PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Russell Investments

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
OA 17	RI/ESG in execution and/or advisory services	✓	Public	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

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Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	✓	Public	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

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Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

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PRI Principles for Responsible Investment

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Reported Information

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Organisational Overview

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PRI Principles for Responsible Investment

Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the services you offer.

☐ Fund management

☑ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ○ <10%
- ○ 10-50%
- ◉ >50%

☑ Other, specify

Consulting services
Indexes
Implementation Services -Transition Management, Overlay Services

% of assets under management (AUM) in ranges

- ◉ <10%
- ○ 10-50%
- ○ >50%

☑ Execution and advisory only services

OO 02	Mandatory	Peering	General

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ○ 1
- ○ 2-5
- ○ 6-10
- ◉ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

1800

OO 03	Mandatory	Descriptive	General

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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

○ Yes

◉ No

OO 04 | **Mandatory** | **Gateway/Peering** | **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		256	007	000	000
Currency	USD				
Assets in USD		256	007	000	000

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

○ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

◉ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 | **Mandatory** | **Descriptive** | **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	>50%
Fixed income – corporate	0	10-50%
Fixed income – government	0	<10%
Fixed income – other	0	<10%
Private debt	0	0
Private equity	0	<10%
Property	0	<10%

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Infrastructure	0	<10%
Commodities	0	<10%
Hedge funds	0	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	<10%
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

OO 07 | **Mandatory to Report Voluntary to Disclose** | **Peering** | **General**

OO 07.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	○ 0% ○ <10% ○ 10-50% ◉ >50 %
Pooled fund(s)	○ 0% ◉ <10% ○ 10-50% ○ >50 %
Total externally managed assets	*100%*

OO 07.2 Indicate the proportion of your externally managed assets in fund-of-funds.

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	% of externally managed assets
Fund-of-funds	○ 0% ◉ <10% ○ 10-50% ○ >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General

OO 08.1	Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	○ 0% ○ <10% ○ 10-50% ◉ >50 %
Emerging, Frontier and Other Markets	○ 0% ◉ <10% ○ 10-50% ○ >50 %

OO 09	Voluntary	Descriptive	General

OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

As a result of Russell's manager-of-manager approach to asset management, Russell's investment research process does not include any primary research on public companies. However, Russell believes that voting proxies and undertaking engagement activities as well as monitoring external managers responsible investment practices is an important responsibility for the firm and we give it serious attention. Our goal is to vote proxies in the best interests of our clients, therefore this function is retained by Russell, and Russell has established an internal Proxy Voting Committee - which oversees our proxy voting policies, procedures, and guidelines as well as our engagement activities.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General

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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

☐ We incorporate ESG issues into investment decisions on our internally managed assets

☑ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes

☑ We engage with companies on ESG issues via our staff, collaborations or service providers

☑ We cast our (proxy) votes directly or via service providers

☐ None of the above

OO 10.2	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

◉ Yes, our total listed equities are 10% or more of our total AUM

○ No, our total listed equities are less than 10% of our total AUM

OO 10.3	Additional information. [Optional]

A limited proportion of Russell's global AUM is internally managed. Internally managed assets include both equities and short term cash management. For the equities Russell's security selection process entails systematic modeling of portfolios using proprietary factors and therefore does not incorporate ESG considerations into the investment decision making. For the cash management activities Russell is not incorporating ESG factors beyond what is covered in our credit and fundamental research.

OO 11	Mandatory	Gateway	General

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☐ Cash

☑ None of the above

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

☑ Fixed income – corporate

☑ Fixed income – government

☑ Fixed Income – other

☑ Private equity

☑ Property

☑ Infrastructure

☑ Commodities

☑ Hedge funds

☐ Cash

☐ None of the above

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OO 11.3	Additional information. [Optional]

Russell addressed ESG incorporation and active ownership praticices for the 234 external managers via an annual questionaire that contained 23 questions and requested certain documention to be supplied.

OO 12	Mandatory	Gateway	General

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity active ownership

☑ Engagements

☑ (Proxy) voting

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers

☑ Listed Equities

☑ Fixed Income - Corporate

☑ Fixed Income - Government

☑ Fixed Income - Other

☑ Private Equity

☑ Property

☑ Infrastructure

☑ Commodities

☐ Hedge funds

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- ○ Yes
- ◉ No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- ◉ Yes
- ○ No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Russell has global policies and procedures that cover responsible investment activities including proxy voting and engagement. A summary of our principles and detailed custom proxy voting guidelines are also available. In addition, Russell has published regional policies where applicable e.g.. UK Stewardship Code Statement.

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ◉ Yes
  - ◉ Yes, all
  - ○ Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

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Policy or document name	URL
Russell Proxy Voting Guidelines	http://www.russell.com/uk/about-russell/corporate-responsibility/responsible-investment/default.page?
Approach to Responsible Investment	http://www.russell.com/uk/about-russell/corporate-responsibility/responsible-investment/default.page?
Proxy Voting Policies and Procedures	http://www.russell.com/uk/about-russell/corporate-responsibility/responsible-investment/default.page?

○ No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ (Proxy) voting policy ☑ Engagement/active ownership policy ☑ Specific guidelines on corporate governance ☑ Specific guidelines on environmental issues ☑ Specific guidelines on social issues ☐ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ Applicable policies cover a minority of AUM

OA 03.2 Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

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OA 03.3	Additional information. [Optional]

Since December 2012, Russell Investments has excluded investment in companies which produce, sell or distribute cluster munitions or anti-personnel mines in all Russell's pooled funds offered to investors in Europe, Middle East& Africa (EMEA) and includes some segregated accounts.

OA 04	Mandatory	Core Assessed	General

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

In order to manage potential conflicts of interest, Russell has authorized its proxy administrator to administer votes on behalf of its funds in accordance with Russell's pre-established custom Proxy Voting Guidelines, and to perform research in accordance with these Guidelines. Additionally, potential conflicts of interest are mitigated by requiring specific additional procedures to be followed in cases of exceptions (meaning that further review by the Committee is required in order to vote against Russell's Guidelines) or other unique matters.

Policies on Personal Dealing by associates, the giving and receiving of Gifts& Benefits, and Russell's Code of Ethics all address potential conflicts of interest.

○ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.

◉ Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.

◉ At least once per year

○ Less than once per year

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OA 05.3	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ○ Quarterly
- ○ Biannually
- ◉ Annually
- ○ Every two years or less
- ○ It is not reviewed

○ No

OA 05.4	Additional information. [Optional]

The responsible invesment objectives are set annually and can be modified over the course of each year.

OA 06	Voluntary	Descriptive	General

OA 06.1	List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☑ Add responsible investment objective 1

Objective 1	Develop capital markets and manager universe ESG insights
Key performance indicators	None set
Describe the progress achieved	Presentation of preliminary results at PRI conference in Paris Nov 2013.

☑ Add responsible investment objective 2

Objective 2	Finalise implementation of EMEA issuer exclusion policy
Key performance indicators	None set
Describe the progress achieved	Completed

☑ Add responsible investment objective 3

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Objective 3	Initiate publication of (non-specific) client reporting deliverables regarding responsible ownership activity
Key performance indicators	External publication
Describe the progress achieved	Publication of client deliverables: "Power of Proxy" and "Engagement Report".

OA 06.2 List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

☑ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Develop further capital markets and manager research ESG insights
Key performance indicators	Present research to clients at May 2014 Summit

☑ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Extend associate ESG training
Key performance indicators	Associate participation in ESG training events

☑ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Extend engagement activity
Key performance indicators	Report increased engagement activity in 2014 vs 2013.

OA 06.3 Additional information.

Also, continue engagement with public policy, thought leadership and collaborative RI activites in various regions

Governance and human resources

OA 07	Voluntary	Descriptive	General

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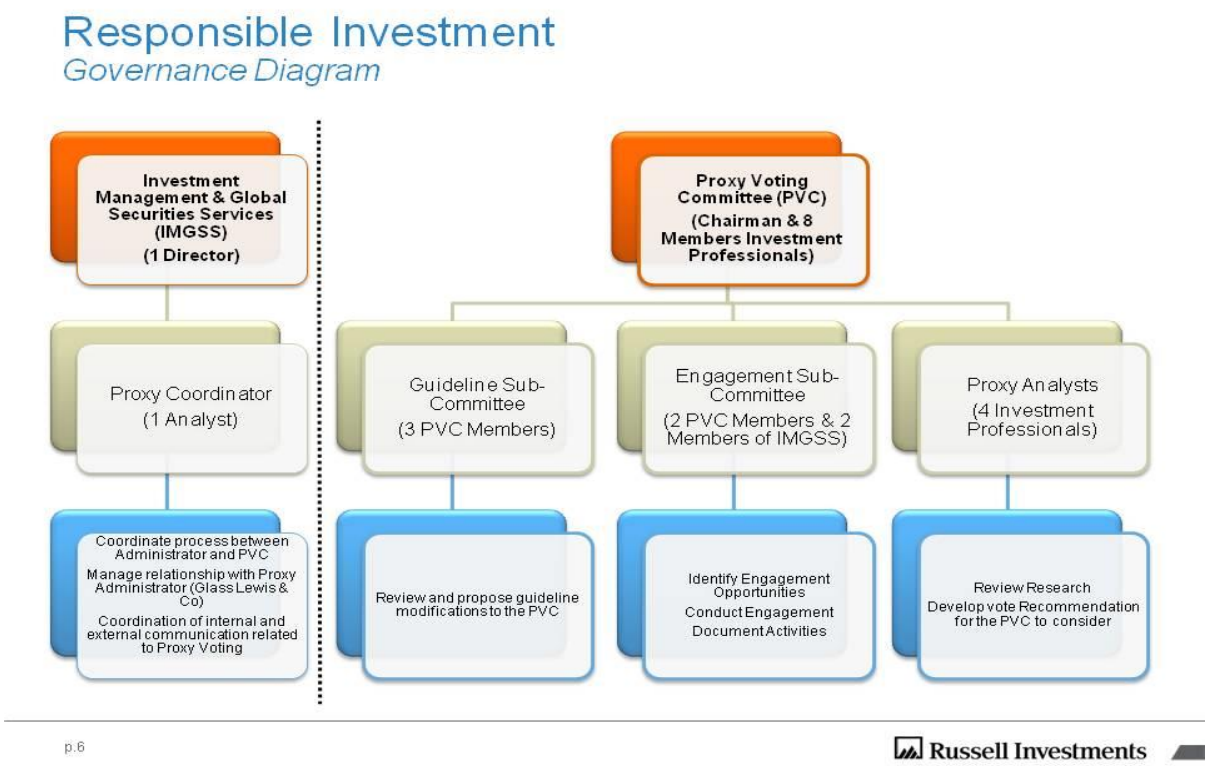
OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Russell operates a comprehensive proxy voting policy to ensure that we discharge our ownership responsibilities in a way that is globally consistent, responsible, and effective. In order to accomplish this, Russell has established a Proxy Voting Committee (PVC), comprised of eight investment professionals. This committee is responsible for establishing and overseeing our proxy voting policies, procedures, and custom voting guidelines. The PVC has established two sub-committees which focus exclusively on guideline development and engagement activities. The PVC is supported by four proxy analysts, as well as two proxy specialists.

Russell appointed its first Director, Responsible Investment, during the year.

Russell established a Sustainability Council in 2009 to oversee, drive and direct Russell's approach to responsible investment (and business practices). This group comprises around 15 associates in 10 offices globally and also operates as a network to share RI perspectives and practice.

☑ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the*Save* button below

OA 08	Mandatory	Gateway/Core Assessed	General

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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

	Roles present in your organisation

☑ Board members or trustees

- ☐ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☑ No oversight/accountability or implementation responsibility for responsible investment

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☐ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☑ No oversight/accountability or implementation responsibility for responsible investment

☑ Other Chief-level staff or head of department, specify

Chief Operating Officer

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Portfolio managers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

- ☐ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Dedicated responsible investment staff

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ External managers or service providers

- ☐ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Other role, specify

☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

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	Number
	3

OA 09	Voluntary	Additional Assessed	General

OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Other C-level staff or head of department

N/A

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☑ None of the above

Portfolio managers

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☑ None of the above

Investment analysts

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☑ None of the above

Dedicated responsible investment staff

- ☑ Responsible investment KPIs and/or goals included in objectives
- ☑ Responsible investment included in appraisal process
- ☑ Variable pay linked to responsible investment performance
- ☑ Responsible investment included in personal development and/or training plan
- ☐ None of the above

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OA 09.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Due to the increasing importance of responsible investment (RI), over the last few years there has been increased sharing of RI related information throughout Russell. As a part of this, the Russell Investment Division incorporates training regarding the availability and usage of ESG related data in our research analyst training program. This training is supported by our increased contact with external organizations on RI issues.

While portfolio manager compensation is not specifically tied to ESG related metrics, their compensation plan includes an element related to rolling three-year returns. This allows Russell to ensure that compensation has some alignment with client time horizons.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☑ Global Real Estate Sustainability Benchmark (GRESB)

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Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Alternatives team is not a member, but does receive reports.

☐ Institutional Investors Group on Climate Change (IIGCC)

☐ Interfaith Center on Corporate Responsibility (ICCR)

☑ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Provided general support for the initiative in various non-public forums

☑ Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

A Russell associate is a member of the management committee and actively participates in setting the overall strategy of the organisation and its key goals and objectives. Additionally, Russell has participated in forums with key policy makers to discuss climate policy and lobby for appropriate policy settings conducive to institutional investment in low carbon assets. Russell participates in the research working group and has also contributed to research by the property working group.

☐ Investor Network on Climate Risk (INCR)/CERES

☐ Local Authority Pension Fund Forum

☑ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Presented research at PRI Academic Conference, Paris, November 2013. Provided general support for the initiative in various public and non-public forums. Involved and supported PRI in relevant initiatives led by other organisatoins. Attended annual PRI in Person event. Contributed to pre-planning of PRI signatory survey (and subsequent survey).

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☑ Shareholder Association for Research and Education (Share)

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Survey participant

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☑ Other collaborative organisation/initiative, specify

Carbon Disclosure Project

Your organisation's role in the initiative during the reporting year (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Joined association/initiative and its meetings but not actively involved in its work

☐ Other collaborative organisation/initiative, specify

☑ Other collaborative organisation/initiative, specify

Fund Executives Association Limited

Your organisation's role in the initiative during the reporting year (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Provided general support for the initiative in various non-public forums

☑ Other collaborative organisation/initiative, specify

Tomorrow's Company

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Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Major contributor to Tomorrow's Value project/initiative over the last 2 years, launched March 2014. Major contributor to Tomorrow's Capital Markets project initiative, underway. Contributions include both investment insight and financial support.

○ No

OA 10.3 Additional information. [Optional]

Russell contributed to the development and consultation around the NAPF Stewardship Disclosure Framework, now live.

OA 11 | **Mandatory** | **Core Assessed** | **PRI 4**

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☑ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☑ Spoke publicly at events and conferences to promote responsible investment

☑ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

☐ Other, specify

○ No

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OA 11.3	Additional information. [Optional]

Each year, as a part of our manager due diligence process, Russell sends out a questionnaire to the money managers in our funds. In this questionnaire, we have included questions regarding the incorporation of ESG factors in managers' investment processes, as well as regarding their participation in various RI initiatives. If a manager states within this questionnaire that they are not a signatory, we ask them to provide an explanation for why not, and encourage them to become signatories.

In addition to our own manager monitoring process, we make ourselves available to potential PRI signatories to discuss Russell's experience, as well as the obligations of becoming a signatory.

Additionally, we have introduced some individuals in the pensions investment industry to the RI networks.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6

OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

◉ Yes

☑ Yes, individually

☑ Yes, in collaboration with others

OA 12.2	Select the methods you have used.

☑ Endorsed written submissions to governments, regulators or standard-setters developed by others

☑ Drafted your own written submissions to governments, regulators or standard-setters

☐ Participated in face-to-face meetings with government members or officials to discuss policy

☑ Other, specify

See OA12.4

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

○ Yes, publicly available

◉ No

○ No

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OA 12.4	Additional information.

We have engaged with work flowing from the Kay Review (UK) e.g. The Review of Metrics& Models employed in asset management.

We have engaged with state and federal policy makers and regulators on governance issues (US) with a particular focus on the importance of promoting understanding of business models (and the incentives within them) in evaluating financial service firms.

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1

OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

○ Yes

◉ No

OA 13.3	Additional information.

Given our manager-of-manager approach to asset management, the most effective way for us to incorporate ESG issues into our investment process is to focus on the individual security level, rather than at the asset class level. At the individual security level, the direct influence on risk and return may be more observable.

OA 14	Voluntary	Descriptive	PRI 1

OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

○ Yes

◉ No

Asset class implementation not reported in other modules

Investment execution and advisory services

OA 17	Voluntary	Descriptive	PRI 1,2

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OA 17.1	Indicate if your organisation takes account of responsible investment/ESG considerations when providing execution and/or advisory services.

◉ Yes

○ No

OA 17.2	Additional information.

We have provided advice to some of our advisory clients regarding ESG considerations. This has included advice on detailed investment guidelines, as well as issue-specific advice (e.g. stranded assets).

Innovation

OA 18	Voluntary	Descriptive	General

OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Russell has an extensive manager research database which includes detailed characteristics of the portfolios managed as a part of a Russell mandate. This information, combined with stock level ESG data, enables us to research managers globally through an ESG lens, and draw conclusions about a manager's integration of ESG factors, regional differences, and progression over time.

Our work with this innovative approach to responsible investment is ongoing. As it progresses, we have and will continue to publish and present our results.

Assurance of responses

OA 19	Voluntary	Additional Assessed	General

OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

◉ Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.

☑ Reviewed by Board, CEO, CIO or Investment Committee

☐ Validated by internal audit or compliance function

☐ Assured by an external independent provider, specify name

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OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.

Prior to publication we provide the completed Report to several senior individuals in the Investment Division, as well as our Chief Legal/Compliance Officer, for review and comment.

○ No

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Russell Investments

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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PRI Principles for Responsible Investment

Overview

SAM 01	Voluntary	Descriptive	PRI 1-6

SAM 01.1	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

ESG integration is a multi-stage process. We have begun the process of incorporating ESG issues into our research through modifications to our manager evaluation process. Embedding perspectives on how ESG issues have the potential to impact the opportunities and risks of manager strategies is at the heart of our approach. It is the case that a range of ESG-related risks (and the returns linked to those risks) are already incorporated in our investment processes without, in the past, attracting the ESG label. The ESG focus tends to widen the range of risk of factors considered, and also recognises that they play out over a more extended timescale.

We are equipping analysts with knowledge and awareness of the key issues and providing the means to assess, at a detailed level, equity portfolio exposures to ESG factors (through the use of third party ESG data). Managers, predominantly in the equity sphere, are now explicitly asked about ESG integration and their approach to RI more broadly.

SAM 02	Mandatory	Core Assessed	PRI 4

SAM 02.1	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

○ Yes

◉ No

SAM 02.4	Additional information. [Optional]

We address ESG issues through the manager appointment and selection process, contracting agreements and mandate design, investment manager monitoring and reporting. We have an extensive in-house manager research capability.

SAM 03	Mandatory	Gateway	General

SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

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Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	☐	☐	☑
Fixed income - corporate	☐	☐	☑
Fixed income - government	☐	☐	☑
Fixed income - other	☐	☐	☑
Private equity	☐	☐	☑
Property	☐	☑	☑
Infrastructure	☐	☑	☑
Commodities	☐	☐	☑

SAM 03.2 Additional information. [Optional]

In new manager appointments, Russell can include language in the manager guidelines which specifies that ESG factors must be taken into account in the management of the strategy. These guidelines form part of the contractual relationship that Russell has with the manager, and are monitored accordingly.

Since Russell has a policy to internally manage our proxy voting process, meaning that we control voting for all of the securities that we own, we do not need to have additional controls put into place with our individual managers.

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 04 | Mandatory to Report Voluntary to Disclose | Gateway/Peering | General

SAM 04.1 Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

Listed equity (LE)

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Type of strategy	As % of externally managed listed equity
Passive	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - quantitative (quant)	○ 0% ○ <10% ◉ 10-50% ○ >50%
Active - fundamental and other active	○ 0% ○ <10% ○ 10-50% ◉ >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - quantitative (quant)	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - fundamental and other active	○ 0% ○ <10% ○ 10-50% ◉ >50%

Fixed income - government (FIG)

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Type of strategy	As % of externally managed government fixed income
Passive	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - quantitative (quant)	○ 0% ◉ <10% ○ 10-50% ○ >50%
Active - fundamental and other active	○ 0% ○ <10% ○ 10-50% ◉ >50%

SAM 05 | **Mandatory** | **Gateway** | **PRI 1,2**

SAM 05.1 Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE	FIC	FIG
Screening	☑	☐	☐
Thematic	☐	☐	☐
Integration	☑	☑	☑
None of the above	☐	☐	☐

Passive investment strategies

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Passive investment strategies	LE	FIC	FIG
Screening	☑	☐	☐
Thematic	☐	☐	☐
Integration	☐	☐	☐
None of the above	☐	☑	☑

SAM 05.2 Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	☑	☐
We require our external managers to engage on our behalf	☐	☐
None of the above	☐	☑

SAM 05.3 Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	☑
We require our external managers to cast our (proxy) votes on our behalf	☐
None of the above	☐

Monitoring

SAM 08 | **Mandatory** | **Core Assessed** | **PRI 1**

SAM 08.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

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	LE	FIC	FIG
Include responsible investment as a standard agenda item at performance review meetings	☑	☐	☐
Highlight examples of good responsible investment practice by other managers	☐	☐	☐
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	☐	☐	☐
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	☑	☑	☑
Include responsible investment criteria as a formal component of overall manager performance evaluation	☑	☐	☐
Other general aspects of your monitoring, specify	☑	☑	☑
None of the above	☐	☐	☐

ESG incorporation

	LE	FIC	FIG
Request information on ESG incorporation in specific investment decisions	☑	☐	☐
Other ways you monitor ESG incorporation, specify	☑	☑	☑
None of the above	☐	☐	☐

If you select any 'Other' option(s), specify

Each year, as a part of our manager due diligence process, Russell sends out a questionnaire to the money managers in our funds. In this questionnaire, we have included questions regarding the incorporation of ESG factors in managers' investment processes, as well as regarding their participation in various RI initiatives.

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

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Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4

SAM 11.1 When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

		PR	INF
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues		☐	☐
Other general RI considerations in your agreements, specify		☑	☐
None of the above		☐	☑

Investment selection (pre-investment) of underlying holding

		PR	INF
Specific requirements relating to how ESG issues are identified and managed in investment decision-making		☐	☐
Other RI considerations relating to investment selection in your agreements, specify		☑	☐
None of the above		☐	☑

Investment monitoring (post-investment) of underlying holding

		PR	INF
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors		☐	☐
Other RI considerations relating to investment monitoring in your agreements, specify		☑	☐
None of the above		☐	☑

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Reporting

		PR	INF
Reporting on the agreed ESG implementation activities		☐	☐
Reporting on the ESG characteristics of the portfolio		☐	☐
Reporting on company incidents relating to ESG issues		☐	☐
Reporting on the impact of ESG issues on financial performance		☐	☐
Other RI considerations relating to reporting in your agreements, specify		☐	☐
None of the above		☑	☑

Monitoring

SAM 12 | **Mandatory** | **Core Assessed** | **PRI 1-6**

SAM 12.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

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	PE	PR	INF
Include responsible investment as a standard agenda item at performance review meetings	☐	☐	☐
Highlight examples of good responsible investment practice by other managers	☐	☐	☐
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	☐	☐	☐
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	☐	☐	☐
Include responsible investment criteria as a formal component of overall manager performance evaluation	☐	☐	☐
Other general aspects of your monitoring, specify	☐	☑	☑
None of the above	☐	☐	☐

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	☐	☐	☐
Other ways ESG issues are incorporated in the pre-investment process, specify	☐	☑	☑
None of the above	☐	☐	☐

Investment monitoring (post-investment) of underlying holding

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	PE	PR	INF
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	☐	☐	☐
Request examples of ESG issues identified within the portfolio and action taken in response	☐	☐	☐
Request details of how ESG factors were considered when preparing to exit from investments	☐	☐	☐
Other ways ESG issues are monitored in the post-investment process, specify	☐	☑	☑
None of the above	☐	☐	☐

If you select any 'Other' option(s), specify

We routinely engage with underlying Managers as part of our regular due diligence and monitoring processes. ESG is specifically discussed as part of the investment due diligence process for real asset funds. There is a dedicated section of our formal review that discusses the fund manager's approach to ESG and sustainability. Furthermore, the subject of ESG and a manager's attitude and approach is routinely discussed during monitoring meetings for both closed and open-end real asset funds.

We have various examples of how Russell has implicitly incorporated ESG into our daily work including the formal inclusion of ESG as a measure of investment suitability within real assets; our recognition that social aspects have a direct impact on the level of risk taken and our focus on fund governance and operational due diligence during our due diligence process to name a few.

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SAM 12.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

We have various examples of the practical implementation of Russell's stance on ESG in our daily research process, routinely evaluating real asset managers in relation to ESG. For example, on a biannual basis, Russell evaluates open-ended, private real estate managers in Europe and the US. As part of this process, fund managers are actively engaged and their approach to sustainability and ESG is assessed. This assessment considers whether a fund manager has appropriate ESG/sustainability policies and dedicated resources at the firm level. Furthermore, we examine whether the manager is actively engaged in improving the sustainability/ESG component of each fund's portfolio of assets through physical improvement and through active collaboration with the fund's tenants and stakeholders. While only one of a number of considerations during these reviews, a manager's approach to ESG and sustainability has an integral impact on their overall score and rating.

We have taken a similar approach for private infrastructure. Each formal fund review includes an evaluation of their approach to ESG/sustainability. It is worth noting that our coverage of that universe has included funds that are dedicated exclusively to renewable energy as well as those that include renewable energy as one of several target investment sectors. We have also engaged in discussions with timber and agriculture managers about how they approach ESG/sustainability for their portfolios, and have been positioned to provide our views of "best practices" that have broad private real asset applicability.

Other asset classes

SAM 13	Voluntary	Descriptive	PRI 1-6

SAM 13.1	Describe how your organisation, and/or your investment consultants, address responsible investment factors in manager selection, appointment and/or monitoring process for the following asset classes:

Asset Class	Description
Fixed income - other	Ask how the analysis of ESG issues affected portfolio design and construction (e.g. by reference to particular sectors, particular geographies, particularly holdings, etc.)
Commodities	

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6

SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

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	%

28

SAM 15	Voluntary	Descriptive	PRI 2

SAM 15.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

☐ Add Example 1

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

SAM 15.2	Additional information.

We ask our managers how the analysis of ESG issues affected portfolio design and construction (e.g. by reference to particular sectors, particular geographies, particularly holdings, etc.)

Communication

SAM 16	Mandatory	Core Assessed	PRI 6

SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

◉ Yes, we disclose information publicly

	provide URL

http://www.russell.com/uk/about-russell/corporate-responsibility/responsible-investment/default.page?

SAM 16.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

◉ Yes

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SAM 16.3	Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

☐ How responsible investment considerations are included in manager selection, appointment and monitoring processes

☑ Details of the responsible investment activities carried out by managers on your behalf

☐ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership

☐ Other, specify

○ No

○ Yes, we disclose information to clients/beneficiaries only

○ We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 16.4	Additional information. [Optional]

Some information is specific to a single client, so clearly not otherwise disclosed.

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PRI Principles for Responsible Investment

Russell Investments

Reported Information

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Direct - Listed Equity Active Ownership

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PRI Principles for Responsible Investment

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2

LEA 01.1	Provide a brief overview of your organisation's approach to engagement.

When Russell contemplates entering into an engagement, it is either because Russell has been contacted by an issuer or other shareholder regarding an engagement opportunity or Russell has identified specific issuers with which to engage. In order to oversee Russell's engagement process, Russell has established an Engagement Sub-Committee. This Sub-Committee is comprised of members of the Proxy Voting Committee as well as proxy voting support staff. Once an engagement opportunity has been identified, the Engagement Sub-Committee will evaluate whether or not Russell should engage with that party based on various criteria, including exposure, ownership percentage, and ESG ranking information provided by an external vendor.

LEA 02	Mandatory	Gateway	PRI 1,2,3

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

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Type of engagement	Reason for interaction
Individual/Internal staff engagements	☐ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☐ Other, specify ☐ We do not engage via internal staff
Collaborative engagements	☐ To support investment decision-making (e.g. company research) ☑ To influence corporate practice (or identify the need to influence) on ESG issues ☑ To encourage improved ESG disclosure ☐ Other, specify ☐ We do not engage via collaborative engagements
Service provider engagements	☐ To support investment decision-making (e.g. company research) ☐ To influence corporate practice (or identify the need to influence) on ESG issues ☐ To encourage improved ESG disclosure ☐ Other, specify ☑ We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

◉ Yes

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LEA 03.2	Describe how you identify and prioritise engagements.

When Russell contemplates entering into an engagement, it is either because Russell has been contacted by an issuer or other shareholder regarding an engagement opportunity or Russell has identified specific issuers with which to engage. Once an engagement opportunity has been identified, the Engagement Sub-Committee will evaluate whether or not Russell should engage with that party based on various criteria, including exposure, ownership percentage, and ESG ranking information provided by an external vendor.

○ No

LEA 04	Mandatory	Core Assessed	PRI 2

LEA 04.1	Indicate if you define specific objectives for your engagement activities.

○ Yes

◉ No

LEA 04.2	Indicate if you monitor the actions that companies take following your engagements.

◉ Yes

- ○ Yes, in all cases
- ◉ Yes, in the majority of cases
- ○ Yes, in the minority of cases

LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.

Russell is currently in the process of developing a framework to evaluate the progress of our engagement activities.

○ No

LEA 04.4	Additional information. [Optional]

When intitiating ESG engagements for influence, goals are defined on an ad hoc basis across ESG engagements.

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Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- ○ Yes
- ◉ No

LEA 06	Mandatory	Core Assessed	PRI 2

LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- ◉ Yes
  - ○ Yes, for all collaborative engagement activities
  - ◉ Yes, for the majority of collaborative engagement activities
  - ○ Yes, for a minority of collaborative engagement activities
- ○ No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

- ○ Yes
- ◉ No

General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2

LEA 09.1 Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	○ Yes, systematically ◉ Yes, occasionally ○ No
Collaborative engagements	○ Yes, systematically ○ Yes, occasionally ◉ No

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LEA 09.2	Additional information.

Should an engagement situation arise which warrants communication to external investment managers, Russell would communicate with them. In addition, Russell assesses the external managers' engagement reports for common engagement activities. SInce the external managers are selecting the specific securities in Russell's portfolio, the majority of engagement activities occur between the external managers and issuers. As a multi-manager provider, we are systematically requesting external manager engagement reports and do review them on a regular basis.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2

LEA 10.1	Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	◉ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements
Collaborative engagements	◉ Yes, we track the number of our engagements in full ○ Yes, we partially track the number of our engagements ○ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ○ No, we do not track and cannot estimate our engagements

LEA 10.2	Additional information. [Optional]

This tracking enables us inter alia to report to clients and others through our Engagment Report deliverable.

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2

LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.

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	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	13
Collaborative engagements	1

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	○ > 50% ◉ 10-50% ○ <10% ○ None
Collaborative engagements	○ >50% ○ 10-50% ○ <10% ○ None

LEA 11.3	Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	○ >50% ○ 10-50% ○ <10% ◉ None

LEA 12	Voluntary	Additional Assessed	PRI 2

LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.

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Type of engagement	Coverage
Individual / Internal staff engagements	☐ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information
Collaborative engagements	☐ Environmental ☑ Social ☑ Corporate Governance ☐ We do not track this information

LEA 12.2 Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Environmental only

0

% Social only

0

% Corporate Governance only

92

% Overlapping ESG issues

8

100%

Collaborative engagements

% Corporate Governance only

100

100%

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LEA 12.3	Additional information.

As per our response to LEA11.2

LEA 13	Voluntary	Descriptive	PRI 2

LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.

○ Yes

◉ No

LEA 13.3	Additional information.

Three investee companies committed to reviewing the particulat topic with the board.
Future proxies will be monitored for changes.

LEA 14	Voluntary	Descriptive	PRI 2

LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.

☑ Add Example 1

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Topic or ESG issue	Advisory Vote on Executive Compensation
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	The company reached out to Russell to discuss the advisory vote on executive compensation at their then upcoming annual meeting. During this discussion, the company cited concerns with the pay-for-performance peer group comparisons being made by two major proxy advisory firms.
Scope and Process	After a phone call with members of the executive committee to discuss the issues that the company saw with the proxy advisory firm recommendations, Russell decided to reach out to the two proxy advisors in order to gain a better understanding of the pay-for-performance modeling being used to evaluate the company.
Outcomes	The company dedcided to delay its annual general meeting in order to allow more time for shareholders to make an informed decision about their executive compensation proposal. Although the advisory vote on executive compensation would not have passed at the original meeting, the company was able to gain a small majority the second time. Russell has had continued engagements with this company regarding its executive compensation structure and other best practices, and plans to continue to monitor the progress of this company's compensation plan going forward.

☑ Add Example 2

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Topic or ESG issue	Executive Compensation, Separation of Chairman and CEO
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	During an in-person meeting with the Senior Vice President of Policy and Governance, we raised two issues that we saw with the company's current governance structure: their current executive compensatoin practices and the combined roles of Chairman and CEO.
Scope and Process	Since the company's stock performance was lower than expected, and two proxy advisory firms' pay-for-performance models reflected that there was a disconnect between compensation and performance of the company,we asked that the company reflect on its practices and consider options to improved this connection going forward. Additionally, we raised concerns about the currently combined roles of Chairman and CEO at the company, noting that this is not in line with corporate governance best practice.
Outcomes	Our suggestions and comments, along with those of other shareholders, were presented to the board, which then made some initial changes to their compensation plan going forward. We plan to continue to monitor their progress in linking compenstion and company performance. The company defended the combined roles of Chairman and CEO, stating that this current structure works well for them. However, they did say that this is an issue that we will be evaluating going forward. We plan to discuss this issue with the company on an on-going basis.

☑ Add Example 3

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Topic or ESG issue	Governance Structure
Conducted by	☑ Individual / Internal ☐ Collaborative
Objectives	As one of this firm's largest shareholders, Russell was contacted to discuss various agenda items.
Scope and Process	During a conference call with the CEO, CFO and Corporate Secretary, Russell raised concerns regarding the longevity of many board members and the lack of term limits. While we recognize that this practice seems to be consistent with the company's peers, we believe that having a term limit for directors avoids any potential loss of independence. After a director has been on the board for over 10 years, we consider them to no longer be truly independent.
Outcomes	After hearing our concerns, the company committed to evaluate their current board policy, suggesting a solution of setting the term limit at three 3-year terms. We plan to continue monitoring this company's board structure practices going forward.

☐ Add Example 4

☐ Add Example 5

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

LEA 14.2 Additional information.

None

Communication

LEA 15 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEA 15.1 Indicate whether your organisation proactively discloses information on its engagements.

○ We disclose it publicly

◉ We disclose it to clients and/or beneficiaries only

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LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

	Engagement information disclosed

☑ Details of the selections, priorities and specific goals of engagement

☑ Number of engagements

☑ Breakdown of engagements by type/topic

☐ Breakdown of engagements by region

☐ An assessment of the current status of the engagement

☑ Outcomes that have been achieved from the engagement

☐ Other information

LEA 15.4	Indicate how frequently you typically report engagements information

○ Disclosed continuously (prior and post engagements)

○ Disclosed quarterly

◉ Disclosed annually

○ Disclosed every two years or less

○ Other, specify

○ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2

LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Russell operates a comprehensive proxy voting policy to guide the performance of its ownership activities. Russell employs a Proxy Services provider to support this work, principally through the delivery of corporate governance research, the execution of proxies, and related administration. Russsell's proxy voting policy, principles, and custom voting guidelines are set and overseeen by Russell's Proxy Voting Committee. Because we recognize the requirements of regulatory authorities around the world, we consider these regioinal rules and standards when developing our proxy voting guidelines. Utilizing these guidelines, we vote on the vast majority of issues raised at company meetings.

Process

LEA 17	Mandatory	Descriptive	PRI 2

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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

	Approach

○ We use our own research or voting team and make our own voting decisions without the use of service providers.

◉ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on

○ the service provider voting policy signed off by us

◉ our own voting policy

○ our clients requests or policy

○ other, explain

○ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

○ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]

As a part of Russell's custom voting guidelines, there are instances in which our internal Proxy Voting Committee will have to make the final voting decision on items at a given company's meeting. These items typically include proposals that are either not addressed in our custom voting guidelines or which we have said specifically we would like to review on a case-by-case basis. Fewer than one percent of proxies are reviewed and voted internally by our Committee. The remaining 99% of proxies are voted by our service provider based on our Custom Proxy Voting Guidelines.

LEA 19	Voluntary	Descriptive	PRI 2

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

☑ Obtain confirmation that votes have been lodged:

◉ for a majority of votes

○ for a minority of votes

☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation

☐ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2

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LEA 20.1	Indicate if your organisation has a securities lending programme.

◉ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.

Please select one of the following

○ We recall most securities for voting on all ballot items

◉ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria

○ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis

○ We empower our securities lending agent to decide when to recall securities for voting purposes

○ We do not recall our shares for voting purposes

○ Other (please specify)

○ No

LEA 21	Mandatory	Core Assessed	PRI 2

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

○ Yes, in most cases

○ Sometimes, in the following cases:

◉ No

○ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]

The top four agenda items in which we voted against management included: Election of Directors, Election of Statutory Auditors, Amendments to Articles/Constitution/Bylaws, and Advisory Vote on Executive Compensation. The top four shareholder porposals in which we voted against management included: Independent Board Chairman/Separation of Chairman and CEO, Right to Act by Written Consent, Majority Vote for Election of Directors, and Eliminating Supermajority Provisions.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2

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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

◉ We do track or collect this information

	Votes cast (to the nearest 1%)

	%

99

	Specify the basis on which this percentage is calculated

◉ of the total number of ballot items on which you could have issued instructions

○ of the total number of company meetings at which you could have voted

○ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

When Russell does not vote particular ballots, it is usually because Russell decided to take no action because of shareblocking (meaning that shareholders cannot sell shares of a given company for a certain amount of time after voting at its shareholder meeting), additional fees, Power of Attorney, or requirements to appear at the meeting in person. Russell views these practices to be contrary to shareholder best interests, and therefore chooses not to vote.

○ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2

LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

◉ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 83
Against (opposing) management proposals	 16
Abstentions	 1

100%

LEA 23.3	For the reporting year, describe your approach towards voting on shareholder resolutions.

Russell's primary goal is to vote in the best interests of shareholders. In order to accomplish this, Russell has established a Proxy Voting Committee ("PVC") currently comprised of eight investment professionals. The PVC is responsible for establishing and overseeing our proxy voting policies, procedures, and Russell's custom voting guidelines. Russell utilizes its custom guidelines to evaluate both management and shareholder proposals.

In instances where Russell's custom Guidelines require the proposal to be evaluated on a case-by-case basis, a particular trigger was breached, or in circumstances where a topic is not specifically covered in the Guidelines, the proxy administrator will refer the item to Russell with an explanation and a recommendation. The proxy analysts use this information, as well as information from other sources that may include input from sub-advisors, environmental, social and governance scoring data, and market surveillance, to formulate a recommendation that is presented to the PVC for a vote decision.

○ No, we do not track this information

LEA 23.4	Additional information.

None

LEA 24	Voluntary	Descriptive	PRI 2

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LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

○ Yes

◉ No

LEA 24.6	Additional information.

None

LEA 25	Voluntary	Descriptive	PRI 2

LEA 25.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☑ Add Example 1

Topic or ESG issue	Executive Compensation, Election of Directors
Decision made by	☑ Internal staff ☐ Service provider
Objectives	A group of large institutional shareholders was planning to vote against both the advisory vote on executive compensation and members of the compensation committee, citing that the unprecedented $11.9 million bonus payment to the co-Chairman was inconsistent with pay-for-performance best practices.
Scope and Process	Upon receiving notification of this combined action, Russell decided to reevaluate its vote intetnions for both the advisory vote on executive compensation and the members of the compenstaion committee. Russell decided that, given the size of the co-Chairman's total compensation, and the company's continuted disconnect with sound pay-for-performance practices, a vote against both the advisory vote on executive compensation and the three compenation committee members was warranted.
Outcomes	The advisory vote for executive compensation did not pass with an overwhelming 82% of shareholders voting against the proposal. However, the members of the compensation committee remain on the board of directors.

☑ Add Example 2

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Topic or ESG issue	Election of Directors - Dissident Ballot
Decision made by	☑ Internal staff ☐ Service provider
Objectives	This company had severe financial and operational issues under the then current board of directors, indicating that a change was necessary. The company significanly underperformed peers, and has a history of losses and missed corporate goals. Because of these necessary changes, another shareholder lauchned a contested election - resulting in two separate ballots (one management, and one opposition).
Scope and Process	After receiving notification of the contested nature of this meeting from our Proxy Administrator, Russell reached out to the sub-advisors that had chosen to invest in this security on our behalf to ask for a voting recommendation and rationale (e.g. any additional information that the manager would be albe to provide to us).
Outcomes	Utilizing the information provided to us by our sub-advisors in combination with the research provived by our Proxy Administrator, Russell's Proxy Voting Committee decided to vote in favor of the dissident's proposed board.

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

LEA 25.2 Additional information.

None.

Communication

LEA 26 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

◉ We disclose it publicly

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provide URL

https://viewpoint.glasslewis.net/webdisclosure/search.aspx?glpcustuserid=IND0112

provide URL

https://viewpoint.glasslewis.net/webdisclosure/search.aspx?glpcustuserid=CAN0112

LEA 26.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ○ Yes
- ◉ No

LEA 26.3 Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Reporting to the public	Reporting to clients/beneficiaries
Indicate how much of your voting record you disclose	**Indicate how much of your voting record you disclose**
◉ All voting decisions	◉ All voting decisions
○ Some voting decisions	○ Some voting decisions
○ Only abstentions and opposing vote decisions	○ Only abstentions and opposing vote decisions
○ Summary of votes only	○ Summary of votes only
Indicate what level of explanation you provide	**Indicate what level of explanation you provide**
○ Explain all voting decisions	○ Explain all voting decisions
○ Explain some voting decisions	○ Explain some voting decisions
○ Only explain abstentions and votes against management	○ Only explain abstentions and votes against management
◉ No explanations provided	◉ No explanations provided

LEA 26.4 Indicate how frequently you typically report voting information.

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Reporting to the public	Reporting to clients/beneficiaries
○ Continuously (primarily before meetings)	○ Continuously (primarily before meetings)
○ Continuously (soon after votes are cast)	○ Continuously (soon after votes are cast)
○ Quarterly or more frequently	◉ Quarterly or more frequently
◉ Between quarterly and annually	○ Between quarterly and annually
○ Less frequently than annually	○ Less frequently than annually
○ Other, specify	○ Other, specify

LEA 26.5	Describe any other differences in the information being disclosed. [Optional]

Often times, client disclosures include rationale, votes against management and are more statistical in nature.

○ We disclose it to clients/beneficiaries only

○ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

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