

RUSSELL INVESTMENTS



Our Responsible Investing Practices



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Introduction

Responsible investing is a strategy and practice to incorporate environmental, social and governance (ESG) considerations into investment decisions and active ownership.

As a global investment solutions provider, we believe that investing responsibly can help deliver attractive investment returns and meet client objectives in the long term. Russell Investments' policy is to, wherever relevant, incorporate responsible investing into our investment manager evaluation process, our portfolio management, our advisory services and when implementing proprietary solutions as desired by clients. We believe our deep understanding of asset managers, built on decades of research and use of proprietary in-house tools to monitor portfolio positions, is one of our main strengths.

Climate change continues to be one of the most pressing challenges faced today. At Russell Investments, we are committed to research, measure, report and consider climate change risk and opportunities as integral parts of our investment practice and our active ownership, where applicable, and our business operations more generally.

In 2021, we made a firm-wide net zero commitment with the following action points:

- Work in partnership with our clients to establish clear decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 across all assets under management (AUM).
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.
- Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered – until 100% of assets are included.

In this paper, we outline our standardized responsible investing beliefs and practices. But as a global solutions provider, we understand that a one-size-fits-all approach does not work. Our clients have a wide range of priorities when it comes to investing responsibly and, at Russell Investments, we offer bespoke solutions to ensure that clients are able to meet their individual requirements and desired approaches to integrating ESG considerations.

Our purpose

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

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

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 global AUM of \$330.1b and over 1,300 associates supporting the delivery of clients' outcomes through their combined areas of expertise.¹ 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. At Russell Investments, we stand with you, whether you're an institutional investor, a financial adviser, or an individual guided by an adviser's personalized advice. We work with clients of all sizes, from smaller organizations to large governmental entities desiring bespoke solutions, and our business plans call for continued focus, investment growth and innovation in this area.

¹ As at 30 June 2021.

Governance structure of our integrated approach

Our policies and practices are supported and developed by several formal groups within our organization that are charged with evaluation and decision-making. These entities bring together our experts, from across investment disciplines, and drive our manager research, our portfolio management, our active ownership practices and our operational due diligence.

At Russell Investments, we favor a sustainability-integrated approach to investing, all investment personnel are given a base of continuous ESG education.

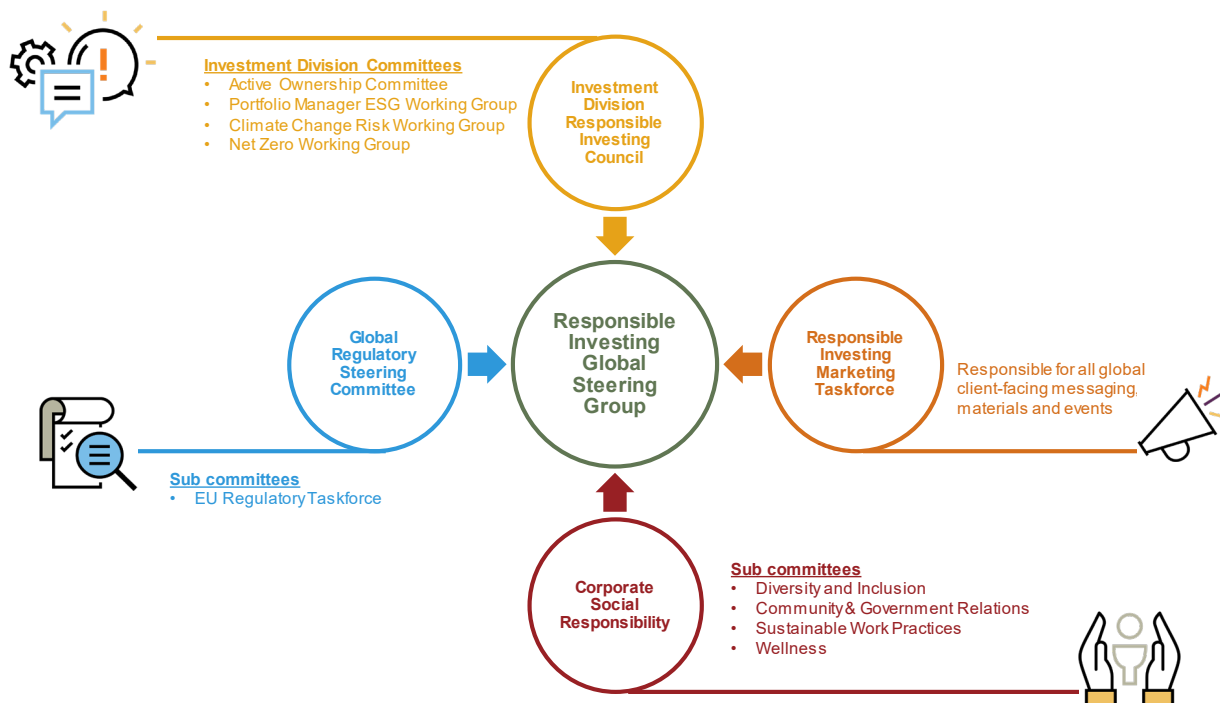
The Global Responsible Investing Steering Group, which reports to the Executive Committee, consists of representatives from various business units such as Solutions, Client-facing, Marketing, the Investment Division and Compliance and Legal. The purpose of this group is to facilitate and maintain the ability of Russell Investments to provide a world-class and harmonized 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 the Head of EMEA. This group is chaired by the Head of Responsible Investing.

Another integral group is the Investment Division Responsible Investing Council, which reports to the Investment Strategy Committee (the highest investment decision governing body). This council guides the Investment Division's initiatives related to responsible investing and consists of key members from our Research and Portfolio Management teams. The council has been formed to advance excellence, collaboration and consistency in Russell Investments' responsible investing practice.

In addition to these two groups, we have multiple responsible investing-related working groups, tasked with specific delivery of research (including climate-related), strategy evolution, compliance with the fast-changing regulatory landscape and client-facing training and development.

Responsible investing structure

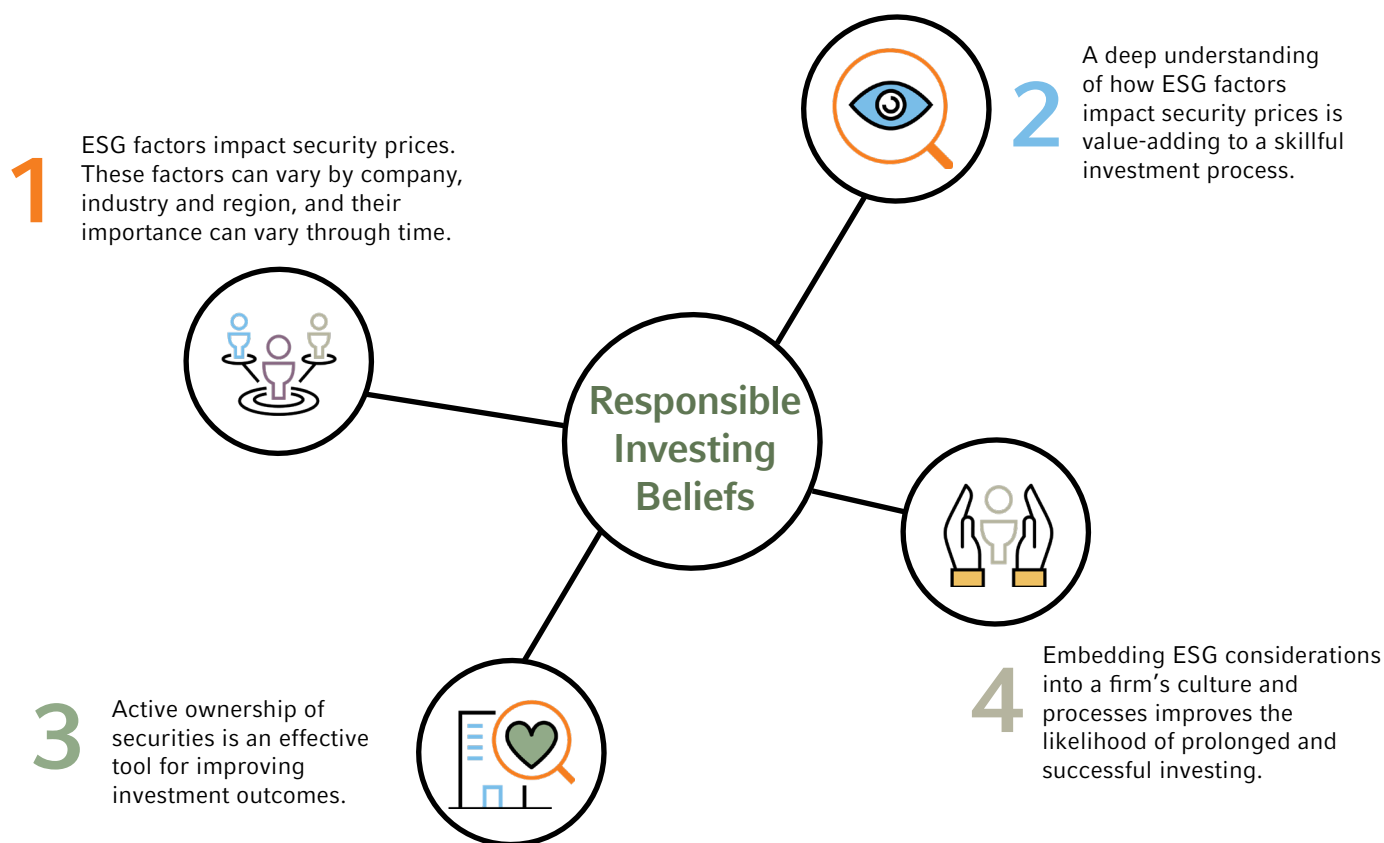


Source: Russell Investments. For illustrative purposes only.

Responsible investing beliefs and policy

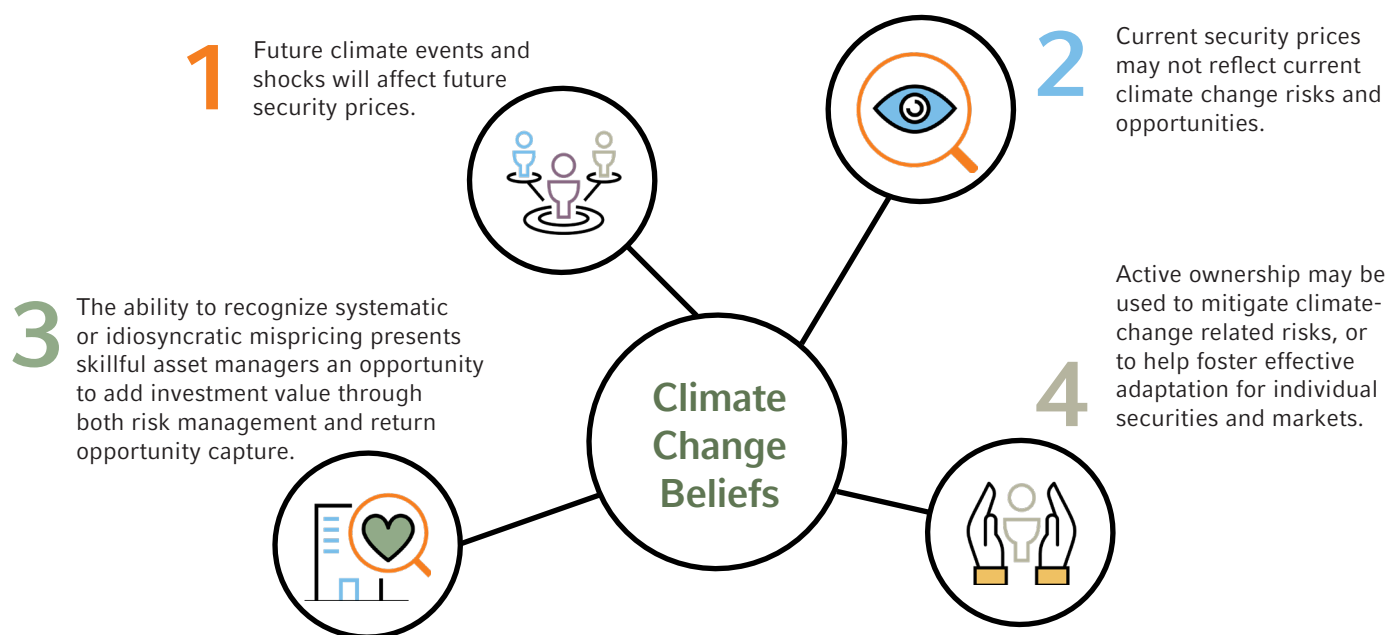
As a global investment solutions provider, we believe that transparency and investing responsibly can help deliver attractive investment returns and meet client objectives in the long term.

We believe that responsible investing is intelligent investing. To reflect this, we founded our responsible investing practice on a set of four beliefs.



Source: Russell Investments. For illustrative purposes only.

Given the urgency in tackling climate change, we have also developed specific climate change beliefs:



Source: Russell Investments. For illustrative purposes only.

Drawing on these core beliefs, we have formal policies related to responsible investing, climate and sustainability risks:

Responsible Investing Policy

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

Climate Change Policy

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

Sustainability Risk Policy

Russell Investments' policy is to integrate sustainability risks² within our investment solutions by identifying, evaluating and managing relevant risks in our investment manager review process, through our portfolio management and when implementing proprietary solutions.

We believe 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, where relevant, 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 propriety analysis.

Furthermore, we incorporate bespoke sustainability risks based on clients' requirements for customized mandates. Additionally, we seek to collaborate with our advisory clients to consider, monitor and manage sustainability risk priorities in their portfolios.

The policy pertains to all investment solutions where Russell Investments has discretionary management of invested assets. It also pertains to bespoke solutions and advice where directed by clients. This policy typically does not apply to custom implementation services where Russell Investments is acting as an agent on a client's behalf – specific examples include, but are not limited to, transition management, overlay services, currency management, and outsourced securities-trading services.

Our 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.

² Russell Investments defines "Sustainability Risks" as financially-material risks related to environment, social or governance (ESG) issues that are relevant to our investment practice.

Responsible investing in practice

We strive to employ a firmwide, holistic, ESG-integrated approach to our investment process.

Responsible investing beliefs

Belief 1 - ESG factors impact security prices



Portfolio Management Process

- Manager research
- Portfolio management
- Sustainability risk management.

Belief 2 - A deep understanding of ESG factors is value adding



Insights and Research

- Strategy development
- Metrics and reporting
- Industry analysis
- Climate change

Belief 3 – Active ownership is an effective tool for improving investment outcomes



Active ownership

- Proxy voting
- Engagement
- Collaborative initiatives

Belief 4 – Embedding ESG into the firm's culture improves likelihood of prolonged success



Culture and Process

- Corporate values
- Diversity and inclusion
- Sustainability work practices
- Community involvement

Source: Russell Investments. For illustrative purposes only.

Portfolio management process

Responsible investing is, where relevant, embedded in our manager research as well as portfolio construction processes as detailed below. In each step, we identify and manage sustainability risk.

Manager research

We believe ESG considerations should sit alongside traditional assessments as a part of the overall investment considerations for strategy evaluation. As a natural evolution of our manager research process, manager research analysts have assigned an ESG rank to individual strategies since 2014.

The ESG ranks range from one to five, with a ranking of three considered consistent with a peer group average. The ESG rank includes the following sub-scores:

- ESG Commitment
- ESG Considerations
- ESG Implementation
- Active Ownership

ESG ranks are assigned based on both qualitative and

quantitative basis. The three main building blocks that inform the ranks are:

- **ESG manager survey:** We conduct an annual ESG Manager Survey to obtain firm-level information about ESG-related resource availability and to provide supplemental information on how asset managers are incorporating ESG considerations into their investment processes. The manager research team takes the survey results as baseline information that facilitates further discussions at product-specific due diligence meetings.
- **Dedicated ESG and due diligence:** Our in-depth manager due diligence meetings are critical to the development and maintenance of our ESG ratings. Our manager research analysts review in-depth investment strategy and ESG assessments are a part of this. At these meetings, we are assessing the level of awareness for potential ESG risk and returns among key investment decision-makers and how such ESG insights are translated into the portfolio positioning.
- **Data and analytics:** Quantitative data is used to analyze portfolios through an ESG lens. Our proprietary system, ExploreR, provides holdings-based ESG reports that includes ESG risk from Sustainalytics and carbon

footprint from MSCI. Having access to Sustainalytics also allows our manager research team to hold more informed discussions with money managers about investment decision rationale, as well as material sustainability risks apparent within a portfolio. The combination of these inputs gives our research analysts a more comprehensive picture of whether the manager appropriately assesses the risk and return impacts of ESG issues on individual portfolio holdings and the overall portfolio construction process.

Portfolio management

Russell Investments' portfolio managers select their active managers from among those ranked highly by our manager research teams. Our portfolio managers utilize the ESG ranks and have metrics on ESG and carbon footprint, alongside profile and exposure data.

We only select actively managed investment products with the highest overall ranks. In addition, our products may include ESG-related themes. All manager appointments are carefully considered and approved by the various governance groups within the Investment Division.

Sustainability risk management

Portfolio managers seek to identify and assess financially-material sustainability risks on an ongoing basis within portfolios. Potential risks are identified using available metrics and in communication with external investment managers (also referred to as sub-advisors). If a potential sustainability risk is identified, one or more of the following actions may be taken:

- Review of the drivers or sub-components of any metrics behind the highlighted risk
- In-depth discussion with the external investment manager supporting the holding
- Discussion with Russell Investment's Active Ownership team to consider engagement options

Insights and research

We are continually evolving our research to enhance our deep understanding of sustainability risks and this is reflected in our strategy development, metrics and reporting, as well as industry analysis.

Strategy development

Our researchers are continually developing and refining ESG-related strategies, such as Decarbonization 2.0, impact investing and ESG-themed solutions.

Our products with a carbon-related theme are built with proprietary carbon metrics and other ESG-related metrics.

We have developed a proprietary Green Energy Ratio, a measure of the percentage of energy that a utility produces that comes from renewable sources (green energy). This metric may have the benefit of identifying some of the potential champions from climate transition through technologies in climate change mitigation.

Metrics and reporting

Our internal reporting and oversight includes multiple industry-standard metrics, along with our own proprietary metrics such as the [Material ESG Score](#). Additional proprietary metrics will be developed as more robust data and methodologies are identified.

Where data is available and robust, Russell Investments professionals monitor portfolio holdings using a range of measures. The aim is to quantitatively identify securities that have a higher probability of having high and material sustainability risks. Measures considered may include, but are not limited to, the following:

- Sustainalytics Risk Rating
- Carbon Footprint
- Russell Investments Material ESG Score - combines Sustainalytics Risk Ratings with the Sustainability Accounting Standards Board ([SASB](#)) [materiality map](#) to identify financially material ESG-related issues in each security
- Sustainalytics Controversy Score

Data sources will differ by asset class and product type. Therefore, data utilization practices may differ across asset-class teams, based on data availability.

Industry analysis

We regularly survey managers and calculate multiple ESG-related metrics across a number of asset classes, for use by our analysts and portfolio managers. We produce an annual [ESG survey](#) of active managers, which assesses the integration of ESG considerations in investment processes among equity, fixed income and private markets managers.

Climate change

Climate change remains one of the most pressing challenges of our generation. In addition to making a firm wide commitment to net zero, we have, and continue to devote, material research expertise to developing climate change investment solutions. In 2021, we established an ongoing partnership with a specialist climate risk provider to supplement our existing climate metrics. This follows a comprehensive review of emerging climate risk vendors.

Active ownership

Proxy voting

Russell Investments has built a robust proxy voting and governance process over the last 30 years, geared toward engagement on issues related to ESG factors. A key element of our proxy voting process is the involvement of a broad set of investment professionals at Russell Investments, many directly involved in the portfolio management functions, in order to create and maintain balance, as it relates to weighing the risks and rewards of investments, including proxy voting on ESG topics.

We have a dedicated Active Ownership team, as detailed in our comprehensive active ownership structure below. Our proxy voting and engagement reports can be found [here](#).



*Responsibilities: Chair - Oversight of all processes and procedures of the committee and its sub-committees.
Voting members - Comprised of senior investment professionals charged with voting on policy/procedural changes and proxy proposals.
Legal representative - Oversees all developments and actions of the committee and its sub-committees.
Source: Russell Investments. For illustrative purposes only.

The Active Ownership Committee establishes and oversees our proxy voting policies, procedures, guidelines and voting decisions, while 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. An external service provider, Glass Lewis, serves as our proxy administrator and is responsible for applying our custom guidelines when executing proxy votes.

Engagement

Our objective, through our active ownership activities, is to provide an integrated and inclusive approach to promote changes that protect and enhance shareholder value and shareholder rights.

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. These relationships extend across and through external investment managers (sub-advisors), standard setters, proxy and engagement service providers, other market participants and, of course, corporate issuers. These connections also provide information sharing and serve as an important feedback loop into our active ownership process.

At the company-level engagement, we categorize our activities in three ways: individually led direct corporate engagement; dialogue with and through our sub-advisors; and our collaborative engagements, including those led by our engagement service provider.

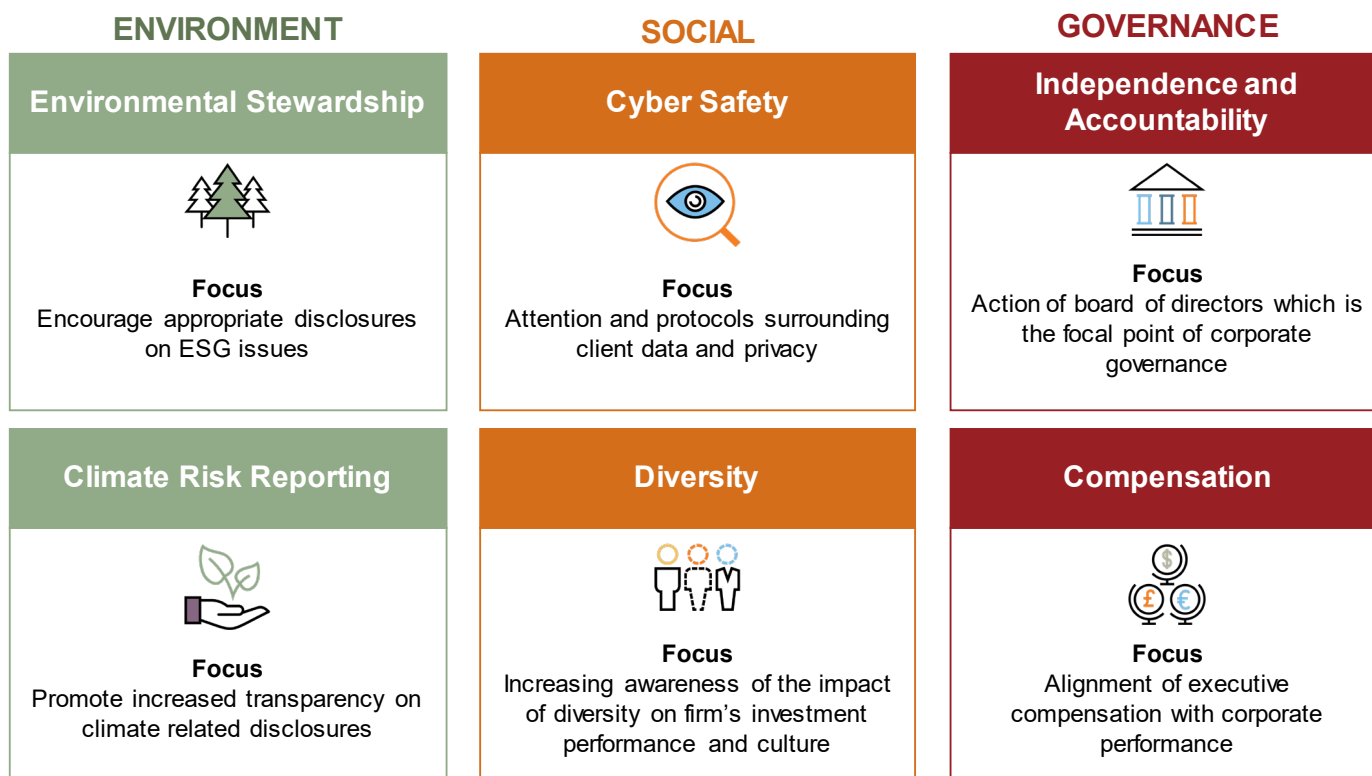
Russell Investments conducts engagement at the firm, rather than fund level. Internally led, direct company engagements are frequently initiated on the back of proxy items. Many relate to votes that have been referred to the Active Ownership Committee for analysis, debate, and a manual vote.

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 some, or all, of the following:

1. Proxy voting item and Russell Investments' voting history on said issue with the company
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(s)
4. Glass Lewis' research and analysis, where applicable

We understand that many issues are worthy of engagement, so we apply the criteria listed above in an attempt to highlight the opportunities that offer the highest risk, return and change opportunities for our portfolios and on behalf of our clients and stakeholders.

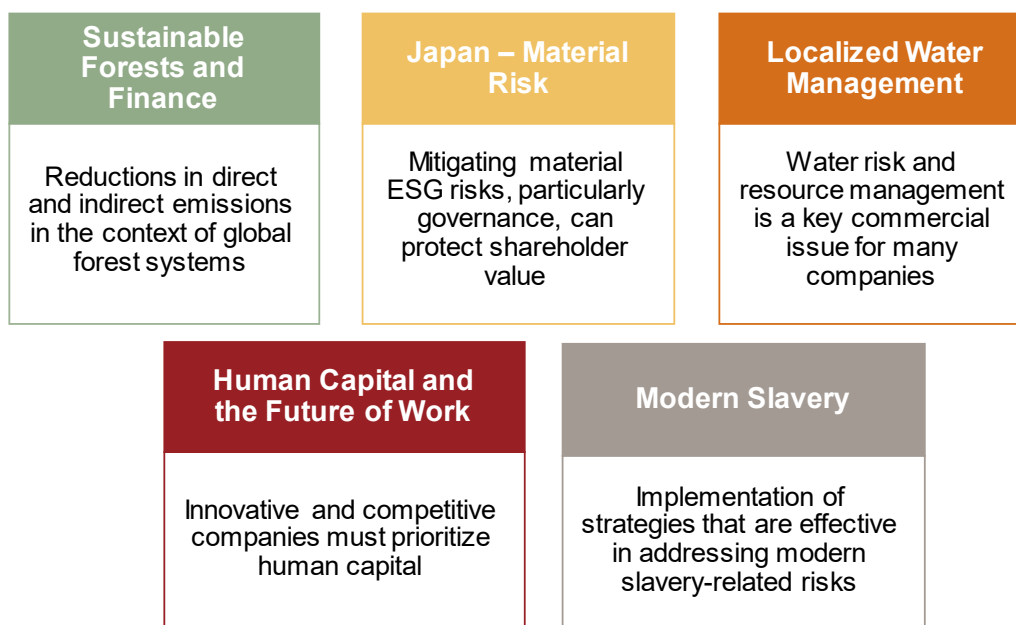
To acknowledge that ESG considerations encompass a wide range of worthwhile shareholder concerns, Russell Investments has prioritized engagement efforts under the following six focus areas:



Source: Russell Investments. For illustrative purposes only.

In 2020, Russell Investments initiated a partnership with Sustainalytics for collaborative engagements. Sustainalytics' thematic engagement programs are designed to extend over a three-year period, allowing Russell Investments and other participants to build relationships with a selected set of issuers and to encourage action that promotes long-term value.

Russell Investments is currently supporting the following five programs of thematic engagement. These engagements were chosen to align with our six focus areas.



Source: Russell Investments. For illustrative purposes only.

We are also proud to be members of the Climate Action 100+, a joint investor initiative to ensure the world's largest greenhouse gas emitters take action on climate change.

To find out more about our engagement efforts view our [Engagement Policy](#).

Collaborative initiatives

Below, we provide an overview of the trade organizations and industry initiatives that we are affiliated with.

Signatory of:



United Nations-supported Principles for Responsible Investment (PRI)



Institutional Investors Group on Climate Change (IIGCC)



Climate Action 100+ Global Investors Driving Business Transition



Carbon Disclosure Project (CDP)



Responsible Investment Association Australasia (RIAA)



Investment Association (IA)



Task Force on Climate-related Financial Disclosures



Investment Company Institute (ICI)



Securities Industry and Financial Markets Association

Culture and process

At Russell Investments, 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. We have the following four key pillars to support our culture and process.



Corporate values – [Russell Investments'](#) [people and values](#) are the foundation of our company and the reason for our long-term success.



Diversity and inclusion – We believe that diversity and inclusion in the workplace drives better performance. Diversity is an integral part of our long-term growth and adds richness to our culture and value to our community.



Sustainable work practices – Our mission is to identify and reduce the impact on the environment by ensuring that our day-to-day procedures are carried out in the most sustainable manner.



Community involvement – Our commitment to community is one of our core values and we are committed to supporting the communities in which we live and work.

We also have an extensive internal program that promotes diversity and inclusion, corporate giving, volunteering and sustainable work practices. Full details can be found [here](#).

Collaborative partnerships



Financial Beginnings



Amos Bursary



GSBA



Choose 180



Rainier Scholars



UpReach



Diversity Project UK



Washington Employers for Racial Equity (WERE)

Transparency

Performance and fund reporting

Russell Investments reports investment performance and all related fund information for all listed assets on a monthly basis; and for all unlisted assets on a quarterly basis.

Where clients or regulatory bodies require reporting on ESG scores, carbon metrics or on impact investing information, we report with the same frequency as the investment reporting. We have developed specific ESG fund reporting profiles in response to client requests.

Voluntary reporting

- United Nations-supported Principles for Responsible Investment (PRI). As a signatory of the PRI since 2009, Russell Investments recognizes the importance of environmental, social, and corporate governance issues and is committed to a continual capacity enhancement, in partnership with our clients and other industry organizations. We submit a comprehensive annual report to the PRI.
- Japan Stewardship Code and the Annual Proxy and Governance Report are all reported, either annually or with the frequency required.
- The Task Force on Climate-related Financial Disclosures (TCFD) is an organization that was established in December 2015, with the goal of developing a set of voluntary climate-related financial risk disclosures. We are in the process of developing our 2021 TCFD report.

Engagement and proxy reporting

As outlined above, we publish engagement and voting information annually on the Russell Investments [responsible investing webpage](#).

Also included on our webpage, available when required by regulation, are voting disclosures, with search capabilities by fund or security. These disclosures are updated annually.

Internally, we report all active ownership activity on a quarterly basis to our Active Ownership Committee. Our activities and research are then published in our proxy and engagement report and posted to our responsible investing page on an annual basis. In addition to this report, we provide active ownership information to our clients, as requested.

In 2020, to ensure that our activities are aligned with best practice principles, the Active Ownership Committee instituted an enhanced internal audit process, to ensure our proxy provider accurately casts votes in accordance with our guidelines.

Qualitative manager reports

On a regular basis, we monitor and report the ESG ranks we assign to investment managers. These reports are used in process management oversight and for capital markets research.

Quantitative metrics

We produce a variety of metrics relating to ESG investments for all members of our active equity manager universes and fixed income funds. These metrics are available for internal analysis and may be made available for external reporting, as required.



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.

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