

ESG Report

Keele Superannuation Scheme
IS0008839

31/07/20

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Scheme Summary

Policy Number: IS0008839
Statement Date: 31/07/2020

Funds	Holdings	Unit Price	Value	%	Fund Manager ESG Credentials	Engagement & Voting Records
BMO Short Profile Real Dynamic LDI Fund	2,046,183	2.719250	5,564,083	18.21%	Yes	No
Schroder Life Intermediated Diversified Growth Fund	84,151	105.213530	8,853,846	28.98%	Yes	Yes
Invesco Global Targeted Returns Fund	84,006	99.656049	8,371,738	27.40%	Yes	Voting Only
BlackRock Fixed Income Global Opportunities Fund Hedged	73,004	106.383394	7,766,384	25.42%	Yes	No
Total			30,556,051	100.00%		

BMO data is correct as of 30/06/2020

Schroder data is correct as of 30/06/2020

Invesco data is correct as of 30/09/2020

BlackRock data is correct as of 30/06/2020

Disclaimer:

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Fund Manager ESG Credentials

Questions	BMO	Schroders	Invesco
Do you have an ESG policy that is integrated into the investment process?	Yes	Yes	Yes
Do you have a firm ESG rating?	Yes	Not provided	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 Property: B	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 - Securitised: A Property: A
Do you have a Climate Change policy that is integrated into the investment process?	Yes	No	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 - MSCI ESG, ISS, broker research, Sustainalytics, Bloomberg, non-governmental organisations, UNPRI, International Corporate Governance Network (ICGN), Asian Corporate Governance Association (ACGA)	No	Yes - Sustainalytics, MSCI ESG Research, Truvalue Labs, ISS Climate Solutions, Vivid Economics, sell-side research. For proxy voting analysis - ISS, Glass Lewis, IVIS (the latter for UK equities). For business involvement screening - ISS Ethix, Sustainalytics, MSCI ESG Research.
Do you create your own ESG or Climate Change related scores?	Yes	Yes	Yes
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 and ad-hoc	Yes, quarterly	Yes, quarterly, annually and ad hoc
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	Yes

Fund Manager ESG Credentials

Questions	BlackRock
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>Fixed Income Securitized: A</p> <p>Private Equity: A+</p> <p>Property: A+</p> <p>Infrastructure: 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?	Yes
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 - MSCI, Sustainalytics, Refinitiv, Bloomberg, RepRisk, Verisk Maplecroft, ISS-Ethix, SASB, CDP, Rhodium
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, 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	BMO LDI Short Profile Real Dynamic Fund	Schroder Life Intermediated Diversified Growth Fund	Invesco Global Targeted Returns Fund
How many engagements have you had with companies in the past 12 months?	2319 (This data has been provided in relation to all BMO LDI funds.)	1330	Not available
How many engagements were made regarding climate change?	≈ 525 (23%) (This data has been provided in relation to all BMO LDI funds.)	139 (10.45%)	Not available
How many engagements were made regarding board diversity?	Not provided	112 (8.42%)	Not available
How many engagements were made regarding waste reduction?	Not provided	2 (0.15%)	Not available
How many engagements were made regarding financials?	Not provided	34 (2.56%)	Not available
How many engagements were made regarding other issues?	Not provided	1043 (78.42%)	Not available
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	Active private engagement on specific issues	Active private engagement on specific issues	Active private engagement on specific issues
Please discuss some of the key engagements and outcomes from the last 12 months.	<p>Barclays Committed to align the entire financing portfolio to the goals of the Paris Agreement, and to regularly report on progress. As the first international bank with such a bold commitment, along with a rather large fossil fuel financing book, this commitment shows clear climate leadership. We have engaged the company on their environmental and climate risk management practices for their lending portfolio in the past.</p> <p>Citigroup Inc Ruled out financing for oil and gas exploration, development and production projects in the Arctic, including the Arctic National Wildlife Refuge. In addition, the bank 1) ruled out direct funding for new thermal coal mines or coal-fired power plants worldwide, or expansions of existing mines or plants; and 2) set a timeline for ending all financing of coal mining companies. This is a major development that signals the company's commitment to enhance its contribution to the low-carbon economy transition. We have engaged Citi on enhancing its climate risk management procedures for various years.</p> <p>JPMorgan Chase & Co Announced a timeline for appointing a different director as their lead independent director. We have been raising concerns over the independence status of the incumbent appointment for many years due to his significant length of tenure on the board.</p> <p>(This information has been provided in relation to all BMO LDI funds.)</p>	<p>In a collaborative engagement effort, members of the UK Equity and Sustainable Investment teams visited Drax's power plant in Yorkshire in February 2020. A tour of the site revealed the new infrastructure needed to transport and store the biomass fuel whilst also highlighting how parts of the plant can remain operational, despite the change in fuel source. We were also able to see, and better understand, the range of different CCS (carbon capture and storage) technologies the company has invested in and how its strict supply chain procedure works in terms of forest management and controlling transport emissions.</p> <p>Our engagements with the company provided multiple opportunities to hold invaluable in-depth conversations on specific components of the business. It provided us with more confidence around the company's sustainability practices and helped us to better understand the extensive efforts the company is undertaking to become a negative carbon emitter by 2050. We will continue to engage with Drax throughout their low carbon transition to ensure the company evolves with ESG best practice and to understand their continued contribution to the UK's clean power market.</p>	<p>Invesco reached out to LafargeHolcim to request a meeting with the group's head of sustainability. The company was flagged during our portfolio monitoring process since LafargeHolcim has large scope 1+2 carbon emissions, in addition to a significant human rights controversy related to terrorist financing in Syria. In addition, as members of Climate Action 100+, Invesco is actively looking to engage with these high emitting companies to ensure they have credible climate transition plans.</p> <p>During the call LafargeHolcim's head of sustainability outlined the steps the company has taken to address the controversy related to terrorist financing. Although such a risk cannot be eliminated, their new monitoring programmes would pick on such activity much quicker. They also explained that although cement is a one of the most difficult sectors to decarbonise, they have several pilot projects for carbon capture, though this can only become scalable with significant regulatory support.</p> <p>LafargeHolcim are unlikely to reduce their carbon emissions significantly this decade for the reasons given above. They are however leading in carbon capture technology, which is currently the only foreseeable solution for the cement sector.</p>

Voting

Activity	BMO LDI Short Profile Real Dynamic Fund	Schroder Life Intermediated Diversified Growth Fund	Invesco Global Targeted Returns Fund
Do you conduct your own votes?	Yes	No	Yes
Do you use a third party to vote on your behalf?	Yes - ISS	Yes - ISS	No
How many votes were proposed across the underlying companies in the fund?	Not available	17,750 eligible (voted on 17,648)	4904
How many times did you vote in favour of management?	Not available	16,092	4522 (92.1%)
How many times did you vote against management?	Not available	1419	285 (5.81%)
How many votes did you abstain from?	Not available	129 (including votes withheld)	0 (0%)
Please discuss some of the key votes and outcomes from the last 12 months.	Not provided	<p>Company: Schroder Private Equity Fund Of Funds Iii Plc Meeting date: 31/07/2019 Detail of resolution: Authorise board to fix remuneration of auditors Reason: As per conflicts policy</p> <p>Company: SPDR Thomson Reuters Global Convertible Bond UCITS ETF Meeting date: 25/10/2019 Detail of resolution: Transact other business Reason: Other business not disclosed</p> <p>Company: Johnson Controls International plc Meeting date: 04/03/2020 Detail of resolution: Non-salary comp Reason: Sizable CIC-related severance payments made in 2019</p> <p>Company: William Lyon Homes Meeting date: 30/01/2020 Detail of resolution: Advisory vote on golden parachutes Reason: We are not supportive of golden parachutes</p>	<p>Company: Allied Minds Plc Vote: Supported management Resolution: Approved disposal by the company of its entire shareholding in the share capital of HawkEye 360 Inc. Rationale: The proposal is in line with the company's strategy</p> <p>Company: Vectura Group Plc Vote: Supported management Resolution: Authorised market purchase of ordinary shares Rationale: No concerns were identified regarding the company's capital allocation policy</p> <p>Company: Lundin Petroleum AB Vote: Supported management Resolution: Amended policy on remuneration of group management to introduce a recoupment policy Rationale: A vote against is warranted, because the proposed remuneration policy already provides for clawback clauses</p> <p>Company: N Brown Group Plc Vote: Supported management Resolution: Authorised the company to call general meetings with two weeks notice Rationale: This amendment provides flexibility</p>

Other	BMO LDI Short Profile Real Dynamic Fund	Schroder Life Intermediated Diversified Growth Fund	Invesco Global Targeted Returns Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	No	Yes, but not for all strategies in the fund	Yes
What is the target turnover rate for the portfolio?	No target	Not applicable	No target
What was the actual turnover rate over the last 12 months?	Not available	Not provided	The average turnover of investment ideas within the portfolio is estimated to be approximately in a range of 30%-40% per annum.

Engagement

Activity	BlackRock Fixed Income Global Opportunities Fund Hedged
How many engagements have you had with companies in the past 12 months?	Not provided
How many engagements were made regarding climate change?	1260 (Environmental risks and opportunities) (This data has been provided in relation to all BlackRock funds.)
How many engagements were made regarding board diversity?	1593 (Board quality) (This data has been provided in relation to all BlackRock funds.)
How many engagements were made regarding waste reduction?	Not provided
How many engagements were made regarding financials?	Not provided
How many engagements were made regarding other issues?	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	Not provided
Please discuss some of the key engagements and outcomes from the last 12 months.	<p>Voting to promote independence at a UK hotel and pub company: 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>(This information has been provided in relation to all BlackRock funds.)</p>

Voting

Activity	BlackRock Fixed Income Global Opportunities Fund Hedged
Do you conduct your own votes?	Not provided
Do you use a third party to vote on your behalf?	Not provided
How many votes were proposed across the underlying companies in the fund?	Not provided
How many times did you vote in favour of management?	Not provided
How many times did you vote against management?	Not provided
How many votes did you abstain from?	Not provided
Please discuss some of the key votes and outcomes from the last 12 months.	<p style="text-align: center;">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 style="text-align: center;">(This information has been provided in relation to all BlackRock funds.)</p>

Other	BlackRock Fixed Income Global Opportunities Fund Hedged
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Not provided
What is the target turnover rate for the portfolio?	Not provided
What was the actual turnover rate over the last 12 months?	Not provided