UK Stewardship Code

2020 Report

russellinvestments.com

Contents

A Message from our Executives

Dear Clients,

At Russell Investments, we are committed to exceptional standards of corporate responsibility and responsible investing. We ensure that everything we do benefits our stakeholders: from clients, employees and shareholders to the economy, environment and our wider communities.

We champion an integrated approach to responsible investing. This means that we believe that it is vital for asset owners to understand the impact of environmental, social and governance (ESG) characteristics on security prices and markets when building an investment portfolio. As a multi-asset manager, our manager research capabilities enable us to discharge our stewardship responsibilities in a unique fashion through our rigorous oversight and monitoring of sub-advisers. Our measures, reported metrics and consideration of climate risk and opportunities are integrated into our sub-adviser research and selection, portfolio management, advice, proxy voting and shareholder engagement and day-to-day business.

We aim to improve the long-term investment outcomes of assets through active ownership, focusing intensely on four core principles: transparency, accountability, independence and long-term value. Our proxy voting and engagement policies and procedures have been centred on adding value to our portfolios for decades. As a signatory to the Principles for Responsible Investing (PRI) since 2009, we place specific importance on conducting an active ownership programme that is integrated with our investment approach and incorporates ESG goals. We regularly collaborate with our engagement partners Sustainalytics and Climate Action 100+. Furthermore, we have been active signatories or members of multiple trade organisations dedicated to promoting responsibility through investing. These include Task Force on Climate-Related Financial Disclosures, Institutional Investors Group on Climate Change, Carbon Disclosure Project and the Investment Association.

Russell Investments' people and values are the foundation of our company and the reason for our long-term success. Through corporate giving, volunteering and our use of sustainable business practices and decision-making, we work to improve the quality of life for people in our cities and neighbourhoods. We are committed to being good stewards and following best practices. Moreover, we continue to evolve our practice to tighten our focus on shareholder outcomes and to advance ESG goals, which are, in turn, tied to our corporate values.

This report measures our progress against the UK Stewardship Code 2020 ("the Code"), demonstrating our commitment to our clients, the PRI, and regional stewardship codes.

Sincerely,

Michelle Seitz

Chairman and CEO, Russell Investments

Pete Gunning

Chief Investment Officer, Russell Investments

Joe Linhares

CEO Russell Investments Limited (RIL – UK entity)
and Head of EMEA

Richard Webb

CEO Russell Investments Implementation Services Limited
(RIISL – UK entity)

Principle 1

Principle 1:

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable beliefs for the economy, the environment and society.

CONTEXT

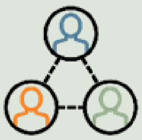
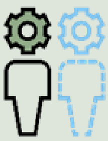
Founded in 1936 and today headquartered in Seattle with operations in the EMEA, North America and Asia-Pacific regions, Russell Investments is a global investment firm that provides investment management, advisory and implementation (execution) services, with 1,330 associates supporting the delivery of clients' outcomes through their combined areas of expertise and with a global AUM of £237 bn, as at 31 December 2020. Our business is built on the partnerships we develop with our clients, helping them achieve their objectives.

Since 1980, our primary business has been serving institutional and retail clients around the world, predominantly through outsourced solutions. We work with clients of all sizes, from smaller organisations to large governmental entities desiring bespoke solutions and our business plans call for continued focus, investment growth and innovation in this area.

Our values

Russell Investments' focus is on solving our clients' needs through multi-strategy outcome-oriented solutions, embedding efficient risk management techniques. This focus is built on the complementary mix of our five core competencies – manager research, capital markets research, portfolio construction, portfolio implementation and factor exposures.

Russell Investments' people and values are the foundation of our company and the reason for our long-term success. Our corporate values and principles are based on the following four themes:

	**We behave with non-negotiable integrity.**
	**We value our people and are dedicated to fostering a meritocracy. Our pillars are inclusivity, humanity, fairness, hard work, creativity, teamwork, fun and humility.**
	**We play to win by exceeding client expectations and executing with a sense of urgency and purpose.**
	**We are passionate investors who embrace intellectual curiosity and rigour.**

Full details of our corporate values can be found here. We also have an extensive internal programme that promotes diversity and inclusion, corporate giving, volunteering and sustainable work practices. We believe that the effective management of diverse ideas and perspectives brings richness to our culture and increases our ability to provide innovative solutions to our clients, while adding value to our shareholders and community.

Every day, we seek to improve financial security for people. Our very purpose is to be effective stewards of assets so that we create long term value for clients and their beneficiaries leading to a sustainable environment and society, always with an eye on oversight and accountability. We provide a detailed description of the governance processes that are currently in place to deliver on this purpose as part of Principle 2.

Investment philosophy

Every investment solution we construct and investment decision we make is informed by an investment philosophy that inspires us to focus on long-term investment outcomes for our clients using the broadest and most powerful investment toolkit available. Our explicit focus is on long-term investing success. The key tenets of our philosophy are:

1. Outcome-orientated investing
2. Open architecture
3. Investment discipline
4. Effective risk management
5. Dynamic portfolio management
6. Specialisation leads to investment decisions at the point of greatest insight
7. Independent review and control supports a strong investment process

Responsible investing

Building on these tenets are multiple investment beliefs that guide our day to day practice, including our responsible investing beliefs that guide our integration of environment, social and governance (ESG) factors into our practice:

1. ESG factors impact security prices. These factors can vary by company, industry, and region and their importance can vary through time.
2. A deep understanding of how ESG factors impact security prices is value-adding to a skilful investment process.
3. Embedding ESG considerations into the firm’s culture and processes improves the likelihood of prolonged and successful investing.
4. Active ownership of securities is an effective tool for improving investment outcomes.

We have formal policies related to responsible investing, climate and sustainability risks:

Responsible Investing

Russell Investments’ policy is to incorporate responsible investing into our investment manager evaluation process, our portfolio management, our advisory services and through implementing proprietary solutions as desired by clients.

Climate Risk

Russell Investments' policy is to research, measure, report and consider climate change risks 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 sub-adviser research and selection, portfolio management, advice, proxy voting and shareholder engagement and day-to-day business.

Sustainability Risk

Russell Investments’ policy is to integrate sustainability risks in our investment solutions by identifying, evaluating and managing relevant risks in our investment manager review process, portfolio management and through implementing proprietary solutions. We believe that sustainability risks are most relevant to investment outcomes when they exhibit financial materiality and like all investment risks, are incorporated by balancing expected risk with expected reward. In managing investment solutions, we consider financially-material sustainability risks in the context of expected rewards using a blend of inputs from sources including, but not limited to, investment managers, third-party data sources and Russell Investments proprietary analysis. Furthermore, we incorporate bespoke sustainability risks based on clients’ requirements for customised mandates. Additionally, we seek to collaborate with our advisory clients to consider, monitor and manage sustainability risk priorities in their portfolios.

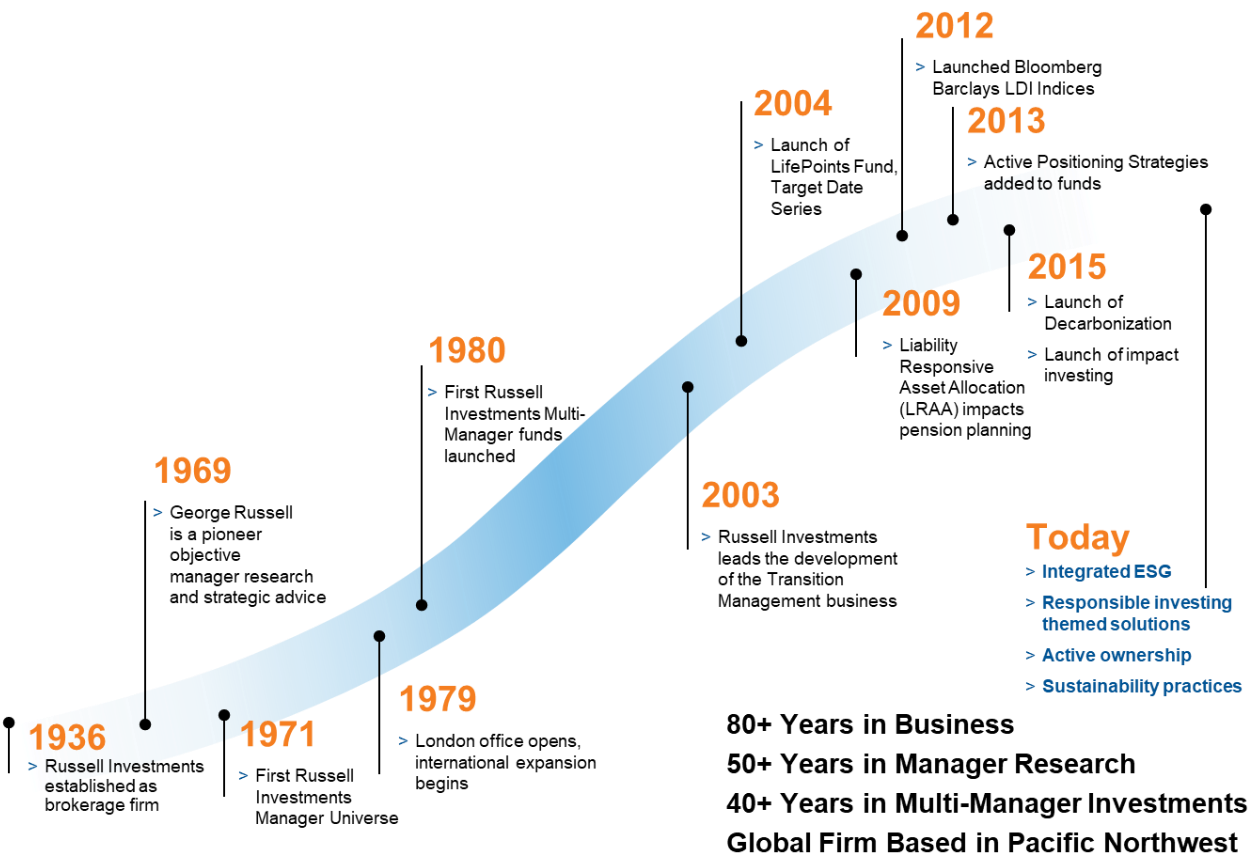
Our tenets and beliefs drive our policies, our investment practices and ultimately reflect how we act as responsible stewards of assets to create long term value for our clients and beneficiaries.

Various checks and balances are in place to ensure that we manage any conflict of interest effectively, as described in our response to Principle 3. We are constantly reviewing our policies to ensure they develop in accordance with market best practice as described in our response to Principle 5.

ACTIVITY

Russell Investments' practice is ever evolving and adapting our business to the needs of our clients, with a focus on delivering superior investment outcomes. Innovation has been at the heart of our practice.

Exhibit 1: Russell Investments' innovation history



Source: Russell Investments, for illustrative purposes only.

Our current practice has been developed over decades, where we have conducted qualitative and quantitative research to tease out information from active strategies and markets, tested new ideas, revisited established practices with updated data and methodologies and carefully developed implementation solutions. Our rigorous approach to innovation supports our values, reinforces and builds on our investment tenets, and has fostered our responsible investing practice. We continually measure, evaluate, articulate and improve our investment practice to achieve clients' objectives and improve industry practices. As well, our rigorous approach to innovation supports the evolution of our business to foster long-term value for our clients and sustainable investment outcomes.

Throughout this document, we have drawn out how our policies, procedures and governance structure ensure that our beliefs, strategy and culture enable effective stewardship.

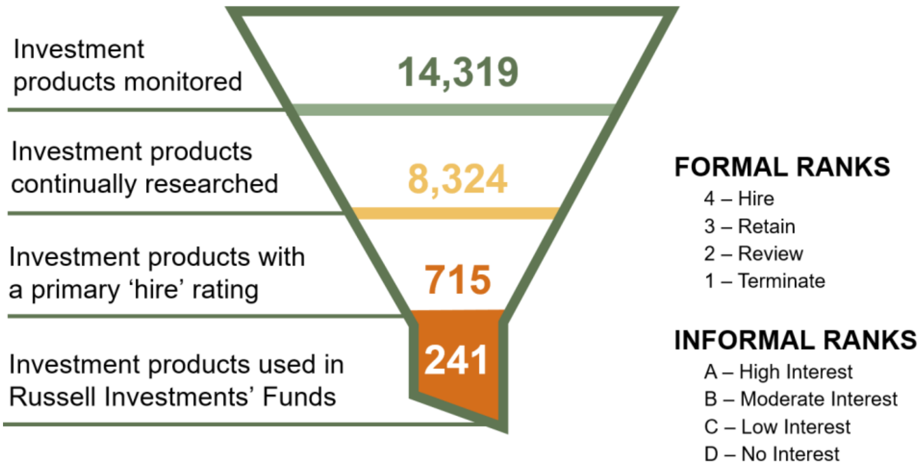
OUTCOME

Our meticulous attention to governance as a foundation of our practice has resulted in an integrated process with a continuous flow of information and decision-making supported by governance structures. The outcome of this attention has resulted in an efficient, leverageable analytics platform with centralised delivery of information, multiple inputs into investment decision-making that are both quantitative and qualitative and the development of a robust responsible investing practice. Below, we provide examples of how our purpose and investment beliefs have guided enhancements to our practices.

Case study: World-class manager research

Russell Investments' hallmark capability is its best-in-class manager research function. These manager research capabilities are a fundamental feature of Russell Investments' business enterprise and represent a competitive advantage to our firm. Our goal is simple - identify and select optimal investment managers for our portfolios. The outcome of this capability is that our "hire list" is a fraction of the universe of potential actively managed products.

Exhibit 2: Proactive and continuous manager research



Data as of 31 December 2020. Note: Research numbers include Alternative products. However, the numbers for all four levels of the manager research funnel (shown above) do not include closed-end private markets funds or products.

Our investment manager research and analysis, both qualitative and quantitative, is designed to find those managers that are expected to outperform over the long term. This method includes adherence to the Stewardship Code, where we believe it will have a material impact on the investment outcome for our clients. Our process and methodology are distinguished by the following elements:

- Depth and breadth of coverage. Our efforts span the globe as we monitor and evaluate manager products.
- A deep and experienced team of dedicated manager research analysts.
- A manager evaluation and ranking system that supports the achievement of value-added results for our clients, as well as best-in-class manager selection for our own investment portfolios.

A strong culture of independence and objectivity is affirmed by the fact that Russell Investments has no financial interest in any external investment manager. Furthermore, we do not charge, nor will we accept, compensation from any investment manager to be included in our manager research, database, or consulting recommendations.

In Principle 2, we demonstrate that the results of this practice are a long history of our hire list exhibiting above market returns. In addition to identifying high-performing active asset managers, Russell Investments has delivered dozens of trading strategies to our clients for decades.

To maintain strong client relationships, many lasting for decades, that have resulted from our investment and trading practices, we typically meet with our clients on at least a quarterly basis. This regular contact offers us the opportunity to provide frequent and direct reporting on the management of the assets that are under our stewardship directly with the respective stakeholders. This two-way dialogue allows for any issues to be raised and a solution identified.

Whilst we have a strong track record of innovation, evolution and actively improving the investment industry, we do not rest on our laurels. As noted above, we continually review, assess and update our practice.

In recent years, our purpose and beliefs have pushed us to consider responsible investing as a fundamental component of our business. The outcomes of integrating responsible investing at Russell Investments have been:

1. > 25% of our assets under management with some ESG-related feature
2. >99% of hire ranked products with ESG featured in our assessments
3. Regular expansions of our beliefs, policies and practices to achieve integration goals
4. More than a dozen full time equivalent associates across the organisation dedicated to responsible investing.

Case study: Enhanced data integration

We consistently evolve our infrastructure as an organisation, with an eye toward consistency, efficiency, accuracy, and completeness - with effective governance as our goal. Our portfolio managers, researchers and risk analysts increasingly draw from a common platform of data, analytics, and reporting. This platform development is overseen by a cross-functional Data Review Board to foster transparency, accuracy, and consistency. Analytics, risk, trading, and portfolio construction models are overseen by the Investment Model Review Board, where we ensure documentation, robust analysis, and strong processes.

When evaluating our investment professionals, we rely on consistent, transparent and holistic practices. We combine multiple performance indicators with different historical periods and points of comparison to develop performance metrics, then couple those metrics with qualitative views to align our investment professionals with investor outcomes. Moreover, such consistency and transparency are a direct outcome of our work evaluating asset managers for decades.

Our attention to alignment, oversight and consistent practices is a fundamental pillar of how Russell Investments has built its business.

Case study: Climate change

Climate change is one of the defining challenges of this generation. It is not just an environmental concern, but also an economic one. Climate change is changing how businesses operate, governments regulate and how individuals consume. The climate may worsen more than expected, or market participants may react differently than hypothesised. These diverging scenarios are examples of climate risk and have the potential to shock investment performance.

In 2020, we established our Climate Action Policy and a climate change risk research initiative. These initiatives were established to guide our practices and to build a deep understanding of the risks and opportunities of climate change, so that our clients and beneficiaries can be better informed. Additionally, we enhanced our client reporting to incorporate key climate risk measures.

Case study: Diversity and inclusion

Russell Investments has focused research efforts on newly developing money managers. These managers include minority and female-owned firms. In 2016, we began considering Diversity & Inclusion as factors in our manager research ranking process. We believe that diversity within teams and organisations provides meaningful benefits. Studies suggest that diverse organisations produce stronger return and profit metrics. Our analysis goes beyond a statistical measure of the diversity of a decision-making team. We may see on paper that a team includes people with diverse backgrounds across factors such as education, ethnicity, experience and gender, but determining whether diverse views are used effectively to arrive at better decisions requires detailed assessment, which our manager research process is set up to provide.

Our overall aim is to research and identify the best investment management firms, irrespective of their size or origin. Furthermore, we aim to have a deep and diverse range of products on our recommended list to offer clients a choice of products that will meet their needs.

Principle 2

Principle 2:

Signatories' governance, resources and incentives support stewardship.

ACTIVITY

Russell Investments has a robust governance structure with a number of committees reporting into the Boards of Directors and the Executive Committee. Below we provide details of both the global and EMEA governance structures that are currently in place.

Exhibit 3: Global governance committees

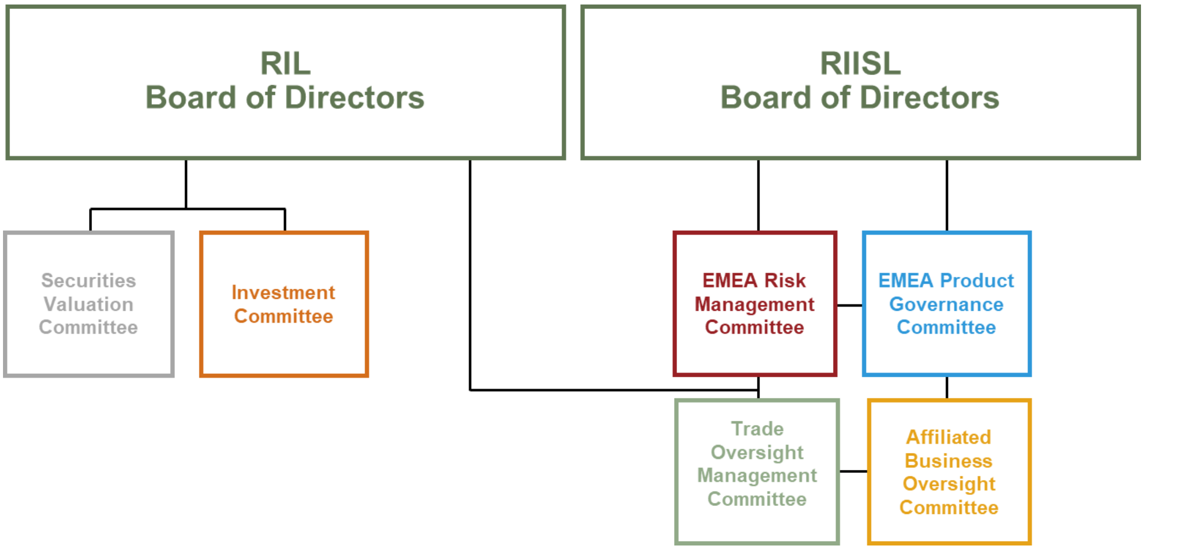
Source: Russell Investments, for illustrative purposes only.

The Global Risk Management Committee (GRMC) and Audit and Risk Committee are the two main groups responsible for the firm's internal control structure. The GRMC oversees Russell Investments' risk management programme and reports regularly to the Audit and Risk Committee. Together, they work to establish our overall risk vision, risk management framework and risk management objectives. The GRMC comprises senior officers who meet quarterly to review and evaluate material risks inherent in our business lines. The Audit and Risk team conducts structured reviews of key processes and risks, including detailed testing of mitigating controls. These audits are designed to assess if systems and procedures function as designed and help ensure:

- Risks are appropriately identified and managed;
- Quality and continuous improvement are fostered in the organisation's control process; significant financial, managerial and operating information is prepared accurately and reliably;
- Resources are adequately protected.

Along with our audit and risk teams, our sub-advisor oversight teams also ensure our subadvisor's goals and practices are aligned with Russell Investments.

Exhibit 4: EMEA governance structure



Source: Russell Investments, for illustrative purposes only.

Russell Investments Limited (RIL) is responsible for overseeing all discretionary principle investment management to third party funds and to institutional segregated accounts. Russell Investments Implementation Services Limited (RIISL) on the other hand is responsible for overseeing discretionary management services for institutional clients including transition management services, rebalancing and equitisation. A high-level overview of each of the committees providing reporting to the board of directors is provided below.

Securities valuation committee

Note: Reports in to the RIL board of directors

Responsible for producing fair price and/or valuation for fund units and protecting clients by establishing and following consistent process to ensure prices are calculated fairly and regularly.

Investment committee

Note: Reports in to RIL board of directors

Reviews and evaluates all issues related to investment risk with respect to funds and segregated accounts, including appointment and termination of money managers and compliance with relevant investment policies and objectives.

Trade oversight management committee

Note: Provides reporting to the RIISL board of directors and Investment Committee of RIL

Provides oversight of the activities of the trading groups within Russell Investments. Its primary focus includes:

- review of trade execution quality data to ensure service standards are met
- review and assess correspondent relationships for Russell Investments’ trading groups
- review and assess industry matters within its scope of responsibility
- review trading outcomes to validate policies and ensure standards are met

Affiliated business oversight committee

Note: Provides reporting to the RIISL board of directors and Investment Committee of RIL

Responsible for overseeing Russell Investments' selection and usage of entities for investment advisory, brokerage or other services. Its primary focus includes:

- Reviewing the selection, implementation and oversight of services provided to Russell Investments and ensuring it is consistent with applicable law and regulatory requirements, applicable investment objectives and restrictions.
- Reviewing the performance and terms (including pricing) of the services provided by Russell Investments affiliates and ensuring they are comparable or superior, on average over reasonable periods, to services that could reasonably be received from non-affiliates.
- Reviewing and establishing commission rates charged to Russell Investments by its affiliates where applicable.

EMEA risk management committee

Note: Provides reporting to the RIL and RIISL board of directors

Reviews and evaluates operational risks and provides guidance to the business units on identifying, assessing, monitoring, and mitigating operational risk.

EMEA product governance committee

Note: Reports in to the RIL and RIISL board of directors

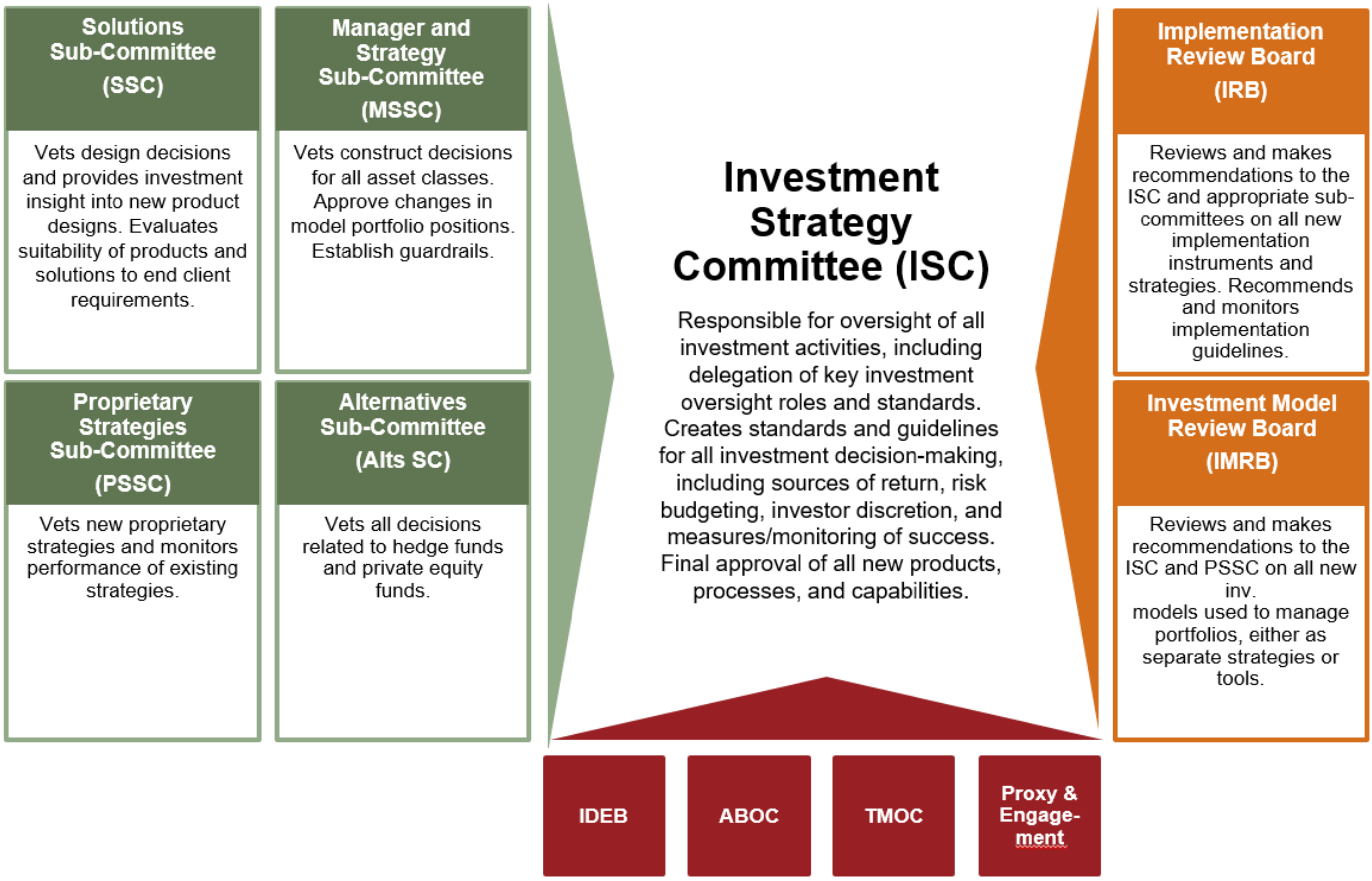
Responsible for various product development and management including

- Sets strategy for the development, management and distribution of products and investment Services in the EMEA region.
- Sets and implements the minimum standards & processes for
    - the governance of new Products and Investment Services; and/or
    - significant adaptations of existing mandates
- Acts as the governance body responsible for establishing and implementing an adequate product control framework for the business.
- Reviews the requirements of the PROD sourcebook.
- Considers the onboarding of new intermediaries, capturing existing intermediary renewals and the intermediary tiering status

Investment governance

Russell Investments has built the investment process over five decades to ensure effective execution of the investment management process. The investment division is organised to design, construct and manage portfolios specific to client needs. The investment division is governed by the Investment Strategy Committee (ISC). The ISC is authorised by the Executive Committee and has the responsibility for the oversight of investment-related activities at Russell Investments, as well as reviewing investment performance and establishing investment policy and strategy. Its members comprise the Global Chief Investment Officer, who serves as the Chairperson, and senior investment division and risk professionals. The ISC delegates to numerous sub-committees to review and recommend proposals to create new investment products, new fund launches and hire/terminate investment managers.[1]

Exhibit 5: Investment strategy committee



Source: Russell Investments, for illustrative purposes only.

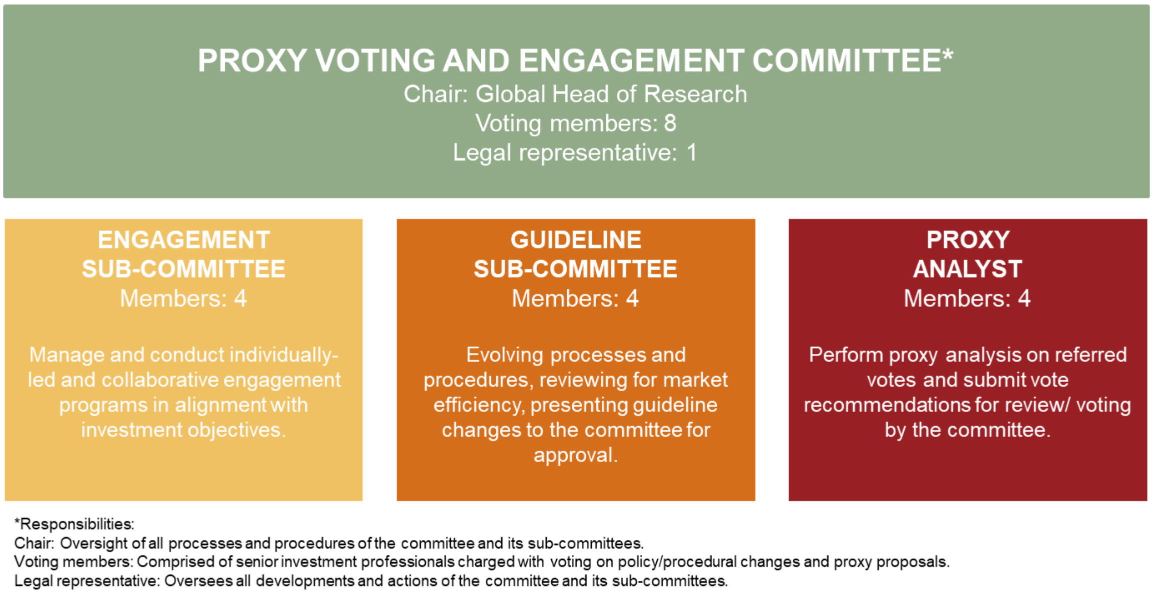
The groups reporting to the ISC have written charters outlining their oversight obligations, as well as many groups having annual objectives. Our governance process features performance measurement with much attention given to metrics that reflect the outcomes our clients seek and the assignment of accountability. We review these metrics and outcomes with the accountable parties on a regular cycle and continually revisit mandates, objectives and performance metrics for their alignment with the mission of each group. Each group has documentation practices outlined in the charter to record approvals, decisions, and oversight activities.

[1] SCOC = Soft Commissions Oversight Committee and has been combined with ABOC, IDEB = Investment Division Editorial Board, ABOC = Affiliated Business Oversight Committee, TMOC = Trade Management Oversight Committee. We have recently added the Global Securities Lending Working Group (GSLWG).

Active ownership governance

We have a dedicated proxy voting and engagement team as detailed by our comprehensive active ownership structure in the next page.

Exhibit 6: Proxy voting and engagement committee structure



Source: Russell Investments, for illustrative purposes only.

The Proxy Voting and Engagement Committee establishes and oversees our proxy voting policies, procedures, guidelines and voting decisions, whilst continuing to adapt our processes to meet evolving client needs and expectations. The 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 Committee, our Guideline Sub-Committee meets regularly to review and propose adjustments that ensure our guidelines are aligned with current best practices and our Engagement Sub-Committee directs and monitors our engagements with public companies, our sub-advisers and other market participants. This organisational structure and the diverse set of participating investment professionals keeps our active ownership function centred within our investment process. We do not segregate the work to a specialist team; Russell Investments retains a firm, fiduciary hand on all of our active ownership activities.

Responsible investing governance

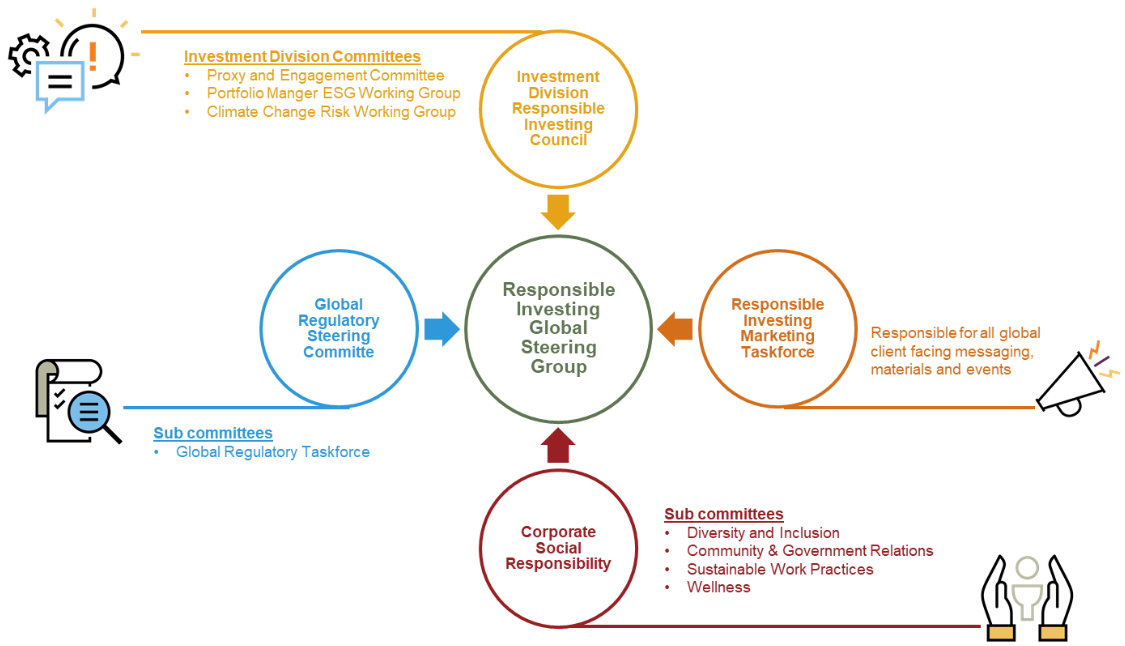
We favour an integrated approach to responsible investing and have several ESG experts embedded throughout our organisation. The Global Responsible Investing Steering Group (as detailed in the diagram below) consists of representatives from various business units such as, solutions, client-facing, marketing, the investment division and compliance and legal. The purpose of this group is to facilitate and maintain the ability of Russell Investments to provide a world-class and harmonised approach to responsible investing solutions and sustainability, with a clear focus on creating investment value. This global group has two executive-level sponsors, the Global Chief Investment Officer and Head of EMEA. This group is chaired by the Head of Responsible Investing.

Exhibit 7: Responsible investing global steering group

Source: Russell Investments, for illustrative purposes only.

In addition to the steering group, we have multiple responsible investing related working groups tasked with specific delivery of research (including climate related), strategy development and compliance to the fast-changing regulatory landscape, as detailed in the following exhibit.

Exhibit 8: Responsible investing working groups



Source: Russell Investments, for illustrative purposes only.

The Investment Division Responsible Investing Council, which reports to the ISC, guides the Investment Division's initiatives related to responsible investing. This group consists of key members from our research and portfolio management teams and has been formed to advance excellence, collaboration and consistency in Russell Investments' responsible investing practice.

Resourcing

Our Investment Division - which houses most of our investment professionals - is responsible for investment research and the construction of investment strategies. The Investment Division is organised around three core strengths: portfolio management, research and implementation services. The Investment Research team consists of the following members:

- **Manager Research Analysts** – Specialists responsible for gaining a thorough understanding of the universe of investable managers, products and making recommendations which they believe offer our clients the best opportunities.
- **Portfolio Managers** – Professionals tasked with the strategic asset allocation, manager and strategy selection and daily portfolio monitoring for Russell Investments' strategies.
- **Portfolio Analysts** – These professionals work closely with our portfolio managers and provide them with the necessary analytical tools and research reports to aid their decision-making.
- **Implementation Portfolio Managers** – These specialists execute the investment decisions of the portfolio managers, ensuring the timeliness and efficiency of any changes.
- **Research and Development** – This team is responsible for research of the capital markets, creation of forecasts and investment strategies that identify and capture key sources of return. Additionally, the team will enable the development of supporting technologies and tools to effectively deliver our investment insights to clients. This team has the quantitative capabilities to apply the tools of data science and advanced computing to a wide range of investment challenges.
- **Asset Allocation & Investment Solutions** – Members of this group lead our efforts in asset allocation issues, including all forecasting and modelling. They also participate in research on investment or institutional issues, such as reviewing and understanding the implications of pending legislation, the role of potential new asset classes, portable alpha and overlay strategies and evaluation of less traditional asset classes.

The collective efforts of these six functions help to create and maintain a solution that is not only customised to help pursue our client's return objectives, but also reflects our best thinking in terms of manager research and projected market behaviour.

Exhibit 9: Total number of investment professionals

	TOTAL NUMBER OF INVESTMENT PROFESSIONALS	NUMBER OF INVESTMENT PROFESSIONALS WITH CFAS	NUMBER OF INVESTMENT PROFESSIONALS WITH PHDS	AVERAGE RUSSELL INVESTMENTS YEARS' TENURE	AVERAGE INDUSTRY YEARS' EXPERIENCE
Total Investment Division	231	89	12	13.5	19.7

Source: Russell Investments, data as at 31 December 2020.

Associates are encouraged to pursue educational opportunities in an effort to develop skills and meet their career goals. Russell Investments' associate development programme holds managers accountable for working with their direct reports to create an associate development plan with the goal of growing existing and developing new skill sets. Furthermore, we encourage participation in continuing education opportunities, such as the CFA programme, to enhance knowledge through job-related areas of study or pursuing licenses and professional designations applicable to their positions. To further encourage associates, Russell Investments offers a generous tuition reimbursement programme for qualified programmes and areas of study.

In addition, Russell Investments' client-facing teams have continual access to regular training on capital markets, investment strategy, asset class behaviour and portfolio management innovations.

Alignment of incentives

Russell Investments' compensation structure is designed to align the interests of our associates with those of our clients. We motivate our associates by offering a competitive base salary, as well as a discretionary cash bonus related to the overall profitability of the firm, the success of the team in which the member of staff is employed and the efforts of the individual to achieve pre-agreed targets.

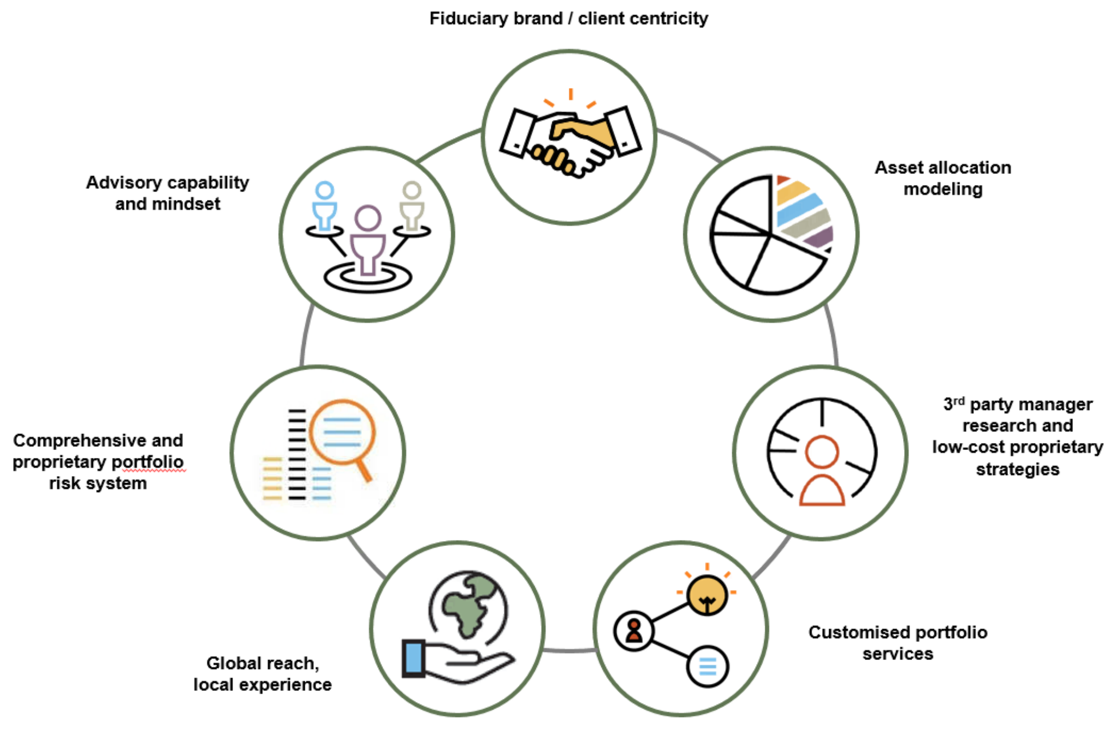
For our portfolio managers and analysts, bonuses and incentives take into account the performance of the funds and investment strategies they are involved in delivering in the relevant asset classes, as well as the professional's contribution to the team.

Portfolio managers have ultimate responsibility for the performance of the funds under their management, which is a significant component of the client experience. Thus, their bonuses are directly linked to the performance of the funds under their management. They are appraised primarily through the performance of the funds on a one-year and three-year basis, against the relevant benchmark and peers.

OUTCOME

We provide our clients with a robust investment service offering based on the integration of multiple core competencies. With this model, we are a trusted partner known for clear research-based, client-driven objectives, accountability and alignment.

Exhibit 10: Our model overview



Source: Russell Investments, for illustrative purposes only.

We are continually measuring, assessing, articulating and improving our investment process. Details of how we review our governance structures, policies and assess the effectiveness of our activities are detailed under our reporting of Principle 5. We also conduct an annual client satisfaction survey to ensure that we are exceeding our clients' expectations. The results of the 2020 client survey are detailed in the exhibit below.

Exhibit 11: 2020 client survey results

CRITERIA	FIDUCIARY MANAGEMENT	
	Score (1 to 5)	Quartile
Perception of general performance	4.7	1st
Mutual relationship and communication	4.9	1st
Governance and alignment of interests	4.9	1st
Innovation and thought leadership	4.8	1st
TOTAL	4.8	1st

Avida peer group database consists of more than 250 AICRM respondents.

Source: Avida International. Data as at 31 January 2021*

Avida International has been asked to assess client satisfaction using the Avida International Institutional Client Retention Monitor ('AICRM') for a sample of 26 Russell Investments clients in Northern Europe and UK. With each of the clients Avida has conducted interviews followed by a brief electronic survey, which has been agreed with Russell beforehand. The approach enables Russell Investments to monitor the effectiveness of their client relationships and pro-actively anticipate changing client needs.

Principle 3

Principle 3:

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

CONTEXT

Russell Investments maintains a governance framework that is designed to ensure a coordinated and consistent approach to the management of conflicts of interests across all regions in which it operates. Behaving with non-negotiable integrity is at the heart of Russell Investments' values. Russell Investments' culture, supported by its Global Code of Conduct, recognises the fiduciary duties we owe to our clients and promotes the ethos of ensuring client interests are put ahead of the firm's interests and the personal interests of its associates.

ACTIVITY

Russell Investments' worldwide policy applies to all associates and each of its subsidiaries anywhere in the world in connection with any activity related to Russell Investments or its business. A number of global and regional committees have been established and play a key role in helping to ensure that the management of conflicts is embedded in business processes.

In EMEA, a Conflict of Interest Working Group has been established to assist in the management of potential conflicts. Members of the Conflict of Interest Working Group comprise of associates from business line management and support functions such as legal, compliance, risk and operations. The Conflict of Interest Working Group considers and discusses all potential and actual conflicts of interest arising in relation to Russell Investments' business activities and assesses the management of those conflicts of interest. If the management of a conflict of interest is not possible, with reasonable confidence that the risk of damage to a client's interests will be prevented, the Conflicts of Interest Working Group will discuss the client disclosures that will be necessary as a result.

At Russell Investments, we have a Conflicts of Interest Policy in place. Other policies which supplement this policy and assist in the management of potential or actual conflicts of interest include:

- **Global Code of Conduct**
- **Global Remuneration Policy**
- **Global Anti-Bribery Policy**
- **Gifts and Entertainment policy**
- **Personal Account Dealing Policy**
- **Inducements Policy**
- **Best Execution Policy**
- **Market Abuse Policy, and**
- **Treating Customers Fairly Policy**

Russell Investments has specific conflicts of interest policies regarding activities surrounding our proxy and engagement and investment management. The following paragraphs outline the procedures of these units.

Proxy and engagement

Our proxy initiatives provide an illustrative example of how our governance structure is implemented and disclosed in practice. Proxy Voting Policies and Procedures are reviewed at least annually. These policies were designed to ensure that those proxy voting decisions are made in accordance with the best interests of clients. To that end, we have established a Proxy Voting and Engagement Committee (as detailed in Principle 2), which serves in a general oversight capacity. These policies are designed to enable the Committee to resolve any material conflicts of interest between clients and Russell Investments or its affiliates. In these circumstances, we take additional steps by proactively engaging as well as obtaining supplemental information prior to lodging our votes.

When voting on proposals, our Proxy Voting Committee members state the following to show their intent: "In voting with respect to this matter, I am not aware of and have no knowledge of any material conflict of interest between the client on whose behalf the vote is being cast, on the one hand, and me personally, Russell Investments or Russell Investments' affiliates, on the other with respect to the matter being voted on". Our proxy documents are available here.

Oversight and monitoring of external managers

In addition to our proxy and engagement activities with the companies held in our portfolios, through our manager research process, Russell Investments is able to perform due diligence on the external asset managers we hire to ensure those asset managers are aligned with respect to the stewardship of client assets. This is described further under Principle 8. Our analysts seek to identify superior investment manager talent through a proprietary research process based on objective analysis. We behave with non-negotiable integrity and aspire to a higher set of values than required by law.

All employees of Russell Investments are required to follow our Global Code of Conduct – developed to support our value statements, protect the interests of our clients and reinforce our reputation of non-negotiable integrity by avoiding even the appearance of impropriety in the conduct of our business. Supplemental to the policies, all research documentation is subject to a second analysis process where another analyst checks the documents for errors or omissions before publishing.

Research "sounding board" meetings are held before a hire rank can be applied to any product. At these meetings, a group of peers rigorously scrutinise the case for recommending the manager. Products that go to sounding boards require additional documentation and analysis to make sure that the most thorough research has been undertaken before a product is formally recommended to our consulting clients and for use in our funds. Information and research obtained for our research analysts is retained in an exclusive database to ensure the manager research process is not exposed to our direct investing teams. Separate from our research teams, our Operational Due Diligence team provides an additional layer of coverage to ensure alignment between our sub-advisers and Russell Investments; this analysis is done prior to funding as well as on an ongoing basis after implementation. Our associates researching investment opportunities perform due diligence to verify that both the opportunity's business structure and investment merits are sound. Any conflicts of interest uncovered are discussed to determine whether the opportunity merits further attention. In the event that we discover inefficiencies, our teams will bring them to the attention of our sub-adviser, or potential sub-adviser, as well as advise them on how these issues should be fixed.

OUTCOME

The Board of each Russell Investments EMEA Group Company is ultimately responsible for overseeing the implementation of arrangements to ensure that Russell Investments is compliant with the regulatory and legal requirements pertaining to conflicts of interest. Such oversight includes:

- ensuring that the Russell Investments EMEA Conflicts of Interest Policy is regularly reviewed and approved.
- regular review of the conflicts of interest maps on which the specific conflicts of interest affecting each Russell Investments EMEA Group Company are recorded.
- responsibility for reviewing new conflicts of interest that may arise from time to time, as well as reviewing any disclosures of conflicts of interest to clients, where Russell Investments cannot be managed with reasonable confidence that risk of damage to the interests of the client will be prevented.

Case study: Conflicts of interest

In 2020, the Conflicts of Interest Working Group considered whether the launch of new funds or new business initiatives required the inclusion of new conflicts within its conflicts maps. In each case, the Working Group concluded that the existing framework supported the effective management of conflicts.

Principle 4

Principle 4:

Signatories identify and respond to market-wide and systematic risks to promote a well-functioning financial system.

ACTIVITY

Russell Investments has a long history of innovation and action that continues to promote better functioning in financial markets. In response to the difficulty pension plan sponsors had in articulating performance half a century ago, Russell Investments established the pension consulting industry by adopting and promoting the “Deitz” method for calculating time-weighted returns. Following on from that success, we then developed the idea of vetting and evaluating active asset managers on behalf of our clients - this is the manager research practice that has been the hallmark of our organisation for decades.

In evaluating active asset managers, we detected gaps in the available benchmarks in the marketplace that lead to our industry-leading efforts to develop styles, style indexing, smart beta and, ultimately, factors. Our work to develop style indexing established practices such as, transparent selection, float-adjusted capitalisation weighting and covering the relevant market that has been adopted across index providers, now classed as “business as usual.”

In addition to these innovative solutions, we were early adopters of a global orientation for investors and multi-asset portfolios, to balance risks and capture market opportunities. As constant innovators, we began tackling trading inefficiencies associated with the use of multiple sub-advisers to lower risk and pioneered portfolio emulation in our equity products and service offerings. These industry-leading innovations have given Russell Investments a birds-eye view into the needs of our clients and consistently reinforced our commitment to improving financial outcomes on their behalf.

While the efforts on the asset management side of our business have bolstered our global reputation as an innovator and a trusted partner, we have also transformed in multiple waves over the years to reduce risks, costs and slippage in the portfolios of our clients and our funds. These innovations were borne out of our alignment with our clients as fiduciaries, even in trading - acting as fiduciaries in trading is not ubiquitous in our industry. Because of the fiduciary nature of our relationship with asset owners using our services, advice and funds, we have a long history of innovating to improve their outcomes.

An early innovation to improve outcomes for our clients was commission recapture, followed by transition management and the development of the T-standard, to frame transparently and consistently the success of the transition and its costs. As we continue to innovate our trading practices, we have been sought out by our clients and industry partners to engage with regulatory bodies to ensure that the business of investing can carry on with fewer roadblocks and detours, while also assuring appropriate incentive structures and good outcomes for asset owners. Below we provide a detailed description of how we invest to promote a well-functioning financial system.

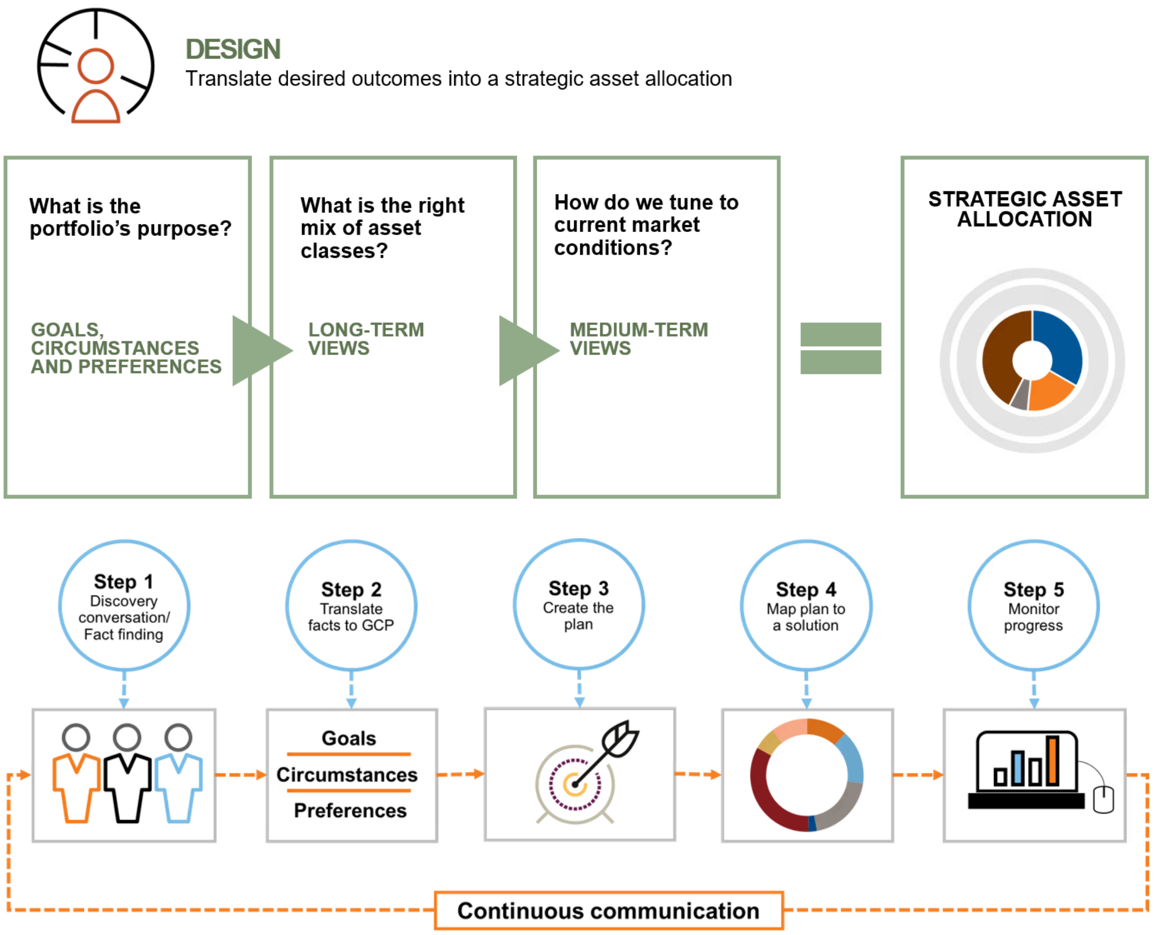
Case study: How we invest

We structure our investment decision-making to support our clients' investments to achieve real-world outcomes. In pursuit of achieving desired outcomes, our clients have circumstances and preferences that, in order to succeed, must be incorporated in their investment solutions. As a global solutions provider, we **design**, **construct** and **manage** investment strategies with a focus on **implementation** to deliver the outcomes our clients seek.

Design

We believe that there is a risk-and-return hierarchy to investment decision-making. The logical result of this hierarchy is an investment process centred around strategic asset allocation as the greatest driver of performance results. Within this strategic asset allocation, we believe that informed diversification is the best option for reducing risk, while preserving return potential. We, therefore, **design** purpose-built strategic allocation strategies - strategies that incorporate the goals, circumstances and preferences of unique, individual clients - to deliver the specific outcomes, they seek. We expect the **design** portion of our investment process to drive the vast majority of the total return of our strategies. We expect this percentage to be approximately **85%**.

Exhibit 12: Design structure

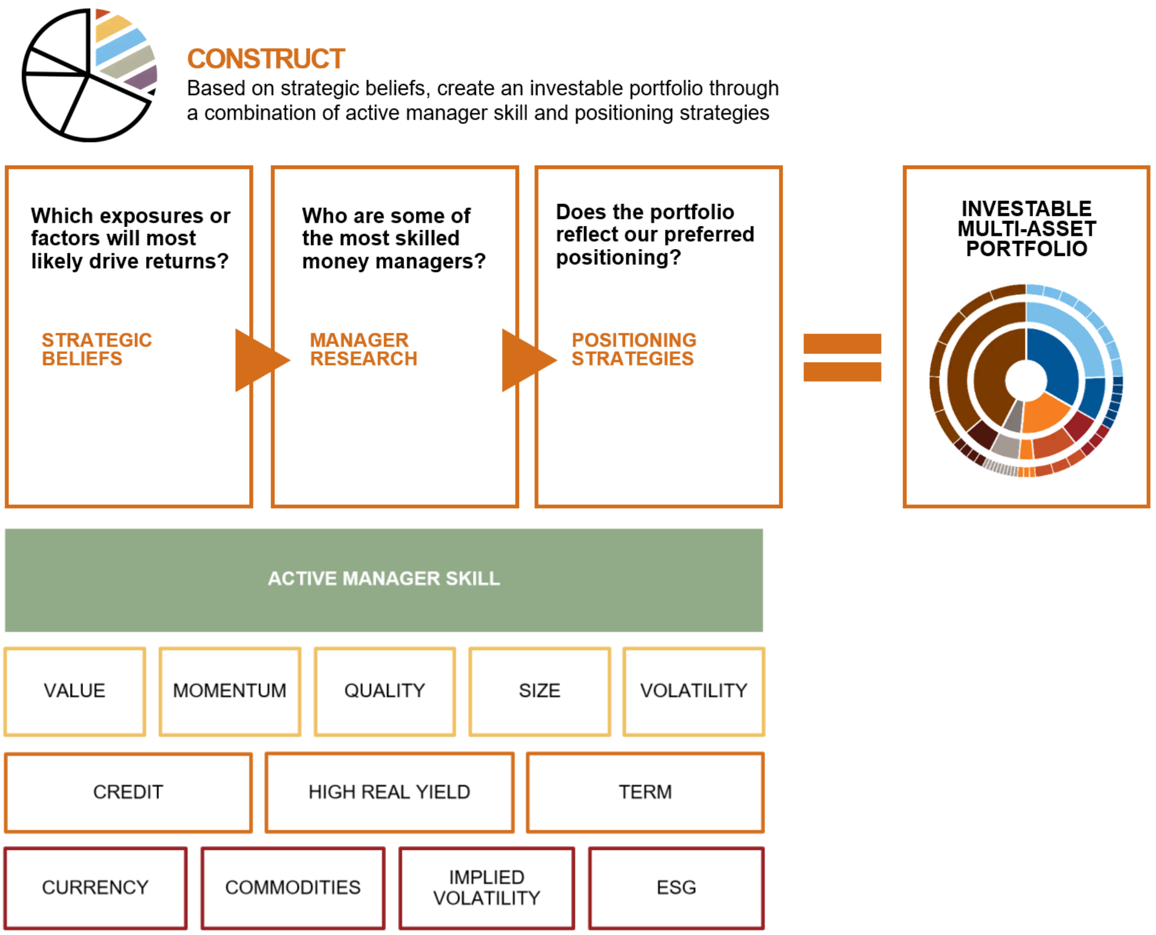


Source: Russell Investments, for illustrative purposes only.

Construct

We believe that superior investment managers can identify idiosyncratic mispricing of individual securities and that these superior managers possess the ability to outperform the market through this security-selection skill. We believe that specialisation leads to the best investment decision-making, occurring at the point of greatest insights. No single firm has a monopoly on investment insight. This belief leads us to **construct** investment strategies with an open-architecture approach, to ensure best-in-class investment processes at every level of the portfolio. We believe that investor behavioural biases and preferences can lead to systematic market inefficiencies, which, if properly exploited through factor strategies, can result in excess returns relative to the passive markets. We expect **10%** of the total return to be generated in the **construct** portion of our process.

Exhibit 13: Construct structure

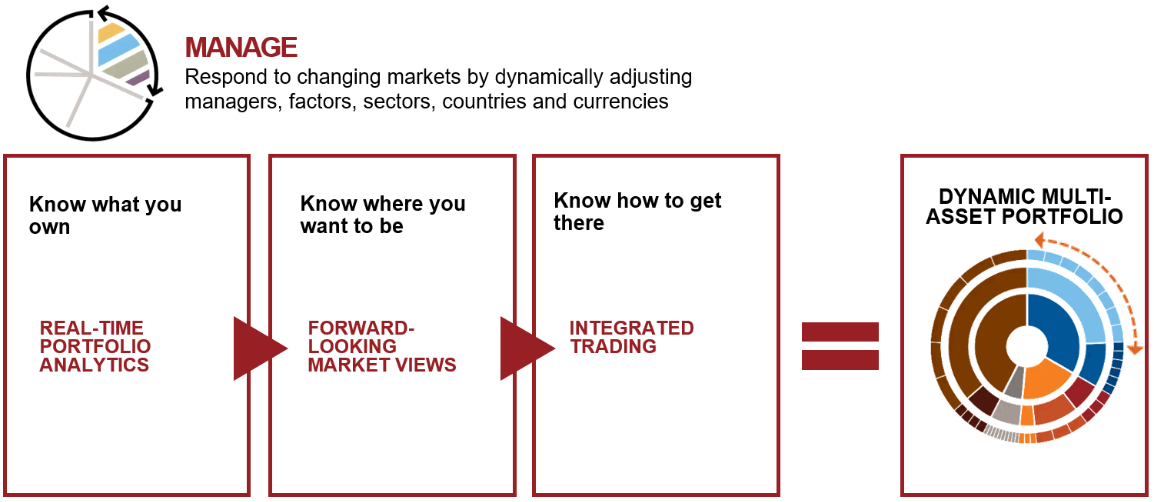


Source: Russell Investments, for illustrative purposes only.

Manage

We believe that the "fear and greed" cycle allows for a robust, process-driven, dynamic management approach, to both add incremental return and to manage risk more effectively over the course of a market cycle. We dynamically manage portfolios with this process by including both quantitative and qualitative analysis. When this analysis creates a high conviction in tactical positioning, this management approach should enable tactical bets, particularly when markets have moved to extremes of fear or greed. We would expect that 5% of the total return can be contributed through the **manage** portion of our process.

Exhibit 14: Manage structure



Source: Russell Investments, for illustrative purposes only.

Responsible investing

Throughout our responsible investing beliefs, policies and practices, we acknowledge the link between sustainability and financial materiality. The predominant environmental theme currently across markets is climate change risk and its related financial implications. The predominant social theme that swept the globe in 2020 is racial justice and the benefits of diversity and inclusion at all levels of an organisation. Finally, the ever-present governance theme that has persisted as a financially-material consideration for decades is accountability. Russell Investments has embraced these themes in our ownership practices, our portfolio construction and our operations. These risks are systemic and financially material. Tackling them is the responsibility of all market participants. Our efforts to tackle systemic risks are consistent with our history of innovation, outcome orientation and industry involvement. Further details of our responsible investing practices are contained in our response to Principle 2 and Principle 7.

Industry collaborations and initiatives

We believe in actively collaborating in initiatives with industry participants to collectively deliver a well-functioning financial system. Over the course of 2020 we have collaborated with the following organisations:

United Nations Principles for Responsible Investment (UNPRI)
As a globally recognised proponent of responsible investment, the UN-supported Principles for Responsible Investment (PRI) provides resources and best practices for investors incorporating ESG factors into their investment and ownership decisions. As a signatory to the PRI since 2009, Russell Investments has a long-standing relationship with the organisation and has completed the annual PRI assessment every year since 2013.

Institutional Investors Group on Climate Change (IIGCC)
The IIGCC is the European membership body for investor collaboration on climate change. IIGCC's mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policymakers and fellow investors. We have been a member of IIGCC since 2015 and actively collaborate and participate at industry events and seminars. We also actively contribute to consultations as and when there is an opportunity to do so and in 2020 responded to the Net Zero Framework consultation.

Climate Action 100+
Climate Action 100+ is an investor initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We joined the ClimateAction 100+ initiative in early 2020 and directly engaged with a select number of companies on climate transition through the regional entities, including Ceres.

Carbon Disclosure Project (CDP)
CDP is an international non-profit organisation based in the United Kingdom, Germany and the United States of America that helps companies and cities disclose their environmental impact. It aims to make environmental reporting and risk management a business norm, driving disclosure, insight, and action towards a sustainable economy.

Regulatory working groups

We engage with trade associations to improve the understanding of regulators regarding how the Sustainable Finance Disclosure Regulation will impact assets and investment outcomes. We actively participate in consultations and in 2020 collaborated with the following institutions:

- **Investment Association (IA)**
  The IA is a trade body and industry voice for UK investment managers. 2020 collaborations: multiple industry seminars and FCA rules on sustainability.
- **Investment Company Institute (ICI)**
  ICI advocate on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. They serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resilience. 2020 collaborations: Refer to Department of Labor (DOL) comments on page 22.
- **Securities Industry and Financial Markets Association (SIFMA)**
  SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. SIFMA advocates on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. They serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. 2020 collaborations: Refer to Department of Labor (DOL) comments on page 22.

Responsible Investment Association Australasia (RIAA)

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. As well as being an active member of the RIAA, Russell Investments also has three of its Australian funds certified by RIAA. RIAA's Certification Symbol is recognised by investors and consumers across the region, providing confidence that a product or provider is delivering on its responsible investment promise and meeting the Australian and New Zealand Standard for responsible investing.

Department of Labor (DOL)

In the United States, we have joined industry trade associations and worked directly with the Department of Labor to improve the language associated with how The Employee Retirement Income Security Act of 1974 (ERISA) plan sponsors consider financially-material factors related to ESG.

Engagement collaborations

Our engagement practices involve collaborating with multiple industry initiatives and organisations. Full details of our engagement practices are included in Principle 10.

OUTCOME

We have always focused relentlessly on maximising the potential of our client's investment success. The first major step in the firm's evolution started in 1969, with the simple observation that US pension funds were selecting investment strategies largely based on factors not focused on maximising results, but rather out of convenience or other business considerations. This simple observation gave rise to our manager research effort that has enabled our clients to focus on the quality of the investment process of individual managers, allowing them and us to select investment advisers based on merit, with the ability to compare the relative strengths of managers against a widely diverse universe of investment managers.

This initial step to making our clients' portfolios more efficient in allocating their active investment risks started a fifty-year plus mission to make our clients more efficient in achieving their desired outcomes by efficiently allocating and managing risks while eliminating inefficiencies. Driving our efforts in developing index construction methodologies, focusing on execution efficiency in trading, transition management and policy implementation management. Most of the characteristics of our groundbreaking efforts in these areas have now become industry standard.

Those efforts continue today in many areas, including responsible investing. By enabling asset owners to clearly identify inefficiencies and risks we have empowered them to purposefully demand from their advisers more efficient execution on their behalf and by extension that collective demand has led and continues to lead to greater market efficiency.

Below we provide a few examples of how our practices have evolved to respond to market-wide and systematic risks to promote a well-functioning financial system.

Case study: Effective implementation

Given the inherent challenges of open-architecture investing and emerging client requirements for customisation, effective **implementation** is essential to delivering successful client outcomes. We maximise our clients' net-of-cost returns by working to minimise implementation costs. We minimise duplicative fees through the use of passive, factor and fully active strategies. We relentlessly focus on other unrewarded drags on performance such as transaction costs, across the whole portfolio: equities, fixed income and foreign exchange are of particular importance. In this effort, we work to reduce hard commission costs. Our transition management and exposure management capabilities seek the most cost-efficient ways to achieve essential portfolio positions and changes. Our innovative approach to implementation led to the development of our enhanced portfolio implementation (EPI) process, which reduces trading costs while giving us the flexibility to customise portfolios to meet a variety of client preferences and objectives, including after-tax investing and ESG tilting.

Our commitment to identifying and responding to market-wide and systemic risks impacts not only our products and services, but also our operations. As a firm, we can only deliver to our clients when we are functional. Business continuity plans and infrastructure/systems support is critical to functionality - we experienced the strength of our operations in 2020 when the COVID-19 pandemic resulted in seamless remote working.

Case study: Business continuity

As part of our operational risk management practice, Russell Investments has long supported a detailed business continuity programme (BCP) that would take place in the event of a natural disaster. Our business continuity programme structure is based on the “Professional Practices” developed by Disaster Recovery Institute International. These professional practices consist of *Programme Initiation and Management, Risk Assessment, Business Impact Analysis (“BIA”), Business Continuity Strategies, Incident Response, Plan Development and Implementation, Awareness and Training Programmes, Business Continuity Plan Exercise, Assessment and Maintenance, Crisis Communications and Coordination with External Agencies.*

When the pandemic hit, we were ready-affirmed that our approach was thoughtful, thorough, and appropriate to our organisation. We have developed multiple “phased return-to-office” strategies over the past year to guide us to that ultimate goal.

Case study: Infrastructure and systems support

As a global organisation, remote working, video conferencing, shared drives, data strategy and technology deployment have been an integral part of what we do for decades. While many firms initially struggled to cope with large portions of their workforce being able to work effectively from home, a robust remote access solution has been incorporated into our business continuity planning for over a decade now. We have over 95%+ working remote globally and could operate at 100% with ease. Our infrastructure, across all our regional offices, is set to handle these stressed conditions. Russell Investments has:

- Remote access - associates login via secure VPN from Russell Investments owned and controlled laptops, while vendors login via a secure Citrix portal, with limited access and no ability to copy and paste or download files locally
- Robust implementations of multiple systems for online collaboration:
- Home-office accommodations and increased attention to associate needs for communications, safe work practices and other home-office related issues
- COVID-19 return-to-work applications
- Closely monitored and managed increased cybersecurity during the pandemic

Principle 5

Principle 5:

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

ACTIVITY

Russell Investments periodically reviews and updates policies and procedures to ensure the effectiveness and applicability of our investment practices. As noted in Principle 1, we are currently reviewing and updating our Investment Philosophy document. Additionally, we have added a Responsible Investing Policy (2018), Climate Change Policy (2020) and Sustainability Risk Policy (2021) - these are tangible examples of the results and outcomes of our periodic reviews and updates.

Investment governance reviews

In our daily investment practice, we have multiple checkpoints associated with manager research, quantitative modelling, trading, and the management of our funds. These checkpoints arise from the continual governance overseen by the ISC (detailed in Principle 2) and here we highlight some specific examples:

Sounding Boards: Research sounding board meetings are held before a hire rank (Russell Investments' highest) can be applied to any product. At these meetings, a group of peers rigorously scrutinises the case for recommending the manager. The final decision-making authority for approval to the hire list sits with the rank owner. In addition to the standard documentation supporting a rank, products that go to sounding boards require additional documentation and analysis to make sure that the most thorough research has been undertaken before a product is formally recommended to our consulting clients. Meetings are chaired by a research head or senior research analyst.

Investment Model Review Board (IMRB): The IMRB oversees, provides an effective challenge and has the authority to approve investment-related models. Furthermore, the IMRB ensures that these models have complied with the Model Risk Policy with standardised model documentation, controls, and validation. The IMRB acts as a collaborative team to provide technical expertise in model development.

Fund Management: In addition to the oversight process outlined in Principle 2 and the design-construct-manage process featured in Principle 4, we call attention to our alignment with the risk management team. Our Chief Risk Officer sits on the Investment Strategy Committee, our corporate data strategy includes sourcing data for all funds reporting, analysis, and risk oversight; research and development; and analytics from a central platform overseen by all parties. As well, the investment division and risk management team work together to use consistent logic, implementation and delivery of metrics and analytics across teams.

Internal audit

The purpose of Russell Investments Group Internal Audit function is to provide independent, objective assurance and consulting services designed to improve the organisation's controls and operations. Internal Audit accomplishes this by providing risk-based and objective assurance, advice and insight to enhance and protect organisational value. Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to test, evaluate, and improve the effectiveness of governance, risk management and control processes.

The Russell Investments Group Internal Audit function utilises a risk-based approach in developing the annual audit plan. The audit universe of key processes is assessed to focus the audit plan on the areas of highest risk. Any issues identified by Internal Audit require management action plans (MAPs) and are tracked to resolution by Internal Audit. The status of open issues is regularly reported to relevant boards and audit committees. Internal Audit validates resolution to close issues identified.

Internal Audit conducts structured reviews of key processes and risks, including detailed testing of mitigating controls across the organisation. These audits are designed to assess if systems and procedures are effective, efficient and function as designed, thereby helping ensure:

- risks are appropriately identified and managed
- quality and continuous improvement are fostered in the organisation's control process
- significant financial, managerial, and operating information is prepared accurately and reliably
- resources are adequately protected

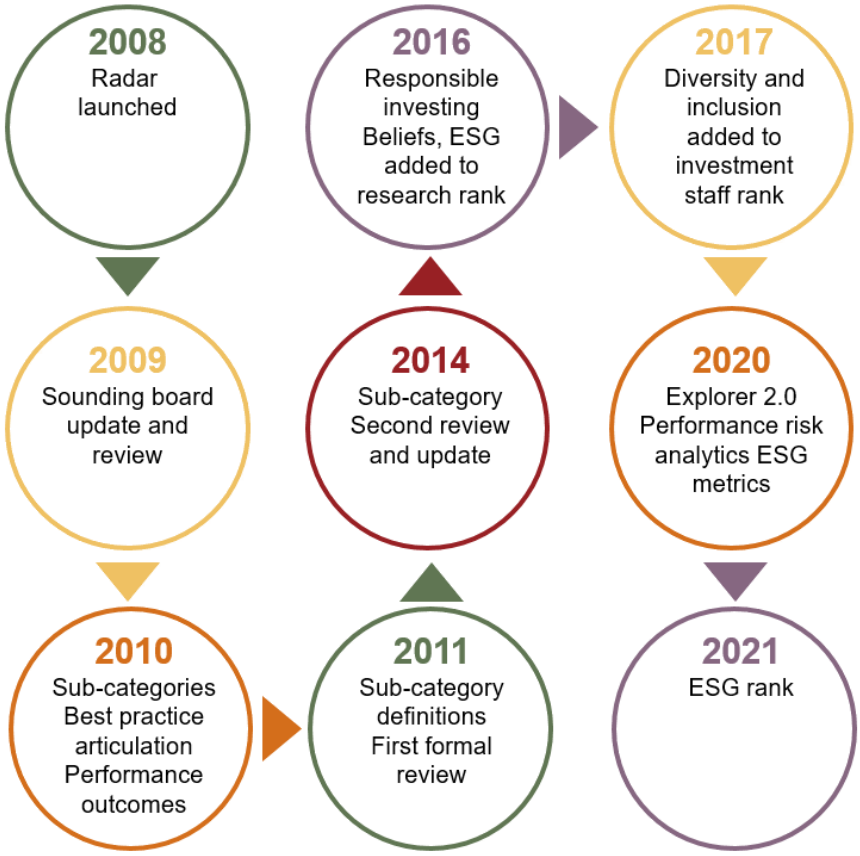
OUTCOME

To illustrate the effectiveness of our activities related to policy and processes, we offer a few case studies.

Case study 1: ESG ranks

Russell Investments began researching active managers in 1969. Since that time, our practice has evolved through innovation, adaptation to a maturing industry and in response to market, client-driven and regulatory changes. In the exhibit below, we track the evolution of our active manager ranking practice from 2009, that has resulted from innovation, adaptation and responsiveness from the launch of our record-keeping database to the elevation of ESG to a disaggregated rank.

Exhibit 15: Evolution of active manager ranking



Source: Russell Investments, for illustrative purposes only.

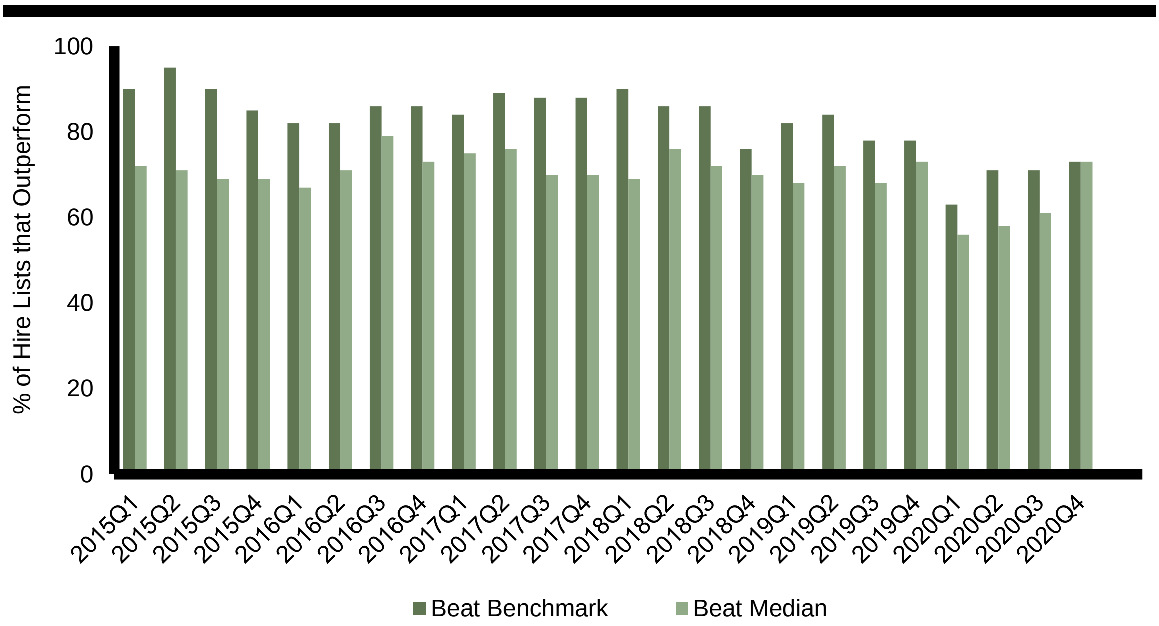
Case study 2: Manager success

Below we provide an example of measures used to regularly review our manager research capabilities and performance:

- Percentage of hire lists that beat benchmark and universe medians
- Rolling five-year excess returns versus the index and universe medians for average "hire ranked" managers in individual coverage areas
- Rolling average three-year hit rates of hire ranks that beat benchmark index
- Long-term studies of excess return by rank
- Measures of hire rank tenure and turnover
- Research productivity statistics including number of meetings and time taken to deliver updated reports to clients

In the exhibit below we demonstrate the first bullet above:

Exhibit 16: Percentage of Russell Investments hire lists that outperform benchmarks and universe medians (5-year annualised rolling time periods)



Source: Russell Investments, data as at 31 December 2020.

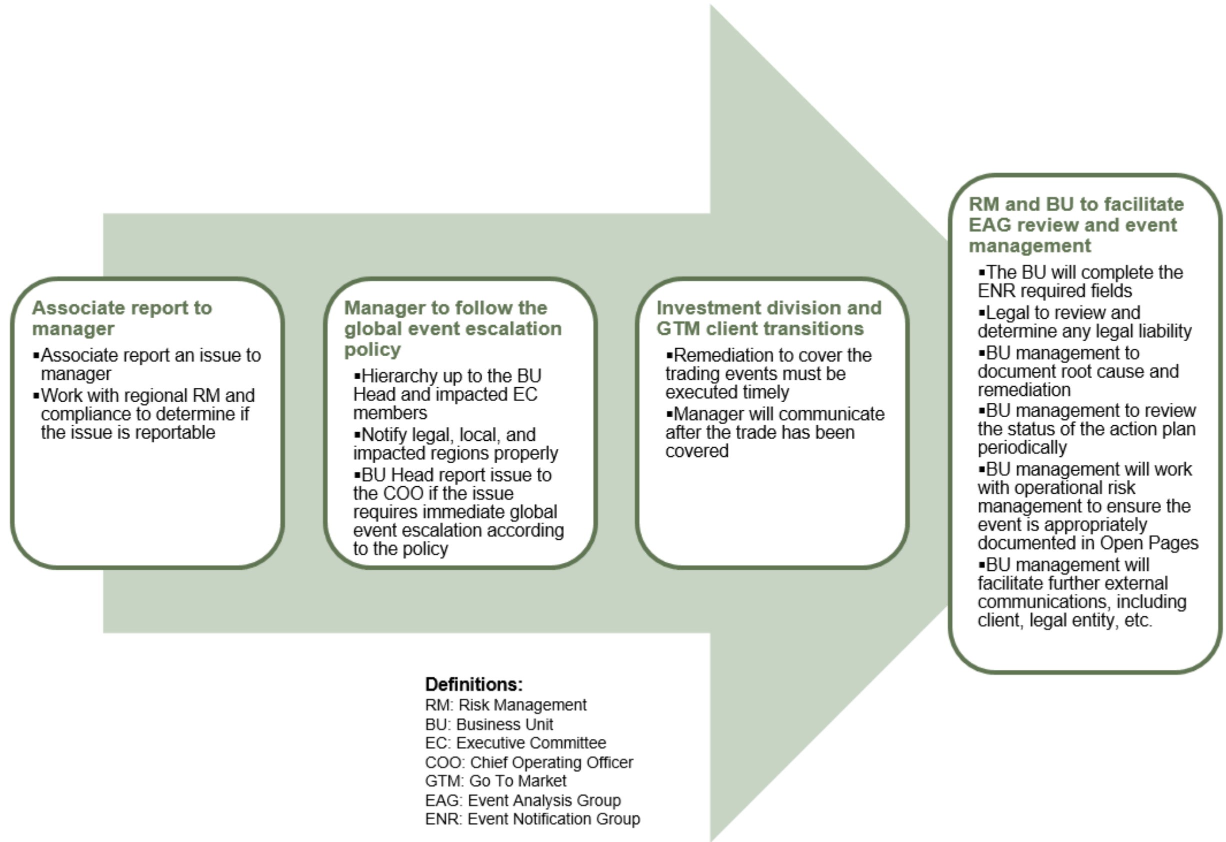
Case study 3: Global event escalation policy

The purpose of the Global Event Escalation Policy is to identify, escalate and resolve events in a timely manner that could potentially cause financial, operational, reputational, or regulatory risk to Russell Investments, Russell Investments' funds, and/or our clients. This policy governs all reportable events globally and is the sole escalation policy for Russell Investments.

What is an event?

An event is an unexpected occurrence regardless of its severity or monetary value that caused or has the potential to cause any of a variety of consequences which can affect the achievement of business objectives. The consequences may be strategic, reputational, financial, operational, legal and/or regulatory in nature and may impact Russell Investments, Russell Investments funds, and /or our clients.

Exhibit 17: Our Event Escalation Policy



Source: Russell Investments, for illustrative purposes only.

An event, by its inherent nature, falls into one of the following categories:

- A Loss is a financial consequence that results in an "out of pocket" unexpected financial impact on the earnings or equity value of Russell Investments, Russell Investments funds, and/or Russell Investments clients.
- A Gain is a financial consequence that results in a positive financial impact on the earnings or equity value to Russell Investments, Russell Investments funds, and/or Russell Investments clients.
- A Near Miss is an event without notable financial consequences (i.e., no financial loss or gain) or a potential error that was caught before it was executed but could have caused significant direct losses or gains to Russell Investments, Russell Investments funds, and/or Russell Investments clients.
- A Non-Financial event is an event with no direct financial impact that may or may not arise out of:
  - of an operational error (i.e. business continuity event, IT outage) and does not result in an out-of-pocket loss or gain.
  - an Accounting Adjustment is a business transaction that has not been accurately calculated or
  - represented on Russell Investments' income statement due to an operational error; the transaction does not
  - result in an out-of-pocket loss or gain to Russell Investments.

Principle 6

Principle 6:

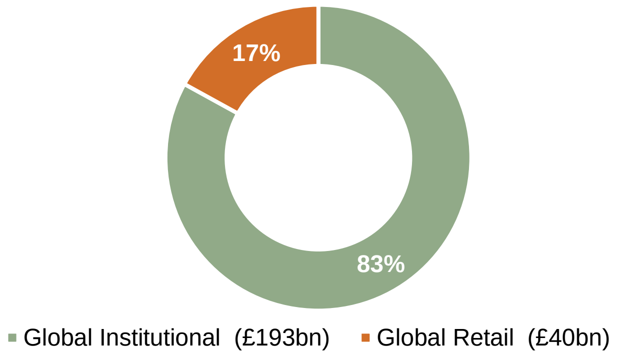
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

CONTEXT

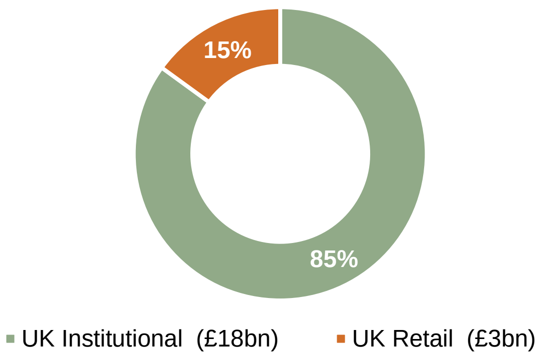
Our stewardship efforts cover both our retail and institutional client base as well as all asset classes. Our voting and engagement practices are currently limited to the equity assets that we manage on our clients' behalf. Details of our UK client base are provided in the charts below. We also provide an overview of our global assets under management for context.

Exhibit 18: Assets under management split by retail vs institutional

Global: Retail vs Institutional



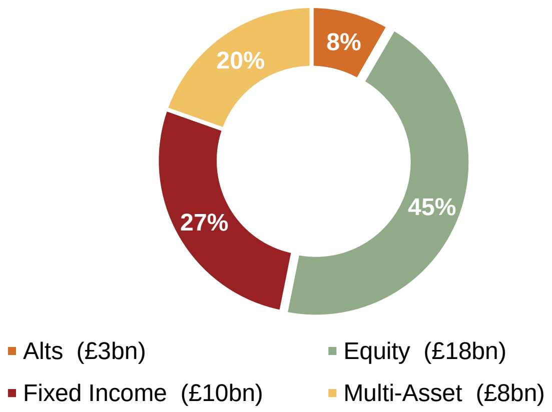
UK only: Retail vs Institutional



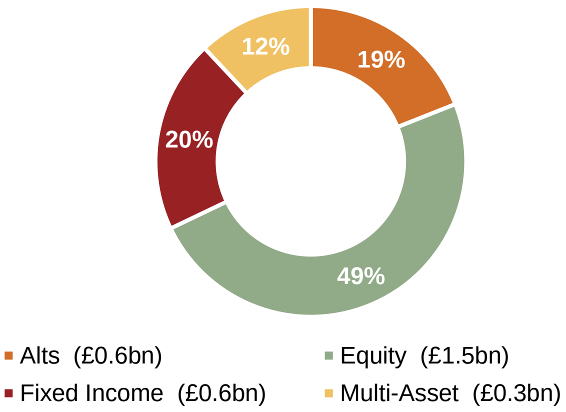
Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Exhibit 19: Retail assets broken down by asset class

Global: Retail asset breakdown



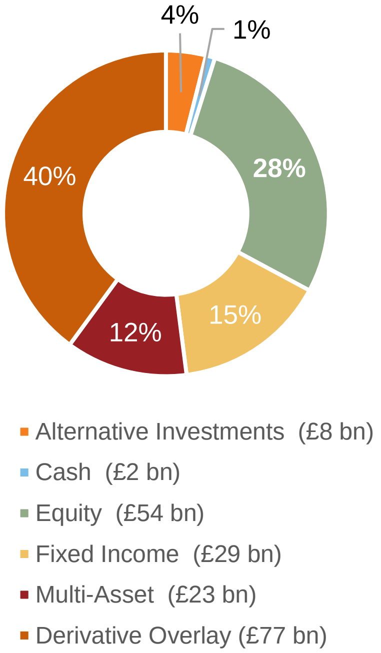
UK only: Retail asset breakdown



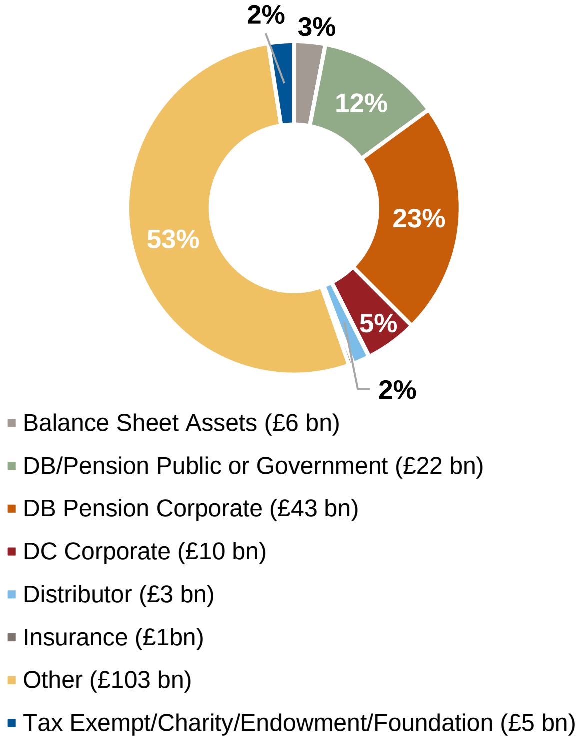
Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Exhibit 20: Institutional assets breakdown by client type and asset class

Global: Institutional breakdown by asset class

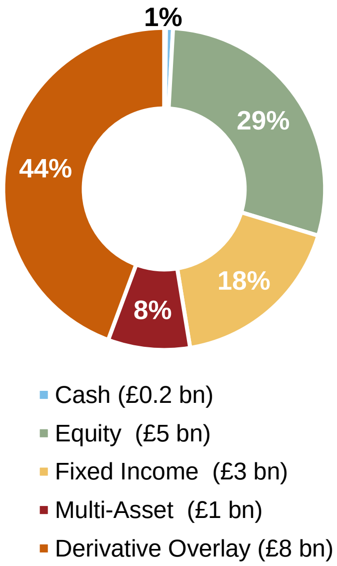


Global: Institutional breakdown by client type

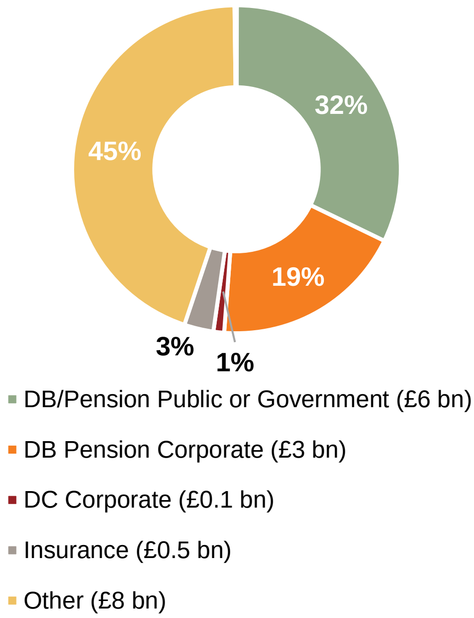


Source: Glass Lewis and Russell Investments, data as at 31 December 2020

UK only: Institutional breakdown by asset class



UK only: Institutional breakdown by client type



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

ACTIVITY

Once a client is onboarded, we ensure that their assets are managed in line with their goals and expectations through ongoing due diligence updates as well as regular update meetings. In our experience, the retail market is less mature with regards to the level of detail required on stewardship and active ownership. That said we see the level of interest growing and have made various training sessions available to our client base.

Institutional client communication

Stewardship is fast becoming an area of interest amongst our UK institutional client base. This heightened interest was aided by the changes made in 2019 to the Statement of Investment Principles (SIP) and the requirement to produce an implementation statement. We welcome these regulatory developments and have been actively supporting our institutional clients to further understand their role and responsibilities, as well as our fiduciary duty. We have also helped many of our clients to develop their ESG policy documents, update their SIP and produce an implementation statement.

Our overall approach to communication is to ensure that our clients are well informed at all times about the assets under our stewardship. We meet with our institutional client base on a regular basis (quarterly in most cases) and seek to ensure that their views are incorporated into their policy (SIP). This policy is updated as and when there is a change to the investment strategy. In addition to that we provide our institutional client base with the following sets of reports/statements:

Annual implementation statement

We have worked with our UK institutional client base to produce an implementation statement. This is produced on annual basis and coincides with the Scheme's reporting year-end. This statement reports on how the Scheme has complied with the policies and objectives set out in the SIP.

Annual proxy and engagement report

Our annual proxy and engagement report is produced to report on each calendar year and sets out in detail our commitment to active ownership, our approach as well as annual proxy voting statistics and observed trends. We also provide engagement statistics and case studies as well as details of our industry collaborations. Our latest report can be found here.

Quarterly performance reports

Bespoke client reports are produced on a quarterly basis and reports on the performance of the assets, liabilities and funding level. It also provides detailed asset class allocation as well as performance attribution. In addition, it provides details of portfolio positioning and the rationale for any changes made or planned. We have recently enhanced our reports to include key ESG metrics including ESG risk scores and carbon footprint.

Annual ESG report

An annual ESG report is made available to our institutional client base. This report sets out the key ESG characteristics of the portfolio and a sample is available here.

Equity level ESG report

We have recently developed a detailed ESG level report which is available for all equity allocations. This detailed report sets out the ESG risk score and carbon footprint. It also provides a distribution of ESG risk scores as well as details of the highest and lowest ESG scores.

Stewardship policies and procedures

All policies and procedures with regards to stewardship are available to our clients on our webpage. These are updated on an annual basis.

Training

We provide our client base with both ad hoc and scheduled training. Ad hoc training typically takes place at trustee meetings whereas scheduled training takes place in the form of in-person seminars or webinar sessions. Further details are provided below.

Retail client communication

Communication with our retail client base differs from the above. The majority of the information about our stewardship practices such as, manager and investment research processes, ESG integration and operational proficiency is made available during the RFP and due diligence review. Once onboarded the following pieces of information are made publicly available:

Fund fact sheets

Fund fact sheets containing key information about the fund including performance objective, benchmark, portfolio statistics breakdown (country weighting, proxy and engagement and volatility) are made publicly available on our website and via third-party data warehouses, e.g., Financial Express and Morningstar.

Key Investor Information Document (KIID)

KIID documents are made available for all funds on our website and via third-party data warehouses and all appointed sub-distributors. The KIID details the fund's objective and investment policy, risk-reward profile, applicable charges and past performance data.

Prospectus

The fund prospectus which contains all fundamental information about the fund, its structure, any management restrictions and a list of available share classes are made available to all investors and potential investors on our website, third-party data providers and all appointed sub-distributors.

Annual proxy and engagement report

Our annual proxy and engagement report is produced to report on each calendar year and sets out in detail our commitment to active ownership, our approach, as well as annual proxy voting statistics and observed trends. We also provide engagement statistics, case studies and details of our industry collaborations. Our latest report can be found here.

Monthly and quarterly performance

In addition to the above-mentioned fund documentation, live performance data is also made available by a number of third parties including Morningstar and Financial Express. We provide further information around fund management and current holdings to supplement this publicly available data. Clients with significant AUM may also request bespoke reporting, which we would send on a monthly or quarterly basis.

Training

We provide informational literature on our website and also periodic events that we host to ensure our clients are well informed regarding our investment products, their performance and how they have been affected, or may be affected, by market influences. We also provide training and literature in relation to broader investment outcomes associated with our products; this includes ESG impact.

Training and development

As outlined above, we provide a range of training and development opportunities for our client base to ensure that our clients are kept abreast of key industry developments. Our annual training schedule is informed through feedback received from client surveys as well as topics chosen by our in-house experts. We also provide timely insights through our blog and regular LinkedIn updates.

Throughout 2020 we hosted a range of webinars, some of which are highlighted below:

ESG – the what, the why and the how

Head of Responsible Investing and an Independent Trustee discuss:

- What should your investment managers be doing?
- How do Trustees effectively engage with companies on ESG matters?
- What new investment opportunities are now available under the ESG banner?

Just what are the Sustainable Development Goals (SDGs) and why do they matter?

Pension Scheme Evolution Education Workshop

Associate Director, UK Institutional, Russell Investment, Associate, Investment Consultant, Barnett Waddingham, Independent Trustee, PTLUK Executive Director, OPDU discuss:

- How to do it all: manage liabilities, match cashflows and generate returns
- The new de-risking paradigm
- How private markets can play a role
- The importance of transparency

How trustees / employers can manage legal implications that could arise in the new environment

The impact of the upcoming election on financial markets

Chief Investment Strategist at Russell Investments, discusses the potential impacts of the upcoming U.S. election on the markets and the economy. He shares his thoughts on what investors should be considering leading up to the election.

Suitability – providing value in exceptional times

Regional Sales Director, Russell Investments and founder of Timebank discuss how best to approach the Suitability issue, including tips on what to avoid and what is valued most by clients.

Global market outlook Q4 2020

Overheated tech stocks and election uncertainty are near-term headwinds, but positive COVID-19 vaccine developments, dovish central banks and an ongoing economic recovery should allow equity markets to push higher.

Low carbon investing

As the Russell Investments Low Carbon Equity Strategy has now reached its third anniversary, Senior Portfolio Manager, discusses how the Strategy aims to reduce its carbon exposure without compromising investment performance.

The value of an adviser: Behavioural finance

Staying the course during market volatility is often difficult for many investors. In this webinar, we explore some of the common mistakes investors make and deliver some practical tools to help advisers protect their clients in difficult markets.

Value of an adviser: Sequential risk

Clients are more sensitive to market volatility as they approach retirement, but many still need to take some risk if they are to achieve their objectives. In this webinar, we discuss how you can help your clients navigate through sequential risk.

Value of an adviser: Bulls vs. Bears

Historically bull markets have lasted longer than bear markets and had more than made up for any losses. In this webinar we discuss the lessons learned from previous market cycles and how you can use these to help your clients today.

OUTCOME

At present, we seek the views of our clients at quarterly trustee meetings as well as engage at Board level to understand the views and preferences of our clients. This allows us to have detailed discussions around our clients' understanding of our stewardship efforts as well as any additional requirements. We also conduct an annual client satisfaction survey and the high-level results are shared as part of our response to Principle 2. The results of this survey are reviewed by our Head of EMEA, alongside any proposed actions.

Through the above-mentioned feedback approaches, as well as the ongoing internal review of our approach, we have identified the following requirements/areas of improvement. We provide details of the actions we have taken below.

Case study: Granular ESG reporting

- **Client request/feedback:**
  Through regular dialogue with our client base, it became apparent that they were keen for more granular reporting on key ESG metrics and for manager research ESG sub scores to be incorporated into their quarterly updates.
- **Action taken:** To date, we have provided an Annual ESG report to supplement the quarterly performance reports, we have since developed detailed ESG equity manager reports which are now available for all our clients on demand. This report has received positive feedback, providing granular detail about the equity level ESG scores. Furthermore, we are currently developing a Fixed Income equivalent.

Case study: More detailed engagements

- **Annual review:** As part of an annual review of our voting and engagement practices, the Proxy Voting and Engagement Committee identified the need to raise the number of quality engagements conducted to enhance our engagement efforts.
- **Action taken:** Following a detailed review and extensive market research, we have entered a partnership arrangement with Sustainalytics. We chose Sustainalytics as this partnership provided us with the ability to integrate into our existing practices. This partnership gives us access to four themes: Climate Transition, Water Management, Human Capital and the Future of Work, and Japan - Material Risk. These themes were selected because they are aligned with our engagement focus topics. Sustainalytics will provide research, messaging, coordination and outcome tracking for each theme. Our Proxy Voting and Engagement Committee members and investment professionals will be able to leverage that research and join engagement actions to enhance our engagement efforts. Further details of our engagement efforts are contained in our responses to Principles 2, 7 and 9.

Principle 7

Principle 7:

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

CONTEXT

At Russell Investments, we believe in being active stewards of assets. We have described in detail the governance structure that is in place to ensure effective stewardship (see Principle 2) as well as details of how we invest (see principle 4). The Russell Investments multi-manager business strategy ensures that providing oversight and monitoring of external asset managers that we employ in our investment portfolios is a key consideration. A detailed description of our due diligence process is provided as part of our response to Principle 8. In the section below, we describe in detail how we include material ESG issues throughout our investment process.

Integration of responsible investing

Russell Investments integrates responsible investing into our investment process from the ground up. Details of our responsible investing beliefs are contained in our response to Principle 1. As a function of our integrated approach, we do not have a separate responsible investing or sustainability team. Instead, our research, risk, analytics, quantitative and portfolio management teams are trained to integrate ESG considerations into our standard investment practice and as part of our existing governance structures, as described in our response to Principle 2.

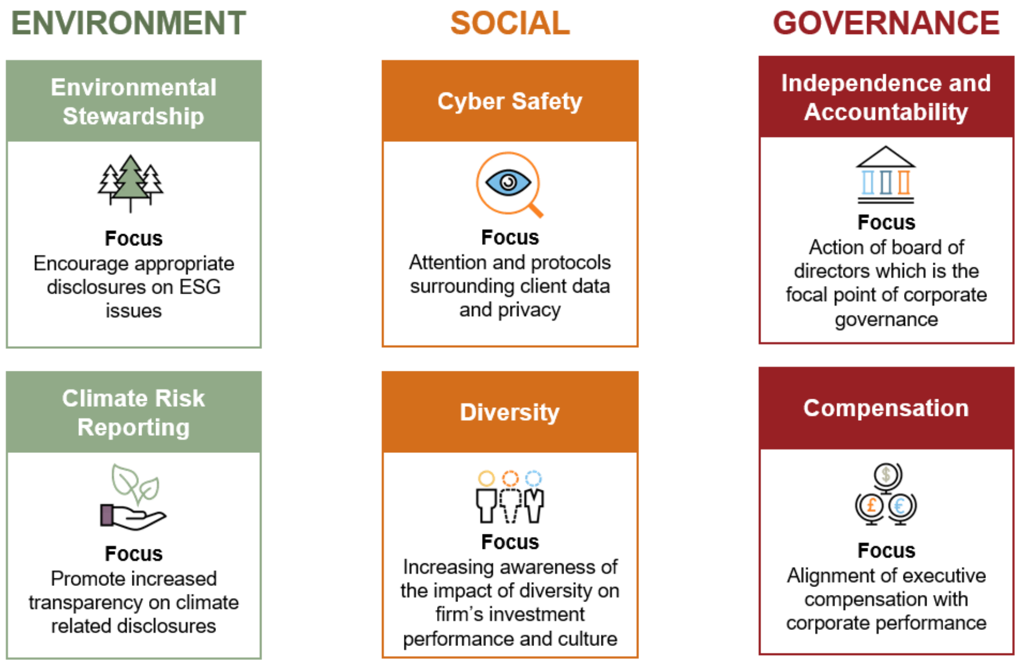
We evaluate and rank the ESG capabilities of our sub-advisers individually. We research and report metrics internally and to our clients - some ESG-related metrics are proprietary, based on Russell Investments' long history of developing profiles, factors and quantitative tools for our portfolios. We have developed and implemented systematic strategies for incorporating these proprietary metrics into portfolios, including our Decarbonisation 2.0 strategy. We survey the active management community to understand industry-wide trends, motivations, methods and actions. We incorporate sustainable practices into our own business just as we ask our sub-advisers to do. Finally, we are active owners of our holdings and focus on specific ESG actions within our engagement activities.

All of this enables us to integrate our responsible investing practice into the design, construct, and manage stages of our investment practice, as outlined in Principle 4. These practices work well together to help our clients achieve their goals, with close attention to their preferences and the circumstances facing them now and in the future.

Engagement practices

Drawing from our corporate values, our investment beliefs and our responsible investing beliefs, as described in Principle 1, Russell Investments has adopted specific responsible investing themes that are emphasised in our engagement practice and inform our investment practice. These themes are illustrated with a focus on their application to shareholder engagement.

Exhibit 21: Our engagement themes



Source: Russell Investments, for illustrative purposes only.

Of the themes noted in the illustration above, three stand out as strong areas of focus across our organisation - climate change, diversity and inclusion and accountability. These are focus areas for our own operations, for our manager research practice, for our funds and our quantitative research.

ACTIVITY

Russell Investments has one set of beliefs and policies that are the foundation of our investment practice. These beliefs, policies and practices are applied across our global operations, while making consideration for clients' goals, preferences and circumstances in individual regions. Our recently developed Sustainability Risk Policy and its accompanying practice are applicable across all regions and asset classes - senior investors globally and across all asset classes were involved in crafting both the policy and the practice. The global consistency of our approach may be exemplified by the following case studies:

Case study 1: Manager research and product rankings

In 2014, we introduced ESG assessments into our manager research practice. Manager research is the foundation of sub-adviser selection for our funds and advice. The ESG assessment criteria, which have evolved to a top tier component of a product rank, are identical across asset classes and regions.

Case study 2: Global active ownership

Russell Investments has one set of proxy guidelines, one set of engagement themes and one team to implement. We vote on all shares identically across all jurisdictions.

Case study 3: ESG metrics reporting

ESG metrics reporting is consistent across all regions. While differences in data foster some differences between asset classes, we use the same metrics across the globe and go to great lengths to identify similar metrics across asset classes.

Case study 4: Research and strategy development

Since 2015, we have offered our low carbon strategy (Decarbonisation), across multiple regions with a common chassis and it is now on its "2.0" version. Similarly, we regularly conduct quantitative research across multiple dimensions - always with a global focus, and across asset classes where the data is available.

OUTCOME

One significant outcome of our globally consistent approach, across regions and asset classes, is an investment function at Russell Investments that has evolved to embrace responsible investing as a feature of our investment practice. All analysts across our manager research function are trained to understand and evaluate ESG in the sub-advisers they review. All portfolio managers are trained to consider ESG risks and opportunities as part of their strategy's profile and important inputs into decision-making. The governance committees that oversee our funds are charged with overseeing responsible investing practices. All listed asset funds across regional complexes have the carbon and ESG metrics included with internal profile information and the ESG rank is included side-by-side, with all other ranks that inform our overall view of a product. In summary, we consider ESG factors as standard, material features of our practice for bringing strong risk-adjusted returns to our clients.

At Russell Investments, our integrated approach to ESG considerations into our investment practice results in all our funds having an ESG orientation, while targeting performance as their only goal. Despite our integrated approach, we have many clients and markets seeking ESG-related goals in their funds - these goals include, excluding specific types of securities, lowering carbon exposure and fostering specific impact. Ultimately, over the last several years ~20-25% of our managed assets have included at least one ESG-related goal.

The importance of ESG integration and ESG-related goals has also resulted in Russell Investments adding resources to this area of our firm including, a steady increase in ESG-related data and a tripling of ESG FTE in our Investment Division. Additionally, we have had an increase in dedicated associates focusing on integration, research, strategy development, shareholder engagement and portfolio management practice enhancements.

Details of our voting and engagement activity can be found in our annual proxy and engagement report. We also provide examples of our engagement outcomes in our response to Principles 9 and 10.

Principle 8

Principle 8:

Signatories monitor and hold to account managers and/or service providers.

ACTIVITY

Russell Investments multi-manager business strategy enables the oversight and monitoring of external asset managers that we employ in our investment portfolios. We rely on third-party providers for our active ownership practices. Furthermore, we count on a host of additional third-party vendors to ensure the overall efficiency of our core services for clients. A description of how we hold each of these three categories of service providers are provided below.

External managers

Due diligence on external managers prior to their inclusion within our funds and portfolios is conducted at two levels, by specialist teams that are independent of each other: manager research from an investment perspective by the manager research analysts who sit within the Investment Division and operational due diligence by the Global Manager Oversight and Due Diligence (GMODD) group within the Global Risk Management (GRM) function, which is independent of the Investment Division. The two functions are complementary.

We believe it is important from a risk and compliance perspective to separate the operational due diligence function, which reports up to the firm’s Chief Operating Officer, from the investment due diligence function, which reports up to the Global Chief Investment Officer. This is particularly important within alternative asset classes such as hedge funds and private market investment strategies.

The combination of our manager research and our operational due diligence research on managers minimises surprises for our clients. We have been very successful in avoiding managers that have exposed investors to headline risks. A description of each is provided below:

- **Manager research due diligence**
  Russell Investments has 36 analysts engaged solely in our manager research process. Each year, our research analysts conduct approximately 2,000 research meetings and conference calls with investment managers. These evaluation sessions are our primary means of gathering information to arrive at an informed opinion about a manager's product(s). Our assessments gained from multiple sessions over time allow us to establish an overall opinion of the organisation and its investment strategies. Our analysts are responsible for pre-meeting analysis of the product, meeting preparation, including a historical review of our previous meetings and communications with the manager and conducting the research meetings. They supplement these meetings with regular contact with managers in their universe through phone calls, emails and less formal "update" meetings.

As part of our evaluation process, we consider the following qualitative and quantitative metrics.

Exhibit 22: Qualitative and quantitative metrics

QUALITATIVE METRICS	
Organisation	Information management
Leadership	Investment process
Experience	Stability of personnel
Realistic goals	Conceptual basis for philosophy
Research and development efforts	Integrity
Decision-making efficiency	Adherence to philosophy
Competitive drive	Risk management

QUANTITATIVE METRICS	
Portfolio construction	Effects of portfolio turnover
Consistency with philosophy	Magnitude of risk assumed/tracking error
Stability through time	Sources of relative performance
Ability to manage sizeable accounts	Peer groups
Absolute and risk-adjusted performance vs. broad manager universe	Style indexes
Broad market indexes	

Source: Russell Investments

In addition to the above generic factors, we have identified a variety of proprietary attributes of successful managers that are unique to given styles of management. Analysts are charged with making relative assessments of managers in their respective styles to better discriminate among manager choices. The results of our manager research efforts are added to our global proprietary database, RADAR (Russell Investments Analysis, Data, and Ranks), which we believe is one of the largest and most comprehensive manager tracking databases in the world. Developed in-house, it is our primary repository for research reports generated on the products of investment managers globally and includes over c. 14,000 manager products.

Global Manager Oversight and Due Diligence (GMODD)

The GMODD team's operational due diligence (ODD) review involves evaluating the business, compliance and operational risks and controls of third-party managers which may materially impact Russell Investments' funds, clients or Russell Investments. A thorough ODD review is based upon discussions with key principals and employees of the manager, observations of their business practices and an appraisal of various documentation and representations disclosed by the manager. An on-site meeting in the office is also important. The key areas analysed in an ODD review include:

- **Operational risks** – it is important to examine the manager's trade processes from execution and counterparty oversight to settlement and reconciliation along with guideline compliance, allocation policies and cross trades. This area also includes an analysis of the manager's soft dollar and directed brokerage policies and resolution process for trade and operational errors.
- **Business risks** – ODD reviews a firm's business structure and vendor oversight, strategic planning processes including organisational growth, governance, management oversight and supervision along with the firm's IT infrastructure and business continuity planning.
- **Compliance** – a review of this area considers the firm's compliance monitoring and reporting, personal trading policies, gifts and entertainments and conflict of interest policies, compliance with regulatory agencies, personal information security and record retention.

ODD involves a different skill set to that needed for performing investment due diligence, we believe that it is best conducted by professionals with strong backgrounds in global regulations, trading, operations and business risks. The outcome of an ODD review can have clear red or green flags but may in practice sit in an amber area. In formulating an opinion, the ODD reviewer will consider:

- **Consistency** – were all the documents and verbal assertions consistent with each other and all the relationship confirmations consistent with expectations?

- **Transparency** – did the manager provide documents in a timely way and allow access to the key people and systems during the on-site visit? Were the reviewers allowed an open dialogue with the firm's service providers and referees?
- **Firm infrastructure** – Does the firm have a tight control environment with sufficient systems and knowledgeable support staff to support the products they are managing?
- **Manager reputation** – did all the background checks come back clean and all the references check out?

Absent clear red flags where an ODD review will recommend an investor to avoid allocating funds to a specific money manager, an investor may still decide to invest with a manager with some deficiencies. The value of the ODD report is that the investor is aware of these deficiencies, can monitor them and can work with the money manager to increase their control in the areas where specific weaknesses have been identified.

ODD is not a new concept. We have built a global team of analysts dedicated to conducting reviews of the risks outside managers' investment capabilities. These analysts follow our Manager Compliance and Operations Review (Manager CORE) process and help shape the way Russell Investments ranks money managers and the decisions for recommending hiring or terminating managers.

ODD can help investors to understand the additional risks to money managers' businesses beyond the investment risks, ensuring a more holistic assessment of managers' capabilities. ODD is not just a process to be followed when hiring a manager, it can often be beneficial to review these risks on an ongoing basis as a manager's business evolves.

Active ownership

In order to deliver effective stewardship, Russell Investments relies on third-party data providers, including Sustainalytics and proxy adviser Glass Lewis. The primary services we receive are detailed in the diagram below.

Exhibit 23: Details of service providers

SERVICE PROVIDER	SERVICE RENDERED	HOW THIS SERVICE CONTRIBUTES TO RI'S ACTIVE OWNERSHIP
Glass, Lewis & Co	Viewpoint Voting Platform	Allows Russell Investments to monitor a very high volume of voting activity and place manual votes when appropriate
	Application of Custom Proxy Voting Guidelines	Glass Lewis applies a bespoke set of Proxy Voting Guidelines created and maintained by Russell Investments' Proxy Voting and Engagement Committee
	Resolution research and analysis	Russell Investments' internal Proxy Analysts draw on Glass Lewis' research and analysis as one resource when preparing a recommendation for the Proxy Voting and Engagement Committee on a referred item. For more information on referred items, please see Principle 12.
Sustainalytics	Coordinate collaborative engagement partnership	Sustainalytics coordinates engagement activities for the thematic channels in which Russell Investments participates. For more information on Russell Investments' participation in Sustainalytics' Thematic engagements, please see Principle 10.
	Company-level ESG ratings and analysis	Our investment professionals leverage Sustainalytics ESG risk ratings and analysis in our engagement practice, manager due diligence and in portfolio management.

Source: TBC

To ensure our process of delivering effective stewardship is to the highest standard, we regularly monitor and review both Glass Lewis and Sustainalytics.

An annual service review is conducted to include statistics of the previous year's vote activity and accuracy and timeliness from Glass Lewis' research team. Russell Investments tracks these statistics year-over-year to ensure consistent quality service. Furthermore, members of the Proxy Voting and Engagement Committee hold an annual meeting with Glass Lewis, addressing any concerns or updates regarding the services they provide.

Russell Investments partnered with Sustainalytics as an engagement service provider as their model allows for close oversight and integration with our internal active ownership and investment processes. Our Engagement Subcommittee, responsible for the selection and monitoring of engagement themes, communicates regularly with Sustainalytics on the positioning of these themes, target company selection and on progress and outcomes. Additionally, portfolio managers and wider members of the Investment Division regularly participate in direct company engagements, led by Sustainalytics.

Other third-party vendors

As a global organisation, Russell Investments has longstanding experience of integrating with various internationally-recognised outsourcing vendors and partners alongside our internal resources, to improve the overall efficiency of our core services for clients. We engage with providers across our operational, information technology and financial service lines, for some of our middle- and back-office support services. We maintain continuous oversight and robust due diligence of our providers (with service level agreements, formal relationship meetings and evaluations incorporating performance metrics).

We utilise third-party providers for middle-back-office services such as administration services for our pooled funds, custodian/depository services, portfolio accounting and certain IT services. Three of the main service providers we engage with include those described below.

- **State Street**
  We have a long-standing history of working with State Street globally, since 1995 in EMEA. State Street provides all fund administration (including fund accounting), prospectus and regulatory guidelines monitoring and custodian / depository services for Russell Investments' extensive suite of Ireland-domiciled pooled funds available for EMEA investors and administered for our platform clients, as well as fund accounting and custodian services for Russell Investments pooled funds in other domiciles. Russell Investments’ primary custodian relationship globally is with State Street, bringing major cost advantages for many of our segregated account clients given our volume of assets administered by State Street (more than £30 billion for our Ireland-domiciled pooled funds at end-December 2018).
- **SS&C Globe Ops**
  SS&C Globe Ops provides portfolio accounting services, including daily reconciliations of cash and positions when comparing our current holdings with the custodians’ data.
- **NTTData**
  As a proportion of IT support functions are outsourced, Russell Investments’ dedicated global IT Applications and Infrastructure department works in conjunction with NTTData (formerly called Dell) to provide IT infrastructure including 24 x 7 IT support and security.

Russell Investments has a robust governance framework and due diligence process in place for its third-party service providers, vendors and for the oversight and continuous monitoring of middle/back-office functions that are outsourced to these providers. While we do not share specific details with external parties on our service level agreements in place with our outsourced service providers, at a top-level, we monitor our appointed providers’ services as described below.

Russell Investments maintains continuous oversight and comprehensive due diligence of its appointed third-party providers including, regular reviews of the service level agreement, Key Performance Indicators (KPIs) and formal due diligence meetings:

- A comprehensive service level agreement is put in place and is reviewed on a semi-annual basis.
- A Balanced Scorecard system based on the performance of key deliverables within the Service Level Agreement (SLA) is implemented.
- Regular reviews are conducted of management information stats and KPIs. Any issues are escalated to the third-party provider for prompt explanation and/or resolution.

Formal governance and relationship meetings are held regularly. This process includes a comprehensive evaluation of potential providers and vendors; and, subsequent to selection, implementing service level agreements, monitoring of performance metrics, periodic reviews and governance sessions.

OUTCOME

Below we provide examples of how our monitoring and oversight work in practices, alongside the outcomes of each of these cases.

Case study 1: Vendor management

A vendor received a Qualified SOC1 report rating for two consecutive years relating to a control failure. While the actual control failure did not apply to Russell Investments (i.e. the control failure was related to a daily validation process which Russell Investments does not rely on), the fact that the control failure was not closed out within a year was a reason for concern. Our in-house vendor relationship manager and the vendor risk management team spoke with the vendor at length about the control failures. The vendor explained that the control failure was due to lack of resources, associate turnover and non-automated processes - these were now mitigated. The vendor also disclosed that they were planning on bringing in their second line risk management team to provide additional review of their processes, to prevent these issues from reoccurring in the future. We were satisfied with this response but continue to monitor the vendor closely.

Case study 2: Operational due diligence

In the case of an external money manager, the manager committed multiple investment-related errors over a short period. While the manager previously had a Satisfactory GMODD rating and was not due for a desktop review until the following year, the review cycle was shortened, an onsite review was conducted shortly after these errors were made. The onsite review uncovered process and control gaps. Russell Investments subsequently lowered the GMODD rating of the manager to “Monitor”. We have since provided control recommendations directly to the manager.

Case study 3: Global equity manager change

This example relates to a change that was made in our global equity fund, which demonstrates our active stewardship approach. Despite providing excellent risk-adjusted returns in the recent period, we decided to terminate the appointment of a Manager due to our low conviction in their long-term governance structure and resources allocation. Instead, we allocated the capital to another Manager, who employed a similar strategy but had a governance structure that met our standards.

Case study 4: Internal audit of proxy voting service provider

In 2020, to ensure that our practices are aligned with best practice principles, the Proxy Voting and Engagement Committee initiated a new internal audit process to ensure that Glass Lewis, our proxy provider, accurately cast votes in accordance with our guidelines. Although this internal audit process was already in place for certain funds due to regional regulatory requirements, the Proxy Voting and Engagement Committee have made the decision, alongside our internal risk team, to expand the audit process to include all funds in all jurisdictions.

Principle 9

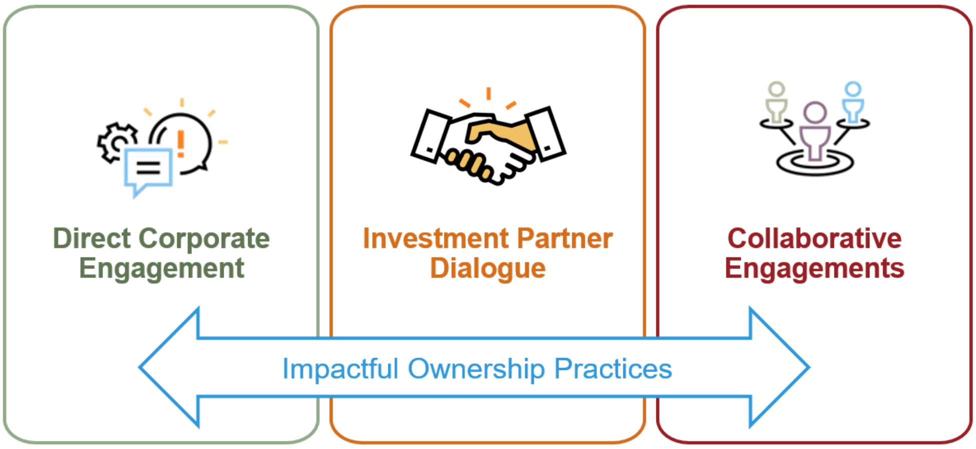
Principle 9:

Signatories engage with issuers to maintain or enhance the value of assets.

CONTEXT

As a premier investment solutions partner with multi-asset and multi-manager capabilities, we leverage a broad set of relationships to exert influence and enable multiple levels of engagement. This activity is governed by the Proxy Voting and Engagement Committee, which is described in our response to Principle 2. Russell Investments' position creates many opportunities for active ownership, allowing us to engage directly with issuers, to join collaborative engagement efforts with market participants and to engage with and through sub-advisers. We continue to grow and develop our engagement programme, including collaborating with Sustainalytics and our sub-advisers to broaden the scope of our engagement efforts.

Exhibit 24: Impactful ownership practices



Source: Russell Investments, for illustrative purposes only.

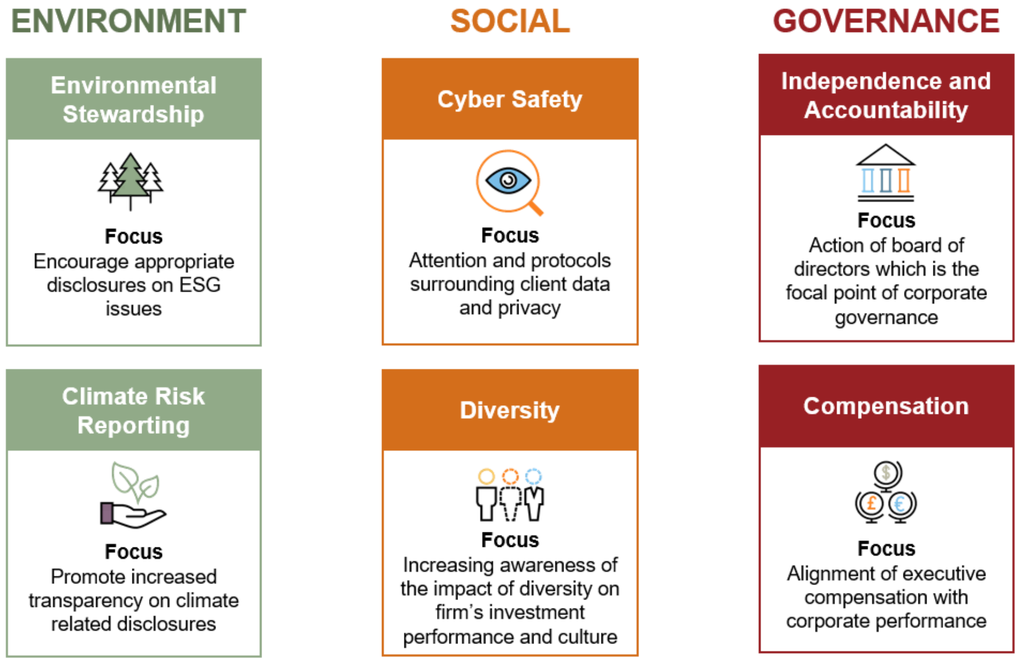
ACTIVITY

Russell Investments conducts engagements at the firm, rather than fund level. Internally led, direct company engagements are frequently initiated on the back of proxy items. Many relate to votes that have been referred to the Proxy Voting and Engagement Committee for analysis, debate and a manual vote. (Principle 12 provides additional information on referred items and the manual voting process) Any referred item that is voted on by the Committee is "flagged" as a potential engagement opportunity, however, Russell Investments will apply additional criteria when selecting targets for engagement, including the following:

1. Proxy voting item and Russell Investments' voting history on the said issue with the company (where relevant)
2. Russell Investments' ownership stake (as percent of shares outstanding) and/or fund exposure
3. ESG analysis performed in-house and by our third-party vendor of ESG metrics, currently Sustainalytics, particularly ESG risk score
4. Glass Lewis' research and analysis, where available

We know that many issues are worthy of engagement, so the criteria listed above attempts to highlight the opportunities which offer the highest risk, return or change opportunities. As another means of introducing focus and furthering our impact, Russell Investments has organised engagement efforts under the following six categories (which are also described in our response to Principle 7): compensation, independence/accountability, diversity, environmental stewardship, climate risk reporting and cybersecurity. While these six categories were our focus in 2019 and 2020, they are reviewed annually by the Engagement Subcommittee, and may change based on the success of a given category or to keep pace with industry trends.

Exhibit 25: Our engagement themes



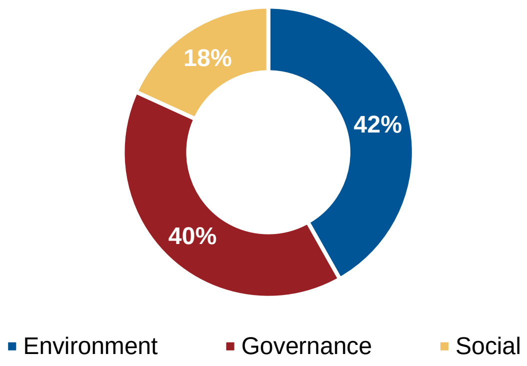
Source: Russell Investments, for illustrative purposes only.

In 2020, as part of evolving our engagement programme, Russell Investments has instituted a procedure to propose any engagement targets to the Investment Division's Investment Strategy Committee for approval. After selecting a company as a potential opportunity for engagement, the Engagement Subcommittee must go through this governance process before conducting an engagement. This serves the dual purpose of increasing visibility of engagement activity at a higher level, both in the investment division and firm-wide, serving as an additional safeguard against any potential conflicts of interest that might arise. The Engagement Target Approval process was adopted in mid-2020, and thus far all proposed targets have been approved by the Investment Strategy Committee.

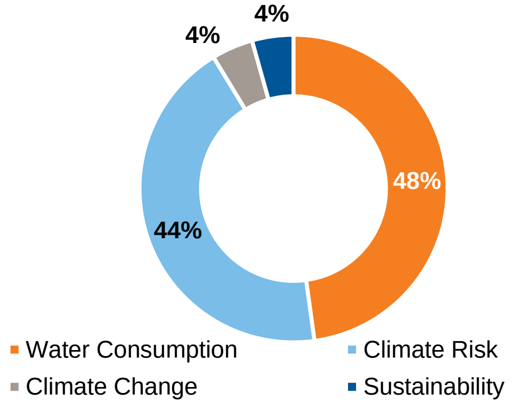
The impact of these efforts, in combination with our collaborative programs, has improved the breadth of our activity by issue and by region. A summary of our engagement activity over 2020 is provided below.

Exhibit 26: Summary of engagement activity for 2020

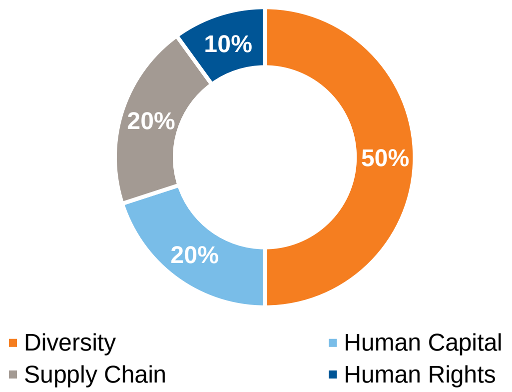
Engagement by category



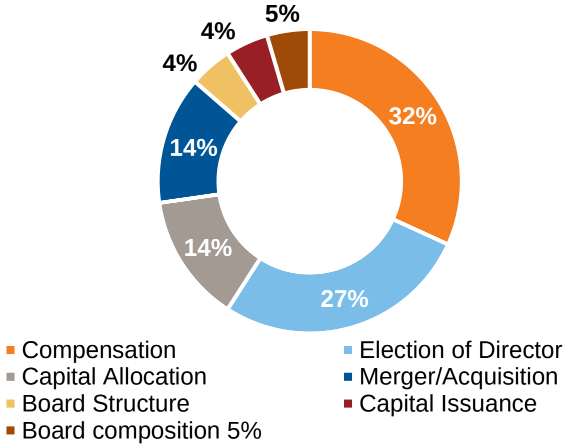
Environmental engagements by topic



Social engagements by topic

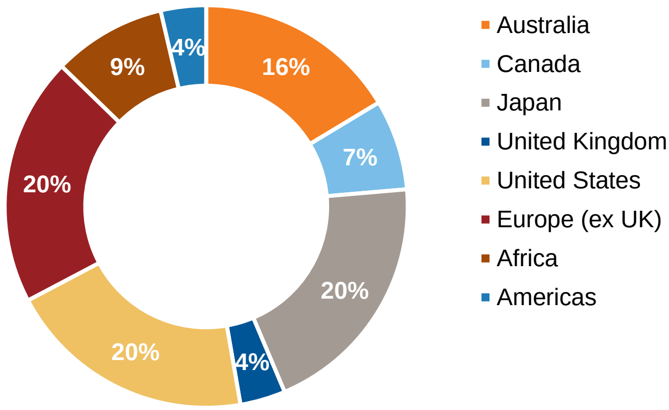


Governance engagements by topic



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Exhibit 27: Distribution of engagement activities by geographic region in 2020



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

OUTCOME

Below is a selection of case studies from 2020, focused on direct corporate engagements, including actions taken with the support or participation of our sub-advisers. (Principle 10 provides examples of collaborative engagements)

Case study: Direct engagement with a US packaging company concerning Sustainability disclosures, diversity, and executive compensation

In Q4 2020, the Engagement Subcommittee, joined by a member of the portfolio management team, discussed the current membership of the board. We noted that there were many long-standing board members, but these could be considered entrenched. The company expressed an intention to add fresh perspective via upcoming openings, which is positive. We had flagged executive compensation as an area for discussion after our proxy research provider assigned a low score to the pay for performance metric. Through discussion, we determined the program is sufficiently aligned with company performance measures. We also noted, positively, that the company has begun to incorporate non-financial metrics such as safety measures, and they plan to add a diversity component at the senior level. We assessed their sustainability reporting as strong overall but noted that there were several important metrics still not included in the reporting, and we encouraged further development of these metrics over time. We intend to monitor further developments. Our agenda and the results of the conversation were shared with our sub-adviser partner.

Case study: Direct engagement with US-based data-management software company regarding executive compensation

In 2019, following the recommendation of our proxy adviser, Russell Investments voted against the executive compensation plan for a North American software company. Approximately 48% of shareholders voted against the proposal in 2019. After the vote, the Engagement Subcommittee reached out to the company to discuss the company's planned response to shareholder concern. We suggested to the company's senior management that they should conduct a full review of pay practices and pursue better alignment between pay and performance. In August of 2020, with the support of our sub-adviser partner, Russell Investments once again voted against the company's executive compensation package. Members of the Engagement Subcommittee, along with a member of our portfolio management team, contacted the company to follow up on previously discussed concerns. In our previous engagement, the company assured us that the Compensation Committee works to ensure that their compensation packages are designed to attract the right level of talent in this area. However, our research suggested that the company's executive compensation program that was held to a vote was perhaps too excessive compared to peers. The company explained that this disparity was related to the departure and subsequent replacement of the Chief Executive Officer. The company assured us that the guaranteed bonuses would not become a regular feature of their compensation programmes. Russell Investments reiterated that until they had demonstrably done more to align pay with their performance, we would continue to vote against.

Case study: Collaborative engagement through a sub-adviser partner on a potential acquisition of a UK-based real estate development company by a real estate fund

In December 2020, Russell Investments, through collaboration with a sub-adviser partner, conducted engagement on a potential acquisition of a UK-based real estate development company by a real estate fund. While Glass Lewis recommended a vote for the proposal, our sub-adviser partner advised a vote against, based on the belief that the bid undervalued the longer-term prospects, especially in light of the news of a pending, effective vaccine for COVID-19. The news of the vaccine came after the bid. Russell Investments' Proxy Analysts found the sub-adviser's position compelling and supported voting against. The committee voted against based on these recommendations.

Case study: Collaborative engagement with a sub-adviser partner to discuss climate change risks with a packaged-food company based in Japan

In August 2020, members of the portfolio management team participated in a joint engagement with our manager sub-adviser. While the sub-adviser drafted the agenda and led the meeting, Russell Investments' portfolio management team supported their messaging and made their own interest in the topic known to the company. As a result of the engagement, we found that the company had become a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) Consortium in June 2020. They are scheduled to disclose necessary information based on TCFD guidelines, including scenario analysis for climate change impacts and we will be expecting to see this reporting in the coming year.

Principle 10

Principle 10:

Signatories, where necessary, participate in collaborative engagement to influence issuers.

ACTIVITY

At Russell Investments, we have an active role in sustainability and responsible investing through memberships with organisations promoting the inclusion of sustainability in investment processes. We have been a signatory of the United Nations-supported Principles for Responsible Investment (PRI) since 2009. The PRI works to understand the investment implications of ESG factors and helps support its investor signatories in incorporating these ESG factors into their investment and ownership decisions, acting not only in the long-term interests of its signatories but financial markets and economies in which they operate. The PRI has adopted six principles for responsible investing to produce an aspirational set of investment principles that create possible actions for incorporating ESG issues into investments. These principles are as follows:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

In addition to being a signatory of the PRI, we are either signatories or members of the following advocacy groups, which were described in detail as part of our response to Principle 4.

- Institutional Investors Group on Climate Change (IIGCC)
- Responsible Investment Association Australasia (RIAA)
- Climate Action 100+
- Carbon Disclosure Project (CDP)
- Investment Association (IA)
- Investment Company Institute (ICI)
- Securities Industry and Financial Markets Association (SIFMA)
- TCFD (the Task Force on Climate-related Financial Disclosures)

In addition to our direct engagement themes, as detailed in our response to Principle 8, in 2020 Russell Investments began a partnership with Sustainalytics for collaborative engagements. Sustainalytics' thematic engagement programmes are designed to extend over a three-year period, allowing Russell Investments and other participants to build relationships with a selected set of issuers, to encourage development in the thematic channel to which they belong. Russell Investments is supporting four programmes of thematic engagement: Climate Transition, Japan - Material Risk, Water Management and Human Capital and the Future of Work.

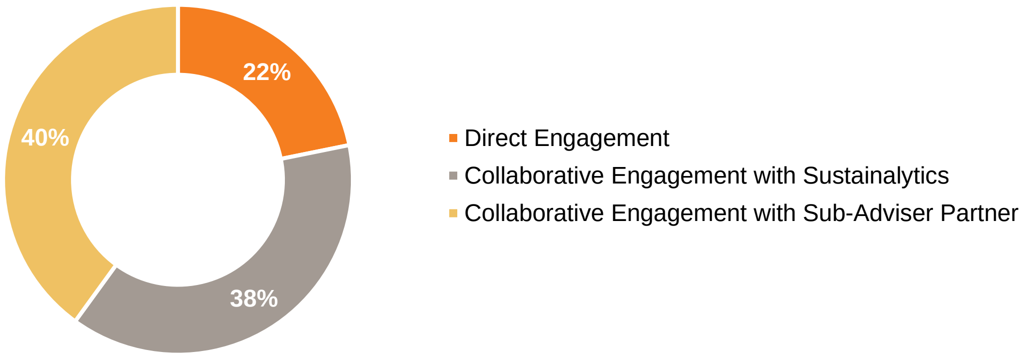
Exhibit 28: Programmes of thematic engagement

Climate Transition	Japan – Material Risk	Localised Water Management	Human Capital and the Future of Work
Steel and cement industries face significant emissions challenges but are vital to global infrastructure	Mitigating material ESG risks, particularly governance, can protect shareholder value	Water risk and resource management is a key commercial issue for many companies	Innovative and competitive companies must prioritise human capital

Source: Russell Investments, for illustrative purposes only.

In the Exhibit below, we provide the split between our direct and collaborative engagements over the course of 2020. Examples of our direct engagement activity and our engagement activity with our sub-adviser partners are provided in our response to Principle 9.

Exhibit 29: Collaborative and direct engagements in 2020



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

OUTCOME

Our collaboration with Sustainalytics has increased the breadth of our outreach and considerably broadened our geographic scope. While the majority of our engagements were still with companies in developed markets, in 2020 we were able to engage with companies in some emerging markets we might not have otherwise flagged for engagement. This is an improvement over 2019, when our engagements were limited to five regions. Below, we provide some examples of our collaborative engagement though our partnership with Sustainalytics.

Case study: Focused engagement with a South African Mining company on water risk management

Russell Investments has identified water management as a sustainability risk that is difficult to assess from currently available data, we have therefore prioritised outreach in this area. This engagement was led by Sustainalytics, as part of the Localised Water Management thematic programme, which focuses on companies operating in two highly stressed water basins in South Africa and Brazil. We discussed the challenges associated with water-use for a company that conducts water-intensive operations in a stressed-water basin environment. The Company noted that the perception of an issue like water management as “soft” created obstacles in involving their peers, as well as internal staff down to the production-level, in water management efforts across the basin. Despite the challenges, the company recognises that water management is critical to improving water security and has taken measures to increase buy-in. The company noted several water-related metrics being measured and targets that were backed by high-level accountability, as the metrics are used in part to determine compensation at the CEO level. Overall, even though the company is exposed to water-related risks, we noted that management of the issue is relatively strong. Several areas for follow-up were noted, we will continue to monitor their management over the next several years, particularly looking for opportunities to encourage basin-wide collaboration with other companies we invest in this water basin.

Case study: Discussion with European industrial conglomerate on human capital risks and impacts posed by technological change, demographic shifts and globalisation.

In 2020, Russell Investments began a planned three-year engagement in collaboration with Sustainalytics, under the Human Capital and the Future of Work theme. The goal of the programme is to guide companies toward setting established management strategies that mitigate negative ramifications and ensure workforces that support innovation and business objectives while meeting demands of the future of work. An additional goal of this engagement is to ensure that companies strive to support diversity and inclusion strategies within these practices. The company expressed that it valued the opportunity to have a dialogue with Sustainalytics and engaged investors. The next step of this nascent engagement is to discuss the current governance of human capital and the overall human capital management at the company.

Principle 11

Principle 11:

Signatories, where necessary, escalate stewardship activities to influence issuers.

ACTIVITY

Russell Investments catalogues all engagement activities, including the aim of each outreach and all pertinent details. Following each activity, we record our conclusions and assess the outcome. Potential outcomes include: 1) company changed its practice, 2) company committed to change, 3) increased disclosures/reporting, 4) increased understanding/information, 5) ongoing, 6) no outcome and 7) voting. These are largely aligned with the United Nations PRI categories for evaluating engagement outcomes. Each year, we assess the prior year's activities for resolution or further action.

Russell Investments' position as a manager-of-managers means that we do not make investment or divestment decisions on behalf of our sub-adviser partners. While divestment is not a tool that we can use to exert influence on issuers, we do work closely with our sub-adviser partners and maintain open lines of communication to discuss any concerns that we may have about a given issuer. Russell Investments is working to frequently communicate our stance on proxy issues and/or vote outcomes to our sub-advisers, and we have begun conducting joint engagements with our managers when we agree it will increase the likelihood of positive outcomes.

Our engagement programme is evolving and we will continue to improve the depth and consistency of our outcome tracking, reporting and escalation procedures in 2021 and going forward, particularly for our individually led engagements.

OUTCOME

Proxy voting is our primary tool for escalation. In cases where companies that we have engaged with have not progressed a reasonable degree, either through action or planning, we may consider voting against management on shareholder proposals or against the re-election of directors. The following case study is an example of escalation through proxy voting. We are working towards improving our approach to escalation and look forward to providing more examples in next year's report.

Case study: Following a Shareholder Proposal requesting a human rights report, discussion with US-based packaged foods and meats company

This was a multi-year engagement. For this industry, human-rights related risks for meat-processing operations and contract growers are well-documented and material. Russell Investments' Proxy Voting and Engagement Committee debated whether to support management and vote against a shareholder proposal requesting a report on the company's process to assess and mitigate actual and potential negative human rights impacts. The Committee ultimately voted to reject the proposal, on the basis that engagement would be a more effective tool to communicate our concerns. In the past, the company has faced allegations and fines for safety violations, but only disclosed its goal of reducing the Occupational Safety and Health Administration (OSHA) injury rate. In August 2020, members of the engagement subcommittee met with the company to discuss their response to the shareholder proposal. The company highlighted that they had a decline in worker injury in the period 2017 – 2019, due to their efforts and are ahead of peers in their sustainability efforts, having adopted the Sustainability Accounting Standards Board disclosure framework in 2019. Our subcommittee came away with an overall positive view on management's efforts within their own plants, however, they were not able to outline a plan for screening contract growers. The same shareholder proposal requesting a human rights due diligence report was on the ballot at the company's 2021 Annual General Meeting (AGM). Upon review, Russell Investments Proxy Analysts, finding no progress made on risk mitigation in the supply chain, recommended a vote against management. The Proxy Voting and Engagement Committee sought additional input from our sub-adviser partner. The sub-adviser had initially intended to support management but re-evaluated their stance after Russell Investments' inquiry. Ultimately, both Russell Investments and the sub-adviser voted to support the shareholder proposal at the most recent AGM.

Principle 12

Principle 12:

Signatories actively exercise their rights and responsibilities.

CONTEXT

Proxy voting process

For 30 years, Russell Investments has executed a robust proxy voting programme built on policies, processes and guidelines that are consistently evaluated and evolved. Russell Investments has documented Proxy Voting Policies and Procedures and maintains custom Proxy Voting Guidelines. Members of the Proxy Voting Guideline Subcommittee lead a review and update of the guidelines at least annually, to ensure that our voting activities are aligned with current best practices. In recent years, guidelines relating to environmental and social issues have received the most scrutiny and discussion. An external service provider, Glass Lewis, serves as our proxy administrator and is responsible for applying our custom guidelines when executing proxy votes. (Additional information is provided in our response to Principle 8)

Proxy items referred to the Proxy Voting and Engagement Committee

Due to the very high volume of proxies that Russell Investments votes, we cannot review every individual proposal that we receive. Our Proxy Voting Guidelines are carefully crafted to address many proxy issues with detailed specificity, but any proposal not specifically addressed in the guidelines will also be referred to the Proxy Voting and Engagement Committee for review and a manual vote. The Proxy Voting and Engagement Committee has recognised that some issues require more scrutiny and a non-prescriptive approach. As an example, shareholder proposals requesting creation or improvement of ESG risk reporting are not voted automatically, rather they are subject to a case-by-case review by Committee.

For votes that are not covered by our guidelines, Russell Investments' internal Proxy Analysts will review available information, including research provided by Glass Lewis and provide a recommendation to the Proxy Voting and Engagement Committee. In some cases, the Proxy Voting and Engagement Committee will consult with the portfolio management team for more context and seek the opinion of the sub-adviser holding the stock. Once the Proxy Analysts have reviewed all the information and relayed their recommendation, the Committee votes on the proposal(s) in question and communicates our decision to Glass Lewis to execute.

The majority of Russell Investments' Proxy Voting Guidelines support governance structures that ensure that management and board members maintain independence, objectivity and act in the best interest of shareholders. A company can face significant financial and reputational hardship if it is negligent in ensuring that environmental and social standards and regulations are met. In cases where environmental and social issues are at risk of negatively impacting shareholder value, we believe that it is appropriate for shareholders to act.

The Proxy Voting Guidelines are available to review in their entirety on our Responsible Investing here.

ACTIVITY

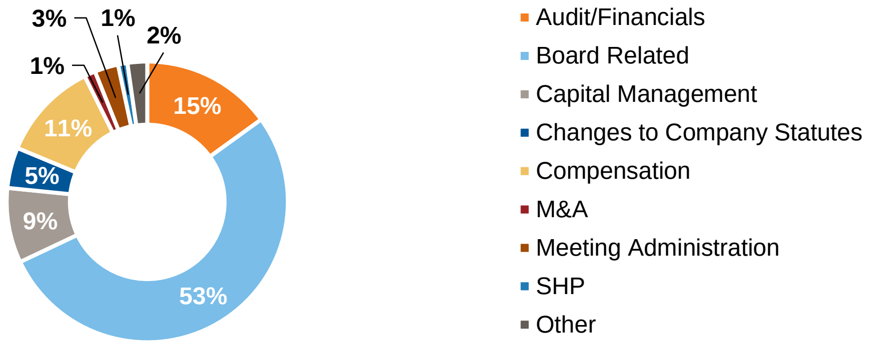
Listed equity

Russell Investments voted on **9,547** individual meetings in 2020, representing **97%** of meetings at which Russell Investments was eligible to vote. Unvoted meetings (marked as Take No Action in our reporting) were due to share blocking, Power of Attorneys, or operational barriers. Russell Investments had at least one vote against management at **47%** of meetings voted and voted against management on 11% of proxy items.

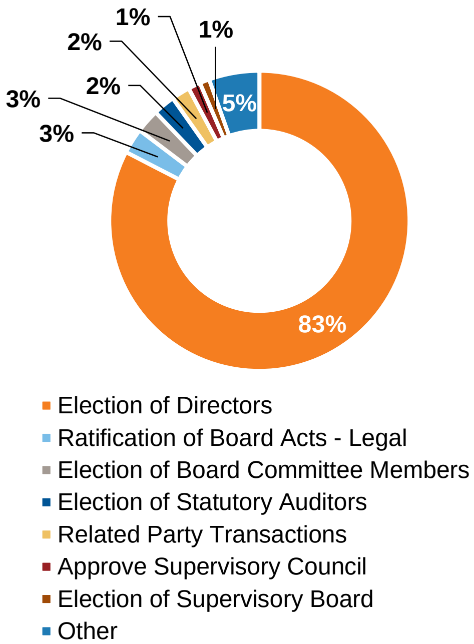
Russell Investments voted on **94,598** individual proposals, representing **96%** of proposals eligible, in 2020.

The three most common proposal issues were centred on governance. Board related proposals, meeting administration, audit/financials and compensation collectively represented **88%** of proposals.

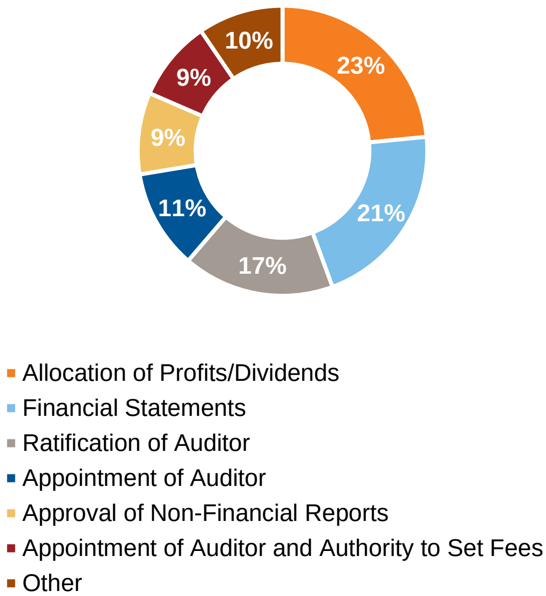
Exhibit 30: All votes by issue – deep dive on governance



Board related votes



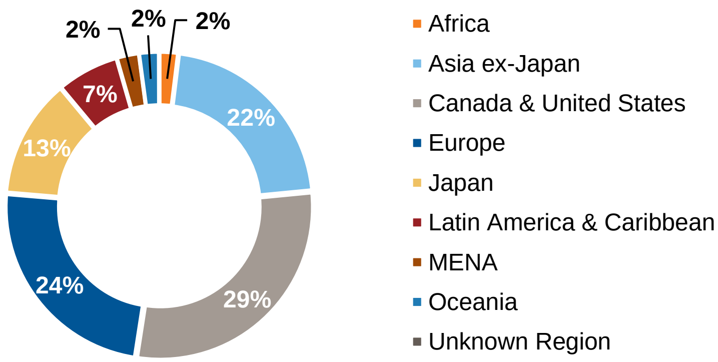
Audit/Financial votes



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Just over half of the votes were from companies based in North America and Europe, with Asia (including Japan) making up approximately a quarter of the votes. The remainder of votes were companies based in Africa, the Middle East, Latin America and Oceania (Australia and New Zealand).

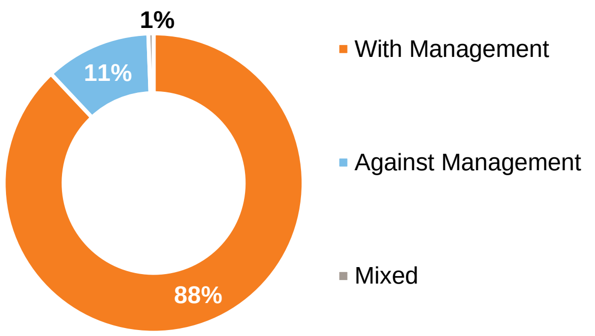
Exhibit 31: Regional voting



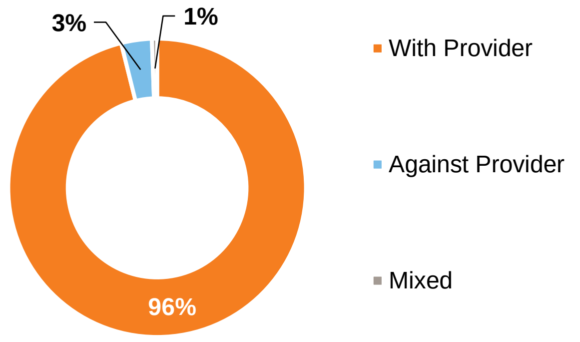
Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Exhibit 32: Votes against management and votes against provider

Votes against management



Votes against provider

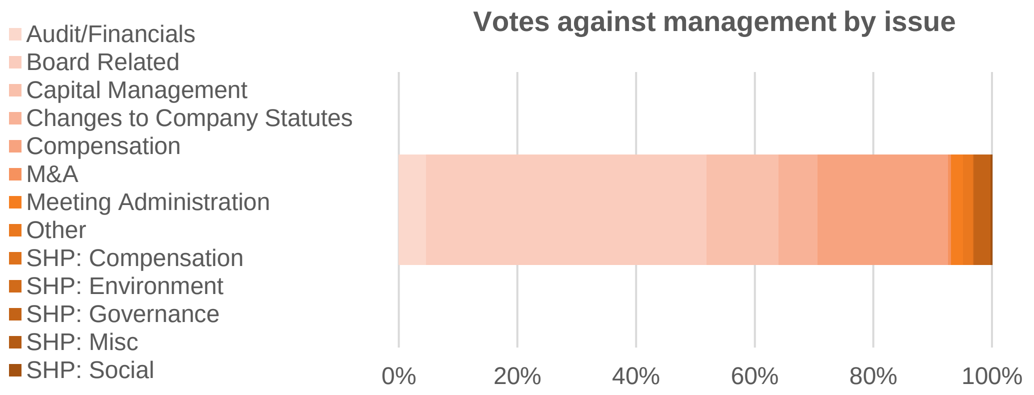


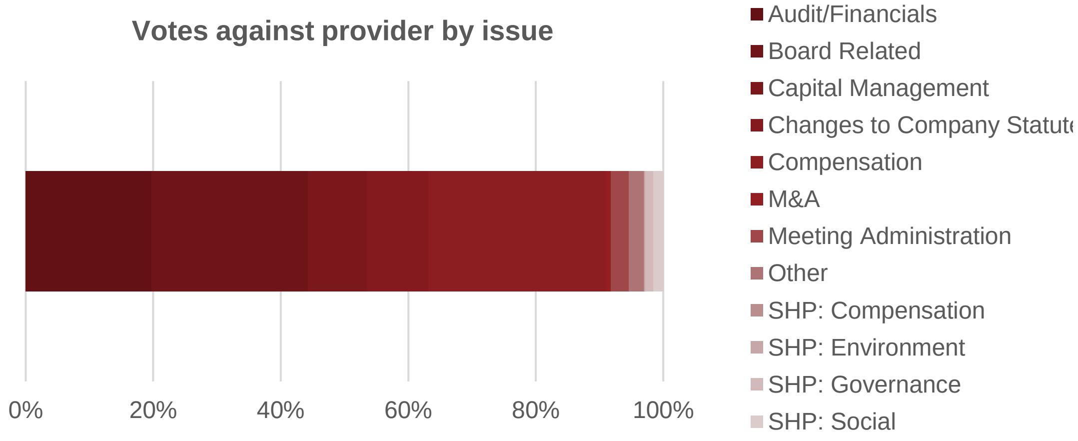
Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

As shown above, Russell Investments voted against management on **11%** of proposals and against Glass Lewis' recommendation on 3% of proposals. Of the votes against management, **21%** were also against Glass Lewis' recommendation, which is reflective of the independence of Russell Investments' Guidelines and voting activity.

The largest portion of votes against management, approximately **47%**, were board-related, particularly director elections, approval of supervisory councils and ratification of auditors. This contrasts with the largest portion of votes against provider, where compensation was the main issue, representing approximately **28%** of votes against provider. Most often, this discrepancy was indicative of Russell Investments' stricter view on compensation packages, under Section X-A of our guidelines, which stipulate that Russell Investments votes against plans under which the option grantors have discretionary authority to grant options to themselves. It should be noted that board-related proposals were a close second, **25%**.

Exhibit 33: Votes Against Management and Votes Against Provider by Issue





Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

Restrict/Recall shares on loan

Our policy on securities lending as it applies to proxy voting ensures that we exercise full voting rights on behalf of our clients. Our proxy administrator, Glass Lewis, currently produces a weekly report of shares that we have out on loan with upcoming proxy votes. 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.

Fixed income

While proxy voting is less applicable to fixed income instruments, our fixed income sub-advisers are increasingly boosting their engagement activities with underlying management teams to gain greater insights from the underlying companies, to lobby for improved transparency, and to influence business practices. For example, our securitised credit managers will research the services on the loan in a given trust pool and often avoid those servicers that have a history, or are suspected of behaviour that is less likely to be advantageous to the performance of the securities held.

Additionally, Russell Investments assesses managers investing on our behalf not only on their ability to identify attractive fundamental economics for an individual investment but also on their ability to assess the quality of contractual rights of bondholders and the governance over those rights in the relevant jurisdiction. For example, we often elect not to invest in bonds issued in legal jurisdictions where the rights of creditors are less likely to be upheld in court or when there is insufficient transparency as to whether and how those rights are likely to be enforced relative to the return on offer. We expect further development in this space over the coming years.

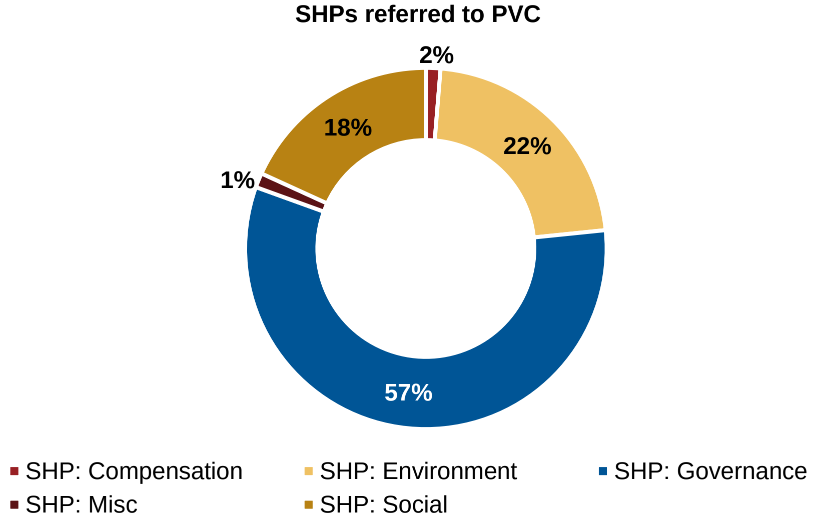
OUTCOME

In 2020, the majority of proposals that Russell Investments voted on were according to the detailed directives in the Proxy Voting Guidelines, over 450 proposals were referred to our Proxy Analysts and the Proxy Voting and Engagement Committee for internal review and case-by-case voting.

The majority of these were management proposals, of which 41% were requests to approve technical vote requirements, followed most closely by requests for approval of the supervisory council, or declaration of material interest. Many of these proposals are relatively straightforward, concerning technical vote requirements or bundled proposals and are resolved by our Proxy Analysts; these individuals provide an essential layer of support and scrutiny to our process.

Shareholder proposals on ESG topics represented 16% of votes reviewed by Russell Investments' Proxy Analysts. All of these proposals were put to the Proxy Voting and Engagement Committee for a vote following analysis by a Proxy Analyst.

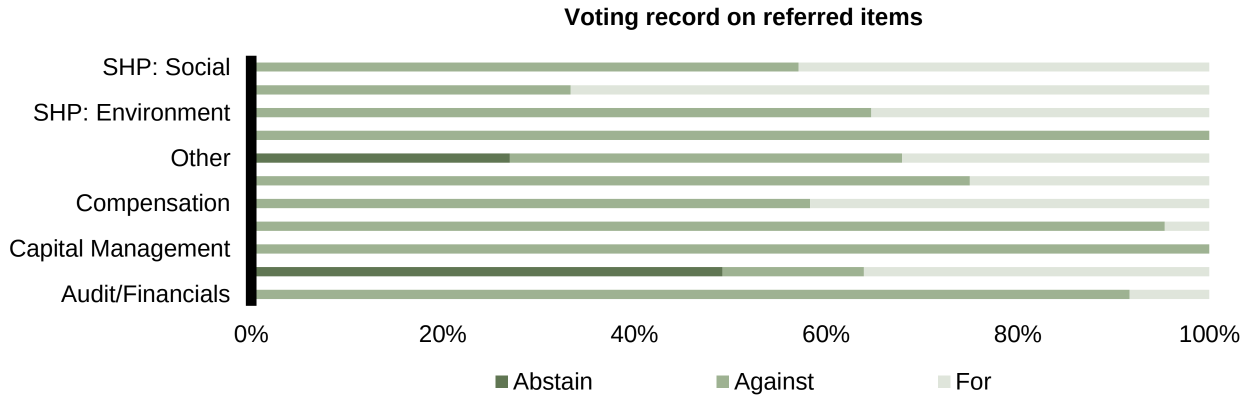
Exhibit 34: Shareholder proposals by category



Source: Glass Lewis and Russell Investments, data as at 31 December 2020.

The high proportion of governance shareholder proposals referred to the Committee is reflective of the prevalence of governance issues among shareholder proposals generally.

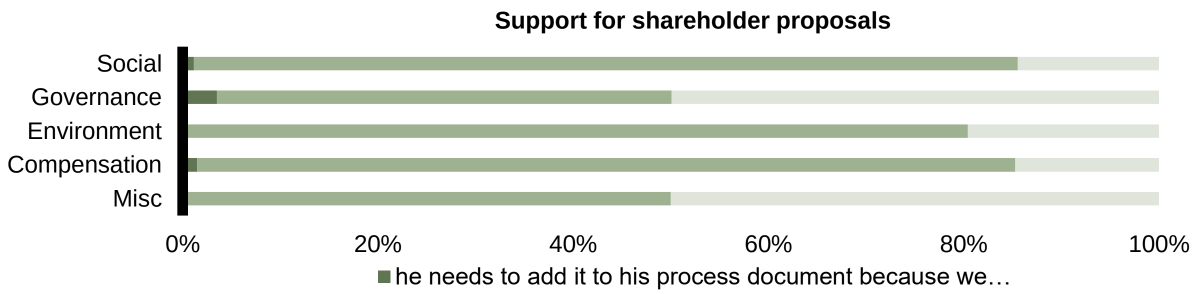
Exhibit 35: Russell Investments votes on referred items



Source: TBC

At the end of 2020, following a review of our voting record, the Proxy Voting and Engagement Committee realised that a number of environmental and social proposals that might warrant our support were not receiving sufficient consideration. Many of these were connected to de minimis positions and so were voted automatically in line with Glass Lewis' recommendations. As a result, we amended the relevant guidelines to redirect more of these proposals to the Committee's attention. For example, Guideline XIX now states that shareholder proposals related to environment and social issues will be a case-by-case basis, even if they belong to de minimis positions. Guideline section XIV-A, which concerns proposals requesting that companies create or improve upon environmental, sustainability, or governance reporting, was also re-written to increase the likelihood of Committee review. Russell Investments expects that these guideline amendments will lead to a meaningful increase in the number of shareholder proposals that are brought to the Committee for analysis and debate.

Exhibit 36: Shareholder proposals by category in 2020



Source: TBC

Although these amendments are expected to increase support for environmental and social issues overall, Russell Investments will continue to favour management's ability to successfully execute on shareholders' behalf when the following criteria are met:

- The company already provides sufficient disclosure and reporting on the subject;
- The company is in line with or above peers regarding the request;
- There is no evidence of a link between the issue at hand and shareholder value to the firm; or
- Increased disclosure would not impact the company's ability to mitigate regulatory risk.

An additional benefit of this change is that it allows Russell Investments to effectively identify and employ direct engagement with companies prior to escalating to a vote against management (an example of this is the case study included in Principle 11). The company was initially flagged as a potential engagement target following review and debate of the Share Holder Proposal by the Committee. The 2020 vote in support of management was placed with the understanding that engagement would be the first step in assessing and addressing the risks, in cooperation with the issuer. When the same proposal was referred to the Proxy Voting and Engagement Committee in 2021, as we had already conducted an engagement, the Committee decided to vote against management with the support of our sub-adviser partner. We believe that Russell Investments' proxy voting and engagement mechanisms can dovetail to create an efficient tool for active ownership.

About Russell Investments

Russell Investments is a leading global investment solutions partner, dedicated to improving people's financial security. 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. Our approach brings some of the world's leading managers and strategies together - in a diversified, adaptive and efficient portfolio - aimed at achieving investors' goals.

For more information

Call Russell Investments at **020 7024 6000** or

visit **russellinvestments.com**

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