relation to all BlackRock funds.)</p>
How many engagements were made regarding waste reduction?	<p style="text-align: center;">Not provided</p>	<p style="text-align: center;">Not provided</p>
How many engagements were made regarding financials?	<p style="text-align: center;">1 (9%)</p>	<p style="text-align: center;">Not provided</p>
How many engagements were made regarding other issues?	<p style="text-align: center;">6 (55%)</p>	<p style="text-align: center;">Not provided</p>
<p>Which form of engagement is most representative of the approach taken for this fund over the last 12 months:</p> <ul style="list-style-type: none"> Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues 	<p style="text-align: center;">Sending bespoke letters to companies</p>	<p style="text-align: center;">Not provided</p>
<p>Please discuss some of the key engagements and outcomes from the last 12 months.</p>	<p>We work closely with the fixed income team in selecting emerging market debt positions for the Diversified Growth portfolio and over the first six months of 2020 the team held a number of meetings with senior figures in key emerging market nations. Relevant to the Diversified Growth strategy, we are seeing further signs of acceleration in Middle Eastern solar energy projects. We hold a small position in Qatar sovereign debt and note that the country launched a successful tender for an 800MW solar plants with a record low cost per unit. Notwithstanding delays from COVID-19, we expect an increase in renewable project tendering this year throughout the Middle East.</p>	<p style="text-align: center;">Voting to promote independence at a UK hotel and pub company:</p> <p>Consistent with the recommendations of the corporate governance code for companies listed on the main market in the UK, we consider directors to no longer be independent once they have served for nine years. We voted against the members of the board's nomination committee at a UK hotel and pub company as the continued presence of two non non-executive directors — who had each served on the board for more than nine years — was impairing board independence. Only one of seven directors could be viewed as independent at the time of the company's annual general meeting. We engaged with the company to understand its position but came away unsatisfied with its response. The company said it would appoint new independent directors but would not be majority independent until November 2022. That lack of urgency in addressing a core governance concern indicated a lack of responsiveness to shareholder feedback.</p> <p style="text-align: center;">(This information has been provided in relation to all BlackRock funds.)</p>

Voting

Activity	Ninety One Diversified Growth Fund	BlackRock Fixed Income Global Opportunities Fund Hedged
Do you conduct your own votes?	Yes	Not provided
Do you use a third party to vote on your behalf?	No	Not provided
How many votes were proposed across the underlying companies in the fund?	1663	Not provided
How many times did you vote in favour of management?	1547 (93%)	Not provided
How many times did you vote against management?	66 (4%)	Not provided
How many votes did you abstain from?	50 (3%)	Not provided
Please discuss some of the key votes and outcomes from the last 12 months.	<p>Coca-Cola European Partners (CCEP) – We voted against the reappointment of two directors and abstained on another two due to our concerns on board composition and effectiveness. The board is large with 17 members and many of them do not seem to us to add experience from different industries or expertise. A number of the members form the key shareholders for the company, with four members from the two main shareholders. These directors are also overboarded, sitting on between five and 9 other boards elsewhere.</p> <p>Zhejiang Supor (China cookware and small appliances company) – We use an external proxy research and vote execution service provided by Institutional Shareholder Services (ISS). For Zhejiang Supor, ISS had recommended that we vote against granting the company the authority to invest cash balances in short term financial instruments. However, we were happy to vote 'for' independent of ISS's recommendation due to the fact that Supor provides detailed disclosure of the instruments that they use and the low risk nature of those instruments. At the same meeting, we voted against approval of the company's auditors as the company did not follow best practice with respect to detailing the fees paid to the auditors. That vote against was supplemented with a letter to the company to make them aware why we had voted as we had in order to encourage them to increase disclosure relating to the auditor's fee.</p>	<p>Sustainability and executive compensation:</p> <p>In recent years, we have expressed our concerns relating to Swedish retailer H&M Hennes & Mauritz 's board governance and executive compensation by voting against management. This year we supported a shareholder proposal seeking sustainability targets in pay. We did so because the company's own compensation guidelines indicated that it uses sustainability targets in setting executive pay, yet little was disclosed. In this case, having clarity into how H&M incorporates sustainability into executive pay plans helps shareholders understand how management is incentivized to deliver this aspect of the company's strategy. Encouragingly, in our subsequent engagement with the company, the board recognized that now was a good time (particularly, as we noted to them, following the implementation of the Shareholder Rights Directive (SRD II) which we discuss further in the next section) to seek investor feedback and consider where additional transparency could be provided.</p> <p>(This information has been provided in relation to all BlackRock funds.)</p>

Other	Ninety One Diversified Growth Fund	BlackRock Fixed Income Global Opportunities Fund Hedged
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Yes	Not provided
What is the target turnover rate for the portfolio?	We do not have a target turnover rate. We typically expect to hold securities in the portfolio for between 12 and 18 months. This is not specific to ESG.	Not provided
What was the actual turnover rate over the last 12 months?	7.17%	Not provided

Engagement

Activity	Partners Group Generations Fund	L&G Life World Equity Index Fund — GBP Currency Hedged
How many engagements have you had with companies in the past 12 months?	48	Not provided
How many engagements were made regarding climate change?	0 (0%)	Not provided
How many engagements were made regarding board diversity?	10 (21%)	Not provided
How many engagements were made regarding waste reduction?	5 (10%)	Not available
How many engagements were made regarding financials?	48 (100%)	Not available
How many engagements were made regarding other issues?	48 (100%)	Not provided
Which form of engagement is most representative of the approach taken for this fund over the last 12 months: Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues	Standard period engagement with companies	Not available
Please discuss some of the key engagements and outcomes from the last 12 months.	<p style="text-align: center;">TC Energy</p> <p>We had discussions about oil-sands. Management acknowledged the negative environmental effects and aims at reducing the carbon footprint overall.</p> <p style="text-align: center;">Waste management</p> <p>We had discussions about landfills and energy from waste, which is more polluting. Management is exploring ways of reducing waste volumes and safe disposal of waste.</p>	Not provided

Voting

Activity	Partners Group Generations Fund	L&G Life World Equity Index Fund — GBP Currency Hedged
Do you conduct your own votes?	No	Not provided
Do you use a third party to vote on your behalf?	Yes - Glass Lewis & Co	No
How many votes were proposed across the underlying companies in the fund?	705	29,919
How many times did you vote in favour of management?	630 (89%)	81.11%
How many times did you vote against management?	37 (5%)	18.74%
How many votes did you abstain from?	36 (5%)	0.14%
Please discuss some of the key votes and outcomes from the last 12 months.	<p>Ferrovial 16.04.2020</p> <p>Remuneration report, intending to provide shareholders information and a voice on the implementation of the remuneration policy. The % of against votes for this proposal increased from 24% in 2019 to 35% in 2020. Management already made a few improvements to the remuneration plan, but these were insufficient. We will continue to vote against this proposal until we believe there is a reasonable remuneration policy in place.</p> <p>Wendel 16.05.2019</p> <p>The vote was regarding the independence of the board of director, the compensation policy of management as well as the board of directors. More than 20% of the votes were against management and that topic was also discussed in meetings with management. We will continue to vote against management until we feel the incentive plan is reasonable.</p>	<p>LGIM voted for resolution 29, to approve Barclays' commitment in tackling climate change, proposed by Barclays, and for resolution 30, to approve ShareAction requisitioned resolution, proposed by ShareAction. Resolution 29 was supported by 99.9% of shareholders, and resolution 30 was supported by 23.9% of shareholders.</p> <p>The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.</p>

Other	Partners Group Generations Fund	L&G Life World Equity Index Fund — GBP Currency Hedged
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	No	Not available
What is the target turnover rate for the portfolio?	No target	Not available
What was the actual turnover rate over the last 12 months?	31%	Not available

Engagement

Activity	L&G Life Leveraged Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund
How many engagements have you had with companies in the past 12 months?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding climate change?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding board diversity?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding waste reduction?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding financials?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding other issues?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Which form of engagement is most representative of the approach taken for this fund over the last 12 months: Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Please discuss some of the key engagements and outcomes from the last 12 months.	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund

Voting

Activity	L&G Life Leveraged Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund
Do you conduct your own votes?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Do you use a third party to vote on your behalf?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many votes were proposed across the underlying companies in the fund?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many times did you vote in favour of management?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many times did you vote against management?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
How many votes did you abstain from?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
Please discuss some of the key votes and outcomes from the last 12 months.	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund

Other	L&G Life Leveraged Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund	L&G Life Leveraged Index-Linked Gilt Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
What is the target turnover rate for the portfolio?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund
What was the actual turnover rate over the last 12 months?	Not applicable for this fund	Not applicable for this fund	Not applicable for this fund

Engagement

Activity	L&G Life Leveraged Index-Linked Gilt Fund
How many engagements have you had with companies in the past 12 months?	Not applicable for this fund
How many engagements were made regarding climate change?	Not applicable for this fund
How many engagements were made regarding board diversity?	Not applicable for this fund
How many engagements were made regarding waste reduction?	Not applicable for this fund
How many engagements were made regarding financials?	Not applicable for this fund
How many engagements were made regarding other issues?	Not applicable for this fund
Which form of engagement is most representative of the approach taken for this fund over the last 12 months: Sending standardised letters to companies Sending bespoke letters to companies Standard period engagement with companies Active private engagement on specific issues Active public engagement on specific issues	Not applicable for this fund
Please discuss some of the key engagements and outcomes from the last 12 months.	Not applicable for this fund

Voting

Activity	L&G Life Leveraged Index-Linked Gilt Fund
Do you conduct your own votes?	Not applicable for this fund
Do you use a third party to vote on your behalf?	Not applicable for this fund
How many votes were proposed across the underlying companies in the fund?	Not applicable for this fund
How many times did you vote in favour of management?	Not applicable for this fund
How many times did you vote against management?	Not applicable for this fund
How many votes did you abstain from?	Not applicable for this fund
Please discuss some of the key votes and outcomes from the last 12 months.	Not applicable for this fund

Other	L&G Life Leveraged Index-Linked Gilt Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Not applicable for this fund
What is the target turnover rate for the portfolio?	Not applicable for this fund
What was the actual turnover rate over the last 12 months?	Not applicable for this fund