



# Environmental, Social and Governance Statement



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## Background

This document sets out the Total Risk Management Pty Ltd (TRM) Environmental, Social and Governance (ESG) Statement. TRM is the trustee of the Russell Investments Master Trust and the Russell Investments Pooled Superannuation Trust. TRM's investment manager is Russell Investment Management Limited (RIML). Both TRM and RIML are part of the Russell Investments group of companies in Australia and globally.

### TRM's Purpose and Vision Statement

TRM's purpose is to give members the best chance at a great life after work by improving their financial security through trusteeship of superannuation products.

TRM's vision is to provide a superior super fund that is innovative, personalized and capable of providing bespoke solutions.

TRM invests through a suite of pooled investment vehicles (i.e. managed investment schemes, pooled superannuation trusts and unregistered schemes) managed by RIML on TRM's behalf. TRM recognises that when invested in pooled investment vehicles, the investment manager's investment process will determine how it invests.

As such TRM's investments through its engagement of RIML, mirrors the Russell Investments responsible investing approach and core beliefs. Through Russell Investments responsible investment approach (sub) investment managers are engaged who incorporate ESG factors into their investment processes. TRM recognises that the integration of ESG into the investment process does not necessarily imply the exclusion of particular companies from the investment universe on ethical grounds. However, the integration of ESG requires that the impact of any ESG issues on the value of a company is included in the valuation process and an understanding of the long-term sustainability of the company.

TRM recognises that some investors may wish to take a stronger stance and invest in a manner that either excludes or reduces exposures to particular factors and therefore, provides responsible investment options to RIMT members.

TRM recognises that ESG investing is evolving and as a result, will continue to work with its investment manager to both incorporate responsible investing throughout its investment process and to also offer investment options that meet current demands.

The TRM and RIML approach to responsible investing is described in more detail below:

## Approach

TRM and Russell Investments' responsible investing approach aims to capture the right exposures without jeopardising return.

## Four Core Beliefs

As such Russell Investments has embedded responsible investment practices and ESG beliefs within its investment approach based on four core beliefs.

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## Belief 1

- ESG factors impact security prices. These factors can vary by company, industry, and region and their importance can vary through time.

## Belief 2

- A deep understanding of how ESG factors impact security prices is value-adding to a skillful investment process.

## Belief 3

- Embedding ESG considerations into a firm's culture and processes improves the likelihood of prolonged and successful investing.

## Belief 4

- Active ownership of securities is an effective tool for improving investment outcomes.

### Beliefs 1 and 2

The Russell Investments' manager research includes an assessment of a manager's ESG integration processes. The ESG rank therefore defines Russell Investments' view of how well the manager assesses and incorporates the risk and return impacts of ESG issues.. This helps assess the understanding of how E, S and G impact a firm, and how it will impact the future direction of a security's price.

Note, unless the fund in question has specific exclusions or target exposures a manager with a high ESG rating may still have a material allocation to; for example, firms with fossil fuels, labour issues or governance issues as the rating is about whether the manager understands:

1. how these issues contribute to the future success (or not) of the firm
2. how well the current price reflects these factors
3. how the price is likely to change in the future based on these factors
4. what to monitor over time in managing the position size and sell decision for that security

## Belief 3

Russell Investments assesses an investment firms' organizational dynamics, cultural values and actions. Russell Investments believes that investment teams assessed by our manager research analysts to have strong diversity and inclusion will have more stable team structures and better decision-making outcomes.

Russell Investments themselves believe in embedding ESG considerations into its own culture and processes encouraging diversity and maintaining core values including non-negotiable integrity. Furthermore, Russell Investments through corporate giving, volunteering and the use of sustainable practices in its business and decision-making, works to improve the quality of life of people in our cities and neighborhoods.

Russell Investments also maintains an active role in sustainability and responsible investing through industry memberships with organisations such as the Principles for Responsible Investments (PRI) and the Institutional Investors Group on Climate Change (IIGCC).

## Belief 4

Russell Investments believes that being an active owner is an important component of its investment responsibilities. Through active ownership, one can better understand both the risk factors and potential return associated with ownership of a company. Good stewardship practices are best implemented not only through Proxy Voting activities, but by being an engaged shareholder. Russell Investments' approach to engagement spans a full range of responsible investing issues, with the underlying objective to protect and/or enhance shareholder value.

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Russell Investments engages with the investment managers that sub-advise on its portfolios, works with its proxy vendors and works with other asset owners to obtain multiple opinions on a given shareholder issue, in addition to engaging directly with management teams of companies held in the portfolios.

Russell Investments has a Proxy Committee and Proxy Voting Guideline Subcommittee who meet regularly to help ensure that its Proxy Voting Guidelines are aligned with current best practices regarding voting on ESG issues.

Further information on proxy voting is available here:  
<https://russellinvestments.com/au/disclosures>

Further information on Russell Investments and responsible investing is available here: <https://russellinvestments.com/au/about-us/responsible-investing>

## Exclusions and Divestment

TRM only applies specific exclusions and divestments as outlined in our disclosure documents.

The current<sup>1</sup> exclusions that may apply to equities include the exclusion of investing in companies that:

- produce components that are key and dedicated to the production of anti-personnel mines and/or cluster munitions;
- manufacture tobacco products; or
- are involved, either directly or indirectly, in the production of the core nuclear weapon system, or components/services of the core nuclear weapon system, that are considered tailor-made and essential for the lethal use of the weapon.

The Russell Investments Master Trust also offers two socially responsible investment options:

- Responsible Australian Shares

For the Russell Investments Master Trust current disclosure documentation please refer to:  
<https://russellinvestments.com/au/disclosures/trustee-required-disclosure>

- Responsible Global Shares

## Climate Change Policy

TRM also through its engagement of RIML as an investment manager mirrors the Russell Investments Climate Change Policy as detailed below.

Russell Investments' policy is to research, measure, report and consider climate change risk and opportunities as integral parts of our investing practice, our active ownership and our business operations. Our measures, reported metrics, and consideration of climate risk and opportunities are integrated into our subadvisor research and selection, portfolio management, advice, proxy voting and shareholder engagement and day-to-day business

## Reporting

TRM receives reporting from RIML on its ESG activities including:

- Proxy voting and active ownership;
- Annual ESG workshops; and
- Regular ESG exposure reporting on underlying funds.

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<sup>1</sup> August 2020. Refer to the current disclosure documents for the investment options to which exclusions apply.

## About Russell Investments

Russell Investments is a global asset manager with a unique set of capabilities that we believe is essential to managing your total portfolio and to meeting your desired outcome. At Russell Investments, we stand with you, whether you're an institutional investor, a financial adviser, or an individual guided by an adviser's personalised advice. We believe the best way to reach your desired outcomes is with a multi-asset approach that combines: asset allocation, capital markets insights, factor exposures, manager research and portfolio implementation.

## Important information

Prepared by Total Risk Management Pty Ltd ABN 62 008 644 353, AFSL 238790 (TRM) the trustee of the Russell Investments Master Trust ABN 89 384 753 567 and the Russell Investments Pooled Superannuation Trust ABN 66 730 340 245. TRM's investment manager is Russell Investment Management Limited ABN 53 068 338 974 AFSL 247185 (RIML).

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