



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéise d'Éirinn
Ireland Strategic Investment Fund



Ireland Strategic
Investment Fund

CLIMATE UPDATE

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Introduction

ISIF (Ireland Strategic Investment Fund) invests on a commercial basis in a manner designed to support economic activity and employment in Ireland. Responsible investment has been core to its approach from the outset, with a key focus on climate in terms of investment opportunities and managing and mitigating climate risk in both its Irish and Funding Portfolios. This report gives a broad overview of the analysis undertaken and the actions taken by ISIF to address climate change.





Introduction and Overview

ISIF was established in December 2014 under the National Treasury Management Agency (Amendment) Act 2014. The NTMA controls and manages ISIF, which comprises the Discretionary Portfolio and the Directed Portfolio. The Discretionary Portfolio, which is the focus of this report, includes both the Irish Portfolio¹ and the Funding Portfolio². The Irish Portfolio operates under a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State, while the Funding Portfolio provides liquidity to fund Irish Portfolio investments and commitments. The Directed Portfolio falls outside the scope of this report.

Investing with impact is key to ISIF’s mandate. The Irish Portfolio invests across four impact themes: Climate and Energy Transition, Housing, Infrastructure and Sustainable Development, Scaling Businesses, and Food, Agriculture and Marine. While this report focuses on Climate and Energy Transition, climate considerations are integrated across all four themes and embedded throughout the investment lifecycle, from appraisal and due diligence through to ongoing portfolio oversight.

In 2024, ISIF exceeded its €1 billion five-year climate action investment commitment launched in 2021 and subsequently renewed this commitment with a further €1 billion allocation to climate opportunities over the next four years. Climate-positive investment remains the area where ISIF can have its most significant direct impact on Ireland’s transition to Net Zero while continuing to deliver on its commercial and economic mandate. ISIF continues to pursue a whole-of-portfolio approach to climate action, combining targeted climate investment, stewardship, climate risk management and portfolio monitoring.

Alongside targeted climate investment, ISIF continues to monitor and manage climate risk across both the Irish Portfolio and Funding Portfolio. During the year, EOS³ engaged with portfolio companies on a range of climate-related issues, while climate analytics indicate that the Funding Portfolio continues to compare favourably with its benchmarks across a number of key carbon and climate risk measures. In the Irish Portfolio, increasing availability of emissions data is facilitating improved climate analysis and portfolio monitoring.

ISIF is a founding signatory to the PRI, supporter of CDP and endorser of the One Planet Sovereign Wealth Fund initiative, all of which endorse the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, which have since been subsumed by ISSB Standards IFRS S1 and S2. This report is structured around the four core sections originally outlined by the TCFD/ISSB⁴ framework:

- Governance
- Strategy
- Risk Management
- Metrics & Targets

Finally, the report focuses on ISIF’s investment portfolio rather than its business operations, although ISIF contributes to the NTMA-wide goal of becoming a Net Zero emissions organisation by 2030.

Managing climate risk and supporting climate action are integral to ISIF’s mandate. We continue to strengthen our understanding of climate-related risks and opportunities while investing in projects and businesses that can contribute to a more sustainable and resilient Irish economy.

ISIF Interim Director, Rebekah Brady

1. ISIF’s Irish Portfolio comprises largely private unlisted assets. Carbon analysis across this Portfolio is primarily based on estimated emissions.

2. ISIF’s Funding Portfolio comprises largely publicly listed assets that are subject to significant disclosure requirements, which supports robust data analytics provided by ISS ESG. Note: this Portfolio was referred to as the Global Portfolio in previous reports.

3. Funding Portfolio Engagement is led by Equity Ownership Services (EOS) at Federated Hermes on ISIF’s behalf.

4. The Task Force on Climate-Related Financial Disclosures (TCFD) was established to develop a set of climate-related financial risk disclosures which can be adopted by companies to inform investors. Note that since 2024, TCFD’s monitoring responsibilities have been transferred to the ISSB (International Sustainability Standards Board). ISSB Standards—IFRS S1 and IFRS S2— fully incorporate the recommendations of the TCFD.

ISIF'S Climate Goal

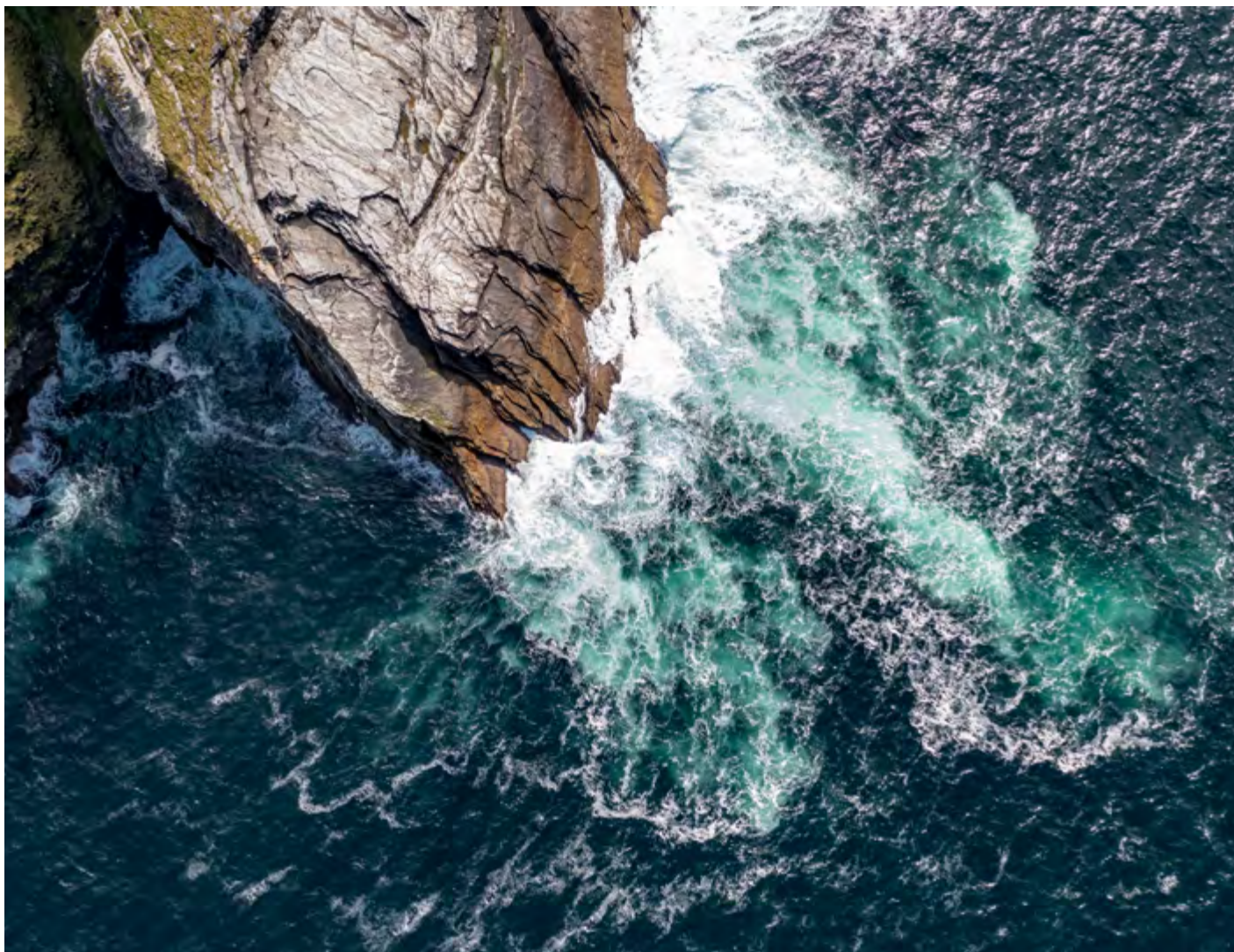
ISIF is committed to supporting the long-term transition to Net Zero in Ireland before 2050 by driving substantial emissions reductions and increasing ISIF's positive climate impact by 2030.



ISIF Climate goals:

- Allocate capital to invest in assets and businesses that lower emissions and facilitate or take action to mitigate the impact of climate change.
- Assess the climate commitments of ISIF's investees and asset managers.
- Support companies and sectors that are leaders in emissions efficiency.
- Measure progress on emissions reductions across the portfolio.
- Conduct climate financial risk assessment in line with TCFD and ISSB recommendations.

ISIF's climate goal is to support the long-term transition to Net Zero in Ireland before 2050 by driving substantial emissions reductions within ISIF's Portfolio and increasing ISIF's positive climate impact by 2030.





Achieving ISIF's Climate Goal

Opportunity and Impact: Climate Positive Investment

Investing for a Net Zero World

- Allocating capital to new opportunities across the Irish Portfolio.
- Integrating climate change into investment strategies.
- ISIF's climate strategy is to make investments that help position Ireland for Net Zero.

Engage and Influence

Whole Portfolio Approach

- Engage with external investment managers and investees.
- Improve disclosure and transparency.
- Engage with companies, stakeholders, government agencies and policy makers.
- Climate change is a systemic risk and therefore a whole of portfolio challenge to be addressed with multiple stakeholders.

Climate Risk Mitigation (including divestment)

Measure, Monitor and Divest

- Measure appropriate climate metrics aligned with best practices.
- Monitor climate related physical risks, transition risks and scenario analysis.
- Ongoing ESG assessment on all investments, including due diligence on climate risks.
- Divestment from global fossil fuel and high carbon companies, supported by an exclusion list of 304 companies in which ISIF will not invest and the Fossil Fuel Divestment Act 2018.



ISIF'S Climate Governance

ISIF is committed to climate action at an organisational, Fund and national level through structured decision making.



ISIF Governance

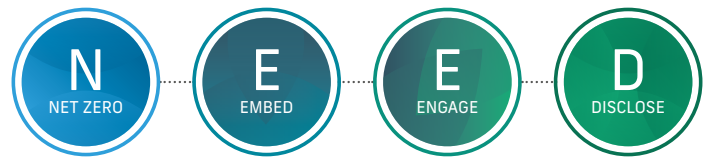
Climate risks and opportunities are considered as part of ISIF's overall investment approach and decision-making process.



- The NTMA is the manager and controller of ISIF. The NTMA has responsibility for the implementation of the investment strategy for ISIF which includes the incorporation of ESG matters in line with legislation. The NTMA consults the Minister for Finance and the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation when determining and reviewing ISIF's investment strategy and has regard to any views expressed by the Ministers.
- The NTMA's Investment Committee (a sub-committee of the NTMA Board), makes decisions on the investment of Fund assets (including disposal of investments) within the terms of the investment strategy agreed by the Agency, makes recommendations to the Agency on the investment strategy for the Fund and oversees its implementation. The Investment Committee also receives updates on ESG and climate-related matters across the portfolio.
- ISIF has a dedicated Responsible Investment team and separate Climate and Energy Transition Investment Team. All investment proposals include an assessment of the carbon intensity of the potential investment together with its impact on the overall portfolio carbon intensity.

NTMA Governance

- The NTMA supports various actions contained in the Government's Climate Action Plan (CAP) 2025, through the NTMA Climate Action Strategy 2025-2028. The NTMA Climate Action Strategy seeks to ensure that the NTMA builds on its leadership role in sustainable finance and transitions to a Net Zero emissions organisation by 2030, while supporting the Government's aim of climate neutrality by 2050.
- The NTMA has been actively integrating climate into its mandates, including investments, and internal business decision making processes, for a number of years. The NTMA's climate strategy's key goals are based on the **NEED** to act now: to achieve Net Zero; to Embed; to Engage; and to Disclose; and reflect the work currently underway with targets set to further enhance the NTMA's actions to support Government's climate action commitments.
- The oversight and monitoring of the NTMA's Climate Action Strategy is a priority for the NTMA Board and Executive Management Team (EMT). The Chief Financial and Operating Officer (CFOO) is responsible for coordinating combined climate action efforts across the NTMA.
- The NTMA Head of Sustainability leads the Sustainability and Climate Action team and reports to the NTMA CFOO. The team's purpose is to enable the NTMA to continue to build its leadership role in sustainable finance, to ensure the integration of climate action into the NTMA's business decision making and oversee the implementation of the NTMA Climate Action Strategy.
- The NTMA Sustainability Group monitors the delivery of the NTMA Climate Action Strategy while facilitating cross-unit collaboration and information sharing concerning climate-related activities. Alignment with the Public Sector Climate Action Mandate 2025 is also a key consideration for this group and the NTMA's latest roadmap is available [here](#).
- The NTMA's employee led Green Team supports the aim of the NTMA to be a recognised leader in sustainable workplace practices in Ireland. The Green Team assists in embedding new environmentally sustainable behaviours among all employees and consists of committed and engaged employees who undertake sustainable initiatives in addition to their other responsibilities.

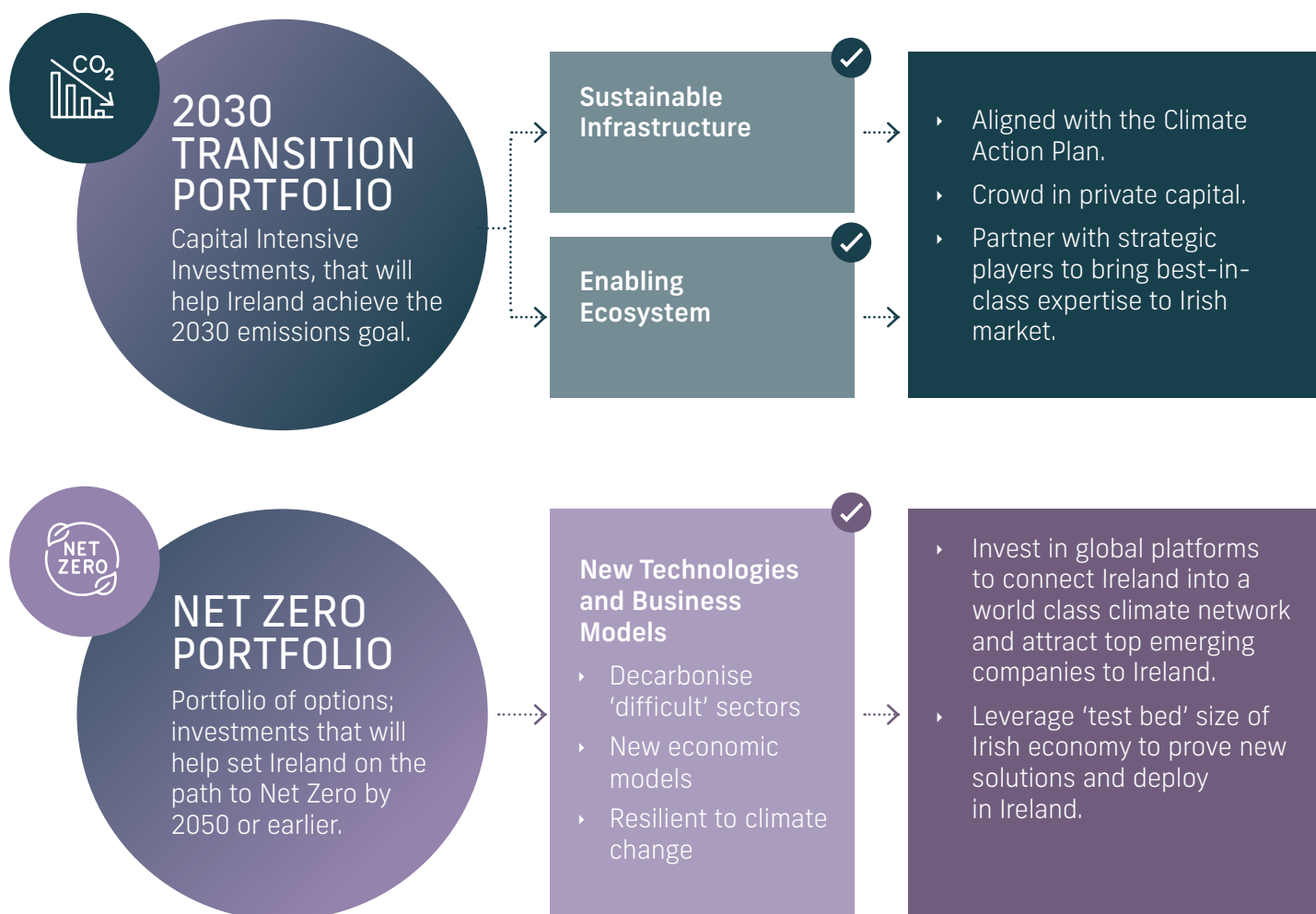


ISIF'S Climate Strategy

ISIF's Irish Portfolio Climate Strategy is to make investments that help position Ireland for the Net Zero carbon economy envisaged under the national Climate Action Plan and improve the resilience of the Irish economy as the global market increasingly pivots towards sustainable business practices.

Breaking the Link Between Economic Growth and GHG Emissions

Multi – strand strategy from infrastructure to technology. ISIF targets investments and partnerships that can materially advance the decarbonisation of the Irish economy (and contribute to decarbonisation initiatives throughout the world) in the short, medium, and long term.





Opportunity and Impact – Climate Positive Investment

€1 billion in additional investment is targeted for climate action projects over 4 years.

ISIF's Climate Investment Strategy seeks to fund climate positive initiatives which support Ireland's transition to a Net Zero low-carbon economy. This is a two-pillar approach: Firstly, supporting the sustainable infrastructure requirements of the Irish economy. Secondly, funding the development of new technologies and business models that will support the longer-term transition of the Irish economy to Net Zero beyond 2030 and before 2050. ISIF has partnered with top-tier international and domestic investors to focus on Ireland's decarbonisation journey.

In 2021, ISIF announced its ambition to invest €1 billion in climate-related investments over a five-year period. By the end of 2024, ISIF exceeded this target, having committed close to €1.3 billion in climate opportunities. Building on this milestone, in April 2025 ISIF announced a target to commit an additional €1 billion to climate opportunities over the next four years. ISIF invested a further €208 million in support of this commitment by year-end 2025, bringing the overall total of climate-related investments made since the start of the Fund to €1.5 billion.

Climate Investments in 2025:



GS EU Fund SCSp.

A €75 million commitment to invest in battery energy storage projects aimed at supporting Ireland's energy grid by enhancing flexibility, supporting renewable integration, and improving energy security.



HITECVISION

HitecVision New Energy Fund 2 SCSp

A €75 million investment to a fund focused on creating investment platforms across the themes of renewable power and electrification, sustainable fuels (e.g., biomethane), and circular and efficient energy systems.



L&G NTR Clean Power (Europe) SCSp RAIF

A €58 million commitment to a fund which invests in clean power infrastructure assets to support Europe's decarbonisation and energy security agenda.





Whole Portfolio Approach – Case Studies

Impax Asset Management & BNRG



In 2021, ISIF committed €50 million to a fund managed by Impax Asset Management, a specialist investor focused on the transition to a more sustainable economy. Since then, Impax have invested in four Irish companies. These include a joint venture established with BNRG, a market leading solar energy developer. BNRG was established in 2007 and has a track record of successful renewables development both in Ireland and internationally.

One example of Irish impact during 2025 is the BNRG Dunmurry solar project in County Kildare. The project transformed a former golf course and grazing land in Kildare into a productive 19.5MWp (megawatt-peak) renewable energy site. To enhance biodiversity on site, existing man-made lakes were reinforced to support new wildlife habitats, now thriving with insects and other species. Trees from the centre of the site were relocated to its edges to preserve natural cover and encourage ecological connectivity. A badger sett identified during a mammal survey led to the creation of buffer zones and ongoing monitoring to avoid disturbance. Fencing includes mammal gaps to allow wildlife movement, and the site was re-seeded after construction to restore vegetation.

With expected annual electricity generation of approximately 18,000 MWh (megawatt-hours), which is the equivalent of approximately 5,000 homes, the project will generate an estimated 270,000 MWh over its 15-year operational life



— equivalent to avoiding approximately 78,000 tonnes of CO₂e. Looking ahead, the joint venture aims to build out the operational portfolio in Ireland in the coming years with a target of 1GW by the end of 2029.

Solar energy remains a compelling economic opportunity for Ireland. The industry association Solar Ireland notes that Ireland's solar sector has increased its total energy capacity to 2.7GW over the past three years (growing by 297% since 2023)⁵. However, significant investment opportunities remain as Ireland works towards the 2030 target of 8GW and beyond.

Waterland & NetZero Group



ISIF's investment strategy aims to invest with market leading fund managers to provide scaling finance to Irish firms. Two ISIF managers which partnered recently in the sustainability space are Waterland and Muzinich. The managers provided equity and debt finance respectively to fund the growth of NetZero Group.

In 2023, NetZero Group was formed with Waterland's acquisition of two of Ireland's market leading providers of heat pump installation and maintenance services: O'Connor Heating & Plumbing and Gaffney Mechanical. Subsequently, in 2024, the business expanded with the acquisition of four additional market leading providers of decarbonization services: Envirobead Insulation, RTS Heating and Cooling, Zetta and Caldor Solar. Most recently, the Group acquired HomeTherm in March 2025 and Century Retrofit in September 2025.

The NetZero Group is now Ireland's leading provider of sustainable energy systems, including heat pumps,

insulation, and solar PV. They serve residential, commercial, and industrial customers nationwide, specializing in design, installation, and after-sales maintenance services in both retrofit and new-build markets. The Group has installed over 7,300 heat pumps, delivered 25,000 equipment services, and completed 3,400 retrofit projects. The business has strong growth plans and has grown their workforce to meet demand within the sector; currently, the group employs over 500 people directly and has a combined workforce of over 1,000 when including subcontractors.

The business also maintains an internal focus on sustainability having established a Science Based Target for emissions – aiming to reduce scope 1 and 2 emissions by 42% and completing their first baseline assessment for scope 3 emissions in 2024. Their ESG initiatives have been verified via ISO certifications 9001:2015, 14001:2015, & 45001:2018 which cover quality assurance, the environment, and health & safety. Moreover, the Group aims to collaborate with leading manufacturers and suppliers to maximize efficiency and minimize waste.

5. "Scale of Solar 2026". Solar Ireland. June 2026.



IPUT Property Fund



In February 2025, ISIF committed €20 million to the IPUT Property Fund and €40 million to the IPUT Nexus Logistics Fund. The Property Fund is a long-term investment vehicle with a 60-year track record investing in commercial property in Dublin, with a particular focus on the office, logistics and retail sectors. The Nexus Fund is a closed-ended logistics fund that was established in February 2025 to deliver the first phase of Nexus Logistics Park in North Dublin.

Sustainability is core to the investment strategy of both Funds and IPUT reached several sustainability milestones in 2025. Construction commenced on the first two timber-frame units at the Nexus Logistics Park; with 9 units planned for the first phase of development. IPUT also welcomed A&L Goodbody back to its headquarters following the completion of its first Net Zero carbon office development. IPUT also received their highest GRESB scores to date, with 92% awarded for existing buildings and 98% awarded for developments.

Other sustainability achievements in 2025:

- ▶ Being awarded LEED platinum certifications for 25 North Wall Quay and Fifteen George's Quay
- ▶ Achieving reductions in upfront embodied carbon and energy use intensity as part of IPUT's pathway to Net Zero carbon
- ▶ Increasing the proportion of LEED certified buildings in the portfolio to 73%
- ▶ Publishing the third "Making Impact" research report, exploring social value creation and measurement at Wilton Park
- ▶ Achieving 5-star GRESB ratings for IPUT development projects and standing stock
- ▶ Signing a Corporate Power Purchase Agreement to ensure that renewable electricity procured by IPUT is sourced from Irish wind farms
- ▶ Increasing forestry holding to 195 acres (which, to date, includes 150 acres of native woodland planted) for carbon offsetting
- ▶ Increasing to 77% the proportion of buildings with an A or B Building Energy Rating

IPUT REAL ESTATE DUBLIN

Nexus Logistics Park

Building on its experience with the Quantum Logistics Park, IPUT began development of the Nexus Logistics Park during 2025. In March, the Fund broke ground on the first phase of the 182-acre site, strategically located close to Dublin Airport in north Dublin.

A 2.5 million sq. ft scheme, it will raise the bar for logistics development in Ireland, boasting the highest levels of sustainability, cutting-edge innovation and stand-out amenities (including a fully fitted gym, running tracks, padel courts and a full-size astro pitch). It will be LEED Gold certified, BER A1 rated and will incorporate high-performance daylight cladding to maximise natural light and energy savings. Notably, the use of timber as an alternative to steel offers significant embodied carbon savings and supports IPUT's 2030 Net Zero goals. Using integrated photovoltaic panels, it will generate extensive solar power. Further details include:

- ▶ **Electric car charging stations.** Supporting a low-emission commute, up to 10% of car parking spaces can have EV charging points. Ducting and termination points can be provided to other car parking spaces to provide for future charging points.
- ▶ **Renewable energy.** On-site renewable energy production using roof-mounted photovoltaic solar panels. Advanced sub-metering infrastructure for energy monitoring and verification. NZEB (Nearly Zero Energy Building) compliant fabric and MEP (mechanical, electrical, plumbing) design
- ▶ **LED lighting.** High-efficiency LED lighting system with daylight harvesting and occupancy controls. Interior and exterior fittings selected to reduce energy costs
- ▶ **Glue-laminated timber.** IPUT has pioneered the use of glue-laminated timber in logistics development in Ireland, and each unit has the potential to be delivered to a Net Zero carbon standard
- ▶ **Recycling.** Dedicated space for storage and collection of recyclables to reduce environmental impact.



Risk Management

ISIF's risk management focuses on engagement and influence, to drive change across all its investees.





Managing Investment Risk is Key to ISIF's Mandate

Climate is specified as a strategic risk by the NTMA Board and is factored into ISIF decision-making.



▸ **The NTMA Board expects the organisation to demonstrably factor in Climate and Sustainability Risk to all of its decision making.**

- The elevation of climate risk as a strategic risk, underscores the importance the NTMA has already placed on the topic of climate action and the environment and its importance to all key stakeholders. This ensures that climate remains a strategic priority.
- The NTMA defines climate risk as the risk that the NTMA fails to take the necessary actions to integrate sustainability and climate action (as appropriate) into its business decisions in the context of delivering its mandates to the Government and delivering an environmentally sustainable organisation in line with its climate strategy.

Risk Appetite Statement for NTMA climate risk – As a public body, the NTMA must support Ireland's transition to a low-carbon, climate-resilient, and environmentally sustainable economy. The NTMA has a 'low' risk appetite for climate risk and monitors this risk via key risk indicators which are reported to the appropriate NTMA governance committees.

▸ **Primary risk for ISIF is the deviation of actual investment return from expected return.**

- ISIF's investment process incorporates many controls for this risk, including the consideration of climate risk which is embedded into the investment appraisal process.
- Climate risks are identified as part of ISIF's investment process from the first sight of a potential transaction throughout the investment lifecycle.
- Climate risks are separately measured and monitored through a series of climate metrics and modelling across ISIF's investments.
- The Funding Portfolio is subject to climate impact assessment, including emission exposure, attribution and intensity analysis, temperature-related scenario alignment, transition, and physical risk analysis. Current assessments indicate a high degree of climate-related resilience.
- ISIF uses various tools, including fossil fuel divestment and active ownership. The changing regulatory environment around climate and how it affects its investments is continuously monitored.



Engage and Influence

Over 516 climate related engagements across the Funding Portfolio in 2025.

- Funding Portfolio Engagement is led by Equity Ownership Services (EOS) at Federated Hermes on ISIF's behalf. In 2025, EOS engaged with 315 companies on 1,582 environmental, social, governance, strategy, risk and communication issues and objectives; of which 516 were climate related.
- Environmental issues remained EOS's largest stewardship theme in 2025, accounting for 40% of engagement objectives. Climate change represented the majority of environmental engagements (67.7%), meaning that approximately one quarter of all EOS engagement activity focused directly on climate-related risks and opportunities.
- Voting is also led by EOS. Throughout 2025, EOS, on ISIF's behalf, made voting recommendations at 1,010 meetings (13,260 resolutions), opposing one or more resolutions at 688 meetings.
- In 2025, EOS concentrated on helping companies develop credible transition plans, align capital allocation with Net Zero ambitions, manage physical climate risks and improve climate-related disclosures.
- At COP30, EOS advocated for investable transition pathways, sector transition plans and enhanced adaptation finance, while also increasing engagement on biodiversity and deforestation risks as critical enablers of long-term climate stability.

Case Study: EOS Engagement Example – Centrica

EOS engaged with Centrica, the UK energy company and owner of Bord Gáis Energy, on its climate transition strategy as part of the Climate Action 100+ initiative. Beginning in 2021, EOS held discussions with senior management, including the CEO, chair and sustainability teams, focusing on how the company would navigate the transition from fossil fuels, decarbonise its operations and customer emissions, and capitalise on emerging low-carbon opportunities. EOS encouraged the company to assess whether its emissions reduction targets were sufficiently ambitious and aligned with the goals of the Paris Agreement.

As a result of this engagement, Centrica strengthened its climate transition plan in 2025. The company accelerated its Net Zero target for Scope 1 and 2 emissions from 2045 to 2040, introduced a more ambitious "stretch" target for reducing customer emissions intensity, and provided greater transparency on the specific decarbonisation pathways available across electricity generation, heat electrification and gas distribution. More than half of Centrica's planned capital expenditure between 2023 and 2028 was classified by the company as "green", reflecting an increased focus on supporting the energy transition.



EOS viewed these developments as an important step towards making the company's climate ambitions more credible and investable. The enhanced transition plan provides investors with greater clarity on Centrica's strategy, capital allocation plans and policy dependencies, while demonstrating how the company intends to manage climate-related risks and capture opportunities arising from the energy transition. EOS plans to continue engaging with the company on implementation of the strategy and its resilience to evolving policy and market conditions.

Irish Portfolio GHG Emissions Modelling

ISIF measures and monitors climate risk within the Irish Portfolio, focusing on the Portfolio's Weighted Average Carbon Intensity (WACI), in line with TCFD and ISSB recommendations.





Irish Portfolio Emissions

The Irish Portfolio comprises predominantly private company investments across private equity, private credit and venture funds. Given the size and stage of development of many investee businesses, obtaining complete and accurate Scope 1, 2 and 3 emissions data remains a challenge. Where emissions data is unavailable, ISIF estimates emissions using ISS ESG European sector-average emissions intensities per €1 million of company revenue. These estimates are based on the European NACE Rev. 2.1⁶ sector classification framework.

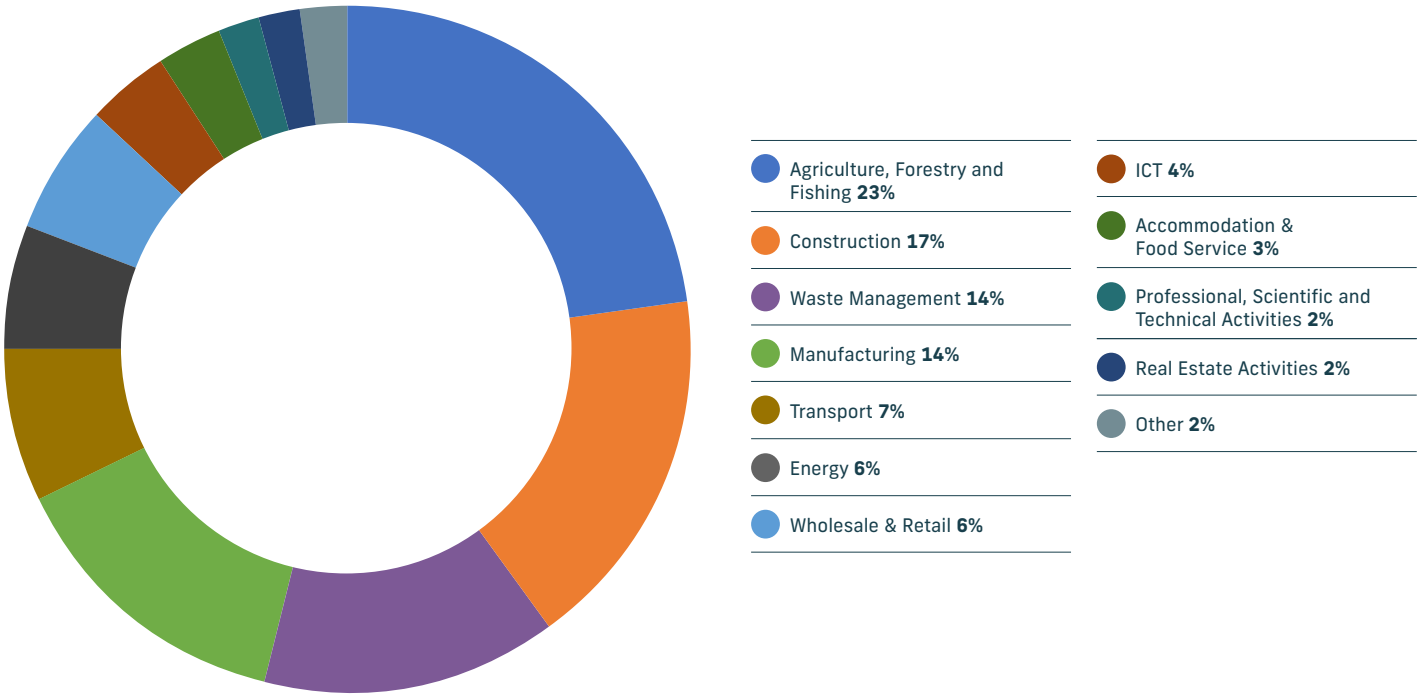
Overall, ISIF estimates Scope 1, 2 and upstream Scope 3 emissions for the Irish Portfolio at 3,456,599 tCO₂e. This represents a 24% increase in emissions compared to 2024, broadly in line with the 23% increase in reported revenue across Irish Portfolio investees. Absolute emissions figures represent the total emissions generated by underlying investees and do not reflect ISIF's attributed share based on its share of the capital structure.

Agriculture, Construction, Waste Management, Manufacturing, and Transport were the five largest contributors to estimated portfolio emissions in 2025.

As emissions estimates are largely revenue-based, absolute emissions are expected to increase as portfolio companies grow and scale. Consequently, the Weighted Average Carbon Intensity (WACI)⁷ provides a more meaningful indicator of the portfolio's climate profile and is a better reflection of portfolio construction decisions. In 2025, the estimated WACI of the Irish Portfolio fell from 84 to 75 tCO₂e/€m revenue. The year-on-year movement primarily reflects new commitments made in 2025 and these are outlined [here](#).

Looking ahead, the emissions profile of the Irish Portfolio may change due to portfolio entries and exits, as well as the recognition of embodied emissions associated with new real estate developments and energy infrastructure projects. Nevertheless, ISIF remains focused on investing in climate-positive opportunities that support the Net Zero transition, while continuing to engage with investees on decarbonisation and improved emissions disclosure.

Irish Portfolio Emissions by Sector⁸
(Scope 1, 2, & Upstream Scope 3)



6. NACE Rev. 2.1 is the updated European statistical classification of economic activities, adopted by the European Commission and officially launched in January 2026.

7. In prior reporting periods, estimated upstream Scope 3 emissions were included in the WACI calculation. From 2026, WACI is calculated using Scope 1 and Scope 2 emissions only. This change has been made to improve consistency and comparability of climate reporting across the Irish Portfolio and the Funding Portfolio, while aligning the metric more closely with TCFD guidance.

8. Note that the sector classification headings were different in previous reports to facilitate a comparison against EPA sector data for the Irish economy.



Avoided Emissions

- Total carbon savings from renewable technologies in 2025 is estimated at 721,952 tCO₂e . Estimates are supplied by ISIF investment managers and are calculated assuming the renewable energy generation replaces the marginal generator in each region, i.e. gas for Ireland. This operating margin approach is the preferred option under PCAF⁹ guidance for measuring carbon avoided.
- Carbon emission factors for the Irish marginal generator are sourced from the International Energy Agency (IEA).
- Assets need to be operational to be included, therefore other renewable investments not yet generating power are not included in these results.
- Avoided emissions are 11% down compared to 2024. This primarily reflects a lower wind resource in Ireland during the year, which translated into lower power generation.

ISIF also supports a portfolio of over 15,000 hectares of forestry through investments in The Foraois Limited Partnership (TFLP) and the Irish Strategic Forestry Fund (ISFF). Forestry is an important sector of the Irish economy, supporting jobs in rural areas. It also plays a crucial role in climate mitigation through carbon sequestration and long-term storage in sustainable timber products. Aligned with the Climate Action Plan and Ireland's Forest Strategy, the ISIF investment will support efforts to increase afforestation, with Ireland's national target set at 8,000 hectares per annum.



9. Partnership for Carbon Accounting Financials (PCAF), *Financed Avoided Emissions & Forward-Looking Metrics: A Supplemental Guidance to Part A of the PCAF Standard*, December 2025

Funding Portfolio Climate Analytics

ISIF measures and monitors climate risk within the Funding Portfolio, looking at various metrics, including carbon intensity and how the portfolio performs in specific scenarios.



Funding Portfolio Climate Analytics

Funding Equity Portfolio 2025

Emission exposure and intensity analysis

The below graphs illustrate that the equity portfolio maintains a lower carbon profile than its benchmark¹⁰ across key indicators. The outperformance compared to the benchmark for emissions exposure was driven by both a sector allocation effect (-9%) and an issuer selection effect (-69%)¹¹.

The move in 2024 to a Paris Aligned Benchmark for the passive fund exposure in the Equity Portfolio continues to influence the Portfolio's emissions profile and is reflected in the sector breakdown of the Equity portfolio.

Funding Equity Portfolio		
	2024	2025
Emissions Exposure (tCO ₂ e)	443,163	373,029
WACI* (tCO ₂ e/M Rev)	49.3	38.9
Relative Carbon Footprint* (tCO ₂ e/M Inv)	26.9	18.9

*Scope 1&2

Figure 2. Equity Sector Weights¹²

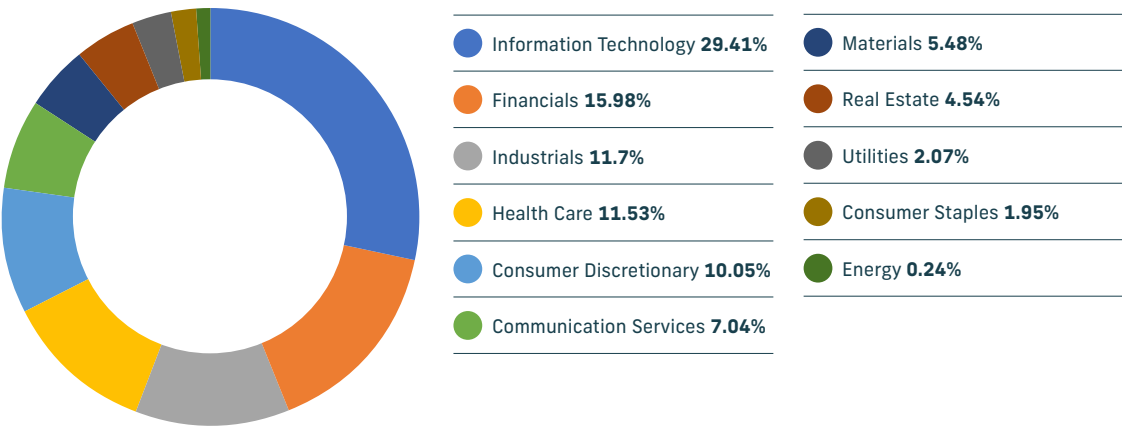
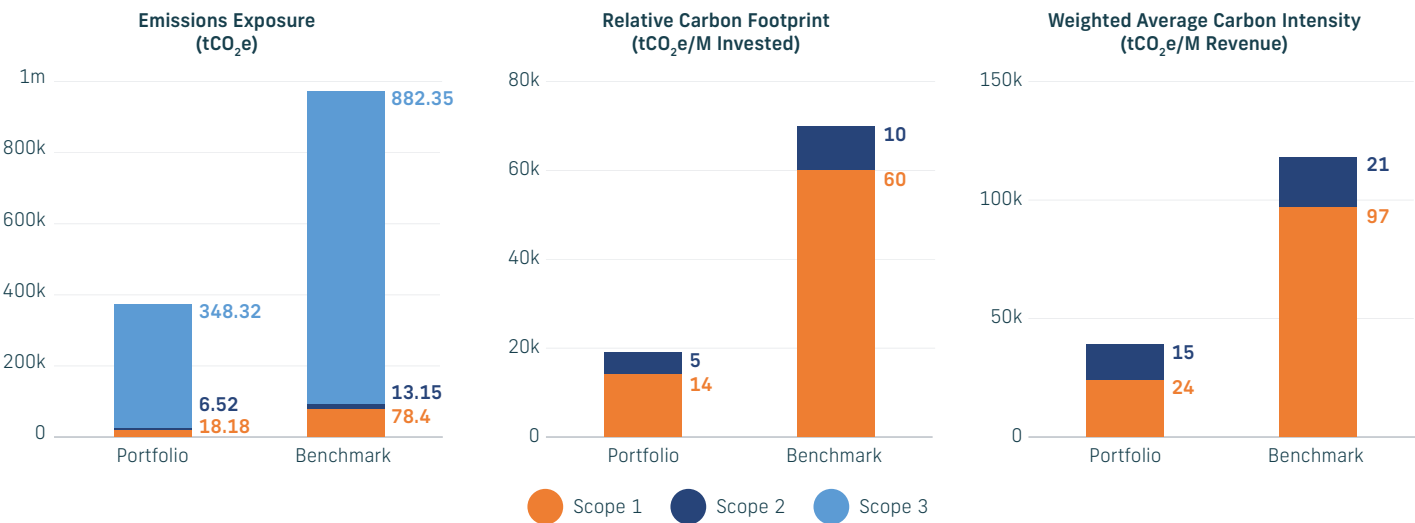


Figure 3. Equity Portfolio Climate Profile¹³



10. The passive fund exposure in the Equity Portfolio is managed against an MSCI ACWI Paris-Aligned Benchmark (PAB). Climate metrics are shown relative to the broader STOXX World AC (All Country) to illustrate the impact of adopting a Paris-aligned investment approach compared with the global equity market.

11. See Appendix for definitions of all carbon metrics.

12. Funding Portfolio sector weights are based on the Global Industry Classification (GICs) system.

13. Aligned to TCFD guidance, relative carbon footprint and WACI are reported at the scope 1 & 2 level. See [Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, TCFD, 2021, p. 52.](#)



Funding Fixed Income Portfolio 2025

Emission exposure and intensity analysis

The below graphs illustrate how the fixed income portfolio outperforms its benchmark across both emissions' exposure and emissions intensity¹⁴. The outperformance compared to the benchmark for emissions exposure was driven by a sector allocation effect (-18%) and an issuer selection effect (-19%).

Overall, the year-on-year increase in exposure and WACI for the fixed income portfolio was driven primarily by investments in a small number of carbon-intensive issuers, particularly within the utilities, materials, transport and industrial sectors.

Funding Fixed Income Portfolio		
	2024	2025
Emissions Exposure (tCO ₂ e)	252,964	297,840
WACI* (tCO ₂ e/M Rev)	119.7	176.3
Relative Carbon Footprint* (tCO ₂ e/M Inv)	62.8	56.4

*Scope 1&2

Figure 2. Fixed Income Sector Weights

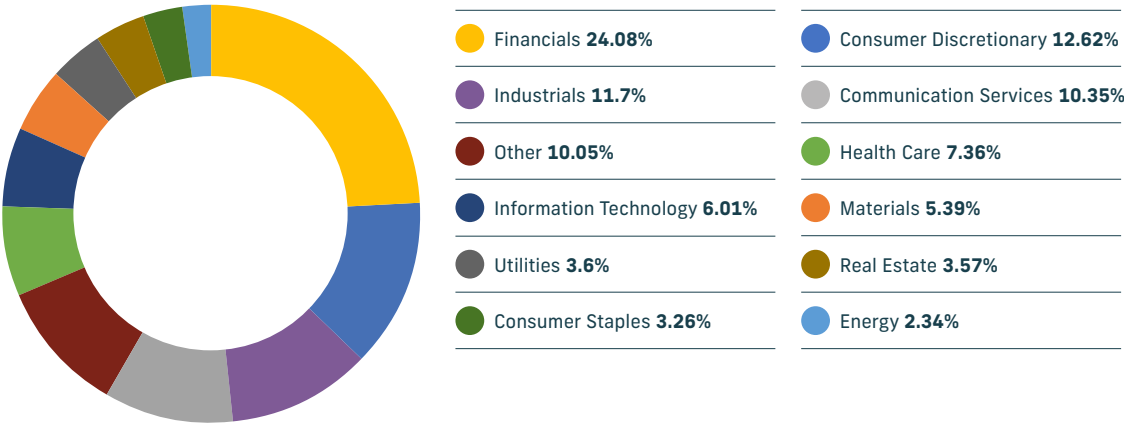
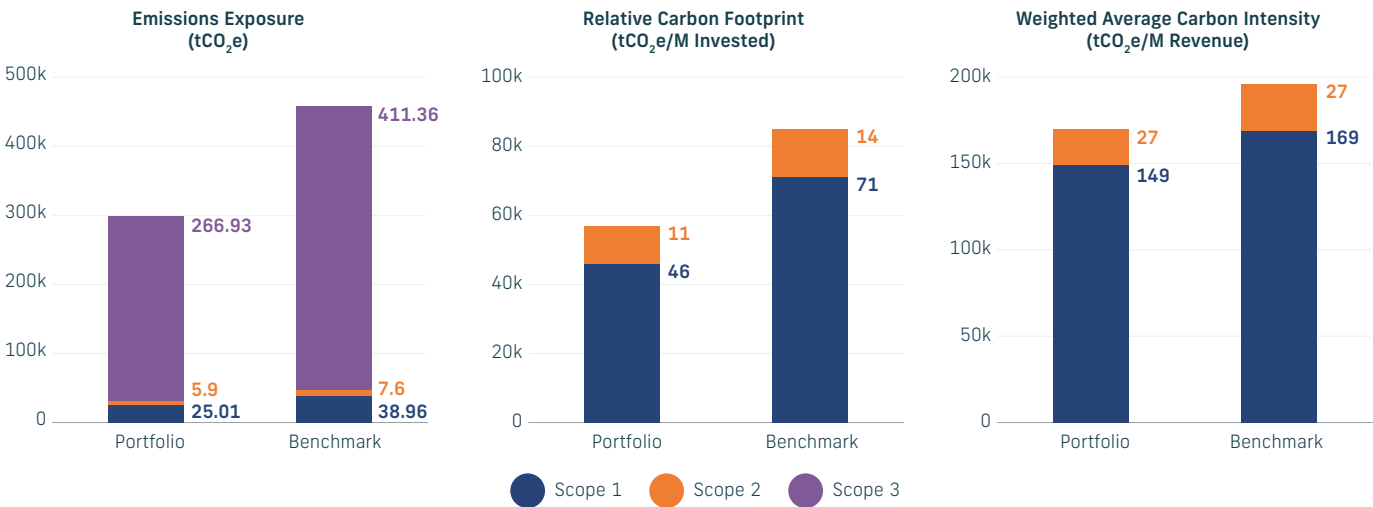


Figure 3. Fixed Income Climate Profile



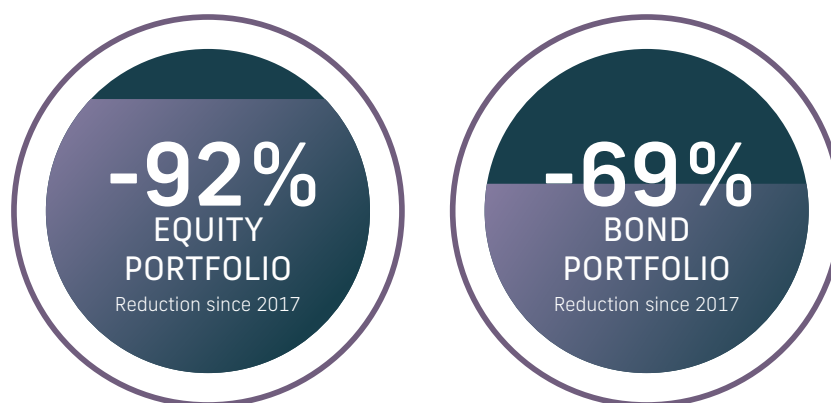
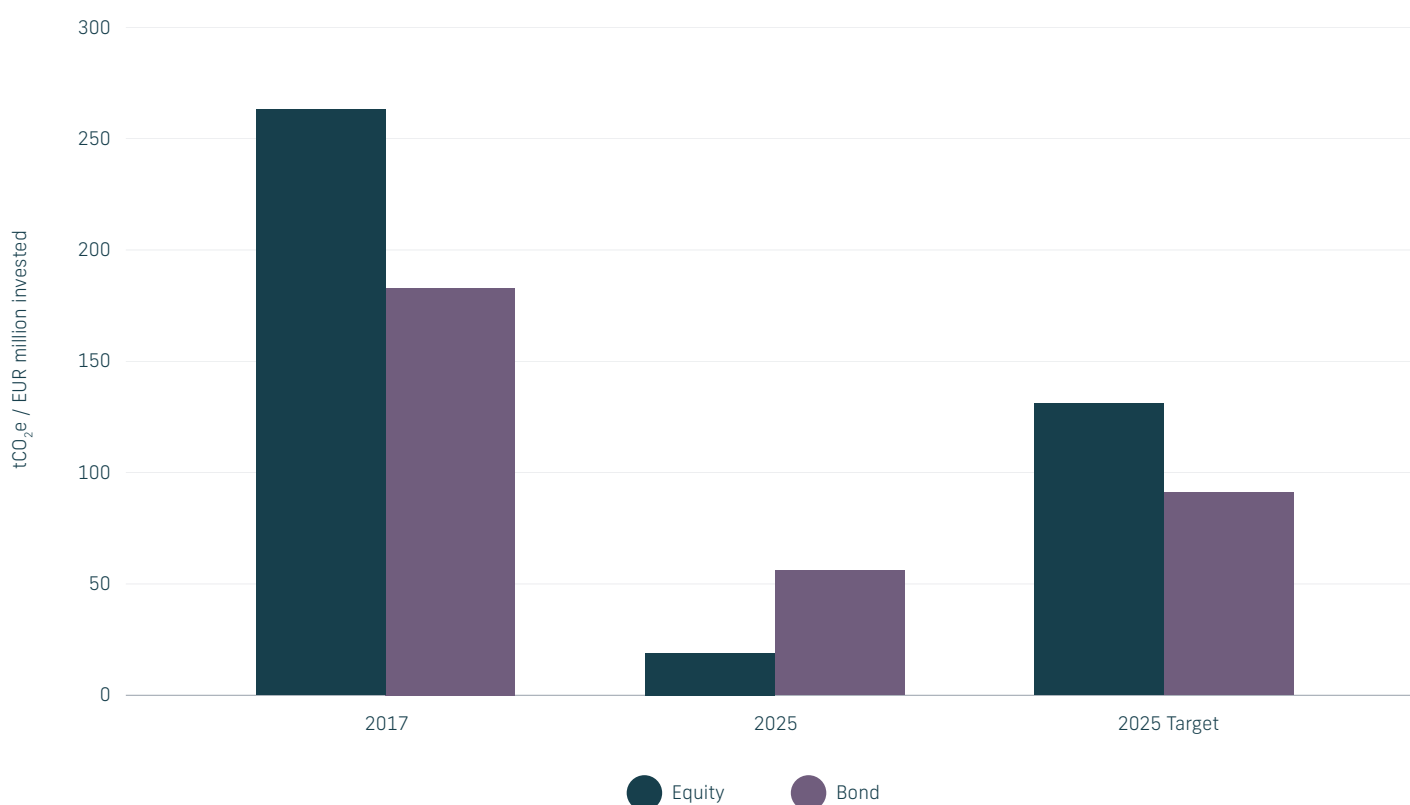
14. The benchmark for the corporate bond portfolio is a combination of the Global Agg Index (75%) and the High Yield Corporate Index (25%).

Emissions Intensity Reductions – Target of 50% Reduction by 2025

In 2025, ISIF continued to meet the carbon intensity reduction target for the Funding Portfolio of 50% by 2025, which was set in 2017 (covering scope 1 and 2 emissions).

Progress since 2017 has been largely due to Fossil Fuel Divestment, ongoing engagement by EOS, and the transition to a Paris Aligned Benchmark (PAB) for passive fund exposure in the Funding Equity Portfolio during 2024. The Fossil Fuel Divestment Act 2018 required ISIF to divest from certain fossil fuel companies and restrict future investments in them. It was signed into law on the 17th of December 2018, making Ireland one of the first countries to legislate for the divestment of public money from fossil fuel investments.

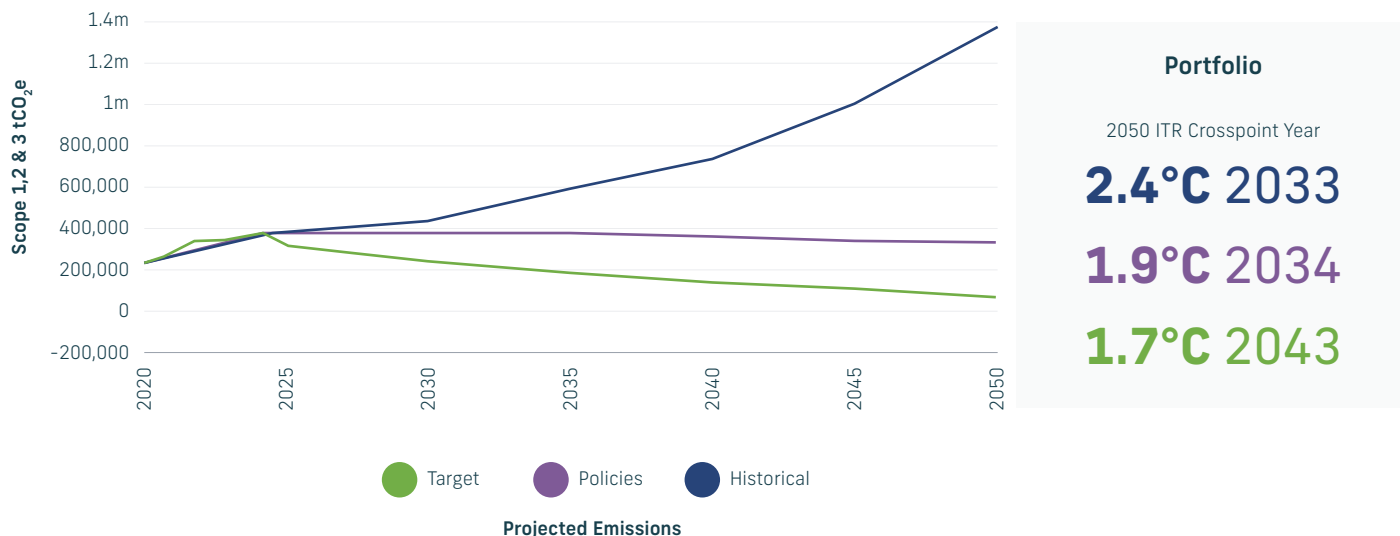
- ISIF cannot directly invest in a “fossil fuel undertaking”, defined as a company deriving 20% or more of its turnover from the exploration, extraction or refinement of fossil fuels (oil, natural gas, peat, coal, or derivatives used for combustion).
- For indirect investments (such as pooled funds), exposure to fossil fuel undertakings is restricted and may not exceed 15% of the fund’s assets.
- ISIF maintains a public Fossil Fuels Exclusions List on its website available [here](#).





Modelling Forward Looking Climate Risk with Scenario Analysis

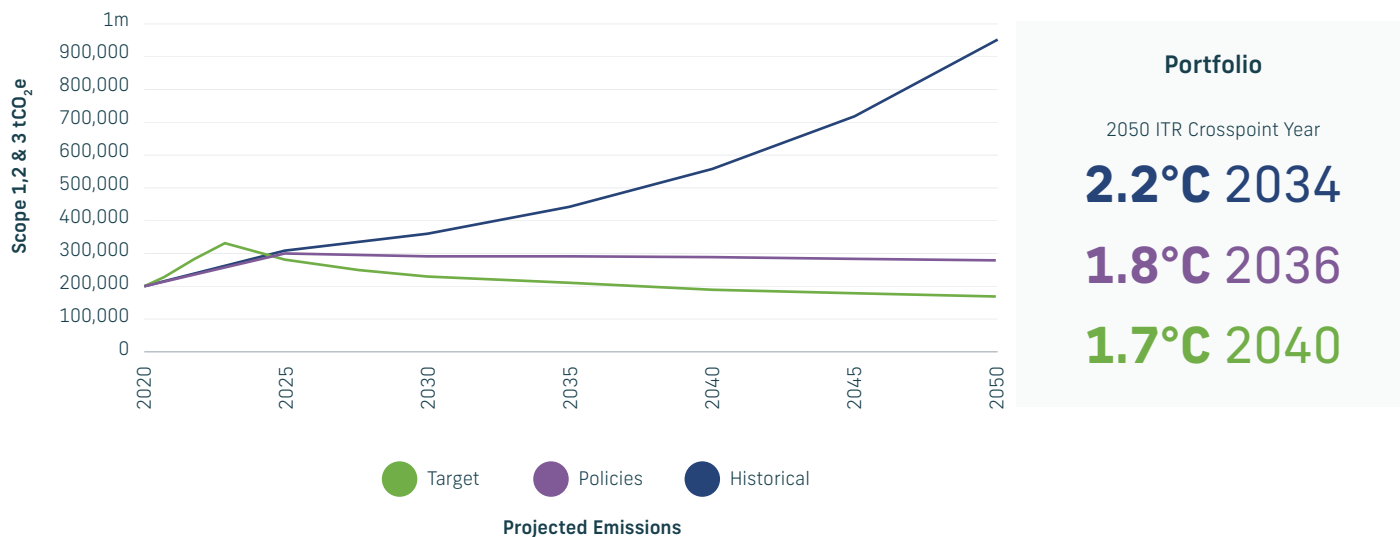
Equity Portfolio Emission Pathway vs. Climate Scenarios



Climate scenario analysis from ISS ESG indicates that the listed equity portfolio remains exposed to companies whose current emissions trajectories are not yet aligned with a Net Zero pathway. The graph indicates that:

- Without sufficient transition efforts, the portfolio's historical pathway is consistent with 2.4°C.
- If current policies are implemented, alignment improves to 1.9°C.
- If investee companies deliver their disclosed targets, alignment improves further to 1.7°C.

Corporate Bond Portfolio Emission Pathway vs. Climate Scenarios



Similarly, for the fixed income portfolio, companies are yet to fully align to Net Zero scenarios and further action is required. The graph indicates that:

- Without sufficient transition efforts, the portfolio's historical pathway is consistent with 2.2°C.
- If current policies are implemented, alignment improves to 1.8°C.
- If investee companies deliver their disclosed targets, alignment improves further to 1.7°C.

Climate Risk Analysis

ISS provide a Carbon Risk Rating (CRR) to assess how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks. It provides investors with critical insights into how issuers are prepared for a transition to a low carbon economy and is a central instrument for the forward-looking analysis of carbon-related risks at portfolio and issuer level. Ratings are based on internal ISS ESG methodologies.

- For the fixed income portfolio, the portfolio's Carbon Risk Rating profile improved year-on-year, with the proportion of Climate Laggards halving from 4% to 2% and Climate Leaders increasing from 7% to 8%. The portfolio now compares favourably to the benchmark, with fewer laggards (2% vs 5%) and a higher proportion of leaders

(8% vs 6%). However, the share of unrated holdings increased from 6 % to 10%, resulting in the weighted average CRR remaining broadly unchanged at 53.

- The equity portfolio's Carbon Risk Rating profile also improved year-on-year. The proportion of holdings classified as Climate Outperformers or Leaders increased from 58% to 67%, driven primarily by an eight percentage-point increase in Outperformers. At the same time, exposure to Climate Laggards declined from 3% to 1%, while the proportion of holdings not covered by the assessment fell from 3% to 1%. The portfolio's weighted-average CRR consequently increased from 64 to 65. The portfolio also compared favourably with the benchmark, recording a higher weighted-average CRR of 65 versus 60 and substantially greater exposure to Outperformers and Leaders.

Figure 6. CRR Distribution - Fixed Income

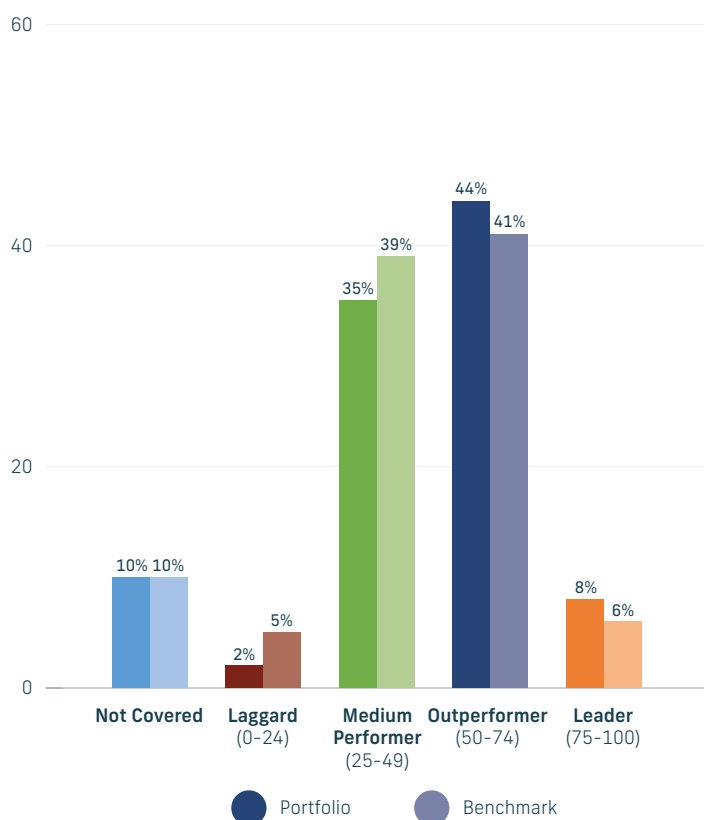
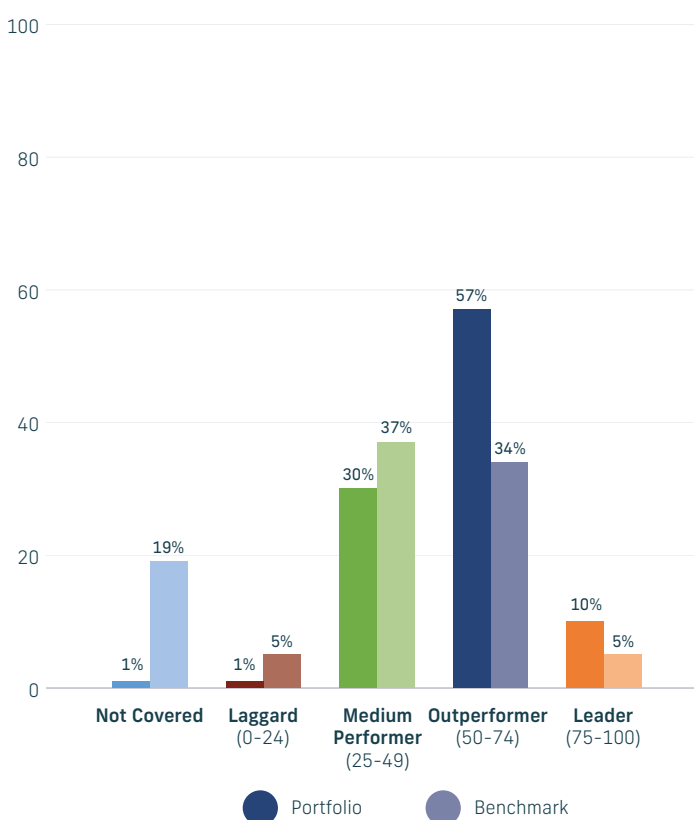


Figure 7. CRR Distribution - Equity



CRR scores range from 0 to 100 and are grouped into four categories:

- Leader (75-100): Strong management of climate risks and well positioned for the low-carbon transition.
- Outperformer (50-74): Above-average management of climate risks relative to peers.
- Medium Performer (25-49): Moderate management of climate risks, with scope for improvement.
- Laggard (0-24): Weak management of climate risks and greater exposure to transition-related challenges.

Appendix

- Climate and Energy Transition Investments
- Carbon Metrics





Climate and Energy Transition Investments

Year	Investment	Commitment (m)
2014	Dublin Waste to Energy Limited	€44
2016	NTR Wind 1 L.P.	€35
2017	Greencoat Renewables	€76
2017	Nautilus Data Technologies Inc	€7
2018	Capital Stage Ireland Limited Partnership	€35
2018	Temporis Aurora LP	€50
2019	Gore Street Energy Storage Fund Plc.	€30
2020	Shamrock Renewable Products Limited	€11
2020	Urban Volt Ireland Limited	€5
2021	Activate Capital Partners II, LP	€17
2021	Just Climate CAF I (A) SCSp	€65
2021	SDCL Green Energy Solutions Fund Limited Partnership	€50
2022	ArcTern Ventures Fund III (NR) LP	€28
2022	Energy Impact Fund SCSp	€34
2022	EIP Deep Decarbonisation Frontier Fund I	€34
2022	Solas Sustainable Energy Fund ICAV	€20
2023	NVC Fund 2 (D) AB	€21
2023	Octopus Renewables Infrastructure SCSp	€91
2024	AIB Foresight SME Impact Limited Partnership	€25
2024	Blume Equity Fund I SCSp	€15
2024	Copenhagen Infrastructure V SCSp	€200
2024	AP Ventures Fund III LP	€29
2024	Foresight Energy Infrastructure Partners II SCSp	€125
2024	Impax New Energy Investors IV SCSp	€50
2024	Port of Cork Infrastructure Development Company DAC	€89
2024	Schroders Greencoat Europe SCSp	€100
2024	Wake Up Capital Fund I	€8
2025	GS EU Fund SCSp	€75
2025	HitecVision New Energy Fund 2 SCSp	€75
2025	L&G NTR Clean Power (Europe) SCSp RAIF	€58
Total		€1.502 billion

Carbon Metrics

Green House Gas (GHG) emissions are converted to a carbon equivalent and expressed as tCO₂e. When ISIF use the word “carbon” or “emissions” ISIF mean all GHG emissions (tCO₂e).

- › **Financed emissions**, or emissions exposure, quantifies greenhouse gas (GHG) emissions resulting from an investor’s financing activities, using the ownership principle. Emissions are attributed to investors proportionally based on their ownership percentage in each company.
- › **Relative Carbon Footprint** is an ownership-based emissions metric (Scope 1 & 2 Financed Emissions (tCO₂e) / Portfolio Value Invested (€m)).
- › **Carbon Intensity** measures emissions of a portfolio relative to revenue. It is calculated by dividing the financed emissions of a portfolio by the owned revenue of the holdings.
- › **Weighted Average Carbon Intensity (WACI)** measures a portfolio’s exposure to carbon-intensive companies. $WACI = \sum (\text{Portfolio Weight}_i \times \text{Company Carbon Intensity}_i)$
- › **Absolute emissions** are the total or gross emissions from underlying investees without applying an attribution factor.
- › **ISS ESG attribution analysis** identifies three effects:
 - **Allocation Effect:** Increase/decrease in portfolio emissions due to the decision to overweight or underweight a sector compared to the benchmark.
 - **Selection Effect:** Increase/decrease in a sector’s emissions due to the issuers selected within a sector compared to the benchmark. This effect identifies the impact of the decision to select issuers different from the issuers within the benchmark per sector.
- › **Paris Aligned Benchmarks (PAB)** approximate a pathway for the index to achieve alignment with the 1.5°C goal of the Paris Agreement, measured against an initial base level for the index.
 - A PAB will exclude certain companies based on norms-based screening. For example, companies involved in controversial weapons, tobacco production, and companies generating revenues above specified thresholds from coal, oil, or gas exploration, extraction, processing or distribution activities are excluded.
 - Additionally, companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO₂e/kWh are not considered for selection.
 - Further exclusions apply to companies violating the UN Global Compact (UNGC) or OECD Guidelines.
 - A PAB must reduce the greenhouse gas intensity of the portfolio by at least 50% when compared to the underlying benchmarks at inception. In turn, a PAB must reduce its overall carbon footprint by an average of 7% annually, matching the global decarbonization pace set by the IPCC.



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

National Treasury Management Agency

Treasury Dock,
North Wall Quay,
Dublin 1, D01 A9T8

T +353 1 238 4000

W www.isif.ie