Co-operative Pension Scheme (Pace)

Responsible Investment
6 April 2018 to 5 April 2019

The Pace Trustee is pleased to publish its annual report on responsible investment for the year to 5 April 2019. This explains what the Trustee and Pace's investment managers have been doing during the year to make sure we meet the requirements of our Responsible Investment Policy.

Over time, we've implemented a lower-risk investment strategy for Pace. This means that we invest more in bonds and bond-like investments and less in shares (equities) and other higher-risk investments, to try to reduce the volatility of Pace's funding position and improve security for members and employers. As a result, we've changed our responsible investment reporting to reflect that Pace's investments and our relationship with the companies we invest in have changed. Our report this year focuses on the process our managers use to pick individual investments, and how they engage with the companies issuing them in the context of our Responsible Investment Policy.

During the year covered by this report, the Trustee made some changes to Pace to make sure that the pension obligations of the Co-op and the Co-operative Bank are managed separately. This report covers both the Co-op and the Co-operative Bank Sections of Pace. The two sections have slightly different investment strategies; details are set out in the Appendix on page 13.

What has the Trustee been doing?

We reviewed our Responsible Investment Policy

We review Pace's Responsible Investment Policy regularly, with input from the Co-op and the Co-operative Bank. During the year, the Trustee updated the policy to explicitly reflect climate change as a particular financial risk to the Scheme (expanding on the previous focus on wider environmental risks), and also recognising the growing size and significance to members of the defined contribution section of Pace (Pace DC), and the need for the investment strategy for Pace DC to be invested in a sustainable and long-term way.

Our updated Responsible Investment Policy is published on the Pace website, under Useful information/Pace investments.

We agreed to changes to the investment strategy for Pace DC

Aligned with our review of Pace's Responsible Investment Policy, we considered alongside the Co-op and the Co-operative Bank how to manage risks to members within Pace DC by reflecting environmental, social and corporate governance (ESG) factors within the default strategy offered to members, given the long-term nature of members' investments.

Following this review, we agreed to change the Pace Growth (Mixed) Fund, which forms a large part of the default investment strategy for Pace DC, to use Legal & General's Future World Multi-Asset Fund which we believed was more consistent with our Responsible Investment Policy.

The objective of the Future World Multi-Asset Fund is to provide long-term investment growth through exposure to a diversified range of asset classes, while reflecting ESG factors in deciding how much to invest in underlying companies, with the expected return being broadly consistent with the previous strategy for the Pace Growth (Mixed) Fund.

The changes were implemented in June 2019, and further details on how the fund reflects ESG considerations, and climate risk in particular, are set out on page 6.

We made a number of investments in affordable housing

Over the year, the Co-op Section of Pace announced that it had agreed to make up to £50m of investments in high-quality affordable housing as part of our inflation-linked property mandate with PGIM. A number of developments across East Lothian, Edinburgh and Yorkshire had been constructed and occupied by April 2019.

We have continued to implement a list of excluded investments
We continued to work with MSCI, a leading provider of investment tools and research, to implement an exclusions list to help us avoid investing in assets that do not fit with our core beliefs. We developed this exclusions list so that it is practical to apply and doesn't constrain our investment managers in securing the investment returns needed to pay members' benefits. The investment exclusions we agreed in April 2017 include:

- Extractive industries: excluding investment in companies involved in the oil, gas or mining industries that are also rated poorly by MSCI with respect to how their specific environmental risks are addressed;
- Controversial weapons: excluding investment in companies involved in the manufacture or distribution of landmines, cluster munitions, chemical weapons, blinding lasers or depleted uranium munitions; and
- Human rights: excluding investment in debt issued by countries that score poorly on a number of indicators of effective governance and provision of basic rights and services to their populations.

Throughout the year, we worked with MSCI to keep the exclusions list up to date, to reflect their latest research updates. As at April 2019, the exclusions list covered:

- Corporate bonds issued by 454 companies in the extractive industries with poor environmental ratings (2018: 368 companies);
- Corporate bonds issued by four companies (2018: five companies) involved in the manufacture or distribution of controversial weapons; and
- Government bonds issued by 67 countries (2018: 68 countries) with poor human rights scores.

These exclusions are applied to Pace's Corporate Bond and Liability Driven Investment mandates for both sections, which made up over 82% of the Co-op Section's assets and over 95% of the Bank Section's assets as at 31 March 2019. This means that approximately £9bn of Pace's assets were screened using the exclusions list. We monitor the implementation of these exclusions, and over the year (as instructed), our bond managers have not made any purchases prohibited by the exclusions lists.

A small amount of residual holdings (0.2% of Pace's total assets) are in investments on the exclusions list; this was 0.3% in 2018. The Trustee will engage with its investment managers to agree a suitable timescale for reducing these holdings further and provide an update in next year's report.

We continue to monitor our investment managers' approaches to incorporating environmental, social and governance (ESG) factors in their investment processes
We recognise that environmental, social and governance factors can affect the financial performance of the companies and other assets that we invest in. Our investment managers take account of ESG factors when they are implementing their mandates. As part of this, they engage directly with the companies they invest in to understand and assess topics like climate change, workers' rights, board constitution, and appropriate use of capital and directors' remuneration. When we appoint a new investment manager for Pace, we also consider the manager's approach to incorporating ESG factors and climate change issues into their investment strategy.

A summary of how our investment managers approach ESG factors and climate change engagement is on pages 4 to 10.

In addition, Pace publishes its statement of compliance with the Financial Reporting Council's UK Stewardship Code, which is updated annually. Seven of Pace's 11 investment managers (at 5 April 2019) have managers with a published statement of compliance with the Financial Reporting Council's UK Stewardship Code.

The Appendix on page 13 summarises our managers' compliance with the UK Stewardship Code; in addition, all of Pace's mandates are managed by signatories to the United Nations-backed Principles for Responsible Investment (UNPRI).

What have our investment managers been doing?

Our investment managers put a lot of work into investing responsibly and considering ESG factors in their investment processes, and some go as far as extending this to how they run their business.

The following sections cover in more detail the policies and approach to responsible investment taken by Pace's main investment managers – LGIM, RLAM, Insight Investment, PGIM, BlackRock – where target holdings are at least 5% of total assets. In particular, we've highlighted their approach to climate change.

Investment Grade Credit Mandates

Mandate managers: Legal & General Investment Management; Royal London Investment Management and Insight Investment Management.
Allocation: c35% of Co-op and Bank Section assets as at April 2019.
Objectives of mandates: Pace invests in corporate bonds through 'Buy & Maintain' approaches which seek to hold bonds to maturity where possible, avoiding defaults through strong stock selection and limited trading, while building diversified portfolios.

Legal & General Investment Management (LGIM)

Manager's policy on responsible investment

LGIM is committed to addressing ESG issues by developing and carrying out corporate governance and responsible investment activities, including Active Ownership, Advocacy, ESG Integration and Product Development.

Over the past 12 months, LGIM has enhanced how it uses ESG information in credit research, and how analysts form an assessment of an issuer's ESG profile. This has been done through the development and introduction of new proprietary ESG tools.

Specifically, for Pace's Buy & Maintain credit portfolios, LGIM uses a bespoke investment framework to help it with its investment process, with the below objectives in mind:

- Encouraging companies to improve their behaviour and the quality of their ESG disclosures – this enables LGIM to raise the standards of entire markets and help generate sustainable, long-term returns;
- Assessing a company's ESG risks – LGIM sees unmanaged ESG factors of companies as posing potential risks and opportunities, which can have a material impact on the performance of investments;
- Identifying the winners of the future – the companies to which investors will allocate ever-larger amounts of capital.

To achieve these objectives, ESG factors are integrated into the investment process using top-down and bottom-up approaches. Once LGIM has identified a long-term driver of returns, its next step is to identify the companies which are best placed to benefit or lose out from it within the value chain. This is supported by its fundamental bottom-up research, which includes ESG assessment and company engagement. This helps LGIM to understand key drivers impacting that business.

LGIM actively engages with companies, and it believes its direct engagement with companies helps it to identify ESG risks and opportunities. Ongoing dialogue with companies is a fundamental aspect of LGIM's approach to responsible investment. The outcomes from these engagements with companies are also fed back into LGIM's ESG tools.

In addition, LGIM's Corporate Governance and Index teams have developed a rules-based and transparent methodology by which to score companies against ESG metrics. This LGIM ESG Score is used universally across its business, including its Future World funds (see page 2).

ESG scores are assigned to companies based on the following themes:

- Environmental – assessing the exposure of companies to climate change and the shift to a low-carbon economy; comprising carbon emissions, the level of carbon reserves and green revenues
- Social – comprising diversity (representation of women in company boards, executive, management and workforce); and human capital (policies to ensure companies have the right culture and treat workers fairly)
- Governance – a range of criteria that indicate 'best practice' in terms of investor rights, board diversity and high-quality audits
- Disclosure – assessing the quality of company disclosures. These indicators give LGIM insight into the quality of the ESG disclosure and the level of disclosure in relation to ESG-related data points.

The ESG scores (created for over 13,000 companies) are published, which enables companies to know exactly where they are doing well and where they need to improve. LGIM believes this can incentivise companies to improve their scores and raise the ESG standards and best practice.

As well as ESG scores, over the year LGIM also introduced an 'Active ESG View' which incorporates additional inputs and assessments in order to reflect a fuller picture of the ESG risks and opportunities embedded within each company. LGIM believes this helps with its analysis when picking investments to mitigate ESG risks and increases the probability of better long-term outcomes.

In addition to its ESG policy, LGIM has implemented a separate policy for controversial weapons to exclude those companies involved in the manufacture and production of cluster munitions, anti-personnel landmines, and biological and chemical weapons. LGIM also has a separate policy on climate change (see page 6).

LGIM's policy and engagement on climate change

LGIM is committed to addressing the issue of climate change and has a specific climate change policy. It engages with companies that it invests in to ensure their strategies are aligned with global climate goals. It has done so through its Climate Impact Pledge, through which it assesses over 80 of the world's largest companies across six different key industries, engaging with them to improve their strategies to address the climate emergency.

LGIM's assessment takes into account a range of indicators, from governance structures to business strategy, targets and lobbying activities, to ensure it can gain a well-rounded view of companies' exposure to climate risks and opportunities.

As an example of how LGIM engages with and assesses companies for the electric utilities sector, it states that it expects companies to outline their plans to decarbonise energy generation, including detail of their expenditure and research on cleantech, and the setting of clear targets for emissions of carbon dioxide, methane and other pollutants. In its 2019 update, LGIM reported that it has reinstated Dominion Energy as an investment candidate, having excluded them under the Climate Impact Pledge in 2018. This is because, since its engagement with them in 2018, the company had made several improvements, including publishing its first climate change report, improving carbon disclosure via the Carbon Disclosure Project, publicly supporting the Paris Agreement and adopting voluntary targets to halve methane emissions in the next decade.

How LGIM exercises stewardship in relation to investments where it does not have voting rights

LGIM's engagement activity combines financial analysis with ESG factors to address material issues that can impact a company's profitability and creditworthiness.

LGIM sets clear objectives and timelines when it first engages with companies where issues have been identified, and these are reviewed throughout the engagement process to allow their management to oversee the progress of engagement activities.

To effectively tackle ESG issues that impact the value of its clients' assets, LGIM applies a multi-layered escalation strategy. Where the initial engagement does not lead to an appropriate outcome, LGIM may choose to adopt a stronger stance by using different escalation tools – for example, through voting against individual directors' reappointments (where LGIM has investments elsewhere within its business that do have voting rights), direct engagement with regulators or through applying pressure by means of public statements and press releases.

LGIM monitors investee companies over the long term and the progress on engagement activity is regularly reviewed by its dedicated team using company disclosures, independent research providers, its investment teams and the media.

LGIM's approach to incorporating ESG factors into bond selection for Pace's mandate
LGIM confirmed that its portfolio managers take into account Pace's view on ESG and our exclusions list when choosing securities. In addition, LGIM uses its own proprietary ESG tools when considering investments. Taking Proctor & Gamble (P&G) as an example of an investment LGIM has made for Pace, as part of the decision-making process, LGIM assessed the company by looking at the key ESG risks that it would normally associate with that sector (such as business ethics, human rights, and environmental and social impact of products and services). It then scores different elements under ESG indicators, with the scores used to compare against its peers. Overall, P&G scored 7.3 out of 10 and was shown as strong in each of the E, S and G areas relative to its peers, contributing to LGIM's positive assessment of its credit outlook at the point of investment.

Royal London Asset Management (RLAM)

Manager's policy on responsible investment

RLAM is committed to being a responsible investor. It believes that corporate bond investing demands a bespoke fixed-income and ESG approach and, as a result, developed an approach that is intended to be both credible and realistic, with an emphasis on redressing bondholders' traditionally weak control. RLAM invests in businesses that provide a 'net benefit to society' and believes that it is a leader on ESG issues while generating financial returns for investors like Pace.

RLAM aims to generate sustainable, risk-adjusted returns that reflect a wider understanding of what will drive economic performance in the future. As part of that commitment, RLAM seeks to understand ESG risks and opportunities as part of its investment process. To achieve this, it engages with companies and industry regulators to understand the issues and to promote best practice.

RLAM focuses on engaging with investee companies by having a long-term investment outlook and closely monitoring companies where it considers it will be able to have the greatest influence. In particular, RLAM continues to target engagement around decarbonisation of portfolios across its utility holdings, the climate resilience of its water holdings and the strategic response to energy efficiency regulation that its Commercial Mortgage Backed Securities (CMBS) investments and other real estate issuers are taking. RLAM believes that engaging with these issuers is particularly important because they have a greater reliance on debt markets than other companies (who may be more reliant on equity for capital and so less inclined to engage with bondholders).

RLAM believes that companies' treatment of their staff is a key social factor that needs to be considered when assessing a company's wider exposure to ESG risks. At a minimum, RLAM would look for a company to have a publicly available modern slavery statement and, more generally, would consider any evidence of workers' rights being violated in its ESG analysis.

For credit portfolios, RLAM's ESG analysis focuses on factors which might mitigate or exacerbate the potential for downside loss or risk of default. This includes specific considerations of where debt sits in the capital structure, the duration of the position, and any security associated with the bonds. RLAM has a responsible investment team to identify and evaluate ESG issues that might impact a sector, along with detailed investigations of the ESG profile of specific issuers and bonds, which then feeds into its credit analysis and the credit team's bond evaluation.

RLAM confirmed that it does not have any exposure to companies which manufacture controversial weapons or sell armaments to countries with oppressive regimes within Pace's credit portfolios.

RLAM's policy and engagement on climate change

RLAM doesn't explicitly exclude companies involved in fossil fuel production above and beyond Pace's exclusions list, but its credit research process and ESG analysis tend to lead to it having low exposure to companies which extract fossil fuels. For utilities with exposure to coal-based power production, RLAM regularly engages with companies on their approach to the energy transition, including their timelines and targets for decarbonising their generation portfolios.

In addition, RLAM does not have any exposure to companies with involvement in palm oil production or rubber production.

How RLAM exercises stewardship in relation to investments where it does not have voting rights

RLAM takes an active approach to stewardship by engaging with issuers in its fixed-income portfolios. RLAM regularly monitors its investee companies using its own research and also through regular engagement meetings with management and non-executive directors to discuss issues relating to strategy and governance. Through dialogue with investees' management teams, RLAM's aim is to satisfy itself with the effectiveness and efficiency of the board of investees, and to ensure that that they are aware of, and appropriately managing, all material risk factors, including environmental and social risks.

RLAM's approach to incorporating ESG factors into bond selection for Pace's mandate

RLAM confirmed it reflects Pace's exclusions list when choosing securities to invest in and will continue to work with Pace to ensure ESG is incorporated to its investment process for Pace's mandate.

A key part of RLAM's investment process is engagement, in particular in sectors that are heavily reliant on the debt markets and where bondholders can have most impact. For example, Pace invests in Scottish Power, holding bonds secured against the company's electricity network assets, and unsecured bonds linked to the wider business. As part of understanding the long-term outlook for the company, over the year RLAM engaged with the CEO to understand the company's approach to the environment, emissions and its contributions towards climate change. This led to positive engagement on the reduction of CO_2 emissions at substations and understanding of its plans to develop offshore renewable energy generation which, if approved, will have fully replaced its sold-off gas/hydro generation capacity by 2024.

Such engagement has helped form RLAM's view that Scottish Power is one of the UK's leading utilities in its exposure to trends around the decarbonisation and wider electrification of energy networks, and is therefore a suitable long-term investment for Pace.

Insight Investment Management

Manager's policy on responsible investment

Insight regards ESG factors as a component of the overall business risk facing the companies in which it invests. Its approach to integrating ESG considerations into the investment decision-making process is to consider the financial materiality of the risks in relation to the risk/reward profile and would engage with issuers to improve their performance (where they have a low score) prior to investing or avoid such issuers.

Insight also uses a number of external ESG research sources to support its analysis while monitoring for controversial business behaviour of companies, such as modern slavery or child labour violations.

Insight's Responsible Investment Policy focuses on three areas, broadly aligned with Pace's own policy, which include:

- Integrating material ESG factors into its investment process;
- Exercising its stewardship role by engaging with companies on ESG factors; and
- Supporting sustainable economic development.

These focuses are applied in the credit evaluation of all assets at Insight and are components of its checklist to better quantify long-term risks. As well as applying Pace's exclusions list, Insight's ESG framework overlaps with Pace's Responsible Investment Policy in a number of areas:

- Insight has a policy not to have any exposure to companies involved in the manufacture or distribution of incendiary/illegal arms or weapons;
- When building long-term Buy & Maintain portfolios (like Pace's mandate), Insight focuses on secure, sustainable investments and would not therefore typically invest significant amounts in companies in the extractive sectors;
- Insight closely monitors risks from the extractive, utilities and energy sectors as it believes they are most vulnerable to a transition to a low-carbon economy and have a big impact on climate change;
- Insight expects companies to uphold minimum standards on labour and health and safety. It will engage with companies that fail to meet these minimum standards on a case-by-case basis. New issues such as equal pay are becoming more relevant for how it evaluates corporate culture and over time expects to use this data as part of its issuer due diligence;
- Insight believes corporate governance is a critical component of issuer risk. Insight evaluates corporate governance for every company that it invests in and will engage on governance risk wherever it considers to be material.

Insight's policy and engagement on climate change

Insight believes climate change presents a systemic investment risk. Its engagement policy for climate change is to advocate for action at a policy level. Insight believes that all issuers within its investment universe are susceptible to the consequences of climate change through potential impacts on supply chains, regulatory uncertainty and resource scarcity.

Insight considers a global legislative framework endorsed by policymakers to be the most effective mechanism to mitigate climate change and create investment certainty. To achieve this, Insight joins annual investor campaigns to push for a global climate agreement. Through its membership of Institutional Investors Group on Climate Change (IIGCC), it signs the global investor statement on climate change and advocates for action in a collaborative process.

Insight has also introduced a climate risk index for corporate debt which ranks approximately 1,900 issuers according to how they manage climate change-related risks and is aligned with the framework developed by the Task Force on Climate-related Financial Disclosures. Insight believes this climate risk index can indicate how fixed income corporate credit issuers manage their climate change-related risks and opportunities, and how they are positioning themselves for the transition to a low-carbon economy.

Insight uses this as part of its credit analysis process, and its aim is for it to provide full coverage across the holdings in its Buy & Maintain credit strategies (including Pace). At present, the majority of Pace's bonds managed by Insight are covered by the index.

How Insight exercises stewardship in relation to investments where it does not have voting rights

Insight takes an active approach to voting and stewardship. For its fixed-income portfolio, Insight aims to engage with all companies prior to investing to review performance, strategy, risk management and ESG issues. It holds regular dialogues with companies through different methods. Insight focuses on the areas where companies have received low scores in its 'landmine' checklist. The issues Insight engages on include the oversight and effectiveness of the board of directors, environmental performance, health and safety events, accounting deficiencies and strategic changes. If Insight identifies issues and is unhappy with management's responses to its engagement on these issues, it would reduce or completely sell these holdings.

Insight has confirmed it reflects Pace's exclusions list when choosing securities to invest in and will continue to work with Pace to ensure ESG is incorporated into its investment process for Pace's mandate.

Alternative Inflation-Linked Mandates

Mandate managers: PGIM.
Allocation: c3% of Co-op Section assets as at April 2019.
Objectives of mandates: Segregated portfolio consisting of long-lease property and property-related investments, aiming to provide inflation-linked returns and outperform index-linked government bonds.

Policies and engagement over 2018-2019

PGIM values environmental considerations when considering an investment. It maintains a 'Sustainability Strategy Statement' to guide its actions to make both its investments and business 'greener' and more sustainable. It seeks to reduce or avoid the harmful effects of actions on natural resources and to take steps to improve the efficiency of its assets.

PGIM sees environmental considerations as an important part of the process of considering new investments and does not look to acquire assets where it suspects there would be a damaging effect on either the environment or a local community. However, it does recognise that property can be a controversial subject because people tend to have different opinions to development plans. For example, assets which are going through refurbishment or under development will always be controversial to a portion of a local community, while equally the underutilisation of land and old derelict buildings can be just as detrimental.

As part of its investment process, PGIM considers social impact to ensure that it does not acquire assets where it would see a tangible detrimental effect on either the environment or the local community.

Liability Driven Investment Mandate

Mandate managers: BlackRock Investment Management (BlackRock).
Allocation: c47% of Co-op Section assets / c61% of Bank Section assets as of April 2019.
Objectives of mandates: BlackRock's objective is to match its overall benchmark which is based on Pace's liabilities using a gilt-based measure.

Our holdings with BlackRock are in a UK government bond-based liability hedging portfolio, so responsible investment considerations do not directly impact on investment decisions for its mandate, and as such it does not form part of its investment process – Pace does however apply its exclusions list to the portfolio, as there is limited flexibility for BlackRock to also invest in some corporate bonds.

Pace DC – Legal & General

Pace DC (the Scheme's defined contribution section) is administered by Legal & General Assurance Society Ltd. Members have the option to invest in a range of funds, which are shown below together with the proportion of members' assets invested in each fund as at 31 March 2019. LGIM manages the underlying assets of these funds and is a signatory to the UNPRI as well as having published a statement of compliance with the Financial Reporting Council's UK Stewardship Code. As mentioned above, LGIM has carried out significant work in promoting high standards of corporate governance and action on climate change, which have been key themes in its engagement with investee companies.

Pace fund	Proportion of Pace DC assets (Co-op Section)	Proportion of Pace DC assets (Co-operative Bank Section)	Fund objective
Growth (Mixed)	92.5%	94.4%	Long-term investment growth, using a diversified set of asset classes.
Cash	6.6%	4.0%	Provide capital protection, with growth at short-term interest rates.
Growth (Shares)	0.5%	1.3%	Capture UK (30%) and overseas (70%) equity market returns.
Pre-retirement	0.1%	0.0%	Reflect diversified investment underlying a typical traditional annuity product.
Growth (Ethical Shares)	0.3%	0.3%	Track the total return of the FTSE4Good Global Equity Index.
Pre-retirement (Inflation-Linked)	0.0%	0.0%	Reflect diversified investment underlying a typical inflation-linked annuity product.

As highlighted on page 2, in June 2019 we changed the Growth (Mixed) Fund, which is used in Pace DC's default strategy, to invest in the LGIM Future World Multi-Asset Fund, a diversified fund which aims to provide long-term investment growth through exposure to a range of asset classes, while reflecting significant ESG issues in its investment strategy.

As part of the selection of shares and bonds to invest in, LGIM assigns ESG scores to each company it could invest in, considering factors such as carbon emissions, green revenue, board diversity and supply chain policies to score each potential investment. These scores are then used to 'tilt' the fund to invest more in companies with higher scores, which are therefore more likely to have sustainable business models and income, and away from companies with lower scores.

As well as tilting investments, the Future World Multi-Asset Fund incorporates LGIM's Climate Impact Pledge. This is LGIM's commitment to engage with the largest companies across six sectors identified as key to meeting the 2°C target set in the Paris Agreement: oil and gas, mining, electric utilities, autos, food retail and financials.

As part of the pledge, LGIM has committed to vote against the chairs of the board in companies that have shown persistent inaction to address climate risk, and to disinvest entirely where LGIM has the ability to do so (such as the Future World funds).

In 2018, LGIM publicly divested its Future World funds from eight companies for their persistent inaction to address climate risk. LGIM has subsequently engaged with all eight companies and, as a result of positive outcomes, two were reinstated. When the annual rankings were updated in 2019, five new companies were also added to the disinvestment list, including Exxon Mobil who did not meet LGIM's minimum requirements on emissions reporting and emission targets.

Appendix

The following table summarises each of Pace's defined benefit investment managers' compliance with the UK Stewardship Code for the 6 April 2018 – 5 April 2019 period, and whether they are a signatory to the UNPRI:

Investment manager	Mandate	Management style	Signatory to the UNPRI	UK Stewardship Code Compliance	Co-op Section assets (31 March 2019)	Bank Section assets (31 March 2019)
LGIM	Corporate Bonds	Buy & Maintain	Yes	Yes	11.8%	11.7%
RLAM	Corporate Bonds	Buy & Maintain	Yes	Yes	11.8%	11.6%
Insight	Corporate Bonds	Buy & Maintain	Yes	Yes	11.7%	11.5%
24AM	Asset Backed Securities	Active	Yes	No[1]	3.3%	3.3%
PGIM	Alternative Inflation-Linked	Active	Yes	No[2]	2.9%	-
BlackRock	Liability Driven Investment	Active	Yes	Yes	47.1%	61.0%
Insight	Illiquid Credit	Active	Yes	Yes	3.7%	-
ICG	Illiquid Credit	Active	Yes	No[1]	3.4%	-
M&G	Illiquid Credit	Active	Yes	Yes	2.8%	-
LaSalle	UK Property	Active	Yes	No[2]	0.6% (in the process of being disinvested)	-
Mercer	Alternative Growth	Active	Yes	Yes	0.9% (in the process of being disinvested)	0.9% (in the process of being disinvested)

[1]24AM and ICG generally support the objectives that underline the Code but as they do not invest in shares of listed companies in the UK, the provisions are not deemed to be sufficiently relevant.

[2]LaSalle and PGIM Real Estate manage investments in real estate, and not UK listed securities to which the UK Stewardship Code currently applies.