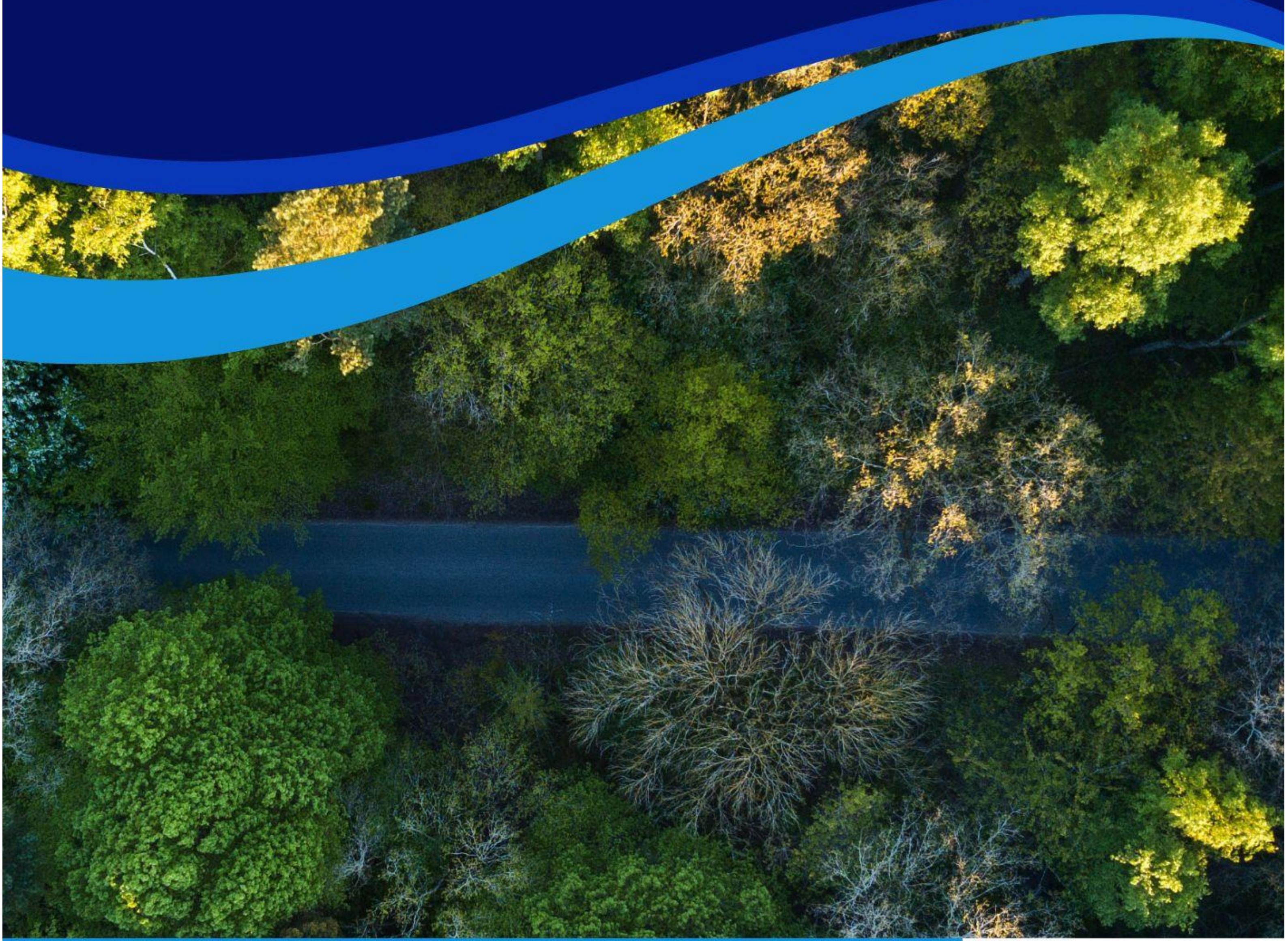
CLIMATE REPORT

2023

Mobius's approach to climate change and net zero
Taskforce for Climate-related Financial Disclosures (TCFD) Report



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Mobius Life

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Letter from our CEO

As the CEO of Mobius Life, I am proud to present our inaugural Task Force on Climate-related Financial Disclosures (TCFD) report. This report outlines our strategic approach to managing climate risk and allows us to better understand and disclose climate-related risk and opportunity for Mobius.

Serving over 700 institutional pension schemes, we recognise the critical role we play in safeguarding the financial futures of millions of individuals and the importance of integrating climate goals into our business strategy.

By adopting the TCFD framework, we aim to provide our stakeholders with a comprehensive understanding of how we are integrating climate-related considerations into our business and how we measure progress on our commitment to transparency, sustainability, and responsible investment.

We have implemented robust governance structures to oversee our climate strategy, conducted detailed scenario analyses to assess potential impacts, and engaged actively with our institutional clients to align our actions with their sustainability objectives.

While this is our first TCFD-aligned report, it establishes a strong foundation for continuous improvement and future disclosures. It underscores our dedication to fostering a sustainable and resilient future for the pension schemes we serve and their beneficiaries.

James Finch - CEO Mobius

Introduction

Mobius Life Limited (Mobius Life) is an authorised unit-linked UK life insurance company. We are an independently owned business committed to helping institutional clients implement their investment strategies and meet their investment objectives. We offer clients access to an investment platform operating within a life company structure, supported by a wide range of investment services. Established in 1996, our roots stem from a multi-manager business and in 2014 we refocused our business as an independent institutional platform, whilst building on our solutions-orientated mindset. This fostered the development of our expertise in supporting solution design and execution for pension schemes. This capability, alongside an appetite to offer clients a bespoke experience has driven our growth.

Mobius Life aims to play a critical role in supporting sustainable investment by offering our clients a range of sustainable investment opportunities and the information they need to make informed choices. Our clients typically have a long investment horizon and a sustainable approach to investing is necessary to meet their goals and demonstrate good stewardship in their investments. We leverage our engagement in the marketplace and understanding of their needs to ensure we include investments in our fund universe that align with their investment strategy and beliefs. We give our clients freedom in determining their own approach to incorporating sustainability, including climate, in their investment strategies.

Our goal is to back this up by adopting sustainable practices throughout our own operations – and in this first Climate Report we have committed to achieving net zero emissions in our own operations by 2030 for Scope 1 & 2 and by 2050 for Scope 3 emissions.

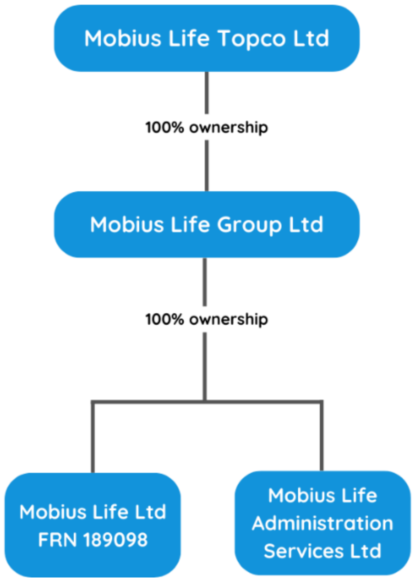
This report covering the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), shown below, outlines the structures and processes in place to enable us to achieve these goals. It also provides information on the carbon footprint associated with our investment portfolio. The disclosures contained within this report are compliant with the requirements under Chapter 2 of the FCA ESG Handbook.

TCFD Recommendations

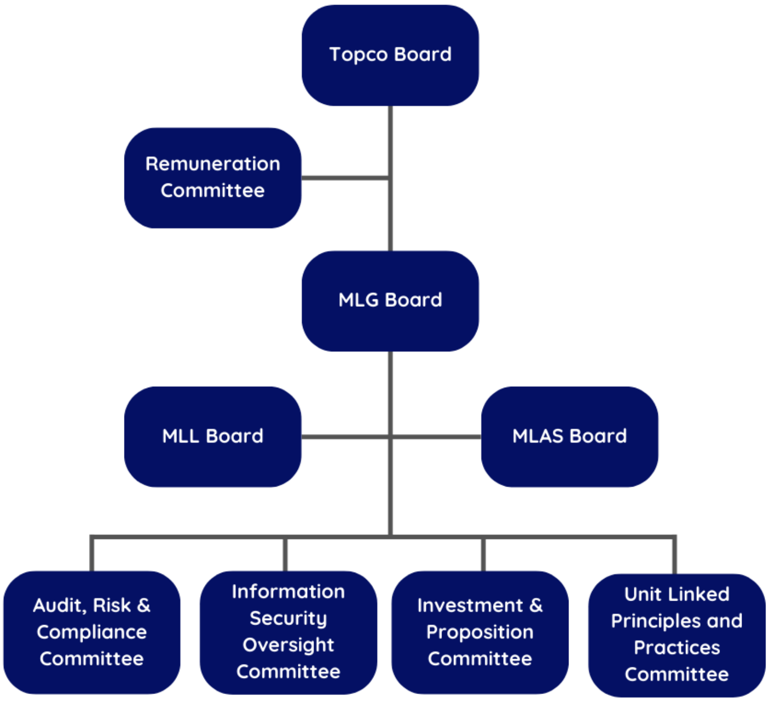
Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe manager's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	b) Describe the organisation's process for managing climate-related risks.	b) Disclose Scope 1, Scope2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	c) Describe the resillience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c) Describe the targets used by the organisation to manager climate-related risks and opportunities and performance against targets.

Governance

Our governance arrangements enable us to embed sustainability in the central forums for decision-making across the group. The following diagram is a simplified illustration of Mobius Life's group structure. The group consists of two operating companies: Mobius Life and Mobius Life Administration Services (MLAS). Mobius Life Topco (Topco), the holding company, is 100% owner of Mobius Life Group (MLG) and in turn both Mobius Life and MLAS. Mobius Life is regulated by the Financial Conduct Authority and Prudential Regulation Authority.



Mobius Life is committed to a strong governance framework. This is supported by a formal committee structure, set out below, with clearly defined roles and responsibilities apportioned across the directors and senior management team.



Further details of Mobius's wider governance framework can be found in the Solvency & Financial Condition Report available on our website.

Boards of group companies

Sustainability is embedded in the boards of all group companies: each has a defined responsibility for ensuring that each company is a responsible corporate citizen by having regard to the impact that its operations have on the environment and society. To reflect this, the quarterly board meetings of Mobius Life, MLAS, MLG and Topco have a standing agenda item to discuss sustainability developments and progress against agreed actions. This includes considering the group's climate targets and ambitions.

Mobius Life's Sustainability Strategy is built around three pillars: our internal operations; our funds and client reporting; and our supply chain. It sets out the group strategy and overarching principles in respect of sustainability. It also sets out planned actions to further the group's sustainability objectives, including regarding climate. It is annually reviewed and approved by the boards of Mobius Life and Topco.

The Mobius Life board also reviews and approves this Climate Report, to be produced annually starting from this year.

Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee (ARC) is composed of Mobius Life non-executive directors and is responsible for oversight and maintenance of the risk framework. This includes the framework for management of climate-related financial risks. ARC annually reviews the approach to management of climate-related financial risks as part of the Own Risk and Solvency Assessment exercise and considers the adequacy of management's response to key risks on an ongoing basis.

Investment & Proposition Committee

The Investment & Proposition Committee (IPC) is composed primarily of management with one non-executive member and reports regularly to the ARC and Boards. It has a particular role in considering the second pillar of Mobius Life's sustainability strategy: the fund range and reporting that Mobius Life offers to clients to support them in meeting their sustainability and climate objectives. It considers sustainability developments about that pillar as part of its quarterly standing agenda.

The IPC also reviews and approves the annual Stewardship Policy Report. This provides details of Mobius Life's engagement with asset managers on topics including climate change.

Management

Our Chief Risk Officer, Rowena Scarbrough, is the designated executive sponsor for sustainability with day-to-day responsibility for ensuring that agreed activities to achieve Mobius Life's objectives and climate targets are being progressed and reporting on them to the executive team and boards. She is also responsible for the management of climate-related financial risks.

The executive team are responsible for ensuring our climate strategy is delivered within their remit, including identifying climate-related opportunities and risks and ensuring that they are appropriately addressed.

An internal group of staff sustainability champions support the development and implementation of initiatives including measures to address our green-house gas emissions, ensuring that sustainability is embedded throughout the organisation and that our plans reflect the realities of our business operations.

Strategy

Mobius Life's Sustainability Strategy is to play a critical role in supporting sustainable investment by offering our clients a range of sustainable investment opportunities and the information they need to make informed choices. And then to back this up by adopting sustainable practices throughout our own operations – particularly in respect of our staff, who are at the heart of our business.

We acknowledge the significant impact of climate change on our business, policyholders, and the broader economy. Therefore, we have integrated climate considerations into our overarching business strategy, ensuring resilience and sustainability amidst various climate scenarios. Climate impacts are considered across a range of business decisions and demand for climate-focused products and reporting is shaping our future business.

The following sections outline how climate is embedded in each of the three pillars of our sustainability strategy and the opportunities that the climate transition may offer for Mobius:

Internal operations

We have established targets for reducing greenhouse gas emissions and achieving net zero in our own operations, as set out in more detail later in this report. As well as reflecting our sustainability strategy and contributing to mitigating the potential adverse effects of climate change, this is also an opportunity to reduce our operational costs and enhance our resilience by adopting sustainable operational practices such as lower energy consumption.

During 2024 a particular focus will be incorporating climate considerations into decision-making on our planned office move. We plan to move to a new location by autumn 2024, and our new office will be critical to our ability to measure and reduce our emissions in future years.

We are also taking climate and sustainability more broadly into account in the selection of a new pension provider for our staff.

Funds and client reporting

Our clients typically have a long investment horizon and beyond the moral drivers to ensure good stewardship in their investments, a sustainable approach to investing is necessary to meet their goals. We actively engage with our clients and consultant partners to ensure we understand their requirements, adding their requested investments to our fund universe. We are dedicated to empowering investment opportunities, facilitated through a fund range that allows trustees to select funds that align with their values, goals and policies. These include a range of active and passive funds with specific ESG or climate objectives, and bespoke funds where clients are advising managers to invest in a specific way relative to their own sustainability strategy.

The shift in the market environment, transitioning from an era of low inflation and relatively stable growth to one marked by increased market volatility, underscores the importance of prudent risk diversification. We have been focusing on the integration of illiquid assets for DC schemes and Master Trusts. We have harnessed our systems and expertise to address and overcome the operational challenges that traditionally hinder DC schemes from venturing into private markets. In doing so, we have worked with asset managers and clients to provide access to investments such as renewable energy and sustainable infrastructure. Access to these areas of private markets allow clients to have a more direct and measurable impact from a climate perspective.

Positioned uniquely between asset owners and asset managers, we leverage our position to provide trustees with the essential information they need from their managers, enabling them to create both compliant and meaningful disclosures. Transparent data has historically been difficult to come by, so our stewardship journey has centred around our ambition to empower schemes to report with more confidence through better data.

A key area of activity for us is developing our ESG and TCFD reporting capability. Our ESG questionnaire tackles this directly at the fund level, asking asset managers for a breakdown of votes made for and against management while identifying when asset managers have abstained from votes or used a third party. We also ask for more detailed information around some of the key votes and engagements to provide further context to our clients.

We have then focused on helping our clients understand the climate position of their portfolios. Since the introduction of our TCFD reports for our clients in 2021, we have continued to support our clients with measuring and monitoring climate-related metrics. These range from the foundational metrics of Scope 1,2 & 3 emissions to extending this to reflect data quality which includes reported, estimated and unavailable data. While asset managers are generally less progressed in providing TCFD data versus general ESG data, we have seen an increase in the volume of meaningful metrics received. We have engaged with asset managers on the units, methodology and sources used in the production of metrics. We found that this standardises the data more and reduces subjectivity in interpretation and enhanced the quality of the data received, although there remain significant challenges in this area as set out later in this report.

Supply chain

Our third-party management framework mandates consideration of suppliers' climate impact and sustainability policies and goals as part of due diligence. As we develop our plans to reduce the greenhouse gas emissions associated with our supply chain, we expect to increase our engagement with specific suppliers on their own efforts to reduce emissions and ensure that they align with our climate targets.

Risks

Climate change presents a spectrum of physical and transition risks (see box on the following page for details). However, Mobius has only limited exposures to climate-related risks due to its business model. In particular, Mobius's clients bear the market risk associated with their investments - and therefore any impacts on the value of financial assets from climate change or the transition to a low-carbon economy. The following describes the areas where Mobius may have exposure to climate-related risks: later in this report we set out how these risks are managed.

Financial risks

Since some of Mobius Life's charges are a percentage of Assets under Administration (AuA), Mobius does have an indirect exposure to impacts on the value of financial assets from physical and transition risks as its revenues could be impacted by any falls in AuA. These could primarily occur as a result of transition risks, as the value of investments in companies adversely affected by the transition adjusts over time. They could also reflect physical risks such as falls in the value of property funds whose underlying assets are damaged by extreme weather.

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However, Mobius Life's clients are all either pension schemes or insurance companies and are subject to regulatory requirements to manage their climate-related financial risks: for this reason Mobius Life revenues are unlikely to develop undue exposure to climate-risky assets.

Mobius's expenses could also be impacted by climate change: it might be directly affected by changes to tax and regulation associated with the transition and there could also be inflationary impacts in some scenarios that could have broader implications for expenses. In a scenario where physical risks are high, there could also be costs associated with reinforcing operational resilience arrangements.

Operational risks

It is possible that physical risks (such as flooding or other extreme weather events) could impact Mobius Life operationally: either directly or via third-party providers. The risk of direct impacts is inherently low given the group's central London location in an area with a low probability of flooding and our embedded and effective use of remote working across all business areas.

Strategic risks

Given strong client demand for climate-focused solutions, the key risk for Mobius Life is the strategic and reputational risk if we do not keep pace with continuing market developments in this area and if our proposition does not continue to meet client needs.

Like other businesses, Mobius Life is also exposed to the risk that new climate regulations may impose additional costs in the future.

Physical risks relate to the acute and chronic impacts of climate change on extreme weather events and the climate. Acute risks include floods, storms, and heatwaves, which can affect the value of assets such as property and the business operations of companies. Chronic physical risks, such as rising average temperatures and sea level, pose long-term challenges to economic stability and investment performance.

Transition risks are those arising from the transition to a low-carbon economy, including legal and policy changes and the consequences for businesses of the economic shift and technological change. Regulatory changes, such as carbon pricing and emissions reduction targets, may alter operating costs and financial outcomes for businesses. Developments in low-carbon solutions may disrupt existing industries, affecting market values. Additionally, growing stakeholder awareness and concern about climate change can

Scenario analysis

Scenario analysis is an important tool to test the resilience of our strategy and assess the scale of our risk exposures. We consider three climate scenarios representing a range of potential policy and environmental paths:

- Orderly Transition
  This scenario assumes strong policy action that commences at an early stage and builds over time, likely limiting global warming relative to pre-industrial averages to below 2°C. In this scenario our clients, particularly given their access to professional investment advice and sophisticated investment opportunities, are well-positioned to anticipate and adapt to shifts in markets, technologies and policy that arise from the transition. This supports the effective execution of our strategic plans to grow AuA. An orderly transition may boost demand for specialist investment solutions that can provide exposure to opportunities related to the transition to a low-carbon future: as outlined above, Mobius Life is in a good position to facilitate access to those solutions through our proposition.

  We would expect that in this scenario Mobius Life would have the opportunity to adapt in an orderly fashion to new regulations that might increase its costs in future (such as carbon taxes or additional reporting requirements) and incorporate these into its business plans and budgeting.

Orderly Transition
- Limited impacts on asset values
- Limited impacts on expenses

In this scenario it is critical that Mobius Life continues to develop its range of funds to meet clients' evolving investment requirements. If we fail to do so, there is a strategic risk as described above that we might lose or fail to win clients, if other partners could better meet their investment needs in the transition period. This underlines the importance of our continuous work to ensure our fund range satisfies our clients' needs.

- Disorderly Transition
  This scenario anticipates delayed or inconsistent policy action, leading to a disorderly transition characterised by abrupt regulatory changes and market shifts. Sudden changes occur in the regulatory and economic landscape; global warming is limited to below 2°C, but the required emission reductions are achieved more sharply, at higher costs and with greater physical risks along the transition path.

Disorderly Transition
- Moderate impacts on asset values
- Moderate impacts on expenses
- Limited impacts on operational continuity

In this scenario we would expect to experience some falls in our Assets under Administration, and therefore in our revenues, due to the impacts of physical and transition risks on the funds selected by our clients. Policy uncertainty would lead to a higher investment premium across numerous asset classes. We might also see increased volumes of operational activity as market volatility could lead our clients to restructure their investments more frequently and there could be a higher rate of fund closures.

Mobius Life might also incur additional costs unexpectedly or without notice relating to policy and regulatory changes, impacting us financially until it was possible to adjust business plans to compensate for the new costs. In addition, carbon pricing might be introduced precipitately in this scenario and have an inflationary impact.

As noted above, our operational exposure to extreme weather events would be limited. However, in this scenario it is possible that power supplies might be disrupted or rationed at times or that some of our suppliers might experience disruption due to the physical risks of climate change. Our operational resilience framework is designed to ensure that where we have suppliers who are critical to the important services we provide to our clients, we have alternative arrangements available in case of disruption or have assured ourselves that they have sound operational resilience arrangements in place to provide continuity of service in extreme weather events.

- Hothouse World
  This scenario assumes limited mitigation efforts in which only current implementation policies are achieved and current commitments are not met. The result would be high greenhouse gas emissions, leading to severe physical risks associated with rising temperatures, as well as severe social and economic disruption.

Hothouse World
- Material impacts on asset values
- Moderate impacts on expenses
- Limited impacts on operational continuity

This scenario could have severe impacts on asset values, with damage to property and the dampening of economic prospects for companies across a range of sectors. Mobius Assets under Administration and revenues would be impacted accordingly. Management actions would be required to adjust our strategy and ensure expenses remained commensurate with revenues.

As in the previous scenario, Mobius Life's suppliers might experience disruption from extreme weather events. In this scenario the disruption might be more frequent and increasingly severe. It could be that existing operational continuity arrangements would need to be upgraded or enhanced to respond to the changing environment, leading to additional one-off or ongoing costs.

In addition to the above qualitative analysis, we quantify a range of scenarios as part of our annual Own Risk and Solvency Assessment (ORSA), analysing the potential financial impacts over our business plan period. Given the limited materiality of climate risks for our business we do not perform quantitative analysis of specific climate scenarios. However, some of the scenarios that we test assume there are falls in our Assets under Administration which could reflect the impact of physical or transition risks on our investments, and another assumes increases in our expense base that could be the result of climate transition-related costs.

Our climate-related scenario analysis informs our assessment of operational resilience. Our investment allocation is predominantly determined by our clients' fund selection choices; however, our efforts to ensure a range of sustainable solutions are made available to them enables our clients to mitigate their climate risks and, by extension, the indirect exposure we have to falls in asset values.

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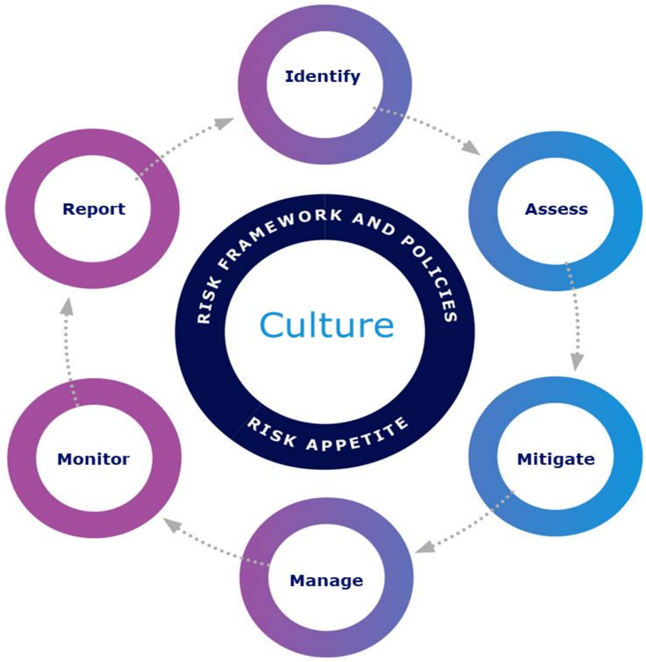
Risk Management



Management recognises the global significance of the climate change threat: however, as described above due to its business model Mobius's exposure to climate-related risks is limited compared to most other insurers. Given the low materiality of climate-related risks for Mobius, the current approach is to manage the risks in line with the broader risk management framework and not to adopt climate risk-specific measures. We give them specific consideration as part of our annual Own Risk and Solvency Assessment (ORSA) exercise to validate that this approach remains appropriate and in line with their materiality.

The following sections describe Mobius Life's over-arching risk management framework as it applies to climate risks.

The Group is committed to a strong control environment and operates a three line of defence model in the management of its risks. The first line of defence is the responsibility of the owners and managers of the risks associated with the day-to-day business activities. The second line of defence is the risk and compliance functions in providing oversight and assurance of the first line of defence. The third line of defence is internal audit and tests the effectiveness of the control environment.

Risk identification and assessment

We identify risks primarily through reporting from relevant business areas. This is supplemented by Risk function activities such as review of business proposals, analysis of incidents and risk reviews, which may also result in the identification of risks. Finally, we carry out an annual emerging risk review where we consider developments in the external environment and within our business.

A specific review of climate risks was carried out in 2021 which identified the climate risks described earlier in this report. These risks are managed within broader risk categories identified through these ongoing processes.

Mobius assesses and documents risks in a risk register, which includes a description of the risks to which the Group is exposed and risk rating pre- and post-mitigation. Risks are broken down to a granular enough level to facilitate clear ownership and visibility of important risk drivers. The risk rating is based on the scoring of impact and likelihood. The impact score covers not only financial impacts, but also reputational and regulatory impacts and any disruption to business operations.

The Risk function is responsible for periodically reviewing the first line assessments of risks, and where appropriate challenging their conclusions. Risk will monitor the position against relevant limits and KRIs to support this review and challenge.

The climate risks are assessed in the same way as other risks to the business.

Risk management

First line business areas are responsible for managing risk exposures within the appetites, limits and KRIs set out in the risk management framework and risk policies by implementing and operating appropriate processes and controls. Where risks exceed risk appetite, actions should be identified by the risk owner to mitigate the risk.

The following table sets out Mobius Life's management of the climate-related risks described earlier in this report:

Financial risks Indirect exposure to fall in AuA due to climate risks	Unit-linked assets are selected by policyholders rather than by Mobius Life. Mobius' initiatives to provide clients with more information and reporting on the climate risks in their portfolio should help to mitigate this risk. Mobius requests evidence of adherence to funds' ESG policies during onboarding and ongoing reviews.
Financial risks Expense increases due to climate risks	All expenses, including any which may arise from climate risks, are monitored and controlled on an ongoing basis and any anticipated increases are taken into account in annual business planning processes.
Operational risks Impact on Mobius or supplier operations	Mobius Life's operational resilience framework ensures that continuity planning and contingency arrangements are in place for all third parties that support our important business services, mitigating the impact of disruption to their operations. In the case of climate-related events such as extreme weather events we have considered the following scenarios and how to mitigate the respective disruption to the business: • Unavailability of the office: all staff are able to work from home and access all necessary resources. • Power outage at the office: generators and on-site bulk fuel storage are in place. Staff are also able to work from home. • Failure of internet connection at the office: backup internet line is in place and could be switched to if the main line is down; staff are also able to work from home. • Unavailability of staff home internet connections: staff can work from the office. Where suppliers are critical to the delivery of important services, we incorporate them into our operational resilience framework and ensure that they have appropriate continuity arrangements in place or that we have contingency options available.
Strategic risks Mobius fails to meet client demand for climate-focused solutions	As described earlier in the report, we actively engage with our clients and consultant partners on an ongoing basis to ensure we understand their requirements. In addition, an annual assessment of Mobius' ESG maturity is carried out by an external consultancy to help ensure that we are continually identifying and implementing actions to maintain the sustainability of our business, including with respect to climate.
Strategic risks Introduction of new climate regulations	Mobius monitors legal and regulatory developments on an ongoing basis to ensure that any changes are identified and implemented appropriately. For example, we have improved our ESG questionnaires to asset managers in light of the Department of Work and Pensions (DWP) stewardship guidance published in 2022.

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Risk measurement, monitoring and reporting

Given the materiality of climate-related risks the current approach is qualitative, and no quantitative metrics have been put in place, however, these risks are inserted as part of the scenario analysis exercise, being updated and reported annually through the ORSA process, and as they are part of broader risk categories, they are implicitly reported more frequently through the monthly MI reporting.

The Risk function must carry out an Own Risk and Solvency Assessment (ORSA) at least annually, for which the requirements are set out in the ORSA Policy. The ORSA process links the group's risk framework to the business and capital planning projections, to produce a forward-looking assessment of the group's risk and solvency profile. The ORSA report must be approved by the Boards of MLL and Topco.

The ORSA process includes the performance of stress tests and scenario analysis to support the assessment and monitoring of risks. *Ad hoc* stress testing should be considered in support of business decisions likely to have a material impact on capital and liquidity. This could include but is not limited to: acquisitions; the introduction of a new line of business; or changes to the investment strategy for corporate capital.

Being positioned between asset managers and asset owners Mobius leverages its position to deliver essential information to its trustees. As such, Mobius provides *ad hoc* data from fund managers on climate risk metrics and whether and how ESG practices are considered in their investment approach.
One of the challenges Mobius has faced with the data was a degree of non-standardisation in methodologies. For that reason, a key consideration in 2022 was looking into the transparency of units, methodology and sources used in the production of metrics. We found that this reduced subjectivity in interpretation and enhanced our oversight in return. However, we recognize there is further work to be done and continue to improve our processes and engaging with asset managers. We are currently working on a project to digitise and streamline collection and reporting of climate risk data.

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Metrics and Targets

In this section we set out the key climate metrics that we monitor in respect of our own operations and the investments that we hold in respect of our insurance business. We also set out the targets that we are aiming for in our own operations.

We do not set targets for the climate footprint of our investments, since the investment allocation is determined by our clients in selecting from our range of funds. MLL's clients are pension schemes, many of which are subject to their own regulatory requirements to consider and articulate their climate strategies and targets. We ensure that our fund range includes sustainability funds enabling our clients to implement those strategies and achieve their targets.

As this is the first Mobius Climate Report, the figures presented below for our carbon footprint relate solely to the year to end December 2023. In future years this report will include a comparison against the previous year to enable assessment of the progression over time.

Our Operations

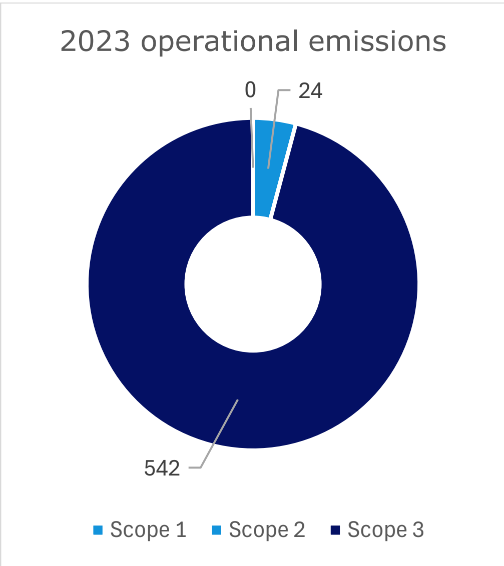
Our climate commitments

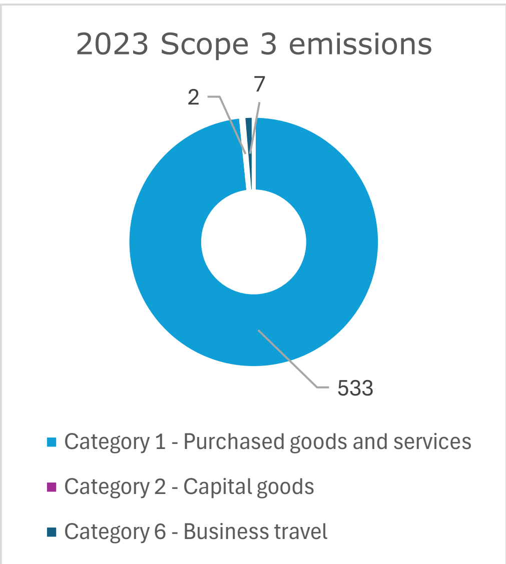
- ⇒ 2030: Net zero Scope 1 and 2 emissions
- ⇒ 2035: 50% reduction in Scope 3 emissions
- ⇒ 2050: Net zero Scope 3 emissions

These targets are in respect of greenhouse gas emissions relating to our own operations. The targeted reduction in Scope 3 emissions by 2035 is a reduction in the absolute carbon emissions from our 2023 baseline.

This section of our report sets out current estimated greenhouse gas emissions for all companies in the Mobius group. This is the first published reporting on our carbon emissions and there are still a number of limitations in the estimates presented: we will continue to iterate and improve our ability to gather the necessary data.

The following estimate of Mobius's current carbon footprint has been estimated using the SME Climate Hub's carbon calculator, supported by Normative, a carbon-accounting software provider. The calculator follows the Greenhouse Gas (GHG) Protocol, the widely-used international protocol for carbon accounting, and combines data on Mobius's expenses with country or industry emissions data to produce an estimate of our emissions.





		2023
Scope 1 emissions (tons CO2e)		0
Scope 2 emissions (tons CO2e)		24
Scope 3 emissions (tons CO2e) - total		542
Category 1 – Purchased goods and services		533
Category 2 – Capital goods		2
Category 6 – Business travel		7
Intensity per FTE	**Scope 1 & 2**	0.31
Tons CO_2e per average FTE over the period	**Scope 1, 2 & 3**	7.45

The following table provides more information on the scopes and categories that greenhouse gas emissions are broken down into and how they apply to Mobius:

	Description	Mobius emissions
Scope 1	Direct GHG emissions that occur from sources owned or controlled by the reporting company, e.g. emissions from boilers, furnaces, vehicles etc that the reporting company owns or controls	Mobius does not generate any direct emissions in this way
Scope 2	Indirect GHG emissions from the generation of electricity, steam, heating or cooling that is purchased/acquired and consumed by the reporting company	Mobius consumes electricity and heating/cooling for our office
Scope 3	All other indirect GHG emissions – further broken down into 15 categories: • Category 1 – Purchased goods and services • Category 2 – Capital goods • Category 3 – Fuel- and energy-related activities • Category 4 – Upstream transportation and distribution • Category 5 – Waste generated in operations • Category 6 – Business travel • Category 7 – Employee commuting • Category 8 - Upstream leased assets • Category 9 – Downstream transportation and distribution • Category 10 - Processing of sold products • Category 11 – Use of sold products • Category 12 – End-of-life treatment of sold products • Category 13 – Downstream leased assets • Category 14 – Franchises • Category 15 - Investments	Mobius's emissions primarily fall into Scope 3. Mobius's Scope 3 emissions are largely from our purchased goods and services, reflecting our use of outsourcing and third-party supplier arrangements such as for our data centres. However, certain categories relevant to Mobius are omitted from this calculation, see Methodology and Assumptions below.

The following Scope 3 categories relevant to Mobius are not captured by the calculator used to prepare this estimate. We will work to ensure these are incorporated in future years and will recalculate our baseline year emissions incorporating them.

- Category 5 - Waste generated in operations (including water usage)
- Category 7 - Employee commuting / home-working
- Category 3 - Fuel and energy-related activities not already captured in Scope 2 (such as upstream emissions of purchased electricity and transmission & distribution losses)

When we report Scope 3 operational emissions, in common with many insurers we do not include emissions from our investments (category 15): those are set out in the next section of this report. We also do not include emissions from the fund managers whose funds we invest in, as the selection of fund managers is determined by our clients and not directly by Mobius.

Investment portfolio

As an institutional investment platform we hold investments with 75 different investment managers, primarily in collective investments. To gather emissions data for our portfolio we are reliant on the quality of data we are able to source from the investment managers and we have set out below further details of our approach and where there have been limitations in the data provided. We have sourced emissions data for 421 funds across 45 investment managers.

Mobius Life Limited Assets	2023	
	Scope 1&2	Scope 3
AUA (end Dec 2023) (£bn)	20.7	
AUA with data received (end Dec 2023) (£bn)	14.7	
Financed carbon emissions (FCE) ('000s tCO2e)	914	4,073
Financed emissions intensity (tCO2e/£m invested)	63	399
Weighted Average Carbon Intensity (WACI) (tCO2e/£m revenue)	96	896

Note: Definitions of the above metrics can be found in the Glossary section.

The portion of AuA with data received represents the share of Mobius AuA for which we were able to obtain data from Asset Managers with funds on the platform. Our calculation of financed carbon emissions is based on collecting fund level information from managers and calculating our share of each fund's emissions. It therefore only reflects emissions in respect of the share of the portfolio for which data was available. It is also based on our fund holdings as at end December 2023 – in practice the allocation to different funds (with differing emissions associated with them) varied through the year.

This approach assumes that the data provided by the fund managers is accurate and reflects the true emissions associated with the funds under their management. To collect the emissions data, we directly engaged with fund managers, requesting fund-level data for the year ending 31 December 2023. The managers either sourced data from third-party providers or generated it internally and the results varied in formats and currencies. To ensure consistency, we have gathered data for a common set of metrics across all funds and converted all financial data to GBP.

For data validation and quality assurance, we conducted some high-level checks on the data provided on the funds and queried managers when data appeared abnormal or inconsistent. However, we have not independently validated the data provided by fund managers in detail. The methodologies used by fund managers to calculate emissions may not be consistent, as different managers employ varying approaches and tools for emissions measurement.

For some funds, managers reported some of the relevant data but not others. To provide a clearer understanding of our data gaps, the table below shows the percentage of our total AuA where we have received data points for each metric:

For each metric: % of MLL AuA for which fund-level data was received	**2023**	
	Scope 1&2	**Scope 3**
Financed carbon emissions (FCE)	64%	49%
Financed emissions intensity	64%	49%
Weighted Average Carbon Intensity (WACI)	64%	49%
Financed carbon emissions incl Sovereign-only (FCE)	67%	

As this illustrates, there is greater data availability for Scope 1 & 2 emissions than for Scope 3: this reflects widespread challenges across the industry in collating Scope 3 data. It is hoped that the quality of data for Scope 3 will improve over time. We will continue to engage with our fund managers on the availability of all data items with a view to ensuring our reporting covers an increasing share of our investment portfolio over time.

Another area where industry practice in respect of data collection is still evolving is sovereign bond issuers. Initial work on greenhouse gas emissions reporting focused on emissions by corporates and there is less of an established consensus approach to calculating sovereign emissions. The WACI also represents a different measure for sovereigns than for corporates. As a result some fund managers split out sovereign emissions in their reporting, and where it was split out we have left sovereign values out of the WACI calculated above.

In addition to there being some funds for which data was not available, fund managers were not always able to source emissions data for all of the investments in a fund. In some cases fund managers estimated the emissions for some of the assets where reported emissions were not available (for example based on proxies). We sought to collect data on the share of each fund's investments whose emissions were covered (either reported or estimated), referred to as coverage; for Scope 1 & 2 we also collected information on the split of coverage between reported and estimated emissions.

The below table shows the weighted average coverage for funds where data coverage information was reported, i.e. on average Scope 1 & 2 emissions were reported for 86% of a fund's assets. LDI (Liability-Driven Investment) funds have been excluded from this calculation as in those cases the leverage position distorts the calculation of the coverage ratio.

Data Coverage	
Scope 1&2 incl Sovereign	**Scope 3**
86%	73%

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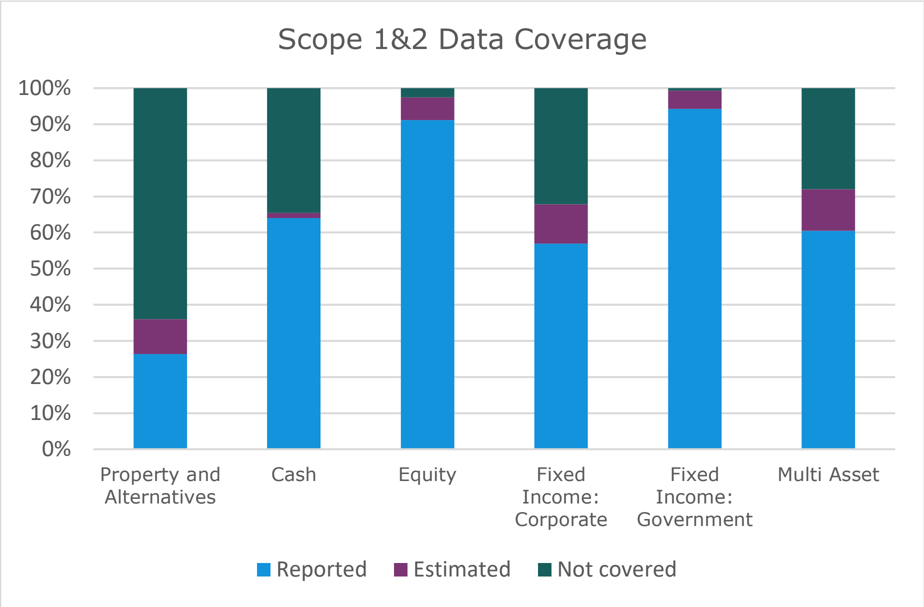
The table below shows coverage figures split by Reported, Estimated and Not Reported for each asset class where data on this split was provided (again excluding LDI). Please note that as described above the estimated figures reflect where fund managers have estimated emissions and that Mobius has not produced any estimates.

In calculating the financed emissions intensity reported above, no adjustment has been made for the underlying fund assets for which no emissions have been reported or estimated – the calculation reflects the total reported and estimated emissions across all funds relative to the value of all assets invested in those funds.



The following table sets out for what share of AuA Mobius received the data on underlying data coverage.

% of MLL AuA for which fund-level data was received on:	2023	
	Scope 1&2	Scope 3
Coverage	70%	45%
Coverage excl LDI	67%	45%
Split of Scope 1&2 coverage (reported vs estimated)	64%	

The table below shows total emissions categorised by asset class. Asset classes such as Equity currently benefit from robust data coverage and so they represent a larger share of funds for which data was received compared to their share of total Mobius AuA. As climate accounting standards continue to develop across various asset classes, we anticipate an increase in reporting coverage.

Asset Class	AuA with data received (£bn)	Total Carbon Scope 1 & 2 Emissions ('000s tCO2e)	Total Carbon Emissions Scope 3 ('000s tCO2e)
Fixed Income: Government	2.09	168	10
Multi Asset	1.93	105	543
Equity	6.76	407	2,514
Fixed Income: Corporate	2.06	108	931
Alternatives	0.20	4	4
Cash	0.85	14	51
LDI	0.79	110	20
Total	**14.69**	**914**	**4,073**

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Glossary

Term	Definition
Financed Carbon Emissions (FCE)	*Financed Carbon Emissions represent the total greenhouse gas emissions associated with a portfolio of investments. Calculated in this report as follows:* $\sum Fund\ emissions \times \frac{Mobius\ holding}{Fund\ market\ value}$
Financed emissions intensity	*This metric represents the financed emissions normalised by portfolio value (GHG emissions per million pounds of investment). Calculated in this report as follows:* $Financed\ Carbon\ Emissions\ \times \frac{\sum AuA\ with\ FCE\ data\ received}{1{,}000{,}000}$
GHG	*Greenhouse gas*
Network for Greening the Financial System (NGFS)	*The Network for Greening the Financial System is a group of central banks and supervisors committed to sharing best practices, contributing to the development of climate- and environment-related risk management in the financial sector and mobilising mainstream finance to support the transition toward a sustainable economy.*
Scope 1 emissions	*Direct GHG emissions that occur from sources owned or controlled by the reporting company, e.g. emissions from boilers, furnaces, vehicles that the reporting company owns or controls*
Scope 2 emissions	*Emissions from the generation of purchased electricity, heating, cooling and steam.*
Scope 3 emissions	*Emissions from: purchased goods and services; business travel; employee commuting; waste disposal; use of sold products; transportation and distribution (up and downstream); leased assets; and franchises.*
Weighted Average Carbon Intensity (WACI)	*Weighted Average Carbon Intensity is a measure of the portfolio's exposure to emission-intensive companies, calculated as the weighted average sum of carbon emissions per million pounds of issuers' revenues (or GDP in the case of sovereign issuers).* $\frac{\sum Mobius\ holding\ \times Fund\ WACI}{\sum AuA\ with\ WACI\ data\ received}$

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