

# PROXY VOTING POLICY AND GUIDELINES

2023



EMBRACE THE POSS/BLE®

---

**As adopted by:**

Russell Investments Capital, LLC

Russell Investments Funds Management, LLC

Russell Investments Implementation Service, LLC

Russell Investment Management, LLC

Russell Investments Trust Company

Russell Investments Canada Limited

Russell Investments Korea Limited

Russell Investment Management Ltd

Russell Investment Group Limited

Russell Investments France SAS

Russell Investments Ireland Limited

Russell Investments Limited

Russell Investments Group Japan Co., Ltd.

(the foregoing collectively referred to herein as "Russell Investments")

---

Copyright © 2023 Russell Investments Canada Limited. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

---

## **PROXY ADMINISTRATION PROCEDURES**

For over 30 years, Russell Investments has executed a robust, global proxy voting program that is a foundation of our stewardship efforts. Russell Investments has documented Proxy Voting Policies and Procedures and maintains custom Proxy Voting Guidelines. Our guidelines are a bespoke set of rules and policies, based on industry best practices and regulation, which dictate how to vote on certain topics. Russell Investments' guidelines are carefully drafted to result in votes that promote the best interest of our clients, and at least annually, our Guidelines Sub-Committee reviews and updates them to stay in line with shareholders' best interests. The Voting Guidelines address most proxy issues with detailed specificity; however, the Active Ownership Committee (the Committee) recognizes that some issues require more scrutiny and a non-prescriptive approach. In those instances, the guidelines refer the votes to the Committee for review as explained in the section below.

An external service provider, Glass Lewis, serves as our proxy administrator and is responsible for aggregating proxy ballots received directly from Russell Investments' custodians and applying our custom guidelines when executing proxy votes. Russell Investments' internal proxy coordinator monitors our voting activity via Glass Lewis' online platform and directs any proposals that require case-by-case review to internal analysts, who in turn provide a recommendation to the Committee based on individual research and the research provided by the proxy administrator. To ensure that Glass Lewis casts votes in accordance with our guidelines, the Committee oversees an annual internal audit process to verify the accuracy of vote execution.

---

# Contents

A. Audit and Reporting	7
B. Board	8
C. Capital	11
D. Corporate Transactions	12
E. Shareholder Rights and Governing Documents	13
F. Remuneration	14
G. Mutual Fund Proxies	15
H. Environmental and Social Issues	16
I. Appendix	20

---

## GENERAL CONSIDERATIONS

Proxy voting is a fundamental tool, whereby shareholders are entitled to express support or concern with aspects of corporate governance, operations, or disclosures. As stewards of our clients' capital, we have an obligation to vote responsibly and hold companies to account on their behalf. These guidelines describe our approach to corporate governance, environmental and social topics, when exercising our voting rights on behalf of our clients.

We apply these guidelines globally, and across all asset classes as required. However, they permit us the discretion to reflect local laws or standards where appropriate and enable us to consider the diverse nature of our capabilities.

Whilst we endeavor to vote every one of our clients' holdings in all markets, on occasions this may not be possible due to a practice known as share blocking, whereby voting these shares would prevent us from trading for a certain period.

Companies should act and disclose information to its shareholders in a manner as transparent as possible. Therefore, we expect companies to disclose any relevant materials ahead of a General Meeting, allowing sufficient time for shareholders to review, analyze and engage upon the information disclosed. In certain instances, when we consider the level of information is inadequate to apply these guidelines, we may choose to vote against a particular proposal.

Proposals not specifically covered in this document will be internally assessed and voted on a case-by-case basis.

---

## A. Audit and reporting

### 1. Transparency and reporting

Russell Investments sees the robustness of financial controls and integrity of financial statements as the basis for the healthy functioning of the investee's companies.

The board should publish a report from the external auditor which should provide an independent and objective opinion whether the accounts give a true and fair view of the company's financial position and outlook.

Generally, we will support proposals seeking to acknowledge Reports and Accounts signed off as complete by a qualified auditor ahead of the Annual General Meeting ("AGM"). In the event of a qualified opinion, we expect the company to provide a full, comprehensive explanation.

We will support the approval of non-financial information statement/reports in those markets where companies are required to do so. We may choose to vote against management in instances where the independent assurance service provider raises material concerns about the information provided, or when the information made available to shareholders does not suffice to make an informed voting decision.

### 2. External auditor

Russell Investments places high importance on the independence of the external auditor. We believe that high levels of non-audit fees can undermine the auditor's independence and can affect the quality of audit. Therefore, we expect companies to provide a clear breakdown of both audit and non-audit services. We may choose to vote against the re-election of the external auditor in instances where the aggregate non-audit fees exceed the fees paid for audit-related services.

Companies should provide robust disclosure in relation to a resolution seeking election or ratification of the external auditor. In particular, we expect an explanation of any changes in the external auditor and a report on the competitive tender process of a new external auditor.

Where it is identified that the auditor's effectiveness has been compromised, we may choose not to support their re-appointment.

Furthermore, we may choose to vote against the re-appointment of the audit company if its tenure could dispute its independence.

---

## B. Board

### 1. Size

The board of directors is the focal point of corporate governance. Directors represent the shareholders, and they are charged with safeguarding investors' interests. Directors should provide corporate leadership but refrain from interfering in day-to-day company operations which are properly the province of the CEO and other senior executive officers. The board must hold executives accountable for their actions.

We believe companies should have a board that is appropriate for the size and complexity of the business. It is crucial that the size of the board does not compromise the dynamics of the board and an efficient decision-making process.

### 2. Board effectiveness

The effectiveness of the board is a direct function of its composition and structure. We support strong boards that demonstrate a commitment to creating shareholder value. While director candidates and other board-related issues must be evaluated on a case-by-case basis considering the company's performance and total governance structure, we prefer to see mechanisms that promote:

- Independence: Without independence from management, the board may be unwilling or unable to effectively set company strategy and scrutinize performance or executive compensation.
- Accountability: Directors must be accountable to shareholders. Policies that promote accountability would include annual elections and shareholders' ability to fill vacancies or to remove directors without cause.
- Responsiveness: Directors should be responsive to shareholders, particularly in regard to shareholder proposals that receive a majority vote and tender offers where a majority of shares are tendered.
- Competence: Companies should seek directors who can add value to the board through specific skills or expertise.

For contested elections (shareholders nominating alternate directors in opposition to management-nominated directors) we consider the following factors:

- Long-term financial performance of the target company relative to its industry;
- Management's track record;
- Background to the proxy contest;
- Qualifications of director nominees (both slates);
- Evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and
- Stock ownership positions of the proponents.

We have a preference for directors to be elected to the board on an annual basis and be accountable to shareholders by approval of a majority of shares voted in favor on each resolution.



---

### 3. Leadership

Russell Investments believes that the roles of the Chair and Chief Executive Officer (“CEO”) should be separated to ensure a clear division of responsibilities at the top of the company. We also believe that this is particularly relevant in controlled companies when either the chair or CEO are significant shareholders. When the role of the chair and CEO are combined, we expect companies to explain the reasons why this is in the best interests of the company and review the structure regularly.

Russell Investments has a strong preference for an independent non-executive Chair of the Board. We expect companies to appoint a Lead Independent Director even when the chair is independent.

When assessing proposals that would require the positions of chairman and CEO to be held by different persons, we will consider:

- Whether a designated lead director has been elected by and from the independent board members with clearly delineated duties. At a minimum these include:
- Presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors;
- Serves as liaison between the chairman and the independent directors;
- Approves information sent to the board;
- Approves meeting agendas for the board;
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Has the authority to call meetings of the independent directors; and
- If requested by major shareholders, ensures that he is available for consultation and direct communication
- Level of independence of the board and the key committees.
- Whether the company publicly discloses a sufficient explanation of why it chooses not to give the position of chairman to the independent lead director, and instead to combine the chairman and CEO positions.
- Established governance guidelines.

Whilst we do not vote against CEOs who chair the board, we may choose to vote against the chair of the governance or nomination committee where the company has neither an independent chair nor independent lead director.

### 4. Independence

At Russell Investments we consider that the board should comprise an appropriate mix of directors with relevant and diverse industry experience. Moreover, boards should be composed in such a way as to bring together enough independent directors. Generally, we would expect a level of independence of at least 50 percent for non-controlled companies, and at least one third in the case of controlled companies.

We would consider a director to be non-independent if they:

- Have been an employee of the company or group within the past five years
- Have, or had within the past three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company
- Have received or receives additional remuneration from the company, apart from a director’s fee, such as the company’s share option, performance-related pay or pension scheme
- Have close family ties with any of the company’s advisers, directors or senior employees
- Hold cross-directorships or have significant links with other directors through involvement in other companies or bodies
- Have served on the board for more than 12 years from the date of first election
- Represent a significant shareholder

Whilst the above is a general approach, we take into account local good practice, and therefore we may apply stricter criteria and targets in some regions.

---

## 5. Diversity

We believe boards should comprise a diverse group of individuals to ensure effective, equitable and inclusive decision making in alignment with the company's purpose, long-term strategy, and taking into consideration the interests of relevant stakeholders. This includes individuals from different genders, age ranges, ethnicities, nationalities, social and economic origins, professional skills, and personal attributes. To this end, we generally support proposals that will result in a higher level of diversity on the board.

## 6. Overboarding

Over-commitment is considered by Russell Investments as a serious concern as it could potentially compromise the quality of the Board and directors' executive responsibilities. We believe that directors should have the necessary time to fulfill their duties to shareholders. To this end, we will generally oppose the election of a director who:

- Serves as an executive officer of any public company while serving on more than one public company boards; or
- Serves on more than four public company boards.

We generally count board chair positions as two board seats given the increased time commitment associated with these roles.

When determining whether a director's service on an excessive number of boards may limit the ability of the director to devote sufficient time to board duties, we may examine other measures of effectiveness including attendance levels, size and location of the other companies where the director serves on the board, as well as the nature of the role (including committee memberships) that the director holds at these companies, and whether the director serves as an executive or non-executive director of any large, privately-held companies.

Furthermore, because we believe that executives will devote their attention to executive duties, we may choose not to vote against overcommitted directors at the companies where they serve in an executive function.

## 7. Board committees

Russell Investments encourages all Boards to set up at least three key Board Committees: an Audit Committee, a Nomination Committee, and a Remunerations Committee.

The key committees should be comprised of non-executive directors and whilst we expect the Audit and Remuneration Committee to be fully independent, the expectation for the Nomination Committee is to be at least 50% independent. Furthermore, we also expect at least one member of the Audit Committee to have audit, accounting, or appropriate financial expertise.

The Board should disclose publicly the main role and responsibilities of each committee.

## 8. Attendance

At Russell Investments, we believe that directors not fulfilling their responsibilities to shareholders should be held accountable. To this end, director attendance at board meetings is a vital to ensure contributions to board decisions and that fiduciary duties to investors are fulfilled. We therefore expect companies to allow investors to assess directors' attendance at board and committee meetings by disclosing attendance records. We may choose not to support directors who have attended fewer than 75% of the board and committee meetings held.

---

## C. CAPITAL

### 1. ALLOCATION

We encourage companies to publicly disclose their dividend policy. We will generally support management proposals to approve the dividend unless we have concerns regarding the overall level set for payment, or the balance between return for shareholders and future capital investment.

### 2. ISSUANCE

We believe that the board is in the best position to determine a company's capital structure. When a company proposes to allocate net profits or losses to reserves, to transfer reserves between accounts, the capitalization of reserves, profits, or issue premiums we will generally support management unless there is evidence of egregious conduct.

Russell Investments believes that share issuance requires shareholder approval. We will support only reasonable share issuance authorities, and, to this end, we will assess the impact of the authority on the shareholder value in the long term and the dilutive effect of the issuance, with a maximum of 20% of the share capital to be issued without pre-emptive rights.

When evaluating proposals to increase or issue common and/or preferred shares as part of a debt-restructuring plan, we consider the following issues:

- Dilution – How much will ownership interests of existing shareholders be reduced, and how extreme will dilution to any future earnings be?
- Change in Control – Will the transaction result in a change in control of the company?
- Bankruptcy – Is the threat of bankruptcy, which would result in severe losses in shareholder value, the main factor driving the debt restructuring?

When evaluating a debt issuance request, the issuing company's present financial situation is examined. The main factor for analysis is the company's current debt-to-equity ratio, or gearing level. A high gearing level may incline markets and financial analysts to downgrade the company's bond rating, increasing its investment risk factor in the process. A gearing level up to 100 percent is considered acceptable.

### 3. SHARE REPURCHASE

Russell Investments will generally support a company proposal to implement a share buyback scheme unless the limit is not in line with market practice. We believe that buybacks at a significant premium to market price can be in detriment of shareholders' interests.

When the company specifies its intention to use the authorization during a takeover bid, we believe that the share buyback becomes an anti-takeover measure, and we may choose to vote against the proposal.

---

## D. CORPORATE TRANSACTIONS

### 1. SIGNIFICANT CHANGES

Russell Investments expects all significant changes in the structure of a company to be approved by shareholders. Likewise, we expect companies to provide sufficient information to enable investors to have an informed voting decision.

We will therefore assess corporate transactions on a case-by-case basis, opposing those that are not in line with shareholders' interests and/or when disclosure is below good market practice.

For mergers to be voted, we will consider the following factors:

- Background to the proxy contest;
- Evaluation of each side's argument for and against the proposed merger;
- Anticipated financial and operating benefits;
- Offer price (cost vs. premium);
- Prospects of the combined companies;
- How the deal was negotiated;
- Changes in corporate governance and their impact on shareholder rights; and,
- Long-term economic outlook of the combined companies.
- Input from our subadvisors.

### 2. RELATED-PARTY TRANSACTIONS

The board should implement a related party transactions policy and have a robust process for approving, reviewing and monitoring any potential conflicts of interest.

Shareholders should have the right to approve significant related party transaction, and this should be based on the approval of a majority of disinterested shareholders.

Generally, we will support any transaction which falls within the company's regular course of business, so long as the terms of the transaction have been verified to be fair and reasonable by an independent auditor or independent board committee, in accordance with prevailing market practice.

---

## E. SHAREHOLDER RIGHTS & GOVERNING DOCUMENTS

### 1. GOVERNANCE POLICIES

Requests to amend a company's articles of association are usually motivated by changes in the company's legal and regulatory environment, although evolution of general business practice can also prompt amendments to articles. Such proposals are especially common whenever stock exchange listing rules are revised, new legislation is passed, or a court case exposes the need to close loopholes.

Amendments to articles range from minor spelling changes to the adoption of an entirely new set of articles. While the majority of such requests are of a technical and administrative nature, minor changes in wording can have a significant impact on corporate governance. As such, Russell Investments scrutinizes any changes to a company's articles. When reviewing new or revised articles, we classify each change according to its potential impact on shareholder value and then weigh the package as a whole. In this analysis we focus on whether the proposed change improves or worsens the existing provision, and whether failure to pass a resolution would cause an immediate loss of shareholder value. In general, we will support amendments to the articles of association if the company is required to do so by law (when applicable), or:

- management provides adequate reasons for the amendments;
- there is negligible or positive impact on shareholder value; and
- shareholder rights are protected.

### 2. GENERAL MEETINGS

The board should ensure that the meeting agenda is posted on the company's website prior to the meeting taking place, allowing shareholders a reasonable period of time to review the materials provided. The agenda should be clear and include the date, format and location of the meeting as well as information regarding the issues to be decided at the meeting. Furthermore, the agenda should be properly itemized. To this end, Russell Investments expects companies to submit resolutions on an individual basis and not to bundle items under one resolution.

### 3. MINORITY RIGHTS

Russell Investments supports the "one-share, one-vote" principle, and as a result we will not support the introduction of multiple-class capital structures or the creation of shares with voting rights disparity.

Russell Investments considers the ability to call a special meeting or to put resolutions to a shareholder meeting's agenda to be a fundamental shareholder right. We encourage companies to establish thresholds for shareholder resolutions that are high enough to prevent abuse, but low enough to allow issues that concern a large number of smaller shareholders to be raised in shareholder meetings.

Russell Investments believes that shareholders should be able to nominate candidates to the Board of Directors. We support proxy access proposals with a reasonable ownership threshold and duration requirements.

### 4. TAKEOVER DEFENSE

Russell Investments does not support anti-takeover mechanisms. When a renewal of an existing poison pill is proposed the resolution will be assessed on a case-by-case basis, taking into account the rationale provided by the company and the impact on existing shareholders in the event of deployment. To this end, we evaluate and consider the following attributes:

- 20% or higher flip-in or flip-over;
- Two to three-year sunset provision;
- No dead-hand or no-hand features; and
- Shareholder redemption feature – if the board refuses to redeem the pill 90 days after an offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

---

## F. REMUNERATION

### 1. GENERAL PRINCIPLES

Russell Investments supports annual votes on executive remuneration as it provides shareholders with a regular channel to communicate their views and concerns regarding the company's executive compensation practices.

We expect companies to disclose the compensation paid to directors on an individual basis and with a level of detail which will permit shareholders to conduct a fair assessment of company practices.

### 2. EXECUTIVE COMPENSATION POLICY AND REPORT

We expect remuneration packages to effectively align interests of the executive directors, the workforce, and shareholders with the company's strategy and performance achieved. Accordingly, the following key points are considered during our analysis:

- Companies should implement a well-structured remuneration package that supports the creation and sustainability of long-term value. The remuneration package should be aligned with the company's strategic priorities as well as the company's values. Whilst we expect companies to incorporate ESG factors in the assessment of performance to demonstrate their commitment to meeting stakeholder concerns and mitigating ESG risks within the business value chain, we recognize the challenges to quantify and measure environmental and social performance. In most cases we expect to vote in line with a company's compensation committee.
- We believe the board is responsible for ensuring that executive compensation levels are reasonable considering company's size, scope, and performance achieved. Generally, companies should ensure that overall levels of executive compensation are targeted at a median of their peer group and in line with targets set at the beginning of the performance period. Furthermore, executive compensation levels should factor in the level of pay of the broader workforce.
- We expect companies to set an appropriate level of fixed pay. We will not support changes in salary for the lead executive by more than 10% without an appropriate explanation.
- We support the introduction of a claw back/malus policy. In addition, we encourage all companies to require management to build up a substantial shareholding in the company in order to better align their interest with the interests of shareholders.
- Severance payments to executive officers should be set at reasonable levels. We discuss our approach to severance payments under the termination section below.

### 3. BENEFITS AND PENSION

Post-employment and other benefits include pensions, healthcare and other benefits that may be provided during and after employment. Should companies utilize any of these forms of remuneration, care should be taken to integrate these structures within the overall philosophy and structure of the total plan. Russell Investments supports those remuneration arrangements where the awarding of pension benefits are consistent across the company so that the CEO and executive pension contributions are aligned across the workforce.

### 4. LONG TERM INCENTIVE PLANS

Russell Investments expects companies to provide an acceptable level of disclosure on Long Term Incentive Plans ("LTIP"); as such, we expect companies to provide full details of the performance conditions applicable for the LTIP plan in the coming year.

We support long term incentives where:

- There is a minimum performance period of three (3) years. We encourage post vesting retention periods;

- 
- Two or more performance metrics are used. We believe measuring a company's performance with multiple metrics serves to provide a more complete picture of the company's performance than a single metric, and multiple metrics are less easily manipulated;
  - At least one relative performance metric is included that compares the company's performance to a relevant peer group or index;
  - No vesting under relative performance metric is allowed for performance below median.
  - The vesting scale is designed to encourage higher level of performance.
  - Re-testing is not allowed.
  - Stretching targets that incentivize executives to strive for outstanding performance are used;
  - Individual limits are expressed as a percentage of base salary;
  - The level of dilution is in line with local market practice.

## 5. ONE-OFF PAYMENTS

Mutual funds, or investment companies, are structured differently from regular public companies (i.e., operating companies). Thus, we focus on a short list of requirements, although many of our guidelines remain the same.

Russell Investments believes that decisions about a fund's structure and/or a fund's relationship with its investment advisor or sub-advisors are generally best left to management and the members of the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. As such, we pay special attention to the following main areas:

- The terms of any amended advisory or sub-advisory agreement;
- Any changes in the fee structure paid to the investment advisor; and
- Any material changes to the fund's investment objective or strategy.

## G. MUTUAL FUND PROXIES

Mutual funds, or investment companies, are structured differently from regular public companies (i.e., operating companies). Thus, we focus on a short list of requirements, although many of our guidelines remain the same.

Russell Investments believes that decisions about a fund's structure and/or a fund's relationship with its investment advisor or sub-advisors are generally best left to management and the members of the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. As such, we pay special attention to the following main areas:

- The terms of any amended advisory or sub-advisory agreement;
- Any changes in the fee structure paid to the investment advisor; and
- Any material changes to the fund's investment objective or strategy.

---

## H. ENVIRONMENTAL AND SOCIAL ISSUES

### 1. SAY ON CLIMATE

Russell Investments recognizes climate change as one of the defining, global challenges of this generation and as a material investment issue that crosses regions and industries. Our policy is to research, measure, report and consider climate change risk and opportunities as an integral part of our investing practice, our active ownership, and our business operations.

At Russell Investments, we look to understand thoroughly the implications of climate change for investing, to research robust and thoughtful solutions, and to provide our clients with the information they need. To this end, for companies with material exposure to climate risk stemming from their own operations, we expect companies to provide a level of transparency required to better understand how they may be impacted by climate-related risks and opportunities, and how they have embedded climate change into their strategy. We also believe the boards of these companies should have explicit and clearly defined oversight responsibilities for climate-related issues. Therefore, in instances where we find either of these disclosures to be absent or significantly lacking, we may choose to vote against responsible directors.

Since 2019, Russell Investments have been an official supporter of the Task Force on Climate-Related Financial Disclosure (TCFD), and, as such, we endorse the TCFD's recommendations through which companies can provide more effective climate-related disclosures that promote more informed financial decision making.

At Russell Investments we evaluate management-sponsored votes on climate plans and reports on a case-by-case basis, taking into account:

- Governance of the vote – We look for companies to provide shareholders with context as to how they view the roles of the board and shareholders in executing their plans. We will also look closely at what the proposal is asking shareholders to approve. We may choose not to support the vote when the proposal shifts the responsibility of setting climate change strategy onto shareholders;
- The company's industry, size and peer comparison;
- Whether the company's GHG emissions targets and the disclosure of these targets appear reasonable in light of its operations and risk profile;
- Where the company is on its climate reporting journey (e.g., whether the company has been reporting and engaging with shareholders on climate risk for a number of years or if this is a relatively new initiative);
- Our engagement activities and our subadvisors' input; and
- As signatories of the Climate Action 100+, we will consider input received from the initiative.

For shareholder proposals related to climate change, in addition to this assessment we apply the approach summarized below.



---

## 2. SHAREHOLDER PROPOSALS

Russell Investments believes that management and the board are generally best placed to decide on strategy and policy decisions related to environmental, social, and political issues, given their proximity and information advantage. However, we may choose to support those cases where a shareholder proposal demonstrates that the company has inadequately addressed an issue with a clear link to shareholder value or risk mitigation.

In particular, when assessing such shareholder proposals, we generally take into consideration whether:

- Current practices and/or disclosures are inadequate in capitalizing on opportunities with a positive link to shareholder value and/or mitigating risks (including regulatory risk);
- The proposal addresses a peer-relative deficiency;
- The proposal is duplicating existing practices;
- The board has failed to provide a commitment to address the proponent's concerns;
- The topic is relevant to the company and sector in which it operates; and
- The proposal is overly prescriptive in detailing strategy/operational decisions.

For the topics outlined below, we also have taken into consideration the following:

### Consumer Issues

We generally vote against proposals requesting companies implement specific price restraints on its products or requiring that a company reformulate its products unless an egregious issues are identified.

### Workplace Safety, Product Safety, and Toxic/Hazardous Materials

We recognize the importance of workplace and product safety and the potential reputational risk and impact on shareholder value when proper processes are not followed. We believe that management is best equipped to assess those risks, however in certain cases, if there is credible evidence of egregious or illegal behavior, or if a management team has been unresponsive to requests from shareholders, we may consider well-crafted proposals for additional disclosure.

### Tobacco

We generally do not support shareholder resolutions to cease the production of tobacco-related products, restrict the selling of products to tobacco companies, spin off tobacco related businesses, or prohibit investment in tobacco equities, unless supported by a strong investment case.

### Equal Opportunity

We will support proposals seeking to amend a company's equal employment opportunity statement/diversity policies to prohibit discrimination based on sexual orientation and/or gender identity. Furthermore, we would be supportive of proposals to extend company benefits to domestic partners.

### Environment

We often choose to support proposals requesting that a company report on the potential environmental damage that could result from company operations in a protected region. However, we assess on a case-by-case proposals relating to a company's interaction with the environment, including the following scenarios:

- Call for the reduction of greenhouse gas emissions.
- Request that a company report on the safety and/or security risks associated with their operations and/or facilities.
- Seek that a company adopt a comprehensive recycling strategy.
- Request that a company invest in renewable energy resources.

---

## Political Issues

We will generally support proposals seeking increased disclosure of corporate lobbying or political contributions if:

- Current disclosures are insufficient and/or significantly lagging peers.
- The company faces significant risk as a result of its political activities.
- There is no explicit board oversight or inadequate board oversight of such contributions.
- The company is mismanaging corporate funds through lobbying or political contributions.

We will not support proposals requesting the company to publish in public media any political contributions.

## Labor, Human Rights, International Oversight

Russell Investments believes that a company should maintain sufficient oversight of its foreign operations so as to avoid unethical or illegal conduct. Companies are expected to follow the laws and regulations in the regions, countries, and/or jurisdictions in which they operate. Care is to be taken by companies, their directors, and executives as it relates to this as well as to matters that could create reputational harm that would impact shareholder value. These items include but are not limited to bribery, environmental exploitation, human rights violations and/or money laundering.

## Water Issues

We support the adoption of policies and strategies that responsibly manage risks to the water supply, especially in areas affected by water scarcity. We believe it is important to weigh the merits of any proposed policy or disclosure in the context of a company's operations and regulatory environment.

---

## **Pharmaceutical Policy, Pricing, and Access**

We recognize the increased political and regulatory risk associated with pharmaceutical pricing and access. We believe that policies surrounding national health care are most effectively handled at a government level, rather than in a corporate boardroom. With regards to health care related proposals, we may choose to support the proposal if the proponents have clearly demonstrated that a company's current practices present significant reputational or financial risk.

We believe that decisions regarding pricing structures of pharmaceuticals are best left to management and the board. As such, we generally vote against proposals requesting that companies adopt policies of price restraint on their branded pharmaceuticals.

In addition, if the proposal requests that the company adopt specific policies to encourage or constrain prescription drug re-importation, we vote against.

## **3. ENVIRONMENTAL AND SOCIAL RISK OVERSIGHT**

We believe that insufficient oversight of material environmental and social issues can present direct legal, financial, regulatory and reputational risks that could serve to harm shareholder interests. Therefore, companies should ensure that boards maintain clear oversight of material risks to their operations, including those that are environmental and social in nature. To this end, Russell Investments may choose not to support the governance chair of a company who fails to provide explicit disclosure concerning the board's role in overseeing these issues.

---

## I. APPENDIX

### 1. ACTIVE OWNERSHIP COMMITTEE

Our Active Ownership Committee manages a globally consistent and rigorous approach to proxy voting and engagement activities. The Active Ownership Team oversees our proxy voting policies, procedures, guidelines and voting decisions, whilst continuing to develop our processes to meet evolving client needs and expectations. The Active Ownership Committee is made up of Russell Investments professionals from a variety of roles, including portfolio management, manager research and investment strategy. All proxy voting and engagement activities are advised by a member of Russell Investments' legal team.

Within the Active Ownership Committee, our Guideline Sub-Committee meets regularly to review and propose adjustments that ensure our proxy voting policy and guidelines are aligned with current best practices.

### 2. REFERRED ITEMS

The Committee reviews those proposals that require more scrutiny and a non-prescriptive approach, and any proposals that are not specifically addressed in the guidelines. At Russell Investments, we believe good stewardship requires careful consideration of each proposal on its individual merits.

To this end, the Committee evaluates each proposal considering the following factors:

- our internal proxy analyst research,
- external research from our proxy administrator,
- external research from Sustainalytics,
- input from our sub-advisers on voting and engagement,
- input from the Active Ownership Team when a Russell Investments-led engagement has been previously conducted.

### 3. STOCK LENDING

As a fiduciary, Russell Investments maintains the voting rights for all holdings. We do not delegate voting to any of our sub-advisers, though in some cases we may reach out to a sub-adviser for additional information regarding specific proxy votes. Our proxy administrator, Glass Lewis, is responsible for managing the proxy ballots that Russell Investments receives based on our holdings, and all of these ballots are in turn monitored by Russell Investments' internal proxy coordinator using Glass Lewis' online Viewpoint platform. The proxy coordinator is responsible for ensuring that all of Russell Investments' voting rights are exercised and conducts a quarterly review of accounts which should have voting rights against the accounts on record with Glass Lewis.

Our policy on securities lending as it applies to proxy voting ensures that we exercise full voting rights on behalf of our clients. Glass Lewis currently produces a weekly report of shares with upcoming proxy votes that meet pre-determined criteria for potential restriction and/or recall. We restrict these securities (either 15 business days out from the record date, or as soon as we are notified, whichever comes first) from being loaned before their record date, recalling any loans as necessary. The restriction is lifted one business day after the record date.

---

## 4. PROXY VOTING CONFLICT OF INTEREST PROCEDURES

- Where Russell Investments maintains the voting rights for underlying securities, it appoints a proxy administrator that acts within the guidelines set out in Russell Investments Proxy Voting Policy. Our proxy voting policies and procedures are designed to ensure that those proxy voting decisions; (i) are made in accordance with the best interests of clients; and (ii) enable the Active Ownership Committee to resolve any material conflicts of interest relating to voting and engagement.
- Proxy Voting Guidelines are constructed to be aligned with international good practices and standards, in order to protect shareholders' rights. The Guidelines are applied to all votable proxy items, without exception, for issuers that currently have, or recently had, an existing relationship with Russell Investments, as either a client or vendor. Any votes that are not covered by the Guidelines, or any votes which require case-by-case review, as per the Guidelines.
- For any votes referred to the Active Ownership Committee, potential conflicts of interest are mitigated by (i) the committee structure itself, which requires a quorum for a final vote, and (ii) all votes submitted by committee members requiring a certification attesting that the voting member has no knowledge of any potential conflicts of interest between the client, Russell Investments and its affiliates, as well as no personal material conflicts (such as personal stock ownership).

## 5. PROXY VOTING REPORTING

Russell Investments proxy voting records are publicly available on our website here. We do not publish vote rationales beyond those described in our custom Proxy Voting Guidelines. We also publish an annual Active Ownership Report that summarizes our proxy voting and engagement activity.

## QUESTIONS?

Contact Russell Investments Active Ownership at [activeownership@russellinvestments.com](mailto:activeownership@russellinvestments.com)

Visit [russellinvestments.com/ca/corporate-responsibility/responsible-investing](https://russellinvestments.com/ca/corporate-responsibility/responsible-investing)



## ABOUT RUSSELL INVESTMENTS

Russell Investments is a leading global investment solutions partner providing a wide range of investment capabilities to institutional investors, financial intermediaries, and individual investors around the world. Since 1936, Russell Investments has been building a legacy of continuous innovation to deliver exceptional value to clients, working every day to improve people's financial security. Headquartered in Seattle, Washington, Russell Investments has offices worldwide, including New York, London, Sydney, Tokyo, Toronto and Shanghai.

### IMPORTANT INFORMATION

Nothing contained in this material is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates Management, L.P., with a significant minority stake held by funds managed by Reverence Capital Partners, L.P. Certain of Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell

Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand.

Copyright © 2023. Russell Investments Canada Limited. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

First used: May 2023

CORPCA-00553 [EXP-05-2024]