

# Responsibly lowering carbon footprint



How a Victorian University significantly lowered their carbon footprint without negatively impacting the expected investment outcomes.

A new sustainable investment solution case study



May2021

Like other universities in Australia, this Victorian University was experiencing a strong movement by its student body, faculty and staff to consider the effect on the environment. The university was invested in a standard multi asset fund and, to ensure that the University's needs were met, we developed the Russell Investments Low Carbon Global Shares Fund.

This significantly lowered the carbon footprint of the University's global equity exposure without negatively impacting the expected investment outcomes.

## Situation

In 2020, this Victorian University began looking for an investment partner to meet the needs of lowering carbon emission, whilst continuing to maximise returns to support the University's financial stability. The university wanted to ensure that the solution was aligned to their Responsible Investing principles. These principles were important as they guide investment managers to ensure that their portfolio minimises activities that have material impact on climate change, including involvement in fossil fuels, while screening for issues relating to public health and wellbeing. The university also needed the portfolio to align to globally accepted norms on corporate sustainability behaviours to ensure they meet their commitments to the UN Global Compact.

## Solution

The University worked alongside Russell Investments to launch a new sustainable investment solution - the Russell Investments Sustainable Global Shares ex Fossil Fuels Fund (the Fund). The Fund goes beyond carbon reduction and seeks a fossil fuel free exposure, excluding companies with fossil fuel reserves and companies which derive 10% or more of their revenue from fossil fuel related activities.

In January 2021 the University's philanthropic funds were invested in two responsible investment products:

### **Russell Investments Sustainable Global Shares ex Fossil Fuels Fund**

A fund that invests in a broad range of global shares, with a 60% reduced exposure to carbon emissions compared to the MSCI ACWI ex Australia Index. Designed with Russell Investments' robust decarbonisation strategy, the Fund uses a combination of carbon footprint, fossil fuel reserves, a proprietary green energy

---

ratio and environmental, social and governance (ESG) scoring to determine the companies and their weighting within the Fund. The Fund excludes companies with fossil fuel reserves, as well as companies with a significant involvement with fossil fuels. In addition to the decarbonisation strategy, other controversial industries are excluded including tobacco, cluster munitions, anti-personnel mines and nuclear weapons. The Fund's portfolio is positively tilted towards companies with higher than average material ESG scores and will continue to evolve over time to reflect best practice in sustainable investing.

### **Russell Investments Australian Responsible Investment ETF**

A fund that invests in Australian shares and trusts listed on the ASX that also excludes companies with fossil fuel reserves. The fund is weighted towards companies that demonstrate positive ESG characteristics after negatively screening for companies that have significant involvement in a range of activities including tobacco, gambling and controversial weapons.

## **Beliefs drive our policy and practice**

### **Our four beliefs**

We incorporate responsible investing in our investment manager evaluation process, our portfolio management, our advisory services, and through implementing proprietary solutions as desired by clients.



**We believe that transparency and investing responsibly can help deliver attractive investment returns and meet client objectives in the long-term.**

## **The outcome**

This investment strategy and implementation helped the university achieve their commitment to ensuring that the portfolio minimises activities that have a material impact on climate change, including involvement in fossil fuels in line with the University's Responsible Investment Principles.

It met the sustainability expectations of the University and their community of students and staff. The University strives to be a global leader in climate action through practical steps and innovative partnerships and through this fund enabled a strong transition to a low carbon future.

---

*“It is really pleasing that we have been able to work closely with a leading ESG solutions provider to meet the sustainability expectations of the University and our community of students and staff.”*

## For more information

Contact Russell Investments on **(02) 9229 5111**

or visit [www.russellinvestments.com.au](http://www.russellinvestments.com.au)

## Important information

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information only and has not prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. This information has been compiled from sources considered to be reliable but is not guaranteed. Russell Investments or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent. RIM is part of Russell Investments.

Copyright © 2021 Russell Investments. 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. AUSF2-01340-2020-05-28