



RI TRANSPARENCY REPORT

2017

Ireland Strategic Investment Fund (ISIF)

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public	✓						
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓						
SAM 06	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 07.1	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 07.2-5	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 08	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 09	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 10	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 11	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						
SAM 12	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM 13	Disclosure of RI considerations	✓	Public							✓
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Private		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Private		✓					
LEA 26	Examples of (proxy) voting activities	✓	Private		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

Ireland Strategic Investment Fund (ISIF)

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 01.2

Additional information. [Optional]

Fund Background

The National Pensions Reserve Fund (NPRF) legally transitioned to the Ireland Strategic Investment Fund (ISIF) on 22 Dec 2014. The National Treasury Management Agency (NTMA) is the Manager of the ISIF. The NTMA is a state agency which provides a range of financial and risk management services to the Irish Government. Within the NTMA, the executive function relating to the ISIF is carried out by a specialist investment team (the ISIF Unit). NTMA also provides wide ranging operational and compliance support for the Fund's investment activities.

The Ireland Strategic Investment Fund (ISIF) comprises two separate Portfolios:

1. Discretionary Portfolio 2. Directed Portfolio (public policy investments in AIB and Bank of Ireland, prudent valuation basis)

These "Directed Investments" are monitored, managed and reported on separately from the main "Discretionary Portfolio". The Governance responsibilities (including voting, Board nominations and remuneration approval) and investment decisions in respect of the Directed Investments lie solely with the Minister for Finance and neither the NTMA Board, nor ISIF Investment Committee have any discretion in relation to these investments.

The Discretionary Portfolio accounted for 35% of the value of the Fund at 21 December 2014 (date of commencement). The Fund's responsible investment policy applies only to the Discretionary Fund and ISIF's PRI reporting reflects this throughout.

Responsible Investment for a new mandate

The transition to ISIF is ongoing, involving the development and implementation of a new investment process for Irish investment together with the complex restructuring of the Fund's Global portfolio, which now has a shorter time-horizon.

ISIF must invest on commercial basis in a manner that supports economic activity & employment in the State. As an investor in less liquid domestic private markets, the Fund has to take a long term outlook of the risks as well the opportunities and ultimately the sustainability of a business or the sectors within which it operates. This makes the ISIF naturally very aligned with the broader principles of Responsible Investment and Sustainability. However, the challenge is to implement RI/ESG in a broadly consistent manner across two very different portfolios (shorter-term Global portfolio and longer-term Irish portfolio) as the Fund progresses through this transitional stage from a well established Sovereign Wealth Fund to a Strategic Development Fund.

This year's annual PRI reporting is very different to previous years responses. Over the year the Global Portfolio went through a significant restructuring. For the purposes of this report assets as at year end 2016 are reported, but additional descriptive information is provided throughout as appropriate. Additionally, many Irish investments are being included for the first time.

In addition, the Fund conducted a major tender exercise for new RI service providers across both portfolios towards the end of 2016. This process is currently being finalised and new service providers (portfolio analytics, active ownership and ESG framework) will be in place in Q2 2017.

Further information on the Fund, its mandate and investments made to-date are available on the Fund's website: www.isif.ie

OO 02	Mandatory	Public	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
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Ireland

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- 1
- 2-5
- 6-10
- >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
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	FTE
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40

OO 02.4	Additional information. [Optional]
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Staff: 40 ISIF direct staff as at end Dec 16, plus c. 20 FTEs across other business units (HR, IT, Legal etc)

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2016

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.
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	trillions	billions	millions	thousands	hundreds
Total AUM		8	088	927	333
Currency	EUR				
Assets in USD		8	656	798	416

OO 04.4

Additional information. [Optional]

Fund History

The National Pensions Reserve Fund of Ireland was established in April 2001 "for the purpose of meeting as much as possible of the cost to the Exchequer of social welfare pensions and public service pensions to be paid from the year 2025 until the year 2055", as set out in the National Pensions Reserve Fund Act, 2000.

The Fund's legislative remit was extended in 2009 and 2010 to allow the Minister for Finance to direct the NPRF Commission to invest in credit institutions in certain circumstances and in Government and Government-guaranteed securities and to make payments to the Exchequer to fund capital expenditure in the years 2011 to 2013. As a result of these changes the Fund now comprises two separate Portfolios: 1. Discretionary Portfolio 2. Directed Portfolio (public policy investments in AIB and Bank of Ireland) These "Directed Investments" are monitored, managed and reported on separately from the main "Discretionary Portfolio".

In June 2013 the Government announced its legislative proposals to establish the Ireland Strategic Investment Fund (ISIF) on a statutory basis and stated that its mandate would be to invest on a commercial basis to support economic activity and employment in Ireland. The NTMA (Amendment) Bill was published on 15 May 2014 and subsequently enacted on 28 July 2014. The commencement of the Act (22 Dec 2014) involved the dissolution of the National Pensions Reserve Fund Commission, with oversight and management of ISIF passing over to a new overarching NTMA Board ("the Agency") and its Investment Committee.

The dual objective mandate of the ISIF - investment return and economic impact - represents a new approach to investing for the Fund and will require all investments to generate both investment returns and economic impact in Ireland, thereby re-configuring the ISIF from a sovereign wealth fund into a sovereign development fund.

ISIF Commencement Portfolio:

On commencement the ISIF absorbed the NPRF's global portfolio and its directed investments. The total Fund size at the transition date (21 December 2014) was €20.5 billion with €13.4 billion in Directed Investments and €7.1 billion in the Discretionary Portfolio. The value of the Discretionary Portfolio as at 31.12.2016 is €8 billion.

OO 06

Mandatory

Public

Descriptive

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1

How you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	1.2	8.8
Fixed income	6	38
Private equity	0.4	6

Property	0	3
Infrastructure	0.9	1.6
Commodities	0	0.2
Hedge funds	0	24.7
Forestry	0	0.4
Farmland	0	0
Inclusive finance	0	0
Cash	1.6	7.2
Other (1), specify	0	0
Other (2), specify	0	0

○ as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].

Gateway asset class implementation indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1

Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 10.2

Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG factors via our staff, collaborations or service providers
- We require our external managers to engage with companies on ESG issues on our behalf
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 10.3

Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income – SSA
- Fixed income – corporate (financial)
- Private equity
- Infrastructure
- Cash
- None of the above

OO 11.2

Select the externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Private equity
- Property
- Infrastructure
- Commodities
- Hedge funds
- Forestry
- Cash
- None of the above

Ireland Strategic Investment Fund (ISIF)

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Processes / approaches to incorporating ESG
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

other (1) description

UN SDGS

- Other, specify (2)

other (2) description

Equator principles

- Other, specify (3)

other (3) description

International Corporate Governance Guidelines

- None of the above

SG 01.5

Describe your organisation's investment principles, and overall investment strategy, and how they consider ESG factors and real economy impact.

The mandate for the Ireland Strategic Investment Fund ("ISIF") is "to invest on a commercial basis to support economic activity and employment in Ireland".

ISIF's core Investment Principles can be summarised as follows:

- To invest in Ireland on a commercial basis.
- Risks from portfolio concentration in Ireland are accepted, but diversification within Ireland across the risk spectrum, by asset class and sector exposure is critical.
- Investments must not have a negative impact on the net borrowing of the general government of the State and be without State Aid implications.
- To invest in accordance with global best practice standards of corporate governance, active ownership and with the Principles for Responsible Investment (PRI)
- The role of ISIF should not replicate roles of Government Departments or other state agencies.

The NTMA has developed over time a set of Investment Beliefs based on sound principles, empirical evidence and/or practical insights from experience. As the ISIF operates with a 'double bottom-line' mandate the NTMA has also developed a set of Economic Impact Beliefs and a set of ISIF Mandate Beliefs.

No

ISIF Investment Strategy

The NTMA, as a manager of the Ireland Strategic Investment Fund (ISIF) will:

invest on a commercial basis to support economic activity and employment in Ireland;

- develop a broad based portfolio:
- across sectors including but not limited to infrastructure, energy, water, real estate, housing, tourism, food & agriculture, technology, healthcare and finance
- by types of investment including SME, venture, partnerships with public entities
- by regional location of its investments
- by asset class including debt, mezzanine, equity and project investments
- that seeks to achieve some transformative impact by investment in one or more "big ideas"
- utilise its key differentiating features of flexibility, long-term timeframe and being a sovereign investment partner to fill investment gaps and enable transactions which would not otherwise easily be completed;
- seek co-investors where possible to assure the commerciality of its investments and leverage the economic impact that can be obtained from ISIF resources;
- look to earn a portfolio return over the medium term in excess of the average cost of Government debt
- seek to achieve individual transaction returns that are appropriate relative to the risk involved
- target 80% allocation to "High Economic Impact" investment opportunities which will generate economic additionality over time and have low levels of displacement and deadweight
- pursue economic additionality in many forms including output (turnover), profits (operating surplus), net exports, capital expenditure and employment - an increase in any of these would be expected to increase economic activity in the economy;
- report regularly on the economic impact (including employment, turnover, exports, profits etc.) and regional spread of its investments
- deploy its capital over a 3-5 year period, subject to commercial investment opportunities being available

Sustainability and Responsible Investment Policy

The Fund has gone through and is continuing to go through a significant transition from a mature Sovereign Wealth Fund to a start-up Strategic Development Fund and the re-design of its responsible investment strategies and tools as part of this process is a significant undertaking. This process is still very much underway.

The ISIF's long-term commercial and economic impact mandate is a sustainability mandate and the Fund has developed a separate Sustainability and Responsible Investment Policy to expand this separate to its overall strategy document. The key points are outlined below.

The NTMA, as controller and manager of the ISIF believes that the Fund, as a large and long-term investor in Ireland, has a duty to actively contribute to the sustainability of the Irish economy for future generations and to encourage others to do the same.

As a Universal Owner the ISIF owns a share of both the Irish and global economies and its actions need to be considered in the context of wider economic sustainability. We want to achieve better risk-adjusted returns from market exposures by removing inefficiency and costs associated with poor management of environmental, social and governance (ESG) issues - they are important drivers of long-term success and their inclusive consideration will benefit the ISIF not just through each transaction, but also at an overall portfolio level.

The NTMA believes that responsibly managed companies are best-placed to achieve a sustainable competitive advantage and provide strong, long-term investment opportunities. Organisations that manage ESG factors effectively are more likely to endure and create sustainable value over the long term than those that do not. Therefore the ISIF will endeavour to be a responsible investor, actively integrating ESG factors into its decision-making processes with a view to enhancing the overall outcomes for the Fund and ultimately its beneficial owner.

The overarching objective of this policy is to protect and enhance both the value and the reputation of ISIF investments for the long-term through responsible investment practices and ESG risk mitigation - the tenets of sustainability. At all times the ISIF's investment strategies and portfolio management activities will have full regard to the maintenance of its reputation in both the Irish and global markets.

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

	URL
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<http://www.isif.ie/wp-content/uploads/2016/03/ISIFInvestmentStrategyExecutiveSummaryJuly2015.pdf>

- Attachment (will be made public)
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Screening / exclusions policy

	URL/Attachment
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- URL

	URL
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<http://www.isif.ie/wp-content/uploads/2016/07/Sustainability-and-Responsible-Investing-Policy-July-2016.pdf>

- Attachment (will be made public)
- Engagement policy

	URL/Attachment
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- URL

	URL
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<http://www.isif.ie/how-we-invest/responsible-investment/active-ownership/>

- Attachment (will be made public)
- (Proxy) voting policy

URL/Attachment

URL

URL

<http://www.isif.ie/how-we-invest/responsible-investment/active-ownership/>

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<http://www.isif.ie/wp-content/uploads/2016/07/Sustainability-and-Responsible-Investing-Policy-July-2016.pdf>

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<http://www.isif.ie/wp-content/uploads/2016/07/Sustainability-and-Responsible-Investing-Policy-July-2016.pdf>

Attachment

Processes / approaches to incorporating ESG

URL/Attachment

URL

URL

<http://www.isif.ie/wp-content/uploads/2016/07/Sustainability-and-Responsible-Investing-Policy-July-2016.pdf>

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

<http://www.isif.ie/wp-content/uploads/2016/03/ISIFInvestmentStrategyExecutiveSummaryJuly2015.pdf>

Attachment

Governance structure of organisational ESG responsibilities

Active ownership approaches

We do not publicly disclose any investment policy components

SG 02.3

Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

URL

<http://www.isif.ie/wp-content/uploads/2016/03/ISIFInvestmentStrategyExecutiveSummaryJuly2015.pdf>

No

SG 02.4

Additional information [Optional].

All information about the Fund is available at our website: www.isif.ie.

The core document describing the Fund's mandate, strategy and objectives is the Investment Strategy document, available on our website. While the Sustainability and Responsible Investment Policy covers key elements of RI & ESG policies. Additional information and disclosures available at: <http://www.isif.ie/how-we-invest/responsible-investment/overview>

SG 03

Mandatory

Public

Core Assessed

General

SG 03.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

No

SG 03.3

Additional information. [Optional]

Although the NTMA does not have a specific policy in relation to the management of conflicts of interest within the investment process specifically, employees of the NTMA have statutory obligations in relation to the disclosure of material interests pursuant to the Ethics in Public Office Act 1995, as amended by the Standard in Public Office Act 2001 (the "Ethics Acts"), where the employee is deemed to be a holder of a "designated position of employment" (as staff assigned to ISIF are). Employees have similar obligations pursuant to the National Treasury Management Act 1990, as amended. These obligations, inter alia, are advised to employees within the NTMA Code of Practice on Confidentiality and Professional Conduct (the "Code"), which they are provided with when they join and which is updated from time to time. Employees are required to provide an undertaking that they have read, understood and will comply with the Code at the time of joining and each time the Code is updated.

The most likely potential conflict of interests to occur can be around voting in the domestic market, where we may chose to abstain from a vote on rare occasions where a conflict could potentially arise. Any potential conflict is addressed on a case by case basis.

Objectives and strategies

SG 05**Mandatory****Public****Gateway/Core Assessed****General****SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2

Additional information. [Optional]

Formally every two years or less if required. At present it is an ongoing process.

Governance and human resources

SG 07**Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

I have responsibility for all aspects of the Fund's Sustainability & Responsible Investment Policy and implementation of that Policy - this is broken into three main streams: (1) Overall strategy level, (2) Global Portfolio and (3) Irish portfolio, with (1) & (2) dominating over 2016 and Q1 2017,

Priority issues include:

(1) Strategic Issues

- Complete tender and on-board Service providers
- Review of Exclusion Policy & criteria (may have to go board) including Cluster Munitions legislation.
- Santiago Principles and Higher level Corporate Governance Principles
- support development of Irish Sustainability agenda (via networks/panels/CDP/other contributions)
- Stakeholder communication and reporting
- Sovereign Fund - ESG/RI/Climate

(2) Global Portfolio

- RI/ESG monitoring of all Global assets, Integrated as part of regular manager monitoring cycle
- Work with best-in-class managers to develop best practices across fund as whole
- emphasis in Global Portfolio in on ESG risk analytics and active ownership as key RI/ESG tools
- Analysis of Carbon Footprint & Fossil Fuel Reserve exposure

(3) Irish Portfolio

- ESG/RI review of all ISIF Irish transactions takes place at early stage of all potential transactions (c. 60 p.a.)
- Embedding this further and deeper across more progressed transactions a key focus for 2017
- emphasis in Irish Portfolio in on ESG/RI integration and the identification of key material RI/ESG too

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

ISIF was actively involved in the PRI Investment Strategies working group throughout 2015 & 2016 and also promoted PRI at various CFA and other events during 2016.

Additionally, Hermes EOS, ISIF's service provider for 2016 H1 was an active signatory on our behalf, both leading and participating in collaborative engagements with the PRI. For example, co-signing a letter, co-ordinated by an investor group from the Principles for Responsible Investment, to policy-makers with jurisdiction over much of the region to encourage greater regulation of exploration and production in the Arctic. In addition, Hermes provides speakers for signatory events and has participated in a number of working groups.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIF has been a signatory of CDP global for many years and is an active supporter of the CDP Ireland, having been appointed to the CDP Ireland Network initiative participating in a number of events during the year. ISIF has taken over as Chair of the CDP Ireland Network for 2017.

Hermes EOS is also very active with CDP Global on our behalf (2016 H1)

- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIF was a signatory to CDP Forests

- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIF is a signatory to CDP Water and Hermes also engage with them.

- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIFs 2016 H1 service provider HermesEOS was one of the first non-US investors to join the CII and actively participates in the group on behalf of the ISIF in its work to ensure best stewardship of US equity shareholdings. Hermes EOS are active members of the Council and usually attend both its spring and autumn meetings. Hermes also participates in regular conference calls organized by the council and by individual members. Their role entails active participation in debates and panels regarding US and international governance matters and developing best practices. Hermes uses CII as a platform for collaborative engagement with other investors on company and public policy initiatives.

- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIF's service provider (2016 H1), Hermes EOS, are members of IIGCC's Corporate Working Group and signed a letter prepared by the Institutional Investors Group on Climate Change, the Principles for Responsible Investment, the CDP initiative and other investor institutions calling on G20 leaders to accelerate implementation of the 2015 Paris Agreement.

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

On our behalf Hermes EOS is an active contributor to the work of the ICGN, regularly providing input to the planning of and speaking at ICGN events.

In 2016 Hermes responded to the ICGN's consultation on a global stewardship code and one of its main suggestions was taken on board. They welcomed the creation of a global code for investors seeking to implement their stewardship policies in markets without such codes or across multiple markets with differing stewardship codes. Brazil's version, for example, is aligned with the ICGN's global code.

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ISIF's Service Provider for 2016 H1, Hermes EOS, spoke on a panel with the head of the UK's Serious Fraud Office (SFO), as well as representatives from Transparency International and a mining company at the UK's chapter of the UN Global Compact roundtable on anti-corruption.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

specify description

ISIF is in supportive of several initiatives overseen by Sustainable Nation Ireland, an organisation that promotes responsible investment and sustainable finance.

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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ISIF often highlights its support of PRI at some of the many external presentations it gives on the Fund, usually at industry conferences, or peer group seminars and in more private peer-to-peer meetings. The promotion of RI will generally depend on the nature of the topics under discussion.

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- We do the following
- We do not consider ESG issues in strategic asset allocation

SG 12.3	Additional information. [OPTIONAL]
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The Fund's allocation to strategic sectors across the Irish economy include specific allocations to Energy, Water, Food & Agriculture - However, these allocation are driven by real capital needs across the economy rather than pure ESG considerations. It is the view of the Fund that all investments across its portfolio need to be sustainable and consider ESG issues.

SG 15	Mandatory	Public	Descriptive	General
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SG 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	<p>ISIF has two direct listed equity holdings in two companies, Draper & Malin, that it participated in bringing to IPO.</p> <p>ESG issues are largely managed via monitoring and reporting mechanisms and active ownership, with emphasis on governance issues. Any issues arising are primarily addressed through direct engagement with the company and voting rights.</p> <p>Additionally, Draper Esprit plc has a dual listing with the London Stock Exchange, which is a member of the Sustainable Stock Exchange Initiative (SSEI), a collaboration focused on enhancing corporate transparency - and ultimately performance - on ESG (environmental, social and corporate governance) issues and encouraging sustainable investment. LSE have made a public commitment to sustainability in its markets and to promote improved ESG disclosure and performance among listed companies by becoming a SSE Partner Exchange. (http://www.sseinitiative.org).</p>
Fixed income - SSA	<p>- DAA Corp Bond - An ESG/RI assessment was conducted as part of the transaction assessment - ISIF was satisfied with ESG and sustainability commitment of the company.</p> <p>- Irish Water - as captured in section 14.2. - has entered into loan facilities of €450m in total with the Ireland Strategic Investment Fund (ISIF). An ESG/RI assessment was conducted as part of the transaction assessment. Irish Water aims to enable an efficient and sustainable supply of water across the country.</p>
Private equity	<p>Internally Managed Direct Private equity investments include some global sustainability themed investments in issues as waste and health. ESG issues are addressed in different ways as each transaction is unique. For example:</p> <ul style="list-style-type: none"> • Assessment of the sustainability commitment of companies as part of the Investment decision making process • Environmentally positive investments in technology solutions for the waste, recycling and resource industry. • Social Issues such as Data protection and risk mitigation via strong oversight at all levels. • Significant attention given to governance issues across all PE transactions. • Decisions taken regarding board seats - observer status or board member as appropriate on the board. • Ensure appropriate subcommittee responsibilities and oversight. <p>Ongoing ESG monitoring continues to be an integral part of investments in the this sector - particularly the area of governance where ISIF must balance its role as an active owner and state sponsored entity.</p>
Infrastructure	<p>Direct or Internally Managed Infrastructure investments include some waste to energy, renewable energy and connectivity investments. These investment typically considers and review environmental impact statements and technical due diligence reports together with Health and Safety assessments as part of the overall investment decision making process.</p> <p>Soem investment examples include :</p> <ul style="list-style-type: none"> • invetsment in a project tacking problem of landfills and waste in Ireland. ISIF assessed ESG issues and sustainability commitment of the company as part of the Investment decision making process. • Connectivity investments wheres ISIF assessed ESG issues and sustainability commitment of the company as part of the Investment decision making process. As is usual for ISIF transactions, emphasis was on governance issues. • Renewable Energy Investments - ISIF assessed ESG issues and sustainability

	<p>commitment of the company as part of the Investment decision making process. At a high level, this investment in a diverse range of renewable energy assets, is very positively aligned with the environmental focus of the ISIF Sustainability & Responsible Investment Policy, which specifically emphasises climate change considerations and decarbonisation of the Irish economy over the long term as a key consideration for the Fund.</p>
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SG 15.2	Additional information [Optional].
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The Fund has made a series of direct commitments over 2016 to sustainability themed sectors and investments that are not yet drawn as of year end 2016. These will be captured in next years reporting module and include specific investments in Education, Student accomodation and Real estate. The Fund is concentrating on governance as a priority ESG issue across its direct investments.

SG 16	Mandatory	Public	Descriptive	General
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SG 16.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	<ul style="list-style-type: none"> • All Listed Equity Managers are PRI signatories (GSAM, AQR, ILIM, Blackrock, Generation & Acadian) • Strategies vary in their approach from highly integrated (Generation) to passive strategies (ILIM) • All Manager review meetings have ESG/RI as a standing agenda item, focussing on different areas as appropriate to the mandate (Quant/ sustainability/ active ownership etc) • These are largely new mandates, funded over 2016, so it is early to describe the outcomes achieved yet. • All mandates are subject to the ISIF's commitment under the Cluster Munitions & Anti-Personel Mines legislation. • Tobacco Manufacturing companies were excluded from all segregated portfolios (debt & equity) in December 2016. • All segregated equity accounts had their proxy voting policies assessed as part of the on-boarding process and the decision was taken to leave the voting rights with the managers on an interim basis for H2 2016. • Engagement activity is also monitored as part of regular reporting - and for segregated accounts, the ISIF will be exercising its active ownership rights through a third party in 2017, following a tender process in H2 2016.
Listed equities - (proxy) voting	<p>2016 was a year of two halves for the ISIF, involving a significant restructuring of its Global Portfolio:</p> <p>H1 2016: All segregated listed equity account proxy voting was executed via a third party, HermesEOS. All votes are disclosed on the ISIF website.</p> <p>H2 2016: Following significant restructuring of the ISIF Global Portfolio and as new mandates were on-boarded, voting policies were reviewed and authority to vote left with the individual managers on an interim basis and to report to ISIF on votes cast.</p> <p>Since then the Fund, has tendered for a range of services across its Global portfolio to include voting. For 2017 all voting will be conducted through a third party.</p>
Private equity	<p>The Fund's Global Private Equity exposure has reduced extensively and now is primarily through VC Funds and some SME Funds that have been invested for a number of years.</p> <p>Presently all funds are subject to the Fund's obligations under the Cluster Munitions and Anti-Personnel Mines, 2008 while formal integration of ESG into ISIF's PE strategy is a work in progress.</p> <p>ISIF has been rolling out the PRI LP ESG DDQ to all new Fund investments since its launch last year. Typically emphasis in PE Fund transactions is on governance issues.</p> <p>PE & SME Funds:</p> <p>New Private equity & SME Fund investments over 2016 included formal ESG DD . One SME Fund is with Carlyle Cardinal, Carlyle is a PRI signatory with integrated ESG practices.</p> <p>Venture Capital:</p> <p>Generally the underlying companies with VC Funds are very early stage and therefore may not necessarily have sophisticated governance structure in place as of yet. However on a thematic basis, they are very much aligned with the Fund's ESG focus. Just one VC manager is a PRI Signatory. All new VC investments over 2016 included ESG DD.</p>
	The current Global Property Funds portfolios are being wound down over time. Therefore, ESG

Property	<p>issues are addressed to various degrees across these portfolios. Environmental, specifically energy considerations are often a consideration as are Social / Governance issues that may arise. For example, ISIF had in depth discussions with one such Fund regarding alleged health & safety / labour issues that arose during the year.</p> <p>Within ISIF's Irish Property Portfolio ESG issues are addressed to varying degrees by external managers - ISIF has a monitoring role:</p> <p>Activate Capital: In late 2015, ISIF provided credit solutions for property developers via a joint venture with KKR, which has the capacity to fund more than 11,000 new homes, which will be built to the highest standard of energy efficiency according to the Sustainable Energy Authority of Ireland's rating system. Other Property Investments implement a Responsible Property Investment Policy, Anti-Bribery and Corruption Policies, respond to GRESB and/or Provide environmental information on underlying assets as part of ISIF reporting requirements.</p>
Infrastructure	<p>Irish Infrastructure Fund (IIF):</p> <p>The Managers of the Fund, AMP Capital and ILIM which are both PRI signatories.</p> <p>ESG considerations are addressed as part of every investment decision and the nature of the assets are largely "green" in nature - for example Wind farm assets.</p> <p>AMP Capital have a publically available ESG and Responsible Investment Philosophy document. This policy is reviewed annually by ISIF.</p> <p>ESG encompasses a broad range of issues that may of themselves, or in combination, have a material impact on the risk/return characteristics of our investments. These issues may be driven by existing or future regulations, reflect issues of significant societal concern, or pose potential operational, financial, strategic, reputational or systemic risks:</p> <p>Environmental: Natural resource use and degradation (e.g. water scarcity), waste, pollution, greenhouse gas emissions, climate change, clean technology products and services, environmental management practices.</p> <p>Social: Human capital, workplace health and safety, labour relations and standards, human rights, demographic changes, supply-chain and community impacts.</p> <p>Governance: Board composition and independence, executive remuneration and incentive plans, corporate accountability structures, compliance, negligence, bribery and corruption, conflicts of interest and related-party transactions, shareholder rights, accounting and audit quality.</p>
Forestry	<p>Davy Asset Management is the manager of the "The First Forestry Fund" and Coillte manage the trees during the life of the Fund. Davy's are a recent PRI signatory since 2016.</p> <p>Coillte's forests are certified by the Forest Stewardship Council (FSC) scheme originally since May 2001, which demonstrates that they are well managed in accordance with strict environmental, social and economic criteria. If Coillte lose FSC certification, they can be terminated as manager of the forests.</p> <p>Coillte is audited each year for the following certifications</p> <ul style="list-style-type: none"> • FSC (Forest Stewardship Council) certification of responsible forest management • PEFC (Programme for the Endorsement of Forest Certification) certification of sustainable forest management • ISO 14001 certification for Coillte's Environmental Management System (EMS) • OHSAS 18001 certification for Coillte's Health and Safety System (OHSAS) <p>Dasos Manages an ISIF forestry investment and are a PRI signatory with a detailed Forest Investment policy and ESG guidelines.</p> <p>These policies are reviewed annually by ISIF.</p>

Ireland Strategic Investment Fund (ISIF)

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

SAM 01	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.
- No, we do not use investment consultants or fiduciary managers.

SAM 02	Mandatory	Public	Gateway	PRI 1
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SAM 02.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Fixed income - SSA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (non-financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

ISIF's external Fixed Income Managers can be grouped as follows:

- Global Fund: AQR, Blackrock, Amundi, Muzinich, Goldman Sachs, ILIM (Putnam), JP Morgan
- Irish Fund: Bluebay Asset Management, BMS

These Managers/ mandates are broadly invested across the Fixed Income asset classes as follows:

1. Fixed income - SSA : Blackrock, Amundi,ILIM
2. Fixed income - Corporate (financial): Blackrock, Amundi, Muzinich, Goldman Sachs, ILIM (Putnam), JP Morgan
3. Fixed income - Corporate (non-financial): Blackrock, Amundi, Muzinich, Goldman Sachs, ILIM (Putnam), JP Morgan, BlueBay& BMS.

While the consideration of RI/ESG differs across all of these portfolios given the nature of the investments, ISIF does not differentiate between these classes of FI in its approach to ESG - instead we look for high level commitment from FI managers and acknowledge that the degree of integration of ESG will differ substantially across each of the mandates.

The **Global Fund** underwent a significant restructuring over 2016. Under the mandate of the ISIF, the Global Portfolio will divest into an Irish focused portfolio as and when suitable investment opportunities arise in Ireland. The current goal is to have the capital available fully committed to Irish assets by 2020. Due to the private nature of the investments in Ireland, it is likely that it will be a number of years before the Fund's investment program is completed. The Global Portfolio is expected to extend for a number of years after this to allow for the time lag in private market investments between commitment and drawdown. In order to manage this phase, a Global Portfolio Transition Strategy (GPTS) is being implemented and all new mandates were in place by mid 2016.

- **Selection:** As part of this process ISIF tendered for a wide range of managers and mandates to meet the needs of its unique mandate. ESG considerations were part of the tender process and were scored as part of the assessment of Investment Strategy and Philosophy of each tendering party.
- **Appointment:** All appointed managers are PRI signatories. The nature of the individual mandates vary, as does the degree of ESG integration across the Managers. In addition, all managers are subject to exclusions as per ISIF's obligations under the Cluster Munitions and Anti-Personnel Act, 2008 and this was written into their legal agreements via IMA's or side letters.
- **Monitoring:** ESG/RI is a standard part of their regular review meetings and oversight, as are their PRI Transparency reports when available. Given these mandates are all just recently funded, the review and monitoring cycle is just underway for many of them.
- **Exclusions:** In addition to requirements under the Cluster Munitions and Anti-Personel Mines, Act 2008, Tobacco Manufacturing companies are excluded from all segregated debt portfolios since dec 2016.

The **Irish Portfolio** is invested with two external fixed income managers. Both of these Funds were cornerstoned by ISIF and represent new SME financing solutions in the Irish markets. Responsible investment considerations in the investment manager selection, appointment and monitoring processes differ for each Fund given their ESG approaches.

For example:

BlueBay Asset Management, is a PRI signatory and committed to ESG integration. ISIF monitors its PRI reporting and in addition has had several calls and conversations with its ESG team. However, ISIF does acknowledge that ESG is not integrated to the same extent across all BlueBays' products and that the Irish fund has limited levels of integration relative to other BlueBay products. ISIF's role is one of ongoing monitoring.

BMS Finance, represents a new investment for the Fund and RI issues were considered as part of the ISIF investment decision making process, such as mitigating any potential reputational risk associated with lending activities. Governance was also a key consideration as it is in all Irish investments given ISIF's obligations under the Code of Practice for the Governance of State Bodies.

Listed Equity and Fixed Income Strategies				
SAM 04	Mandatory	Public	Gateway	PRI 1,2
SAM 04.1	Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:			
	Active investment strategies			

Active investment strategies	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Selection

SAM 05

Mandatory

Public

Core Assessed

PRI 1

SAM 05.1

Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
ESG reporting requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

SAM 05.2

Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)				
Assess the time horizon of the investment manager's investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

ESG people/oversight

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review the ownership of the ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Process/portfolio construction/investment valuation

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
Review the process ensuring the quality of the ESG data used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Review and agree the investment decision making process (and ESG data use in it)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review and agree the ESG incorporation strategy impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review and agree how the manager is targeting returns and ESG objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Review and agree how the manager identifies, measures and manages ESG risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review how ESG materiality is evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review process for defining and communicating on ESG incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

SAM 05.3

Describe the selection process

- Review responses to RfP, RfI, DDQ etc.
- Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- Review publicly available information
- Review assurance process
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers
- Site visits to potential managers offices
- Other, specify

SAM 05.4

When selecting external managers does your organisation set any of the following:

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

SAM 05.5

Provide additional information relevant to your organisation's selection approach [OPTIONAL]

RI/ESG considerations are considered as part of our assessment of a managers Investment Strategy. The types of issues considered include the following:

- Assessment of responsible investment guidelines proposed to be adopted in performing the Services required
- internal or external skills/expertise used to identify and assess ESG risk
- ability of managers to comply with ISIF requirements
- the degree to which ESG is factored into investment analysis and decision making processes
- Active Ownership approach - and how or if it extends to credit investments

SAM 06**Mandatory****Public****Additional Assessed****PRI 2****SAM 06.1**

Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager.

Engagement

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure that engagement outcomes feed back into the investment decision-making process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

ISIF has recently appointed a third party service provider to provide engagement services across both its debt and equity portfolios. Almost all external Fixed income managers were appointed during 2016 and will be covered by this service going forward.

SAM 06.2 Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Impact on company / asset level
- Impact on ESG profile or the portfolio
- Evidence of changes in corporate practices
- Other, specify
- None of the above

SAM 06.4 Additional information [OPTIONAL]

see 06.1

Appointment

SAM 07.1

Mandatory

Public

Core Assessed

PRI 1

SAM 07.1

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment

- Sets standard or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the objectives
- Requires reporting on these objectives
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

SAM 07.2-5**Mandatory****Public****Core Assessed****PRI 1****SAM 07.2**

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class

- Fixed income - SSA (SSA)

Benchmark

- We do not set benchmarks

Objectives

- We do not define ESG objectives

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (financial)

Benchmark

- We do not set benchmarks

Objectives

- We do not define ESG objectives

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Corporate (non-financial)

Benchmark

- We do not set benchmarks

Objectives

- We do not define ESG objectives

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

SAM 07.3

Explain how your organisation evaluates the reporting capacity of the manager to meet your reporting requirements during the selection process

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
Agree upon ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Review ESG reporting processes and capacity in place	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Agree processes for raising ad-hoc ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

SAM 07.4 Explain which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Review performance in more detail
- Place investment manager on a "watch list"
- Investigate reason for non-compliance
- Require action plan from the manager
- Negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the requirements are not met

SAM 07.5 Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

"Failing all actions, terminate contract with the manager" is applicable only to any manager that does not adhere to our requirements under the Cluster Munitions & Anti-personnel mines Act 2008.

Monitoring

SAM 08

Mandatory

Public

Core Assessed

PRI 1

SAM 08.1

When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates from the investment manager in meetings/calls

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
ESG objectives linked to investment strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
ESG incorporation objectives (with examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Information on any ESG incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
PRI Assessment Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other general RI considerations in investment management agreements; specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If you select any 'Other' option(s), specify

All managers must adhere to our requirements under the Cluster Munitions & Anti-personnel mines Act 2008.

SAM 08.2

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
ESG score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If you select any 'Other' option(s), specify

No specific metrics are set, with compliance/progress measured on a largely qualitative basis to-date with the exception of any material breaches of the Prohibited securities list as per the Cluster Munitions & Anti Personnel Mines Act, 2008

SAM 09	Mandatory	Public	Additional Assessed	PRI 1
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SAM 09.1 When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement

	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?				
Report on engagements undertaken (outcomes and examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Account on engagement ESG impacts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Other RI considerations relating to engagement in investment management agreements; specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If you select any 'Other' option(s), specify

ISIF has recently appointed a service provider to engage across all segregated equity credit holdings.

Outputs and outcomes

SAM 12

Mandatory

Public

Additional Assessed

PRI 1,6

SAM 12.1

Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	ESG/RI was considered as part of the Selection and appointment of a newly appointed Fixed income strategy.
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial)
Scope and process	Considerations included: <ul style="list-style-type: none"> • PRI signatory status • the ability of the manager to apply exclusion rules • Assessment of its own internal ESG rating system • Assessment of its Extra-Financial Research team
Outcomes	Manager was appointed and manages broad FI strategy for ISIF

Add Example 2

Topic or issue	ESG/RI was considered as part of the Selection and appointment of a newly appointed Fixed income strategy.
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial)
Scope and process	<p>Considerations included:</p> <ul style="list-style-type: none"> • PRI signatory status • Assessment of Corporate Governance and Engagement Principles • the ability of the manager to apply exclusion rules
Outcomes	Manager was appointed and manages broad FI strategy for ISIF

Add Example 3

Topic or issue	ESG/RI was considered as part of the Selection and appointment of a newly appointed Multi-Asset strategy.
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial)
Scope and process	<p>Considerations included:</p> <ul style="list-style-type: none"> • PRI signatory status • Assessment of impact investment strategies • Assessment of internal teams / working groups • Assessment of third party ESG data • the ability of the manager to apply exclusion rules • examples of management and mitigation of ESG-related risks • Assessment of ActiveOwnership approach including a review of Voting policies
Outcomes	Manager was appointed and manages broad multi-asset strategy for ISIF

- Add Example 4
- Add Example 5
- We are not able to provide examples

SAM 12.2	Additional information.
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ISIF appreciate's that the examples given above are somewhat generic in nature but is unable to provide further detail without breaching confidentiality.

Communication

SAM 13	Mandatory	Public	Core Assessed	PRI 6
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SAM 13.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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- Yes, we disclose information publicly

	provide URL
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<http://isif.ie/how-we-invest/responsible-investment/overview>

SAM 13.2

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

Yes

SAM 13.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- Other, specify

No

Yes, we disclose information to clients/beneficiaries only

We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 13.4

Additional information. [Optional]

- The ISIF does not have direct clients or beneficiaries. Therefore just public disclosure is relevant.
- All tenders conducted through the Public Procurement process will have ESG/RI questions available to anyone who registers.
- Details of RI activities or ESG outcomes are reported on a thematic basis across the Fund rather than specifically attributed to individual managers.

Ireland Strategic Investment Fund (ISIF)

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2

Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Engagements following on from decisions
- Other, describe
- None of the above

LEA 01.3

Attach or provide a URL to your engagement policy. [Optional]

URL

<https://www.hermes-investment.com/wp-content/uploads/2016/09/US-CG-Principles-September-2016.pdf>

LEA 01.4

Provide a brief overview of your organization's approach to engagement

ISIF had a service provider, Hermes EOS, in place for H1 2016. Hermes EOS engages with companies on clients' behalf on environmental, social, governance and strategic issues with the goal of achieving beneficial change with respect to risk management, value creation and fund reputation. Engagement is objective-driven and follows a structured, milestone-driven approach and is framed by the Hermes Corporate Governance Principles which are attached in LEA01.3 . Engagement interactions are sought at board and senior management level, liaising with other investors as appropriate. Work is carried out by a multinational team drawn from the major investment regions around the world. All corporate engagement work is sought to be complementary to and integrated with public policy and best practice engagement and voting work.

No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
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LEA 02.1 Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Additional information. [Optional]

See LEA 01 for further information on the engagement service provided by Hermes EOS

Process

Process for engagements conducted via collaborations

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements

- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In response to ESG impacts which has already taken place
- In response to divestment pressure
- Client requests
- Other, describe

other description

ISIF will participate directly in collaborative engagements when they are aligned with key issues that the Fund is concerned with in line with its Policies

No

LEA 05.3

Additional information [Optional]

ISIF collaborates directly on rare occasions and largely prefers to use the services of its service provide to act on its behalf.

LEA 06**Mandatory****Public****Core Assessed****PRI 2**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 06.1

Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

Yes

LEA 06.4

Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- Define timelines for milestones and goals
- Tracking, monitoring progress against defined milestones and goals
- Establish a process for when the goals are not met
- Revisit and, if necessary revise the goals on a continuous basis
- Other, please specify

No

LEA 06.5

Additional information. [Optional]

ISIF engages on a rare basis directly in collaborative engagements. However, when it does, it would encourage that goals are set for the engagement and progress tracked against these goals.

Process for engagements conducted with/on your behalf by service providers

LEA 07**Mandatory****Public****Core Assessed****PRI 2,4**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 07.1

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

Yes

LEA 07.2

Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- Discuss the topic (or ESG issue(s)) of engagement
- Discuss the rationale for engagement
- Discuss the objectives of the engagement
- Select the companies to be engaged with
- Discuss the frequency/intensity of interactions with companies
- Discuss progress towards the engagement objectives
- Monitor and review outcomes that have been achieved from the engagement
- Discuss next steps for engagement activity
- Participate directly in certain engagements with your service provider
- Ad hoc monitoring and review of engagement processes.
- Other, specify

No

LEA 07.3

Additional information. [Optional]

All comments in respect of H1 2016:

We actively monitor and review the activities of our service provider Hermes EOS through quarterly calls and regular reports. As part of the client Advisory board and Council, we have had significant input into both the prioritisation and the general direction of engagements as outlined above.

We have not participated directly in engagements with our service provider over the most recent period, but have done in the past.

LEA 08**Mandatory****Public****Core Assessed****PRI 2,6****LEA 08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

LEA 08.2 Additional information. [Optional]

All comments in respect of H1 2016

General processes for all three groups of engagers

LEA 10

Mandatory

Public

Gateway

PRI 2

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> We do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

LEA 10.2 Additional information. [OPTIONAL]

Hermes EOS' regular reporting provides full disclosure on the number of engagements conducted on our behalf

Communication

LEA 16

Mandatory

Public

Core Assessed

PRI 2,6

LEA 16.1 Indicate whether your organisation proactively discloses information on its engagements.

We disclose it publicly

provide URL

<http://isif.ie/how-we-invest/responsible-investment/active-ownership/>

LEA 16.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 16.3 Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

LEA 16.4 Indicate how frequently you report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Ad hoc/when requested

No

- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 16.8 Additional information. [Optional]

ISIF discloses details of engagements in a general way via the Public Engagement Reports (H1 2016).
 ISIF receives all the information as listed above in 16.3 from its service provider, but due to the timing and sometimes sensitive nature of this information, detail is not all disclosed publically. Instead ISIF uses a public thematic engagement report prepared by Hermes EOS as its key disclosure method.

(Proxy) voting and shareholder resolutions

Overview

LEA 17	Mandatory	Public	Gateway	PRI 1,2,3
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 17.1

Indicate whether your organisation has a formal voting policy.

 Yes**LEA 17.2**

Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

LEA 17.3

Attach or provide a URL to your voting policy. [Optional]

URL

<http://isif.ie/how-we-invest/responsible-investment/active-ownership/>**LEA 17.4**

Provide a brief overview of your organization's approach to (proxy) voting.

All for H1 2016:

Hermes EOS undertakes intelligent voting on our behalf according to our own proxy voting policy which is framed by the Hermes Corporate Governance Principles (linked to previously in this LEA section). This means that all proxies are voted in line with the individual circumstances of the company and the vote, rather than using a box-ticking approach or as a compliance driven activity. The vote is viewed as an annual governance health check and voting work is strongly linked with corporate engagement. The vote is not perceived as an end in itself but rather as a mechanism which precipitates further change where required. Hermes EOS files shareholder proposals in markets where it is relevant to do so, typically in Germany and the US, either as lead filer or as co-filer alongside other investors.

LEA 17.5

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

In addition to the above, consistent with its intelligent voting approach, this typically forms part of a wider engagement with the company and is used as a tool for leverage in its dialogue with management. Where, in accordance with its policies, Hermes EOS has executed a vote against management on large holdings or otherwise high-profile companies, it seeks to follow up with the company either in writing to explain the reasons giving rise to a vote against and the steps that it would like to see the company take to rectify the issue. As necessary, Hermes EOS will look to engage with the company before the meeting to ensure that the issue giving rise to the vote against is addressed so that it can vote in line with management's recommendation, a vote 'for' management 'by exception,' in subsequent years. It may look to vote against management in a number of different scenarios. While it is difficult to provide a general description, typically this will be where a vote with management would not serve the best long-term interests of shareholders. This may be either in terms of remuneration or where there are insufficient skills on the board to take the company forward. There may also be specific instances where a vote in favour of management would be actively detrimental to the company, for example in the case of a merger or acquisition. Hermes EOS rarely abstains on votes. In the very rare instances that it does consider abstaining, this may be because it is unable to vote with management - typically due to inadequate information being provided - but where a vote against management may appear unduly harsh. Hermes EOS always seeks to obtain the required information to make an informed voting decision but this may not always be possible.

No

Process

LEA 18	Mandatory	Public	Descriptive	PRI 2
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LEA 18.1

Indicate how you typically make your (proxy) voting decisions.

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

Based on

- the service provider voting policy signed off by us
- our own voting policy
- our clients' requests or policy
- other, explain
- We hire service provider(s) that make voting decisions on our behalf.

LEA 18.2

Additional information.[Optional]

The voting policy is best described as largely the service providers policy as approved by us, with some small exceptions pertaining to Irish companies.

LEA 19	Mandatory	Public	Descriptive	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 19.1 Of the voting recommendations that your service provider made in the reporting year, indicate the percentage reviewed by your organisation, giving reasons.

Percentage of voting recommendations your organisation reviewed

- >20%,
- 5-20%,
- 1-5%,
- <1%

Reasons for review

- Specific ESG issues
- Votes for significant holdings
- Votes against management and/or abstentions
- Conflicts of interest
- Corporate actions such as M&A, disposal, etc.
- Votes for companies with which we have an active engagement
- Client requests
- Ad-hoc oversight of Service Provider
- Shareholder resolutions
- Share blocked securities
- Other, explain

LEA 19.2 Additional information [Optional]

ISIF votes Irish Bank shares in line with government directions and review all Irish company voting on a case by case basis in the event that there may be conflict of interests or specific concerns that we should be aware of.

LEA 22	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 22.1 Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting

- Yes, in most cases
- Sometimes, in the following cases:
- Neither we nor our service provider raise concerns with companies ahead of voting

LEA 22.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

LEA 22.3	Additional information. [Optional]
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See LEA 17.4 for more information on the approach taken by Hermes EOS to proxy voting on our behalf

Outputs and outcomes

LEA 23	Mandatory	Public	Core Assessed	PRI 2
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LEA 23.1	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

95

	Specify the basis on which this percentage is calculated
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- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 23.2 Explain your reason(s) for not voting certain holdings

- Shares were blocked
 - Notice, ballots or materials not received in time
 - Missed deadline
 - Geographical restrictions (non-home market)
 - Cost
 - Conflicts of interest
 - Holdings deemed too small
 - Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
 - We do not vote on environmental resolutions
 - We do not vote on social resolutions
 - On request by clients
 - Other
- We do not track or collect this information

LEA 23.3 Additional information. [Optional]




This figure is a best estimate. Originally ISIF tracked voting KPI's on a quarterly basis at the custodial level based on ballots sent. However, a 100% successful result indicated that it was "too good to be true". ISIF concluded that monitoring was too early stage in the voting process. We know that some votes fail and do not get cast although these are often in blocked markets, or where we have very small exposures.

LEA 24	Mandatory	Public	Additional Assessed	PRI 2
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LEA 24.1 Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

- Yes, we track this information

LEA 24.2 Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 88.9
Against (opposing) management recommendations	 11
Abstentions	 0.1

100%

LEA 24.3 Describe the actions you take after voting against management recommendations.

Actions taken will depend on degree of engagement with the company.

No, we do not track this information

Communication

LEA 27

Mandatory

Public

Core Assessed

PRI 2,6

LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

We disclose it publicly

provide URL

<http://isif.ie/how-we-invest/responsible-investment/active-ownership/>

LEA 27.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 27.3 Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 27.4

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/as requested
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries