



Annual Stewardship Policy

Year Ended 31 December 2023



Mobius Life

Our Story

Mobius Life Limited (Mobius) is an authorised UK life insurer, independently owned, and dedicated to supporting UK pension schemes and asset managers in achieving their investment goals.

As an independent, client-focused business, we provide a wide range of investment solutions within a life company structure to help clients achieve their financial and sustainable objectives.

Serving the UK pension market since 1997, Mobius was born in 2014 following a management buy-out, enabling the team to concentrate on developing a world-class institutional investment platform service. Our name and logo are inspired by the Mobius strip—a unique, continuous shape with a single side, often likened to the infinity symbol.

Our mission is to transform investor outcomes and become the UK's leading pension and savings investment platform. We listen carefully, think creatively, innovate continuously, and deliver tailored solutions that only an independent firm can offer.

We are pleased to present the fourth edition of our Stewardship Report that provides in-depth commentary about the stewardship work undertaken by Mobius during 2023.



We sit at the heart of the pension ecosystem, dedicated to collaborating with our clients, consultants, asset managers, and regulators to offer flexible, responsible investment strategies that support our clients' retirement journeys and meet their unique needs.

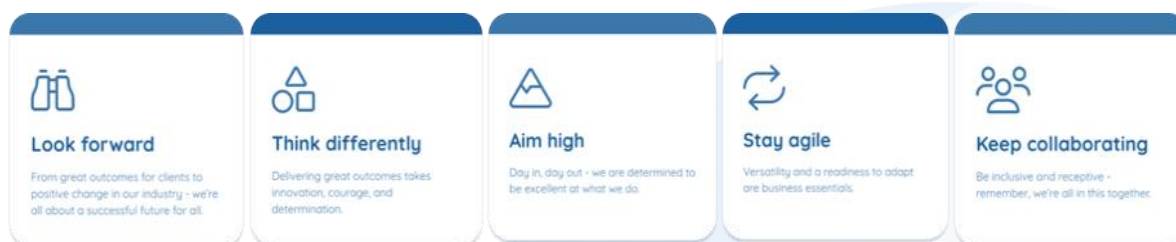
James Finch
Chief Executive Officer

Our values and culture

We are dedicated to integrating our Mission, Values, and Purpose into the heart of our organisation, ensuring that our actions and outcomes consistently embody the culture, client focus, and operational excellence we strive for.

Our people are critical in allowing Mobius to conquer it's mission. In 2023, we made significant progress toward our key priorities, including enhancing our efforts to attract and retain top talent, expanding workplace opportunities, and increasing employee engagement. By establishing our Social & Charity Committees, Values Committee, and Sustainability Champions, we have enriched our culture, fostering an inclusive, responsible, and rewarding environment where all colleagues can thrive and feel a strong sense of belonging and involvement in the organisation's initiatives

In 2023, Mobius welcomed Kath Rainger as the newly appointed Head of People & Culture. With 25 years of experience, Kath brings extensive expertise in working with global teams, client groups, and growing businesses to drive cultural change, as well as in people leadership and development. Over the past year, Kath has played a key role in simplifying our target operating model, advancing our external and internal propositions, and ensuring we deliver for clients while maintaining a focus on scaling our business.



We believe that gender diversity is essential for creating and sustaining a healthy and efficient working environment. Last year, we continued to strengthen our initiatives focused on gender diversity, and we are proud to report that 43% of our workforce in 2023 was comprised of women. Additionally, we have updated our policies to align with our goal of being a truly diverse and inclusive employer. These updates include offering extended paid time off for expectant parents and implementing measures to standardise and close the gender pay gap across our organisation.

We are especially proud to have recently celebrated our collaboration with RedStart, a charity focused on bridging the gap in financial education for young people. As part of our commitment to driving positive community change, we offer our employees a 'Volunteering Day,' allowing them to spend the day contributing to a charity of their choice.

Activities supporting stewardship

ESG questionnaire responses in 2023

60 questions

65+ asset managers

700+ funds

At Mobius, we believe stewardship is integral to our business and investment thinking. We are dedicated to going beyond our primary responsibility of overseeing our clients' assets, holding our asset manager partners accountable for delivering high-quality, transparent information. Our client-centric approach is focused on providing tailored solutions, whether through innovation in ESG data reporting or by offering a customized suite of solutions to meet our clients' ESG needs. We meet our clients where they are and support them in reaching their goals. Our Client Relations and Investment teams are key to this process. In 2023, our Client Relations team resolved over 11,000 client service queries, marking a 10% increase from the previous year. Our teams continuously assess our ability to understand and address client needs, regularly reviewing and refining our approach to ensure we remain aligned with their evolving expectations.

In 2023, we aimed to have better ESG conversations with our asset manager partners. Regularly reviewing and challenging managers allows us to enhance the quality of information that our clients receive. Our ESG & TCFD questionnaires encompass a broad range of engagement and ESG integration activities, from understanding managers' voting practices to gathering the detailed information our clients need to meet their regulatory obligations for TCFD reporting. Ensuring data quality and transparency will remain a key focus as we continue to oversee and monitor the data provided by managers. In response to evolving regulations on Sustainability Disclosure Requirements (SDR), we now also require managers to disclose their underlying label, where applicable, as part of our onboarding process.

A few years ago, we introduced a digital tool to standardise and automate the collection of ESG and climate data at the fund level, supporting Trustees with their governance and disclosure needs. We worked with asset managers to onboard them onto the tool, enabling them to provide consistent, timely information more efficiently. This allowed us to generate over 200 up-to-date client reports with a broader, more comparable data set across funds. While we aim to implement best practices with a "comply or explain" approach, we acknowledge that some managers are still progressing towards our reporting standards. Mobius encourages managers at all levels to engage with us to meet these requirements.

Next year, we will broaden our stewardship efforts to include nature-related risks and opportunities, helping our clients stay ahead of emerging market trends. Our focus will be on assessing exposure to nature-related impacts across our funds, identifying new investment opportunities, and managing associated risks. We're committed to delivering actionable insights that empower our clients to make informed decisions and seize value in this growing area.

Improving digital production & the efficiency of information delivery is one of our key pillars at Mobius.

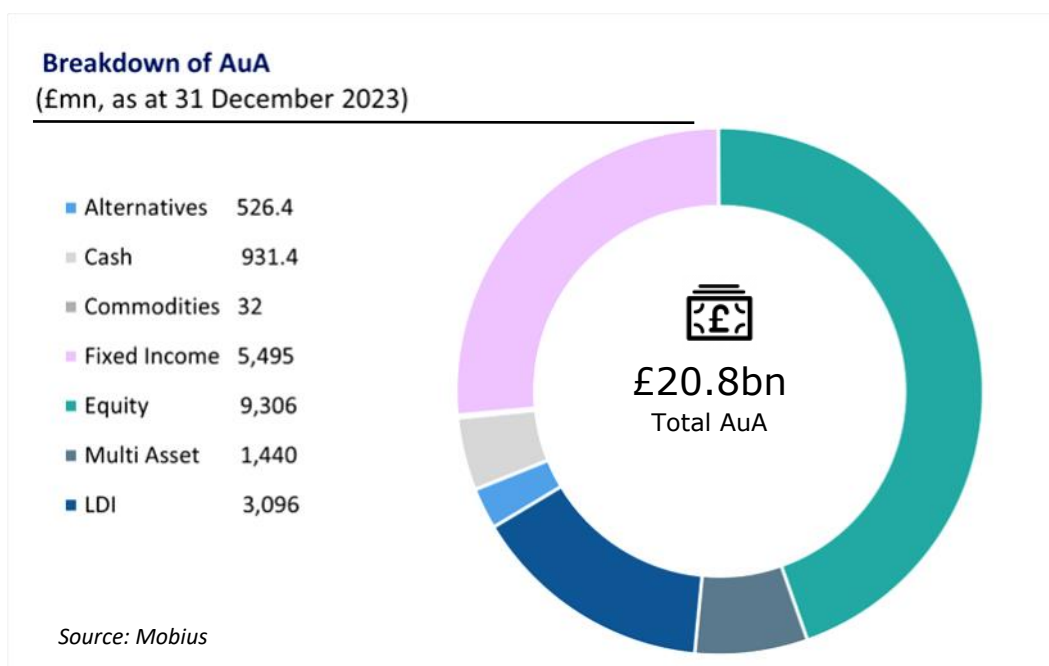
Our products and clients

All of our clients are UK-registered pension schemes, to whom we provide a Mobius unit-linked policy. We support investment consultants, trustees, and schemes across both DB and DC sectors. Our comprehensive investment offering is diversified across regions and asset classes, tailored to meet the long-term needs of our schemes.

As an open architecture investment platform, our product suite reflects the interests of our schemes and our ability to accommodate a wide range of strategies, including LDI (liability-driven investments) and income-distributing funds. This flexibility has made us particularly appealing to trustees of small and medium-sized pension schemes.

We take pride in providing pension schemes and their members with the investment opportunities they need to achieve optimal outcomes. With a forward-thinking approach, we collaborate with industry leaders and capitalize on market opportunities to deliver superior value. Private markets are a key component in our strategy, offering sustainable investment options that align perfectly with the long-term nature of pension funds. These investments provide members with tangible, impactful exposure to the economy and society. By giving DC members direct access to private market opportunities and focusing on sustainability, we not only enhance potential financial returns but also create positive societal impact—helping clients do well while doing good.

Our clients generally have a long-term investment horizon, and beyond the ethical imperative of responsible stewardship, a sustainable investment approach is key to achieving their goals. We work closely with our consultant partners to fully understand the needs of their advised pension schemes, incorporating their requested investments into our fund universe to ensure alignment with their investment strategies and values.



Key accomplishments in 2023

Our commitment to collaborating closely with clients has been the foundation of our solutions. Below are just a few of the highlights from 2023 that demonstrate our dedication to delivering innovative solutions that support our clients' members and help them achieve a successful retirement journey.

Implementing the industry's first Long Term Asset Fund (LTAF)

Whilst we witnessed innovation in action as asset managers planned to launch LTAF's, investing in this fund structure is complex for Master Trusts and Single Trust schemes. True to our reputation for driving innovation, we became the first platform to launch the LTAF, providing an exciting opportunity for DC members to access private market exposure and sustainable investments that deliver superior outcomes. Introducing private markets to DC schemes with daily cash flow has been a major milestone, achieved through collaboration, innovation, and dedication. By working closely with our clients to understand their scheme dynamics, membership profiles, and cash flow needs, we tailored our approach to fit their requirements. Our investment, operational, and risk teams conducted thorough due diligence to evaluate the LTAF investment structure, from investment processes to valuation risks, dealing cycles, and liquidity provisions. We are proud to lead the way with the LTAF launch and look forward to expanding this solution across the market to drive better outcomes for members.

Enhancing our pooled LDI proposition

In the wake of the gilt crisis, we prioritised upgrading our technology and service offerings to enhance the client experience when investing in pooled LDI funds. In 2023, we rolled out automated collateral waterfalls, ensuring faster updates and eliminating delays during multiple collateral calls. We also partnered with managers to implement a sub-account model, giving clients the flexibility to select other funds managed by the same manager, which could be held alongside the LDI fund and used to meet collateral calls. This solution delivers the benefits of a direct LDI strategy, while maintaining all the advantages of our platform. Drawing on our expertise, we worked with a pooled LDI manager to refine their settlement process, improving operational resilience and better managing liquidity risk. Furthermore, we invested in enhanced reporting capabilities, offering clients greater transparency into in-flight trades, cash in transit, and collateral positions.

Extending the tool kit for smaller DB Schemes

DB schemes seeking excess returns, inflation-linked cash flows, and improved sustainability are increasingly turning to direct real assets like low-carbon investments and infrastructure debt. However, access to these assets has often been restricted by barriers such as minimum investment requirements, governance complexities, operational challenges, and legal constraints. We've addressed these obstacles to expand the range of direct real asset strategies available to DB schemes, enabling them to access assets that were traditionally beyond their reach, and supporting them on their investment journey.

Engagement Policy

The Shareholder Rights Directive II (SRD II) is a UK law that aims to promote better shareholder engagement, effective stewardship and long-term decision making.

The SRD II requires asset owners, such as Mobius, to make disclosures about their long-term investment strategies, arrangements with asset managers and engagement with the companies they invest in to the extent investments are made in shares traded on a regulated market.

This policy explains Mobius' approach to shareholder engagement and fulfils the requirements of SRD II.

Shareholder engagement and our investment strategy

Mobius Life Limited is a UK authorised unit-linked life insurance company. It is independently owned and committed to helping UK institutional pension schemes, Defined Benefit (DB) and Defined Contribution (DC), and asset managers implement their investment strategies.

Mobius offer institutional pension schemes investment administration services through a platform enabling pension schemes to consolidate their investments in one place. Pension scheme trustees design and determine their investment strategy with their investment adviser and instruct Mobius to implement their decisions. Mobius does not provide advice over the investment design or strategy.

Mobius writes a single product, the Mobius Life Trustee Investment Plan (TIP), for UK registered pension schemes. The TIP is a contract of long-term insurance. Mobius maintains a number of unit-linked funds for the purpose of offering investment administration services to clients and, by way of reinsurance, to the assets of other authorised insurance companies. The policy is written on a unit-linked basis i.e. the value of the policy is unit-linked to the underlying investments.

Mobius operates an open architecture platform, giving its clients access to 700+ funds and allowing them full discretion over the underlying funds they invest in. Most of those underlying assets are authorised structures (e.g. UCITS, NURS) and Mobius, as a unit holder, does not have any direct control over how they are invested or how the underlying asset manager votes on their shareholdings. Our focus is to ensure that asset managers have a robust voting policy in place, and we expect them to adhere to it.

Engagement Policy (continued)

In the rare cases where we hold direct securities, these are typically managed under an Investment Management Agreement (IMA) with the asset manager, who is responsible for ensuring their voting practices align with the terms agreed between our client, the asset manager and Mobius.

Working with investee companies

We understand the importance of engaging with investee companies to promote best practice, and we achieve this through our trusted third-party asset managers. These managers are responsible for making day-to-day investment decisions, and we closely monitor their activities, with a particular focus on voting and engagement, using the Mobius ESG Questionnaire to ensure the information provided aligns with our expectations.

Voting

We require our asset managers to use both internal and external data sources to assess the companies within their strategies. Managers must exercise their voting rights, set clear engagement objectives, and escalate issues when necessary. Additionally, we expect asset managers to maintain a record of their voting and engagement activities and provide annual disclosures on their voting practices and disclose details of significant votes in our ESG questionnaires. This not only includes a summary of voting behaviour but also requests the rationale and context behind each vote, helping us evaluate their stewardship efforts.

Monitoring

We regularly monitor and review the data provided by our asset managers, ensuring continuous dialogue to address any challenges and improve collaboration.

Conflicts of interest & Mobius's approach to Conflicts Management

Unlike other providers, we do not manage proprietary funds, which allows us to avoid the conflicts of interest typically associated with proprietary fund providers. Mobius does not offer advice to clients nor provide guidance to investment managers on their strategies. As a result, the likelihood of any conflict of interest arising between the investment interests of our clients and Mobius is minimal.

Mobius's clients are classified as professional investors, except for those with less than £10m in assets or fewer than 50 members. All our clients are UK registered pension schemes who invest on the Mobius platform following advice from an external authorised entity. In the rare instance that Trustees have not taken advice, they will sign confirmation that they have not received advice from Mobius.

As part of our governance process, all Mobius staff receive Conflicts of Interest Training upon joining us and annually thereafter. Any perceived, potential or actual conflicts are recorded on our conflicts register. All staff are responsible for identifying and escalating any conflicts they become aware of.

Conflicts of interest occur where one or more persons or entities have competing interests and the serving of one interest may involve detriment to another. Mobius's policy applies to the extent that a conflict of interest gives rise to the risk of one or more of the following:

- i. Mobius being likely to make a financial gain, or avoid a financial loss, to the potential detriment of a client;
- ii. Mobius and/or an employee having a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients;
- iii. Mobius and/or an employee failing to fulfil a duty of care owed to another person or entity such as a client;
- iv. Mobius and/or an employee failing to comply with legal or regulatory obligations;
- v. an employee's professional judgement and objectivity being compromised and/or hindering the proper discharge of their duties and responsibilities;
- vi. an employee engaging in unethical conduct; and/or
- vii. Mobius obtaining improper advantage or treatment or giving rise to the appearance of impropriety and reputational damage.

We expect asset managers we invest with to have the necessary policies in place in order to address and mitigate potential conflicts of interest that arise in their investment and stewardship activity. We believe that our independence and our focus on offering the most efficient investment platform solution to our clients has successfully kept conflicts of interest at bay. We have seen conflicts of interest arise from platform ownership structures where the ownership lies with an asset manager or consultant. In these instances, pension schemes may be limited to investment products managed by that asset manager or advised by that consultant.

Our Conflicts of Interest Policy is available upon request.



Speak to our experts

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