



Engagement Policy



POLICY

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June 2017

POLICY OVERVIEW

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 ESG issues, with the underlying objective to protect and/or enhance shareholder value.

Due to our multi-faceted approach to investment management, Russell Investments is uniquely positioned to use multiple levels of corporate engagement. This includes engaging with the sub-advisors we hire in our portfolios, working with our proxy vendors, and working with other asset owners to obtain multiple opinions on a given shareholder issue, in addition to engaging directly with management teams of companies we hold in our portfolios.

ACTIVE OWNERSHIP INTEGRATION

Our objective, through our active ownership activities, is to provide an integrated and inclusive approach by seeking additional information and/or analysis, and communicating concerns/supporting proposals that affect positive change. This belief drives our Engagement process, which taps into the foundation of our investment approach. While we engage on a wide range of proposal types, our approach to engagement can be categorised into three distinct groups: collaborative engagement with and through subadvisors; proxy service provider and market participant engagements; and individual corporate engagements.

□ COLLABORATIVE ENGAGEMENT WITH AND THROUGH SUBADVISORS

The combination of Russell Investments manager research heritage and multi-manager investment approach uniquely positions us to collaboratively engage with other stakeholders. As a result of our traditional multi-manager approach, we are provided the additional opportunity to engage with and through our subadvisor relationships with other investment managers. Combining the information we receive from these engagements with that which we glean from other

information sources allows us a more holistic perspective on ESG topics.

Russell Investments evaluates over 13,000 manager strategies annually, for both our manager research consulting clients, and our internally managed funds. On top of these evaluations, our portfolio management teams communicate with each of our selected sub-advisors numerous times throughout the year. This provides a continuous flow of communication, and an avenue for higher levels of oversight than if we were to limit our engagements to individualised or isolated discussions.

The investment managers that Russell Investments employs in our funds have, in most cases, intimate knowledge of the companies in which they invest. As part of our manager research process we evaluate their respective ESG capabilities. Many of the investment managers we research and employ in our investment solutions use engagement with company management teams and boards as a significant component of their investment process. Through this corporate engagement activity, our investment managers actively pursue change that generates value creation and/or risk mitigation.

Our relationships with these investment managers allow us to engage on a larger scale across a broad scope of

topics – spanning most asset classes and regions around the world. The collaborative engagement approach we use at Russell Investments allows us to exchange information in an inclusive and integrated way.

Russell Investments leverages the high level of knowledge of our investment managers who engage with company management teams to create positive outcomes for our own stakeholders. This level of industry-leading collaborative engagement is a regular and ongoing exercise for our Engagement Team.

□ PROXY SERVICE PROVIDER and MARKET PARTICIPANTS ENGAGEMENT

Russell Investments' focus on active ownership includes the need to gather information on companies from a variety of reputable sources. Through our engagement with our proxy service provider(s) along with market participants, we receive information on, and analysis of, a wide range of topics and companies. This provides us with additional information that leads to a more broad and deep understanding of the drivers of shareholder value and rights. We couple our proactive engagement with these providers with insights provided by our ESG data providers to gather the information we need to better our assessments to affect change where needed.

On an industry level, Russell Investments believes that engaging with other market participants is one of the best ways to protect and enhance shareholder value in the long term. As part of this effort, we sponsor and support numerous initiatives, participating in multiple working groups in pursuit of our beliefs, policies and practices, as well as our clients' ESG-related investment goals. Some of the initiatives and working groups in which Russell Investments participates include being a signatory to the UNPRI, Japanese Stewardship Code, UK Stewardship Code (at a Tier 1 status), and many other entities globally.

These broader engagement activities allow us to understand changes in view points on value drivers, market and industry trends, as well as peer analysis and disclosure expectations – ultimately, bettering our ability to evolve our processes and engagement approach in line with industry standards.

□ CORPORATE ENGAGEMENTS

Russell Investments understands that affecting positive change includes being dynamic in the approach taken to engaging on important investment topics. We will, as a result, directly engage privately with specific companies throughout the year. The individual company engagements we initiate are purposeful and are selected for both the topic at hand, as well as the potential we may have on behalf of our clients.

The engagements themselves are constructive in nature and are geared toward asking questions, rather than providing directions. If we see that a company's governance approach or business practices do not meet our expectations, we share our concerns. Since Russell Investments is a long-term investor, we understand the need for patience and strive to gain confidence from our engagements that improvements are being made. When we do not see progress, that governance practices are

lacking, and/or disclosures are not meeting expectations, we will and do exercise our right to vote against management recommendations on proxy ballots.

ENGAGEMENT WITHIN THE ACTIVE OWNERSHIP PROCESS

Russell Investments believes that an integrated approach to Active Ownership is superior in achieving desired investment outcomes, and therefore being an active owner is an important component of our investment responsibilities. These beliefs are reflected in both our approach taken to engagement, as well as our engagement activities themselves. Our comprehensive and integrated approach allows us to implement these beliefs in the best way to protect and enhance shareholder value on behalf of our clients.

FOR MORE INFORMATION

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