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Responsible investing means a number of things to us – from being a good steward of assets over the longer term, to integrating more robust decision-making within our portfolios (which takes account of environmental and social issues and the more traditional governance and financial risks), to offering a range of investment options that can meet the ESG preferences of our clients. We recognise that, as we manage assets on behalf of our clients, it is important that we seek to understand their needs and preferences through consultation and engagement, to ensure these are reflected in our approach.

We also believe that responsible investing goes beyond how we manage portfolios alone. We take our role as a corporate citizen seriously, and recognise the part we can play in contributing to the overall long-term sustainability of the market by promoting responsible investment practices with other stakeholders for the benefit of all.

We are committed to managing the assets entrusted to us by our clients (as well as our own assets) responsibly, with the objective of delivering longer-term sustainable returns. Our approach to responsible investment is intended to be responsive to developments and to evolve over time, further incorporating relevant practices within our portfolios and across asset classes. We will continue to be a public advocate and promote awareness of Responsible Investment practices in the market and within our respective industries.

The purpose of this policy ("the Policy") is to formally outline our responsible investment principles and commitments.
ILIM (“Irish Life Investment Managers”) is a signatory to the UN PRI and has been since 2010. Our approach is closely aligned with the UN Principles of Responsible Investment. We believe that investors, whether working individually or collectively, have the ability to influence the behaviour of the companies in which they invest. We also believe that companies that fail to incorporate ESG issues into their business models and decision-making can be exposed to significant risks, while companies that address these issues can gain a competitive advantage.

We adhere to the following core principles:

1. **Driving Change and Improvement**
   
   We believe that responsible ownership has a key role to play in supporting and encouraging changes in corporate behaviours which can contribute to sustainable returns. We strive to be responsible owners of the companies in which we invest, and aim to drive positive change in these companies. This is done via informed shareholder voting on ESG matters, constructive engagement, and advocacy of the importance of ESG factors in industry and regulatory forums.

2. **Maximising the Investment Universe**
   
   We believe that ensuring the long-term financial interest of our clients is best ensured by maximising the investment opportunity set. Therefore, we favour inclusion over exclusion. However, we recognise that there is an opportunity to apply exclusionary criteria in order to avoid investing in certain companies and/or activities with higher levels of ESG risk without materially impacting the future returns for our clients.

   In this regard, we will exclude companies based on legislative obligations, our own exclusionary policy (if relevant) and/or a client’s exclusion policy.

3. **An Integrated Approach to ESG Investment**
   
   We believe that incorporating ESG factors into decision-making is more effective than exclusions, and that our approach should be influenced by financial materiality and vary by asset class and sectors.

4. **Investment Options**
   
   We will provide leadership around our conviction by adopting a responsible investment approach across our core portfolios.

   We recognise our responsibility to act on behalf of our clients and strive to provide a breadth of options and tailored solutions to enable them to manage their assets in the most appropriate manner.
03 SCOPE

This Policy applies to funds managed on behalf of Irish Life Assurance Company and Beresford Funds plc. To the extent that there are any exceptions or asset class/segment specific exclusions to our policy, these are disclosed within the relevant sections.

In addition, on request and subject to agreement with ILIM, this Policy may also be extended to include clients who have, under the terms of an Investment Management Agreement, appointed ILIM as a discretionary manager on their behalf and approved the application of this Policy to their funds.

04 DEFINITIONS

For the purpose of this Policy, the following definitions apply:

**Environmental:**
refers to issues affecting the natural environment. Environmental issues include climate change, resource and water scarcity and damage to biodiversity.

**Social:**
refers to issues affecting individuals, whether they are employees, customers, suppliers or members of the local or broader community. Social issues include human and labour rights, bribery and corruption, human capital management, workplace health and safety, supply chain management and community relations.

**Governance:**
refers to issues regarding how companies or assets are run or 'governed,' in particular, the alignment of interests of a company’s board and management with the ultimate owners of the company, its shareholders. Governance issues include board composition and skills, executive remuneration, accounting and audit practices.
05 GOVERNANCE

The Policy is set by and approved by the ILIM Board of Directors. The Board has the responsibility of approving and monitoring the Policy to ensure its ongoing appropriateness.

The Responsible Investment Governance Committee (“the Committee”) is established with key members of the ILIM Executive Team, Fund Management, Operations and Client Servicing teams with the responsibility to ensure the adherence to the Policy.

The Committee has built up and continues to develop its knowledge and expertise of ESG through the experience of its members dealing with ESG-focused clients, representation on relevant industry bodies and relevant research activities they have undertaken.

Sandra Rockett (Chair) | Director Wealth & Corporate Distribution
Colm O’Neill | Chief Investment Officer
Anthony MacGuinness | Head of Quantitative Strategies
Shane Cahill | Head of Indexation

Deirdre Hayes | Head of Property Asset Management
Martina Walsh | Head of International Clients
Alison Letters | Head of Fund Management Operations
Anne French | Senior Investment Fund Administrator

Note: Representatives from the Compliance department are also attendees at the Committee meetings.

The Committee’s key responsibilities include (but are not limited to):

- oversight of the execution of the Policy;
- appointment of external providers of ESG research and other related services;
- determining the proxy voting policy and monitoring adherence to this Policy;
- determining the engagement policy and monitoring engagement activity;
- determining options for collective action and monitoring collective activity;
- oversight and monitoring of adherence to the integration policy determined by fund management teams;
- determining options and policy for disclosure and monitoring adherence to the Policy;
- reporting to the ILIM Executive Management Team and ILIM Board

06 EXCLUSION POLICY

In line with our regulatory obligations, companies that are in breach of UN sanctions are excluded from our investment universe. Where a company is added to the exclusion list, no further investment may be made in the company, but existing holdings may be retained for a period of time to facilitate orderly divestment.

We apply our Exclusionary Policy to all equity funds under management over which we retain full discretion. This does not extend to our Indexation Mandates or client specific funds. Our exclusion policy is designed to restrict investment to firms that are operating in breach of internationally accepted norms, or are involved in controversial activities that either breach international conventions, or are potentially exposed to future risks such as stranded asset risk. For example, we currently exclude Tobacco Manufacturers and companies who generate >5% of their revenue from Thermal Coal extraction.

Our Exclusionary Policy is reviewed annually and may change in time. We are happy to provide further details of the nature of the exclusions or the current list of companies falling within the Exclusion list on request.

In addition, we facilitate client mandates which incorporate exclusion criteria or specific tilts in relation to specific issuers or corporate, environmental and social responsibility factors.

ILIM manages funds using exclusion lists for a number of clients. This process involves ILIM working closely with clients to determine appropriate benchmarks and developing and agreeing strategies with clients about how to treat the ‘investable’ stocks in the fund.
07 INTEGRATION INTO INVESTMENT PROCESS

Our approach to integrating ESG factors into our decision-making is dependent on the specific asset class and the investment style.

a) Indexed Strategies (all asset classes)

As an indexation manager, our mandate is to deliver the performance of the client’s chosen index in an efficient manner. In this regard, we do not actively consider ESG factors within the portfolio construction process.

We provide clients with access to a wide range of responsible investment indexed options that incorporate ESG factors into their index methodologies.

We have evolved our indexation offering to reflect both the evolving needs of our clients and the evolution of the indexation options available. We continue to develop and launch solutions and strategies that meet our clients’ growing needs in this space.

- Client-specific screens
- Standard ESG/SRI indexes
- Custom ESG indices
- Proprietary indices designed by ILIM

b) Discretionary (Active) Strategies

For our discretionary (active) mandates we have the responsibility to deliver solutions which aim to meet specific longer term return and risk objectives. In this regard, we incorporate ESG factors into the decision making in order to enhance the resultant funds sustainability characteristics. By combining traditional investing techniques with sustainability related insights we believe we can reduce risk and enhance/support long-term sustainable returns.

We incorporate ESG considerations in 2 ways, in our assessment of individual companies (alongside other factors) and in the way in which we construct portfolios (alongside other risk constraints).

We specifically target greater exposure to companies which have stronger sustainable business practices and a reduction on the overall portfolio carbon intensity level (currently a minimum of 30% versus the benchmark).

c) Property Strategies

As one of the largest commercial landlords in Ireland, Irish Life Property, as a long-term investor, understands the responsibility we have to reduce the carbon output of our buildings to protect the environment. We have taken a hands-on approach to addressing this – in the construction and the ongoing maintenance of our buildings – by ensuring compliance on a number of different levels.

The Global Real Estate Sustainability Benchmark (GRESB) provides ILIM with a benchmark of our buildings’ performances against other investment funds in the market. In 2018, we established a road map for GRESB participation and improvement of sustainability performance for the Irish Life Pension Property fund. Participation in the benchmark enables us to understand where we must focus attention in order to improve the ESG performance of our portfolio. We will continue to strive for further improvements, in particular through enhanced tenant engagement, consumption data collection to enable insights and reductions, and collaborative asset performance programmes to create more efficiently used buildings.

d) Externally managed assets

ILIM recognises the importance of reviewing external managers’ principles and commitments in relation to the incorporation of ESG considerations into investment processes and decision-making.

In this regard, ILIM requires external managers to disclose their ESG approach through initial due diligence. Thereafter, we seek an annual update of their approach.
08 ACTIVE OWNERSHIP

(A) Voting

The active ownership policy applies to the majority of funds managed on behalf of Irish Life Assurance Company and Beresford Funds plc, with the exception of those countries where voting is logistically difficult or where the costs are disproportionate relative to the size of the holding i.e. small-cap holdings.

We recognise and adhere to the principle of active ownership and exercising the right to vote on issues submitted to shareholder vote as a way of promoting good ESG policies.

We have appointed ISS – an expert in proxy voting – to provide advisory and proxy voting services. These services include voting recommendations, vote execution and reporting.

Details of our voting policy are available on request. This involves monitoring companies’ boards for their performance in relation to ESG issues and independence, and will generally support shareholder proposals that promote good corporate citizens while enhancing long-term shareholder and stakeholder value.

Additionally, the guidelines will generally support proposals that call for actions beyond disclosure including supporting topics such as addressing climate change and incorporation of sustainability-related performance metrics into executive compensation.

It is important to note that ILIM reserves the right at all times to vote on any matter, even if this is contrary to the recommendations of ISS. This situation may arise, for example, where ILIM is actively engaging with a company and has an agreed course of action that would require a vote on a specific matter which may be contrary to the default recommendation of ISS.

The Committee is responsible for reviewing and monitoring adherence to the voting policy.

The Committee reviews votes cast by ISS on behalf of ILIM to ensure consistency with the Policy. If the committee determines that a vote cast is inconsistent with this Policy, the matter is raised with ISS to identify corrective action for future votes.

A report on voting activities is provided to the ILIM Executive Management Team and the ILIM Board quarterly.

(B) Engagement

We recognise and adhere to the principle of active ownership, and believe in constructive engagement as a way of promoting good ESG policies in the companies in which we invest.

The size of ILIM’s holdings and the materiality of any ESG issue or risk, both within the company and within the company’s industry or sector peer group, will determine the companies with which we actively engage. Our approach to engagement is considered, constructive and pragmatic, with the extent of any engagement determined on a case-by-case basis.

ILIM has engaged Vigeo Eiris – an expert in ESG research and engagement activities – to provide advisory and research services to support ILIM’s own internal resources to help identify ESG risks and support engagement activity with the companies in which we invest.

We target companies that have been identified as experiencing key ESG risks to their businesses, and which have been identified as laggards on key ESG themes within their respective industries.

For the purposes of our engagement activity, we have identified the following key objectives which we seek to achieve through our engagement activities:

- **Environmental**: positively addressing issues relating to climate change including the impact of carbon emissions and the use of global water resources.
- **Social**: advancing the longer-term sustainability of the economy through respect for basic human and labour rights and seeking to effectively address bribery and corruption.
- **Governance**: encouraging good corporate governance and ESG risk management in companies globally.
Our engagement process can be summarised as:

**Research and targeting**
We have engaged Vigeo Eiris to monitor the companies in which we invest, and to identify those companies which should be targeted as candidates for engagement.

**Setting objectives**
In conjunction with Vigeo Eiris, we identify clear engagement objectives for each targeted company, detailing what the company should do to address ESG failings.

**Establishing dialogue**
A starting point for all engagement activity is a letter to companies detailing the purpose of engagement, the key issue identified and outlining the ‘asks’ of the company.

**Response & analysis**
In conjunction with Vigeo Eiris, ILIM analyses responses from companies to determine the extent to which each company has addressed ESG failings, or responded to issues identified.

**Recommended next steps**
Where initial engagement is unsuccessful, in conjunction with Vigeo Eiris, ILIM will identify appropriate action to escalate the engagement via follow-up letters, calls or meetings with companies.

**Reporting**
There is a quarterly update on ongoing engagement activity to monitor progress made.

The Committee is responsible for reviewing and monitoring adherence to the Engagement Policy.
The Committee reviews all engagement activity and monitors progress and results.
A record of all engagement activity is provided to the ILIM Executive Management Team and ILIM Board on a quarterly basis.
09 COLLECTIVE ACTION

We are willing to consider collective action where appropriate. Given the materiality of holdings in underlying companies, we believe that acting collectively with other like-minded investors and industry bodies is the most appropriate means of having a meaningful impact, rather than by acting alone. The appropriateness of collaborative action and engagement is considered on a case by case basis.

In this regard, we aim to:

1/ encourage investment service providers to integrate ESG factors into evolving research and analysis

2/ encourage and support the development of public policy on ESG issues

3/ encourage and support the disclosure by companies of ESG and sustainability issues

For such initiatives, the matter will be brought to the Committee for discussion. Having considered the views of all stakeholders, a recommendation is made and this decision is put forward to the Executive Management Team for approval.

10 MARKET AND INDUSTRY COLLABORATION

We believe Responsible Investment goes beyond how we manage portfolios alone; we take our role as a corporate citizen seriously, and recognise the role we can play in contributing to the overall longer-term sustainability of the market by promoting responsible investment practices with other stakeholders for the greater benefit of all.

We will be an active voice and advocate for Responsible Investment in the market and within our respective industries.

We will support and participate in Industry bodies and Responsible Investment organisations such as SIF Ireland in addition to our own activities within the business and with our clients and customers.

“We believe Responsible Investment goes beyond how we manage portfolios alone ... and recognise the role we can play in contributing to the overall longer term sustainability of the market by promoting responsible investment practices with other stakeholders for the greater benefit of all.”
11 CONFLICTS OF INTEREST

We will always seek to act in the best interest of clients.

We maintain clear policies governing areas of potential conflicts of interest that may arise in interacting with companies in which we invest, with the aim of taking reasonable steps to put the interest of our clients first. In this regard, investment and voting power with respect to publicly traded equity securities held by us or controlled by us on behalf of clients (including, without limitation, decisions on the acquisition and disposition of publicly traded equity securities) will be exercised by us independently of, and without advice, direction or influence of or from, any of its affiliated companies.

12 DISCLOSURE

General documents and information relating to our Responsible Investment policy and our activity will be made available on our website and to clients. This includes a half-yearly review of our Active Ownership activities.

We will also meet any external reporting requirements that arise through involvement in collaborative initiatives. In particular, we report to the UNPRI through the annual PRI Reporting and Assessment Process.

13 MONITORING

The Policy will be subject to regular review and monitoring. Most policies are subject to Annual Review with changes approved by the ILIM board.
This document is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Irish Life Investment Managers (ILIM) is an appointed investment manager to Irish Life Assurance plc
Irish Life Investment Managers Ltd is regulated by the Central Bank of Ireland