

The Principles for Responsible Investment (PRI) Annual Reporting and Assessment Questionnaire

In April 2006, the National Pensions Reserve Fund (NPRF) joined a group of the world's largest institutional investors in signing the United Nations-sponsored Principles for Responsible Investment. The Principles provide a framework for investors to integrate consideration of environmental, social and governance (ESG) issues into their investment decision-making and ownership practices.

Signatories assess and report on their progress in implementing each of the six Principles through an annual survey in the form of an online questionnaire. Participation in the survey is the one mandatory requirement for all PRI signatories. Public disclosure of responses is optional.

The NPRF Commission has decided to publish the Fund's responses. This document contains the Fund's responses to the survey that were submitted in May 2011 in respect of calendar year 2010. The majority of the questions are focused on the six Principles. There are also several questions about the governance and oversight of the Fund's responsible investment activities and the associated policies and strategy.

The PRI signatory base is diverse and, as a result, many questions are not relevant to every signatory. The first part of the survey is designed to help determine which of the subsequent questions are relevant to the Fund. We have excluded this section, any subsequent questions that do not apply to the Fund and some of the survey's optional questions.

More information on the Principles and a full list of signatories can be found at www.unpri.org



PRI Reporting and Assessment survey 2011 Full Responses

Your organisation:

National Pensions Reserve Fund of Ireland

Organisational overview

This section determines which questions in the survey are relevant to your organisation. Your organisation's characteristics also play a role in determining your peer group for benchmarking. Therefore, please ensure you provide accurate answers.

You will be provided with an *Other* category in some questions, but please only use this option if the alternatives listed do not represent you in any way, as this may prevent you from having results comparable with peers.

You will not be able to continue the online survey until you have completed fully both this section and the 'Governance, policy and strategy' section. However, you can prepare your answers for the following sections by reviewing the full list of questions and explanatory notes on the [PRI extranet](#).

This section may require you to collect information from multiple sources. We strongly recommend you begin collecting this information as soon as possible and before commencing the survey.
This section of the survey is not scored.

Q 2 What category best describes your organisation?

Please select **one category Asset owners (AOs)** which best represents your **primary activity**.

Reserve -sovereign or government controlled fund

Q 6 Please indicate the number of staff your organisation employs and select the level of complexity that best describes your organisation?

Approximate number of staff: 23

Level of complexity of organisation: Moderately complex

Q 7 What were your organisation's total assets under management as of 31 December 2010, including the assets of all your consolidated subsidiaries?

	billions	millions	thousands	units
Total AUM:	24	422	746	323
Currency:	Euro (EUR)			

Date of assets under management figure

	year	month	day
Date:	2010	December	31

The amount you indicated above is roughly equal to the amount calculated below in United States Dollars. Please confirm that this figure is approximately correct before proceeding. Exchange rates are from the International Monetary Fund.

Source: *IMF Exchange Rate archive, December 2010*

	billions	millions	thousands	units
Total AUM in USD:	32	433	439	135

Q 8 Please provide an approximation of your average asset mix for 2010 or your most recent count, in %.

(For asset classes you hold in insignificant amounts you may choose not to list them and will not be asked related questions. +/- 5% is sufficient; the sum of all the fields must be 100 %)

Asset class	Internal active	Internal passive	External active	External passive
Listed equity (developed markets)	%	%	12 %	15 %
Listed equity (emerging markets)	%	%	4 %	2 %
Fixed income - sovereign and other non-corporate issuers	1 %	%	%	%
Fixed income - corporate issuers	3 %	%	2 %	%
Private equity	%	%	4 %	%
Listed real estate or property	%	%	%	2 %
Non-listed real estate or property	%	%	2 %	%
Hedge funds	%	%	1 %	%
Commodities	%	%	%	2 %
Infrastructure	%	%	%	2 %
Cash	%	9 %	%	%
Other - please specify:				
Directed Investments in Irish Banks (Incl. equity, preference shares & cash)	39 %	%	%	%

Please contact the PRI Secretariat at assessment@unpri.org before indicating that more than 10% of your assets fall into the 'Other' category. A response of 'Other' may render the benchmarking results less useful for you and your peers.

If you manage balanced or multi-asset class products with listed equity, fixed income and potentially other asset classes, the relative assets in these funds need to be separated out into the different asset classes.

Total (must add up to 100%): 100 %

Q 9 Please provide the following information based on your asset classes holdings:

(rough estimates of +/- 5% are fine; when negligible, please leave as zero)

A1. What proportion of your hedge fund assets have listed equity as underlying assets? 0 %

A2. What proportion of these hedge fund listed assets is equity for which you, or your agents (external service provider or external investment managers), could be reasonably expected to cast (proxy) votes for and/or engage with? %

B. What percentage of your assets invested in publicly listed companies are invested in companies where your organisation or external investment managers have significant control? Significant control implies that active ownership can influence change more so than proxy voting and engagement alone. 0 %

Q 10 What percentage of your externally managed assets are managed by PRI signatories? (+/- 5% is sufficient)

Percentage: 33 %

Governance, policy and strategy

This section is focused on the governance, policies and strategies guiding your organisation's approach to responsible investment (RI). 'Policy' in this section may refer to one overall RI policy or multiple policies that address various elements of RI or ESG issues. Some questions in this section are scored, while other questions are not scored but do determine the applicability of subsequent questions.

Please make sure you provide accurate answers. You will not be able to enter this section unless you have completed the "Organisational overview" section. **You will not be able to continue the survey until you have finalised this section.** However, if you wish to begin preparing your answers for the following sections, you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI extranet](#). This section will be scored separately from the six Principles.

Q 11 Please provide a description of how your governance, policies and strategies address RI and ESG issues.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

When considering the governance, policies and strategies of the NPRF, as was the case last year, a distinction is now drawn between the Fund's Discretionary Portfolio and the Fund's Directed Investments.

At 31 December 2010 the total value of the National Pensions Reserve Fund ("NPRF") stood at _24.4 billion. This total value comprised _14.9 billion in the Discretionary Portfolio (the Fund excluding the investments in Bank of Ireland and Allied Irish Banks (AIB) held on the direction of the Minister for Finance) and _9.5 billion in the Directed Portfolio.

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 the NPRF Commission has no discretion in relation to these investments.

Prior to 2009, the Discretionary Portfolio accounted for 100% of the value of the Fund. However, as a result of the Fund's directed investments, the Discretionary Portfolio accounted for 61% of the value of the Fund at 31 December 2010. The Funds responsible investment policy applies only to the Discretionary Fund and our responses to the PRI survey reflects this throughout.

Discretionary Portfolio:

As an investor in over 2,900 companies worldwide, the National Pensions Reserve Fund Commission believes that environmental, social and governance (ESG) issues impact on long-term investment performance. With this in mind, the development and implementation of a Responsible Investment policy has been in a manner consistent with the Fund's statutory investment policy as set out in Section 19 of the National Pensions Reserve Fund Act 2000, which is to secure the optimal total financial return provided the level of risk to the moneys held or invested is acceptable to the Commission. This is consistent with the PRI aim of integrating consideration of ESG issues into investment decision-making and into active ownership practices.

The Commission believes that sustained and focused dialogue with company management can be an effective way for long-term shareholders to bring about positive change. As a responsible and active investor, the Fund acts primarily through engaging with companies and through exercising its voting rights across as many investee companies and markets as is practicable.

Active ownership is undertaken through a specialist engagement and voting overlay provider, Hermes Equity Ownership Services. International best practice, including that formulated in the Hermes Principles, forms the basis for the Fund's voting and engagement with companies and the Commission monitors these with a view to continued customisation for its own specific needs. The Fund works closely with Hermes and oversees its activities through regular monitoring and reporting.

The Commission believes that it is consistent with prudent investment management to incorporate ESG factors into investment research, analysis and decision making. The Fund continues to encourage its active investment managers to incorporate material ESG factors into their investment process and required information on these issues as part of its regular review process. The incorporation of ESG factors is one of the criteria considered when evaluating bidders for new investment management contracts and the Fund has made some specific investments which were driven by ESG / sustainability principles.

The Commission has considered the issue of excluding or screening out particular stocks in the light of its legislative framework and concluded that any such screening would, most likely, not be consistent with its statutory investment mandate and any exclusions requires a change to the legislation governing the Fund.

Further to this, the NPRF is subject to the Cluster Munitions and Landmine Act 2008 which obliges the Fund to avoid investment in manufacturers of cluster munitions or anti-personnel mines. The Act came into effect in October 2009, and in advance of this the Fund has operated a prohibited securities list since May 2008 at the request of the Government. In 2010, the Fund published its prohibited securities list for the first time.

Q 12 Do you have a policy or a set of policies that make specific reference to responsible investment, and if so, do they cover environmental, social, and governance issues?

Please select "Yes" or "No": Yes

If "Yes", which issue(s) does it cover? Environmental
Social
Governance

Q 13 For the following asset classes, to what extent has your policy or approach to responsible investment been incorporated into internal management processes (e.g. business planning, strategic planning, or similar)?

Extent that your approach has been incorporated into internal management processes

Please select:

"Large", "Moderate", "Small" or "Not at all"

Asset class

Listed equity (developed markets)	Large
Listed equity (emerging markets)	Large
Fixed income - sovereign and other non-corporate issuers	Not at all
Fixed income - corporate issuers	Moderate
Private equity	Moderate
Listed real estate or property	Large
Non-listed real estate or property	Moderate
Hedge funds	Small
Infrastructure	Large

Q 14 Within your organisation:

- What roles are present?
- Who has a clear responsibility related to responsible investment implementation? and
- Are there incentives and/or training on RI/ESG issues?

	Roles present in your organisation	Responsibilities on RI/ESG	Incentives	Training
	Please check all that apply		Please choose among "Yes, for all", "Yes, for some" or "No"	
Board of trustees or board of directors and their committees	Yes	Yes	N/A	No
Chief Executive Officer or Chief Investment Officer or equivalent	Yes	Yes	Yes, for all	No
Other senior management	Yes	Yes	Yes, for some	No
Portfolio managers				
Analysts	Yes	Yes	No	No
Researchers				
RI or ESG specialist	Yes	Yes	Yes, for all	No
Other - please specify:				

Q 15 Select any of the following RI, ESG and/or SRI approaches that you or your external investment managers currently apply in the investment decision making process.

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

	Please select all those that are relevant (columns are visible based on your answer to Q8 on asset classes breakdown)	
	Internally managed	Externally managed
Exclusion based on ethical criteria		✓
Screening as a way to avoid the potential negative publicity surrounding the companies/sectors in question as it may adversely reflect on you or your manager's brand/license to operate		✓
Screening based on a belief that exclusion or inclusion of certain investments from your investment universe can have a material effect on portfolio performance		
ESG analysis within individual investment decisions, possibly including these factors into valuation and investment performance models		✓
Themed investing		✓
None of the above (this reply excludes any of the above)	✓	

Q 16 Please indicate which of the following thematic investment strategies your organisation employs?

Please select all that apply

Cleantech	
Microfinance	
Sustainable forestry	✓
Global health	
Water	✓
Other (1) - please specify: Sustainability driven equity investments with Generation IM	✓
Other (2) - please specify:	
Other (3) - please specify:	
Other (4) - please specify:	
Other (5) - please specify:	

Q 17 Please select any of the following active ownership activities that you, your external service providers or your external investment managers have undertaken in 2010 on behalf of your organisation?

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

You may select any approach you or your external managers, service providers or partner entities adopt on your behalf

(Proxy) voting related to listed equity investments in the following asset classes: Listed equity (developed markets), listed equity (emerging markets), or listed real estate/property (including the votes on listed securities held in hedge funds).	✓
File and/or co-file shareholder resolutions on listed companies.	✓
Engagement on ESG issues with listed equity or fixed income issuers in the following asset classes: listed equity (developed markets), listed equity (emerging markets), listed real estate/property, listed securities held in hedge funds, or fixed income - corporate issuers.	✓
Ownership and engagement activities focused on ESG issues related to investments in the following asset classes: Listed equities which permit a significant control, sovereign and other non-corporate fixed income, private equity, non listed real estate/property, hedge funds, infrastructure, or other.	✓
None of the above (this reply excludes any of the above).	

Q 18 Please add any overall comments and clarifications related to governance, policy and strategy here.

Additional general oversight of the Fund is provided by the Irish parliament where questions are regular raised and to which the NPRF is obliged to respond.

Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

This section focuses on the integration of ESG considerations into the investment process. The questions are split into three sections. Only questions relevant to your organisation will be displayed, based on your responses to Q 8 (your investment management structure and asset class breakdown).

The three sections are:

- I. Internally and actively managed investments;
- II. Externally and actively managed investments; and
- III. Passively (both internally and externally) managed investments.

Some questions in this section are scored. Any question that is scored, but is not relevant to your organisation, based on your investment management structure and asset class breakdown or other responses, will not affect your overall score for Principle 1.

You do not need to complete Principle 1 questions before completing questions for other Principles. While completing this section you are free to navigate to any of the other sections of the survey without losing answers already completed.

Definitions

Please note that this section of the survey focuses on investment decision-making processes and how ESG issues are integrated in these processes. It does not address the integration of ESG issues in other parts of your organisation and/or activities, such as the running of offices (e.g. how you manage your own organisation's waste) or your organisation's collaboration with other investors on ESG issues.

ESG Integration, as addressed in this section of the survey, relates to the consideration of ESG issues alongside traditional financial measures, based on the belief that ESG issues can affect the performance (risk and/or return) of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time).

Integration is considered to be:

- screening based on the belief that exclusion or inclusion of certain investments in the investable universe can effect materially on the portfolio's financial performance; and/or
- ESG analysis within individual investment decisions based on the belief that such analysis can effect materially on the investment's financial performance.

Please note the view that ESG issues can influence investment returns based either on:

1. The premise that performance on these issues will eventually be reflected in financial and operational outcomes and that externalised costs in the future will be priced and have an impact on revenue growth, margins, etc.; or,
2. The premise that the way in which the market rates or prices the stock will be affected even in the absence of an impact on financial or operational performance.

Exclusion of stocks or sectors from portfolios or down-weighting them based on the possibility that an association with the stocks may adversely affect the owners profile or brand amongst stakeholders is **not** regarded as integration. Also, exclusion based on ethical considerations of sectors is not considered ESG integration. However, screening based on norms that are believed to be material in the investment process are included in the above definition of integration.

Q 19 Please provide a description of your organisation's approach to this Principle. For example, how do your organisation's investment analysis and decision-making processes incorporate ESG issues?

If your assets are managed both internally and externally, please describe how you address this in both portions of your assets. In addition, please describe any activities you may be doing to integrate ESG issues into the management of those investments that passively track indices (if you use this approach).

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

The Commission believes that it is consistent with prudent investment management to incorporate ESG factors into investment research, analysis and decision making. The Fund focuses its P1 activity on its externally managed assets (only small amounts of assets other than cash are managed internally) and encourages active investment managers to incorporate material ESG factors into their investment process and requires information on these issues as part of its regular review process. The incorporation of ESG factors is one of the criteria considered when evaluating bidders for new investment management contracts.

In 2010 activity undertaken in this area included:

- Continued monitoring of ESG integration across the Fund's managers
- Continued daily monitoring of Cluster Munitions & Landmines exclusion due to legislative requirements
- Continued allocation to sustainable global equity investment fund - Generation IM

Q 22 What percentage, by asset class, of your organisation's assets under active management externally did you specify - contractually or via other agreement - that the consideration of RI/ESG issues be integrated into the investment decision-making processes of your external investment managers?

For these assets, what is the extent of integration you agreed upon and to what extent do you monitor such integration?

Please note that the percentages requested here are different from the data in Q8.

Asset class	Assets under active management externally (see example in notes) (+/- 5 per cent is sufficient)	Agreed RI/ESG integration Please select: "Large", "Moderate" or "Small"	Monitor Please select: "Large", "Moderate", "Small" or "Not at all"
Listed equity (developed markets)	85 %	Small	Large
Listed equity (emerging markets)	78 %	Moderate	Large
Fixed income - corporate issuers	100 %	Moderate	Moderate
Private equity	47 %	Moderate	Small
Non-listed real estate or property	58 %	Moderate	Small
Hedge funds	0 %		

Q 23 When searching for and selecting external investment managers for your current portfolio, to what extent did your organisation consider the capabilities of external investment managers to consider RI/ESG issues?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Not at all

Q 24 Has your organisation directly, or via a mandate with an external manager, requested that any passive index tracking investments be managed relative to indexes that are constructed using relevant ESG issues?

Please select: "Yes" or "No"

Please select:

No

Please add any other comments regarding how you are, or are not, addressing ESG issues in your passively managed investments.

NPRF has surveyed all of its equity managers, including its passive managers on ESG issues since first signing the PRI. Over the course of 2009 -2010 NPRF was part of a PRI collaborative engagement group which aimed to encourage passive managers to sign the principles. This progressed to discussions around potentially clarifying what P1 means for passive managers and NPRF contributed a PRI document on this topic.

Q 25 Please add any overall comments and clarifications related to Principle 1 here. Please also describe any significant activities relating to Principle 1 not already captured by your answers above.

Due to significant Economic deterioration over the course of 2010 and the impact of these events on the Fund, little specific progress on P1 was made in 2010.

As has been mentioned previously, a significant portion of the Fund's assets have been directed to investments in the Irish banking system. Further assets are due to contribute to the EU-IMF programme. Additionally, the Credit Institutions (Stabilisation) Act 2010 provides for Ministerial directions for the Fund to invest in Irish Government securities or for payments to the Exchequer to fund capital expenditure in the financial years 2011, 2012 and 2013. The implications of these developments for the Fund's operations and investment strategy are currently being considered by the NPRF Commission.

Clarifications on Q22: None of NPRF's managers are contractually bound to integrate ESG issues, however, the issue is a standard agenda item at every manager meeting. NPRF has included all its absolute return assets in the Hedge Fund category for the purposes of this survey, however, it should be noted that these assets comprise of Currency and Global macro hedge funds, none of which hold any underlying equities or bonds. Additionally, NPRF has a sustainable forestry allocation which is accounted for under the commodities category.

Clarifications on Q23: Any searches & funding conducted in 2010 were in relation to passive investments.

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

This section is focused on active ownership and is divided into three parts. You will see only those questions relevant to your organisation.

The first part addresses voting related to listed investments. The second part addresses non-voting engagement activities undertaken by your organisation or on your behalf by third parties with listed equity and corporate fixed income issuers. For the purpose of this survey, the term 'engagement' refers to non-voting contact with companies to discuss concerns regarding ESG issues. The third part addresses ownership and engagement practices for other asset classes such as sovereign and other non-corporate fixed income issuers, private equity, non-listed real estate/property, hedge funds, and infrastructure. This third section also covers any listed equities where investors have significant control (as defined in Q9, explanatory note [B]).

The third section is necessary to account for the differing levels of influence that investors may acquire when investing in other asset classes versus those of listed equities.

The contents and parts for this section of the survey are therefore:

1. Voting and engagement activities related to listed equity investments undertaken by:
 - A. internal staff;
 - B. external parties (e.g., service providers and external managers).
2. Engagement activities related to corporate fixed income issuers;
3. Ownership and engagement activities for sovereign and other non-corporate fixed income, private equity, non-listed real estate and property, hedge funds, and infrastructure, as well as listed equities when they represent significant control.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Please note that for this survey, proxy voting activities entail any casting of votes at AGMs and the filing or co-filing of resolutions. Engagement activities refer to all interactions with investee companies that are not related to voting activities. Engagement activities should seek to achieve relevant information and promote better ESG performance by companies. Such activities involve usually written communications, phone calls and meetings with management. For indirect investors in certain asset classes, such as private equity, infrastructure, and non-listed real estate, active ownership may not be possible with the underlying asset. Active ownership in this case should be viewed as engaging with third party managers to consider and interact on ESG issues with underlying holdings. Working with governments to modify laws, rules and regulations in favour of ESG issues should not be counted as engagement in this part of the survey and it will be addressed separately in Principle 4 and 5.

Q 26 Please provide a description of your organisation's approach to this Principle. For example, how is your organisation an active owner and how does it incorporate ESG issues in its ownership policies and practices?

Describe both your voting activities and any other engagement activities you undertake across the different asset classes you hold.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

The Commission believes that sustained and focused dialogue with company management can be an effective way for long-term shareholders to bring about positive change. As a responsible and active investor, the Fund acts primarily through engaging with companies and through exercising its voting rights across as many investee companies and markets as is practicable. Active ownership is undertaken through a specialist engagement and voting overlay provider, Hermes Equity Ownership Services. International best practice, including that formulated in the Hermes Principles, forms the basis for the Fund's voting and engagement with companies and the Commission will monitor these with a view to continued customisation for its own specific needs. The Fund works closely with Hermes and oversees its activities through regular monitoring and reporting. All Voting questions below answered from perspective of Hermes doing all our voting.

Q 27 Do you have a (proxy) voting policy, and, if so, does it address environmental, social and governance (ESG) issues?

Do you have a voting policy? Yes

If Yes, please select all that apply: Environmental
Social
Governance

Q 28 For listed equities, please indicate the ratio of (proxy) votes cast, either directly or via third parties (such as an external service providers or external investment manager), against those you could have cast in 2010 for at least one of the following measures:

- by ballots item or resolution;
- by meetings (e.g. AGMs, EGMs, special);
- by listed assets under management.

Please answer for at least one of these measures, if available please provide others as well

We do not track our listed equity voting activities

	Ballot items	Meetings	Listed assets	We do not track our listed equity voting activities
Actually cast vs. all you could have cast	100 %	100 %	100 %	

Q 29 For listed equities, who makes voting decisions on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the proportion of decisions made by that group.

Please note that subsequent questions will be asked specifically on the group that you list as most important and - if specified - of the second and third most important. Only the activities of the most important will be scored.

Please select from:

- "Internal investment manager or other internal staff"
- "Internal voting or governance group"
- "External investment manager"
- "External proxy voting service"
- "External service provider" or
- "Other third party voting support entity"

Most important: External service provider

Second most important:

Third most important:

Q 33 For listed equity votes that your external manager or service provider casts on your behalf, to what extent did you monitor that voting decisions were analysed and made in accordance with your (proxy) voting policy?

Please select
"Large", "Moderate", "Small" or "Not at all"

Please select one: Large

Q 34 How does your listed equity securities lending programme address voting?

Please select one: We recall some securities for voting on some ballot items on an ad-hoc basis

Q 35 To what extent do you and/or your agents review shareholder resolutions put forward by other shareholders to determine whether or not to support the resolution?

Please select
 "Large", "Moderate", "Small", "Not at all" or
 "We do not vote on shareholder resolutions"

Voting - managed externally

Large

Q 36 How many shareholder resolutions related to ESG issues did you file or co-file during 2010 and, of these, what percentage were:

- voted on by shareholders?
- withdrawn due to changes at and/or negotiations with the company?
- withdrawn with no changes at the company in 2010?

	As Lead filer	As Co-filer
Number of ESG shareholder resolutions filed	5	5
Of these:	Of these led shareholder resolutions	Of these co-filed shareholder resolutions
<i>Voted on</i>	40 %	40 %
<i>Withdrawn due to changes at and/or negotiations with the company</i>	40 %	60 %
Withdrawn for other reasons, please specify: Resolved; 'no-actioned' by SEC; not properly received; ongoing negotiation	20 %	0 %
Total percentage (must be 100%)	100 %	100 %

Please explain why you filed or co-filed any shareholder resolutions related to RI/ESG issues during 2010.

In order to advance engagements with the companies concerned. Filing of resolutions is an accepted and understood means of engaging with companies in the US. We also filed one resolution at a German company. Issues covered included governance, environmental and strategy.

Q 37 Do you have a written engagement policy or other documents that direct engagement with listed equity and fixed income issuers; if so, do these policies address environmental, social and governance (ESG) issues?

Asset class	Engagement policy or other documents	Do they address E, S or G
	Please select "Yes" or "No"	Please select all that apply
Listed equities	Yes	Environmental Social Governance
Fixed income - corporate issuers	Yes	Environmental Social Governance

Q 38 Who engages with listed equity or fixed income issuers on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the engagements undertaken by that group.

Please note that subsequent questions will be asked specifically on the groups that you list here. Only the activities of the most important will be scored (except for question 39 where all will be scored).

Please select from:
 "Internal staff"
 "External engagement service provider(s)"
 "External investment manager(s) "
 "Other external entity"

Most important: External engagement service provider(s)

Second most important:

Third most important:

Fourth most important:

If "Other external entity" is selected, please list it here.

Q 39 In total, how many listed equity and fixed income issuers did your organisation engage with or were engaged with on your organisation's behalf on ESG issues in 2010, by level of engagement?

Please do not double count. Engagements that are listed in one column should not be repeated in another. Choose to list them where the highest level of effort is being applied. Consider both individual and collaborative engagements carried out during the year.

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Extensive engagement		317		
Moderate engagement		56		
Basic engagement		0		
We do not track these engagement activities				

Q 40 Approximately what proportion of the engagements with listed equity or fixed income issuers undertaken by your organisation or on your organisation's behalf addressed environmental, social or governance (ESG) issues?

(+/- 5% rounding is sufficient)

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Environmental	%	23 %	%	%
Social	%	20 %	%	%
Governance	%	57 %	%	%
We do not track these engagement activities				

Q 41 To what extent do you assess and monitor the ESG engagement competency and capabilities of the following groups?

Please select:
"Large", "Moderate", "Small" or "Not at all"

External engagement service provider(s) Large

Q 42 Given your (or your client's) engagement policy and/or approach to engagement, to what extent do you or do the third parties acting on your behalf, have a process for identifying and prioritising ESG related engagement opportunities?

Please select:
"Large", "Moderate", "Small" or "Not at all"

External engagement service provider(s) Large

Q 43 To what extent do you or your third party engagement providers or investment managers set ESG engagement objectives and evaluate engagement successes?

Please select:
"Large", "Moderate", "Small" or "Not at all"

External engagement service provider(s) Large

Q 44 To what extent do you or your external investment manager integrate the information gained from ESG engagements into the investment decision-making process?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff Small

External investment manager(s) Small

Q 46 What percentage of engagements with listed equity and fixed income issuers that ended in 2010 were deemed successful?

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Engagement success	%	75 %	%	%

What measures does your organisation or its external service provider(s) and or external manager use to assess the impact and success of engagement with listed equity and fixed income issuers, and how did you perform in 2010 based on those measures?

As outlined in Q39, we currently have two approaches to engagements: extensive engagements, where we have clear engagement objectives and a structured "milestone" approach to guide our engagement process; and moderate engagements, where we have a clear engagement process with a company, frequently with a clear objective, but without applying the formal "milestone" structure. Of our 373 current engagements, 317 apply the milestone structure and are classified as extensive; and 56 do not and are classified as "moderate". 2010-11 was the first year that we have applied the formal "milestone" approach and our ultimate objective is to transition all engagements to this approach.

Our milestone approach has 5 steps:

0. Define the engagement objective and approach
1. The issue has been raised with the company at the appropriate level
2. The company has acknowledged the issue
3. The company has begun developing a plan to address the issue
4. The company has delivered on the plan

The milestone approach is also the basis by which we assess the success of our engagements. As a result, we only assess success against our "extensive" engagements. We define success in the context of progress within the engagement (i.e. movement from one step to another) and not simply based on achievement of the engagement objective (step 4). This is because the nature of the issues we engage on are frequently not the kind of thing that can reasonably be expected to be achieved within one year. That said, and while it frequently does take a significant amount of effort in some jurisdictions even to raise the issue at the appropriate level (step 1), we currently do not consider a movement from step 0 to step 1 as "success".

However, as this is the first year that we have made an effort to apply the milestone approach across all of our engagements, this year is effectively the benchmark year. In future years we will be able to track progress for each objective against the 5 steps. This year, however, we do not have a reference point for last year and as a result our approach to measuring progress is less precise and structured. Our assessment of engagement success for this year is based on our assessment of which engagement objectives have had no progress. We estimate that we have had progress on roughly 75% of our (extensive) engagements, with no progress on 25% of them.

Q 47 Do you have an active ownership policy and/or strategy that addresses environmental, social and governance (ESG) issues for each of the following asset classes?

Asset class	Policy and/or strategies address
Fixed income - sovereign and other non-corporate issuers	
Private equity	Governance
Non-listed real estate and property	Environmental
Hedge funds	
Infrastructure	Environmental Social Governance

Q 48 Per asset class, which role is most important in bringing forth active ownership activities on your behalf and, to what extent are ESG issues addressed by this role in these ownership activities?

Asset class	Select the most important: "Internal staff", "External engagement service provider(s)", "External investment manager(s)", "Other external entity" or "Nobody"	Please select the extent of active ownership activities: "Large", "Moderate" or "Small" for each of the categories selected
Fixed income - sovereign and other non-corporate issuers	Nobody	
Private equity	Internal staff	Moderate
Non-listed real estate/property	Internal staff	Moderate
Hedge funds	Nobody	
Infrastructure	External engagement service provider(s)	Large

Q 49 To what extent do you assess and monitor ESG active ownership competency and capabilities undertaken by the groups listed below in the following asset classes: Listed equities with significant control, fixed income, sovereign and other non-corporate issuers, private equity, non-listed real estate/property, hedge funds and infrastructure?

	Please select: "Large", "Moderate", "Small", "Not at all" or "Not applicable"
Internal staff	Small
External engagement service provider(s)	Large
External investment manager(s)	Moderate
Other external entity	Not applicable

Q 50 Please describe your organisation's , your external service providers or your external investment manager's approach to addressing ESG issues in active ownership in the following asset classes. Please include a description of the processes used to ensure ESG issues are addressed, any metrics used to gauge success, the sources of your expertise and specific examples.

Asset class	Please add your remarks
Fixed income - sovereign and other non-corporate issuers	As a Sovereign Fund itself, the NPRF does not regard itself as in a position to engage other governments with respect to laws and regulations around ESG.
Private equity	Slightly less than half of NPRF's PEq investments consider ESG issues. Of those, a small number actively adopt the PEC guidelines and integrate ESG issues both through the pre-investment & post-investment stage, actively engaging on these issues/risks in particular through board participation, monitoring processes and discussions with management. This reflects a best in class approach and not all holdings show the same degree of integration. While Environmental , Social & Governance issues are all addressed, there is greater emphasis on governance issues. Investment is in Funds, the oversight of which lies with NPRF's Private Equity team.
Non-listed real estate and property	Almost 60% of NPRF's property holdings actively consider ESG issues. Of these the majority are not necessarily PRI members, but have adopted their own internal RI/ESG policies which generally tend to have a specific Environmental focus. Methods of engagement include regular quarterly reviews, assessment of all risk & environmental issues relating to the portfolios under management, such as energy & water consumption, recycling & waste management. Investment is in Funds, the oversight of which lies with NPRF's property team, who also have responsibility for NPRF's Forestry Investment.
Hedge funds	NPRF currently has a small allocation to currency and global tactical asset allocation funds which utilise market and index derivatives and contain no underlying equities or bonds. Therefore there are no processes in place to consider ESG issues through active ownership.
Infrastructure	As of year end 2010 NPRF infrastructure exposure was through passive listed equity and therefore included as part of those assets monitored, voted & engaged with by Hermes EOS on behalf of the NPRF.

Q 51 Please add any overall comments and clarifications related to Principle 2 here. Please also describe any significant activities relating to Principle 2 not already captured by your answers above.

Clarification on Q47: NPRF does not have an additional policy or strategy document governing its approach to active ownership within these specific asset classes on top of its RI policy, however, many of its Fund Managers do.

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 3 is about ensuring that information related to ESG issues is disclosed by companies and other entities in your organisation's investment universe. It is closely related to your activities on Principle 1 and Principle 2.

This section lists questions regarding:

- Who seeks ESG disclosure information for your organisation;
- The level of detail and content that is sought;
- The information you may be seeking regarding norms, standards, codes of conduct or international initiatives related to RI/ESG.

While completing this section you are free to move to other sections of the survey without losing work you have already done.

Q 52 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation seek appropriate disclosure on ESG issues by the entities in which it invests?

Note that this text - in addition to being part of the full survey - will also be part of the survey's *Executive Summary*. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Our approach to this principle is to join appropriate organisations or initiatives on a case by case basis. Our external Engagement service provider also addresses this issue on our behalf through its focus on policy & best practice.

Q 53 Who asked for and/or collected from your organisation's investee companies (or other investment entities) information about their ESG policies, practices or performance in 2010?

Please select all that apply

Internal staff



External investment manager(s)



External engagement service provider(s)



External research providers

Brokers / dealers

Other - please specify:

None of the above: Investee companies, or other investment entities, were not asked to provide information about their ESG policies, practices or performance in 2010 (please specify below why not)

If investee companies were not asked, please specify why.

Q 54 To what extent did you or your external agent(s) seek appropriate disclosure on ESG issues by the investees and, where necessary, encourage investee companies to produce standardised and/or systematic reporting about their ESG policies, practices or performance in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Asset class	
Listed equity (developed markets)	Large
Listed equity (emerging markets)	Large
Fixed income - sovereign and other non-corporate issuers	Not at all
Fixed income - corporate issuers	Small
Private equity	Small
Listed real estate or property	Not at all
Non-listed real estate or property	Small
Hedge funds	Not at all
Infrastructure	Large

Q 55 In which format or mechanism have you or your third party agents requested reporting on ESG policies, practices or performance?

Reporting formats	Please select all that apply
Integrated with regular financial reports	<input checked="" type="checkbox"/>
Standalone corporate (social) responsibility or sustainability reports	<input checked="" type="checkbox"/>
Global Reporting Initiative (GRI)	<input type="checkbox"/>
Carbon Disclosure Project (CDP)	<input checked="" type="checkbox"/>
Global Framework for Climate Risk Disclosure	<input type="checkbox"/>
Communication on Progress (COP) by the United Nations Global Compact	<input type="checkbox"/>
Country-level company form of the Extractive Industries Transparency Initiative (EITI)	<input checked="" type="checkbox"/>
Submission of a tailored survey	<input type="checkbox"/>
Other reporting framework by an industry or association - please specify: UN Global Compact	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

Q 56 To what extent did you or your third party agents seek information from companies regarding their practices related to norms, standards, codes of conduct or international initiatives/ declarations/ conventions related to ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 57 Please add any overall comments and clarifications related to Principle 3 here. Please also describe any significant activities relating to Principle 3 that are not already captured by your answers above.

Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.

Principle 4 is about promoting the acceptance and implementation of the Principles for Responsible Investment (PRI) among your clients, service providers, partners, brokers/dealers and other investment industry players. In addition, it is about working with governments, regulators and international bodies to address and define approaches relating to ESG issues.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 58 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation promote the acceptance and implementation of the Principles within the investment industry?

Please describe how you support the incorporation of ESG factors in the investment industry via mandates, incentives, Request for Proposals (RfPs), policy discussions etc. Please, indicate how your organisation does this in relation to clients and/or beneficiaries, peers or other entities.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

NPRF's approach to P4 continued to focus on a few key issues in 2010:

- ESG/PRI issues continue to be raised across all manager review meetings (particularly equity & corporate bonds, but also in alternative asset classes)
- PRI continue to be highlighted on NPRF's website, in its annual report, in dealings with the Press and through our contributions to conferences and seminars
- PRI continue to be highlighted at any external presentations, in particular in 2010 at a seminar convened by an NGO and attended by many organisations including government party representatives addressing the NPRF's approach to responsible investment.
- Participated in collaborative initiatives through clearinghouse.

Q 59 Did you include RI/ESG considerations when working with service providers and/or external investment managers in 2010 (where applicable)?

Specifically when:

- a. searching for service providers or external managers;
- b. agreeing on service requirements;
- c. structuring incentive schemes.

Service providers or external managers	a. Searches	b. Agreements	c. Incentives	We do not work with this type of provider
	If you work with this type of service provider, please select "Yes, for all", "Yes, for some" or "No"			
Brokers / dealers				✓
External engagement service provider	Yes, for all	Yes, for all	No	
Investment consultant	No	No	No	
Investment research provider				✓
Proxy voting service provider	Yes, for all	Yes, for all	Yes, for all	
External investment manager	Yes, for all	No	No	

Other - please specify:

Q 60 To what extent did you encourage peer organisations and/or your institutional clients and/or other investment industry players to consider RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Moderate

Q 63 To what extent did you engage in dialogue, lobbying or initiatives pertaining to government policy and/or industry regulations related to RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 64 Please add any overall comments and clarifications related to Principle 4 here. Please also describe any significant activities relating to Principle 4 not already captured by your answers above.

Clarification on Q63: Hermes EOS does this on behalf of NPRF and its other clients.

Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.

Principle 5 is about collaborating with others in your implementation of responsible investment. The questions in this section are designed to capture the many ways in which signatories collaborate (for example by using the PRI Clearinghouse), and thus may overlap with areas discussed previously in the survey. However, the focus here is only those activities that involve working with others to implement the Principles.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 65 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation work with other parties to enhance its implementation of the Principles?

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

NPRF's approach to P5 is to be active users of and contributors to PRI resources and network. NPRF also has significant input into directing the focus of its engagement provider through a client advisory council.

Q 66 To what extent did you collaborate with other investors in regard to the Principles, and what Principle did you collaborate most on?

Extent of Collaboration	Principle you collaborated most in
Please select: "Large", "Moderate", "Small" or "Not at all"	Please select: Principle 1, 2, 3, 4 or 6
Large	Principle 2

Q 67 Did you log in to the PRI Engagement Clearinghouse in 2010 and if so, how did you use it?

Logged in?	If Yes, please select all that apply
Yes	Led a collaborative engagement and posted it to the Clearinghouse
	Joined a collaborative engagement led by another signatory that was posted on the Clearinghouse
	Used it as a learning tool or keep up to date with current engagements

Q 68 Did your organisation participate in any RI/ESG-issue related associations?

Among those you did participate in, please select:

- the first, second and third most important to your organisation, and
- for the three most important, to what extent your organisation participated.

For those not listed, please use the 'Other' field.

Associations	Please select all that apply	Please select only one "Most important", one "Second most important" and one "Third most important"	Only for these three most important, please select to what extent: "Large", "Moderate" or "Small"
Asian Corporate Governance Association	✓		
Carbon Disclosure Project (CDP)	✓	Most important	Large
Council of Institutional Investors (CII)	✓		
Extractive Industries Transparency Initiative (EITI)	✓		
GIGN - Global Investors Governance Network	✓		
Institutional Investors Group on Climate Change (IIGCC)	✓	Second most important	Large
International Corporate Governance Network (ICGN)	✓		
Investor Network on Climate Risk (INCR)/CERES	✓		
Marathon Club	✓		
Regional Social Investment Forums	✓		
United Nations Environmental Program Finance Initiative (UNEP FI)	✓		
Other (1) - please specify: UN Global Compact	✓		
Other (2) - please specify: Forest Footprint Disclosure project	✓	Third most important	Large
Other (3) - please specify: Eumedion	✓		
Other (4) - please specify: Assogestioni	✓		
Other (5) - please specify: Corporate Governance Forum	✓		

Q 69 Please add any overall comments and clarifications related to Principle 5 here. Please also describe any significant activities relating to Principle 5 not already captured by your answers above.

Q67: Hermes led the majority of engagements on our behalf, NPRF joined engagements & used clearinghouse as learning tool. NPRF also took over the lead of a collaborative initiative on Cluster Munitions during 2010.

Q68: While we participate directly in some of these initiatives, Hermes & our managers participate in a range of these collaborations on our behalf. We have ranked them in terms of importance to NPRF.

Principle 6 - We will each report on our activities and progress towards implementing the Principles.

Principle 6 is about your organisation's reporting of responsible investment activities (as opposed to Principle 3 which relates to the reporting of your investees or potential investees). The questions in this section focus on how you disclose your activities regarding the implementation of the Principles and where that disclosed information can be found. While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 70 Please provide a description of your organisation's approach to this Principle. For example, in what ways does your organisation report your implementation of the Principles? Please include any sort of disclosure and transparency practices you have adopted.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

The NPRF Commission reports on its developing responsible investment policy and activities, including a quarterly summary of how it has exercised its voting rights and also makes available Hermes Public Engagement report on its website. These reports endeavour, wherever possible, to report on engagement activities while taking into account the importance of confidentiality when trying to bring engagement with companies to a successful conclusion. The NPRF has also published its responses to the last years PRI survey on its website.

Q 71 To what extent did you disclose, either to clients/beneficiaries or publicly, your policy and/or approach to incorporating ESG issues into investment analysis and decision-making processes in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: <http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>
how can it be obtained

Did not disclose publicly:
please explain why not

Q 72 Did you disclose your voting policy in 2010?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: <http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>
how can it be obtained

Did not disclose publicly:
please explain why not

Q 73 Did you disclose your (proxy) voting record in 2010, and if so:

- How much of your voting record did you disclose?
- Did you disclose the explanations/reasons for voting as you did?
- How frequently did you disclose?

Did you disclose? (please select one)	How much of your voting (please select one)	How much explanation? (please select one)	How frequently? (please select any applicable)
Yes - disclosed publicly	All votes	Explained some votes	Disclosed quarterly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: <http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>
how can it be obtained

Did not disclose publicly:
please explain why not

Q 74 Did you disclose your non-proxy voting active ownership and engagement policies or other documents that direct these activities?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: <http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>
how can it be obtained

Did not disclose publicly:
please explain why not

Q 75 To what extent did you disclose (either to clients/beneficiaries or publicly) your non-proxy voting RI/ESG issue-related active ownership and engagement activities, results and progress in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: <http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>
how can it be obtained Public engagement reports

Did not disclose publicly:
please explain why not

Q 76 Did you disclose (either to clients/beneficiaries or publicly) RI/ESG activities, results and progress related to Principle 3, Principle 4 or Principle 5 in 2010?

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 3 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* NPRF's submission to the PRI 2010 annual survey was published on our website during the year.
The intention is to do the same with this years survey.

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 4 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* NPRF's submission to the PRI 2010 annual survey was published on our website during the year.
The intention is to do the same with this years survey.
<http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 5 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* NPRF's submission to the PRI 2010 annual survey was published on our website during the year.
The intention is to do the same with this years survey.
<http://www.nprf.ie/ResponsibleInvesting/responsibleInvesting.htm>

*Did not disclose publicly:
please explain why not*

Q 77 Please add any overall comments and clarifications related to Principle 6 here. Please also describe any significant activities relating to Principle 6 not already captured by your answers above.

2010 RI activities will be included in the NPRF Annual Report 2010 (due to be published in July 2011). 2009 activities were similarly reported.
2010 also saw additional disclosure in the form of NPRF's prohibited securities list being publicly disclosed in its annual report (pg26).

Feedback on the PRI

This section asks about how being part of the PRI Initiative affects your organisation. Questions in this section are all optional and mostly text-based. This is the place where your organisation can inform the PRI Secretariat of its achievements, and its challenges in implementing RI/ESG. The Secretariat will keep this information confidential and use it to:

- a. Further develop services and tools that can support your organisation in implementing the PRI and;
- b. Identify best practices that can be developed, with signatories' consent, into case studies and/or guidance tools to be shared with other signatories via the annual [Report on Progress](#), the [PRI extranet](#) and other tools.

Please note this section is not designed for feedback on the Assessment survey itself. You will have the opportunity to give your feedback on the process in a separate section upon completion of the survey.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 78 Please describe the main benefits your organisation has enjoyed as a result of adopting the PRI.

The NPRF's commitment to a high-profile initiative such as the UN PRI provides tangible evidence to the Fund's stakeholders that its activities are being aligned with their broader interests. Becoming a signatory to the Principles has given added impetus to the development of the NPRF's responsible investment policy. As a result, since signing the PRI, the NPRF has taken a bigger step forward in the area of responsible investment than would otherwise have been the case.

Q 79 What has your organisation changed as a direct result of becoming a PRI signatory?

Changes include:

- 1) Responsible investment on the agenda of every Commission (trustee) meeting
- 2) Development of an RI policy
- 3) Appointment of Proxy Voting & Engagement service provider
- 4) Full disclosure of Voting
- 5) Disclosure of Engagement activities
- 6) Assessment of RI/ESG issues across alternative asset holdings
- 7) Inclusion of RI objectives in some individuals goals
- 8) Inclusion of RI in overall Fund procedures
- 9) Significantly improved ability to anticipate and respond to stakeholder concerns relating to ESG issues

Q 80 What are the top three activities the PRI Secretariat could undertake to support and encourage further implementation of the Principles by current and prospective signatories?

Please add the first activity

More specific implementation guidance on a principle by principle basis for Asset Owners like the NPRF with mostly all external managers and a large portion of assets invested passively.

Please add the second activity

Please add the third activity

Q 81 What are your top three PRI-related goals/priorities for 2011?

Please add the first goal/priority

As has been previously mentioned in the GPS section of the survey, at this point in time the future of the Fund remains uncertain. Therefore the following responses are assuming a best case scenario for the Discretionary portion of the Fund, where the current asset mix remains largely similar.

1. To ensure that RI/ESG issues are integrated alongside the Funds long-term strategy across the Discretionary Fund portfolio where possible

Please add the second goal/priority

2. Continue to ensure that legislation prohibiting certain investments related to Cluster munitions & landmines is adhered to. NPRF has been a leading member of a collaborative initiative which hopes to develop a definitive list of companies in breach of the relevant treaties.

Please add the third goal/priority

see above

Q 82 What were the most significant achievements in 2010 in terms of your implementation of the Principles?

Please provide at least three.

Principle 1: the most significant achievements in 2010 in terms of your implementation

Continued assessment of Property and Private equity portfolios for ESG integration where possible.

Principle 2: the most significant achievements in 2010 in terms of your implementation

Continued significant contribution and direction towards the service provided by our external Voting & Engagement provider.

Principle 3: the most significant achievements in 2010 in terms of your implementation

Hermes on behalf of NPRF & its other clients has undertaken significant work in this area.

Principle 4: the most significant achievements in 2010 in terms of your implementation

PRI highlighted in several external presentations throughout the year.

Principle 5: the most significant achievements in 2010 in terms of your implementation

1)Active participation in and use of PRI resources and network i.e. contribution to PRI passive management document.
2)Collaboration with other investors and Hermes in order to prioritise engagements.

Principle 6: the most significant achievements in 2010 in terms of your implementation

- 2010 activities will be included in the annual report (to be published in July 2011)
- Full disclosure of Proxy Votes (quarterly in arrears).
- Disclosure of engagement activities.
- Disclosure of PRI Survey responses

**Q 83 What were the biggest barriers in 2010 in terms to your implementation of the Principles?
Please provide at least three.**

Principle 1: the biggest barriers in 2010 in terms to your implementation

2010 saw further deterioration to the Irish economy, having significant impact on the NPRF, resulting in a high degree of uncertainty which dominated throughout the year and as result P1 was deprioritised over 2010.

Principle 2: the biggest barriers in 2010 in terms to your implementation

not applicable - active ownership programme working very well.

Principle 3: the biggest barriers in 2010 in terms to your implementation

not applicable - NPRF a CDP signatory & Hermes involved with many organisations

Principle 4: the biggest barriers in 2010 in terms to your implementation

not applicable - NPRF raises PRI in all external presentations where relevant.

Principle 5: the biggest barriers in 2010 in terms to your implementation

not applicable

Principle 6: the biggest barriers in 2010 in terms to your implementation

not applicable

Q 84 Please indicate which Principle you find most difficult to implement, and which Principle you find least difficult to implement.

Most difficult to implement

Least difficult to implement

Principle 1

Principle 5