



Climate change policy



Incorporating the investment risks and opportunities associated with climate change



Policy overview

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

Russell Investments climate change policy

Since the signing of The Paris Agreement¹ asset owners, investment managers and regulators are increasingly acknowledging the importance of climate change to investment risk and return opportunities. Russell Investments has also recognized climate change as a material investment issue.

Russell Investments has built its responsible investing policy and practice from our beliefs. These responsible investing beliefs are naturally inclusive of climate change risk and opportunities and we demonstrate formally their linkage below:

Responsible investing belief	Link to climate change
Environmental, social and governance (ESG) factors impact security prices. These factors can vary by company, industry and region, and their importance can vary through time.	Climate change is an important environmental issue. Indeed, its effect on sectors, industries and regions will vary and increases in intensity over time.
A deep understanding of how ESG factors impact security prices is value-adding to a skillful investment process.	The reach, timing, risk and opportunities associated with climate change are complex.
Embedding ESG considerations into a firm's culture and processes improves the likelihood of prolonged and successful investing.	Meeting the challenge of climate change is an imperative for any business's sustainability. Investment managers will have a critical role to play, as exemplified by the Taskforce for the Climate-related Financial Disclosure (TCFD).
Active ownership of securities is an effective tool for improving investment outcomes.	By focusing on climate change, and through our partnership with Climate Action 100+, we impact and improve both investment outcomes and corporate decisions.

Our responsible investing policy and practice provide us a strong basis for investing, advising, and building products that reflect our beliefs, while helping to meet clients' goals, preferences and circumstances. As climate change risks and opportunities become more topical, investors demand more disclosure on portfolio positioning and regulators have expanded their requirements. Russell Investments looks to understand thoroughly the implications of climate change for investing, research robust and thoughtful solutions and provide our clients with the information they need.

¹ The Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC), dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, signed in 2016. [The Paris Agreement | UNFCCC](#)

TCFD framework²

A key motivation establishing a formal climate change policy is our support for the TCFD initiative as of 2019. The TCFD has an established framework for reporting on climate-related topics.

Core elements of recommended climate-related financial disclosures



Governance

The organization's governance around climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Risk management

The processes used by the organization to identify, assess and manage climate-related risks.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Source: TCFD. April 2020.

How our responsible investing practice addresses climate change

Our climate change policy is an extension of our responsible investing practice.³ The current state of that practice, its trajectory and our aspirational goals include several climate-change features:

- Manager research incorporates the impact of climate change through the ESG components of our research rank framework
- Quantitative research has focused on several climate change themes including water, resource efficiency and the development of our Material ESG Score⁴.
- Low carbon strategies explicitly target climate change risk and opportunities
- Active ownership practice explicitly targets climate change

Russell Investments acknowledges that carbon and climate change are investment issues to be understood. As we evolve our practice, Russell Investments is devoting material resources to understand and integrate the financial impact of climate change.

² <https://www.fsb-tcfid.org/>

³ Ross, L. (2018) *Best practices for Responsible Investing* may be found at russellinvestments.com/us/corporate-responsibility/responsible-investing.

⁴ Steinbarth, E. (2018) *Materiality matters: Targeting the ESG issues that can impact performance* may be found at russellinvestments.com/us/corporate-responsibility/responsible-investing.

Climate change and our business operations

Sustainable offices and travel policy

Russell Investments has a strong record of resource efficiency which has real benefits in terms of our overall environmental impact while improving our own bottom line with lower costs.

We are proud that our facilities have been acknowledged by several organizations:⁵

- Seattle – LEED (Leadership in Energy and Environmental Design) Platinum-certified, 100 ENERGY STAR® score
- New York – LEED O+M
- Chicago – LEED – CI 1.0
- Sydney – NABERS Energy rating 5 stars, NABERS Water rating 3.5 stars (National Australian Built Environment Rating System) on a 6-star scale
- Toronto – LEED Gold (EB:OM)
- Amsterdam – BREEAM In-Use certified (Building Research Establishment Environmental Assessment Method)

As well, we are further reducing our costs and our footprint by:

- Lowering energy and water consumption: a voluntary program of improved energy efficiency and reduced water consumption is in place
- Managing waste and materials: we are committed to reducing and recycling non-hazardous waste
- Using recycled materials: we incorporate recycled materials within our working environment, wherever possible
- Promoting paperless environments: for example, introducing electronic supply-chain transactions⁶
- Hosting genuinely sustainable corporate events, featuring carbon offsets, digital materials, sustainable food and venues and the avoidance of single-use plastic.

Russell Investments has acknowledged the benefits of reducing business travel, and in offsetting travel emissions. Our corporate values⁷ acknowledge the importance of stewarding our clients' assets, trust and fees. This stewardship has contributed to a gradual reduction in corporate travel over the last decade which, in turn, reduces our carbon footprint.

Industry collaboration and support

Russell Investments has an active role in sustainability and responsible investing through memberships with organizations promoting the inclusion of sustainability in investment processes. We are signatories or members of:

Signatory of:



⁵ See page 5 for more details of these certifications.

⁶ <https://russellinvestments.com/us/corporate-responsibility/environmental-activities>

⁷ <https://russellinvestments.com/us/careers>

About Russell Investments

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

For more information

Call Russell Investments at **800-426-8506** or visit russellinvestments.com/

Certifications

Seattle: LEED (Leadership in Energy and Environmental Design) Platinum-certified (2012), 100 ENERGY STAR® score (re-certified 2019), <https://www.usgbc.org/projects/russell-investments-center>

New York: LEED OM (Operations and Maintenance) Existing Buildings v-3 (2009) <https://www.usgbc.org/projects/3-bryant-park>

Chicago: LEED -CI 1.0 Pilot (2006); <https://www.usgbc.org/projects/71-south-wacker>

Sydney: National Australian Built Environment Rating System (NABERS) Energy rating 5.0 stars, NABERS Water rating 3.5 stars on a 6-star scale. (2109) <https://www.nabers.gov.au/>

Toronto: LEED Gold (EB:OM) (2012); <https://www.brookfieldproperties.com/portfolio/toronto/first-canadian-place/>

Amsterdam: BREEAM In-Use certified (Building Research Establishment Environmental Assessment Method) (2017) <https://www.wtcamsterdam.com/sites/default/files/wtc17-ma04-lr.pdf>

Important information

Nothing contained in this material is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments' management.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand.

Copyright © 2020. Russell Investments Group, LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

First used: March 2020. Revised: April 2020

AI-28243-04-21