

## ESG Report

Cromwell Group (Holdings) Limited Pension and Life Assurance Scheme  
IS0008708

31/08/20

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## Scheme Summary

Policy Number:  
Statement Date:

IS0008708  
31/08/2020

Funds	Holdings	Unit Price	Value	%	Fund Manager ESG Credentials	Engagement & Voting Records
Ninety One Diversified Growth Fund	41,829	98.257775	4,110,053	25.27%	Yes	Yes
L&G Life Fixed Short Duration Fund	4,440	186.523040	828,188	5.09%	Yes	No
L&G Life Fixed Long Duration Fund	14,228	220.489995	3,137,047	19.29%	Yes	No
L&G Life Real Long Duration Fund	2,380	160.452501	381,880	2.35%	Yes	No
L&G Life Real Short Duration Fund	3,114	122.798230	382,334	2.35%	Yes	No
Invesco Global Targeted Returns Fund	38,750	102.837872	3,984,964	24.50%	Yes	Voting Only
M&G Total Return Credit Investment Fund	31,472	109.260858	3,438,655	21.14%	Yes	Engagement Only
<b>Total</b>			<b>16,263,121</b>	<b>100.00%</b>		

Ninety One data is correct as of 30/06/2020  
 LGIM data is correct as of 30/06/2020  
 Invesco data is correct as of 30/09/2020  
 M&G data is correct as of 30/06/2020

### Disclaimer:

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## Fund Manager ESG Credentials

Questions	Ninety One	L&G	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	Yes	Yes
Please provide your UNPRI survey scores	<p>2020 scores:</p> <p>Strategy &amp; 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>Private Equity: A</p> <p>Infrastructure: A+</p>	<p>2020 scores:</p> <p>Strategy &amp; 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>	<p>2020 scores:</p> <p>Strategy &amp; 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 - Securitised: A</p> <p>Property: A</p>
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	Investment Stewardship team	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 - Bloomberg, Boardex, CDP, HSBC, InfluenceMap, ISS, IVIS, Maplecroft, MSCI, Refinitiv (formerly Thomson Reuters), Reprisk, Sustainalytics, Trucost	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?	No	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	Yes, monthly, quarterly and annually	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	M&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	2019 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: B Property: A Infrastructure: Not reported
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, ISS, Sustainalytics, Eikon, RepRisk, MSCI Carbon Portfolio Analytics, UNEP FI, 427, CarbonWise, PACTA
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
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	L&G Life Fixed Short Duration Fund	L&G Life Fixed Long Duration Fund
How many engagements have you had with companies in the past 12 months?	11 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.	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding climate change?	2 (18%)	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding board diversity?	2 (18%) (Board diversity and composition)	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding waste reduction?	Not provided	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding financials?	1 (9%)	Not applicable for this fund	Not applicable for this fund
How many engagements were made regarding other issues?	6 (55%)	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	Sending bespoke letters to companies	Not applicable for this fund	Not applicable for this fund
Please discuss some of the key engagements and outcomes from the last 12 months.	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.	Not applicable for this fund	Not applicable for this fund

## Voting

Activity	Ninety One Diversified Growth Fund	L&G Life Fixed Short Duration Fund	L&G Life Fixed Long Duration Fund
Do you conduct your own votes?	Yes	Not applicable for this fund	Not applicable for this fund
Do you use a third party to vote on your behalf?	No	Not applicable for this fund	Not applicable for this fund
How many votes were proposed across the underlying companies in the fund?	1663	Not applicable for this fund	Not applicable for this fund
How many times did you vote in favour of management?	1547 (93%)	Not applicable for this fund	Not applicable for this fund
How many times did you vote against management?	66 (4%)	Not applicable for this fund	Not applicable for this fund
How many votes did you abstain from?	50 (3%)	Not applicable for this fund	Not applicable for this fund
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>	Not applicable for this fund	Not applicable for this fund

Other	Ninety One Diversified Growth Fund	L&G Life Fixed Short Duration Fund	L&G Life Fixed Long Duration Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Yes	Not applicable for this fund	Not applicable for this fund
What is the target turnover rate for the portfolio?	No target	Not applicable for this fund	Not applicable for this fund
What was the actual turnover rate over the last 12 months?	7.17%	Not applicable for this fund	Not applicable for this fund

## Engagement

Activity	L&G Life Real Long Duration Fund	L&G Life Real Short Duration Fund	Invesco Global Targeted Returns 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 available
How many engagements were made regarding climate change?	Not applicable for this fund	Not applicable for this fund	Not available
How many engagements were made regarding board diversity?	Not applicable for this fund	Not applicable for this fund	Not available
How many engagements were made regarding waste reduction?	Not applicable for this fund	Not applicable for this fund	Not available
How many engagements were made regarding financials?	Not applicable for this fund	Not applicable for this fund	Not available
How many engagements were made regarding other issues?	Not applicable for this fund	Not applicable for this fund	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	Not applicable for this fund	Not applicable for this fund	Active private engagement on specific issues
Please discuss some of the key engagements and outcomes from the last 12 months.	Not applicable for this fund	Not applicable for this fund	<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	L&G Life Real Long Duration Fund	L&G Life Real Short Duration Fund	Invesco Global Targeted Returns Fund
Do you conduct your own votes?	Not applicable for this fund	Not applicable for this fund	Yes
Do you use a third party to vote on your behalf?	Not applicable for this fund	Not applicable for this fund	No
How many votes were proposed across the underlying companies in the fund?	Not applicable for this fund	Not applicable for this fund	4904
How many times did you vote in favour of management?	Not applicable for this fund	Not applicable for this fund	4522 (92.1%)
How many times did you vote against management?	Not applicable for this fund	Not applicable for this fund	285 (5.81%)
How many votes did you abstain from?	Not applicable for this fund	Not applicable for this fund	0 (0%)
Please discuss some of the key votes and outcomes from the last 12 months.	Not applicable for this fund	Not applicable for this fund	<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	L&G Life Real Long Duration Fund	L&G Life Real Short Duration Fund	Invesco Global Targeted Returns 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	Yes
What is the target turnover rate for the portfolio?	Not applicable for this fund	Not applicable for this fund	No target
What was the actual turnover rate over the last 12 months?	Not applicable for this fund	Not applicable for this fund	The average turnover of investment ideas within the portfolio is estimated to be approximately in a range of 30%-40% per annum.



## Engagement

Activity	M&G Total Return Credit Investment Fund
How many engagements have you had with companies in the past 12 months?	14
How many engagements were made regarding climate change?	7 (50%)
How many engagements were made regarding board diversity?	0 (0%)
How many engagements were made regarding waste reduction?	1 (7%)
How many engagements were made regarding financials?	0 (0%)
How many engagements were made regarding other issues?	6 (43%)
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 (with clients)
Please discuss some of the key engagements and outcomes from the last 12 months.	<p style="text-align: center;">Deforestation:</p> <p>In response to the extent of the fires seen in the Amazon basin over 2019, the Corporate Finance and Stewardship team analysed the issues relating to soft commodity-driven deforestation and the investment impacts of these issues. Alongside this, we undertook a mapping exercise to understand the extent of our exposure to these risks across both our public equity and fixed income holdings. Using this, we prioritised companies and began a series of thematic engagements with our investment teams in Fixed Income.</p> <p style="text-align: center;">Cement:</p> <p>In 2019, the The Institutional Investors Group on Climate Change (IIGCC) published its document on investor expectations of companies in the construction materials sector, and we spoke to IIGCC to see whether there were opportunities for M&amp;G to take a more active role. With this in mind, we took a closer look at the cement industry in relation to transitioning to a low-carbon economy and the hurdles it faces in reaching the Paris alignment. We held a call with Share Action to discuss its recently published Investor Briefing on Cement, which explores why cement is so carbon-intensive, how the industry can decarbonise and why investors need to be asking questions of their investee companies. We also started engagement work in this area through a fact-finding call with Buzzi Unicem, the Italian cement maker.</p>

## Voting

Activity	M&G Total Return Credit Investment Fund
Do you conduct your own votes?	Not available
Do you use a third party to vote on your behalf?	Not available
How many votes were proposed across the underlying companies in the fund?	Not available
How many times did you vote in favour of management?	Not available
How many times did you vote against management?	Not available
How many votes did you abstain from?	Not available
Please discuss some of the key votes and outcomes from the last 12 months.	Not available

Other	M&G Total Return Credit Investment Fund
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Yes
What is the target turnover rate for the portfolio?	No target
What was the actual turnover rate over the last 12 months?	29,3%