

Summary of the 2018 PRI Assessment

The United Nations-backed Principles for Responsible Investment (PRI) are a globally recognised benchmark for the consideration of environmental, social, and corporate governance (ESG) issues. Russell Investments is pleased to announce that in 2018, the PRI awarded our firm an ‘A’ rating for our approach to responsible investing.

Principles for Responsible Investment

Launched in April 2006, the PRI is an investor initiative developed in partnership with the United Nations Environment Programme Finance Initiative and the United Nations Global Compact. They are global best practices that challenge investors to acknowledge ESG issues.

The PRI have six principles:

1. Incorporate ESG issues in investment analysis and decision-making processes
2. Actively own and incorporate ESG issues in ownership policies and practices
3. Seek appropriate disclosure on ESG issues from the entities invested in
4. Promote acceptance and implementation of the principles within the investment industry
5. Work together to enhance effectiveness in implementing the principles
6. Report on activities and progress towards implementing the principles

The number of PRI pledges has grown rapidly since 2006. Today, signatories total in excess of 1900 organisations – spanning investment managers, asset owners and service providers from 48 countries and representing around \$81 trillion in assets.^[1]

As such, these principles have become a well-respected global benchmark.

Russell Investments and the PRI

PRI's Mission:

“We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.”

Russell Investments have publicly committed to embedding the PRI's six principles where consistent with our fiduciary responsibilities.

Each year, signatories of the PRI disclose their approach to responsible investment, policies and procedures. The PRI then reviews each company's credentials both on an individual and a peer-relative basis before awarding them an official PRI rating for the year.

Russell Investments achieves consistently high grading across process

This year, Russell Investments recorded an A+ for our Strategy & Governance and Listed Equity Incorporation, and an A rating across all other assessment modules. Module breakdowns are available in the table overleaf.

^[1] <https://www.unpri.org/Uploads/n/1/PRI-Global-growth-2006-2018.xlsx>

Demonstrated commitment

Please find below a breakdown of Russell Investments' overall scores across all 11 modules reported on.

The methodology, assessment report and transparency report can be found in the full PRI report.

MODULE	Russell score	Median score
Strategy and Governance	A+	A
Listed Equity	A	B
Fixed Income SSA	A	C
Fixed Income Corporate (Financial)	A	C
Fixed Income Corporate (Non-Financial)	A	C
Fixed Income Securitised	A	C
Private Equity	A	C
Property	A	C
Infrastructure	A	C
Listed Equity Incorporation	A+	B
Listed Equity Active Ownership	A	B

Global Chair of Russell Investments' Responsible Investment Committee Pete Gunning, said:

"The 2018 assessment from the UNPRI acknowledges the integrated approach we have taken to embed ESG considerations throughout our investment process. The consistent high performance across all asset classes is testament to the time and effort that our teams have committed to this increasingly important topic."

Concluding thoughts

Russell Investments has made great strides over the years in incorporating the PRI principles into our processes including manager research, portfolio management as well as proxy voting and engagement. In addition, considering and incorporating ESG-specific strategies such as our proprietary decarbonisation strategy and ESG tilting methodology, form an important part of our product development process.

We believe that our ongoing commitment to the PRI is one of the best ways that we can demonstrate to our clients and our peers alike our dedication to responsible investing.

We will continue to focus on the implementation of PRI's six principles to support our clients and society in responsible and sustainable investing.

Important Information:

The information contained in this publication was prepared by Russell Investment Group Limited on the basis of information available at the time of preparation. This publication provides general information only and should not be relied upon in making an investment decision. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant Russell Investments' fund having regard to your objectives, financial situation and needs. In particular, you should seek independent financial advice and read the relevant Product Disclosure Statement or Information Memorandum prior to making an investment decision about a Russell Investments' fund. Accordingly, Russell Investment Group Limited and their directors will not be liable (to the maximum extent permitted by law) for any loss or damage arising as a result of reliance being placed on any of the information contained in this publication. None of Russell Investment Group Limited, any member of the Russell Investments group of companies, their directors or any other person guarantees the repayment of your capital or the return of income. All investments are subject to risks. Significant risks are outlined in the Product Disclosure Statements or the Information Memorandum for the applicable Russell Investments' fund. The Product Disclosure Statements or the Information Memorandum for the Russell Investments' funds (as applicable) are available by contacting Russell Investment Group Limited on 09 357 6633 or 0800 357 6633. Copyright 2018 Russell Investment Group Limited. All rights reserved.

NZ1-00118. First Used: August 2018