

Russell Investment Funds

Statement of Investment Policy and Objectives

Investment Management by Russell Investments

Effective Date 19 June 2024
Issued by FundRock NZ Limited

A. Description of the managed investment scheme

The Russell Investment Funds ('Scheme') is a managed investment scheme. The Scheme has on offer nine single sector investment funds ('Funds') which provide investors with exposure to:

- International equities
- International equities (hedged)
- Global listed infrastructure securities
- Global listed real estate securities
- Australasian equities¹
- New Zealand fixed interest²
- International fixed interest

The Funds, or any underlying investment pools, are actively managed with one or more underlying specialist investment managers being appointed. The Funds may invest in direct securities (including derivatives) or through other managed investment schemes.

B. Roles and responsibilities

FundRock NZ Limited ('FundRock', 'we', 'us', 'our') is the licensed manager ('Manager') of the Scheme. The Manager's key roles and responsibilities are:

- Preparation of disclosure material;
- Establishing, reviewing and maintaining this Statement of Investment Policy and Objectives ('SIPO');
- The ongoing management and oversight of the Funds. This includes appointing, managing and monitoring specialist providers for functions like:
 - Fund administration; and
 - Investment management.
- Assisting Russell Investments who is distributing the funds and managing client relationships; and
- Monitoring investment performance and outcomes.

Russell Investment Group Limited ('Russell Investments') is the Scheme's investment manager and is responsible for deciding what the Funds invest in, in accordance with this SIPO. The Funds are invested in accordance with Russell Investments' investment philosophy and process. Russell Investments also participates in reviewing this SIPO.

Key administration functions, being fund accounting, and unit pricing, are currently outsourced to Apex Investment Administration (NZ) Limited ('Apex NZ') for the NZ Fixed Interest, NZ Shares and Global Fixed Interest Funds, and to BNP Paribas Fund Services Australasia Pty Ltd ('BNP Paribas') for the Global Shares, Hedged Global Shares, Sustainable Global Shares, Hedged Sustainable Global Shares, Global Listed Infrastructure and Global Listed Real Estate Funds.

All registry functions are currently outsourced to Apex NZ.

Public Trust is the Scheme's supervisor ('Supervisor'). The Supervisor is responsible for supervision of the Manager and the Scheme, including:

- Acting on behalf of the Funds' investors in relation to the Manager and any contravention of the Manager's issuer obligations;

¹ Investment in Australian equities by the Russell Investments NZ Shares Fund is generally in companies that have a dual listing on the New Zealand Stock Exchange (NZX).

² The Russell Investments NZ Fixed Interest Fund has the ability to invest in the Australian fixed income market either through Australian denominated debt securities or derivative instruments.

- Supervising the performance by the Manager of its functions and the financial position of the Manager and the Scheme; and
- Holding the Funds' assets or ensuring that the assets are held in accordance with applicable legislative requirements.

Public Trust has appointed the following custodians:

- Public Trust RIF Nominees Limited for the NZ Fixed Interest, NZ Shares and Global Fixed Interest Funds, and
- BNP Paribas for the Global Shares, Hedged Global Shares, Sustainable Global Shares, Hedged Sustainable Global Shares, Global Listed Infrastructure, and Global Listed Real Estate Funds.

C. Investment philosophy

Russell Investments is the investment manager ("Investment Manager") of the Funds. Russell Investments is part of Russell Investments Group, LLC, a global investment solutions provider providing solutions and services to institutions and individuals through financial intermediaries. Headquartered in Seattle, Washington, the investment philosophy of Russell Investments Group, LLC is identifying active managers and combining them in robust multi-manager structures which aim to provide consistency of returns above an index. Russell Investments employs both specialist managers and related parties to manage underlying assets.

D. Fund investment objectives and strategies

The objectives and strategies for the Funds are set out on the following pages:

Russell Investments Global Shares Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the MSCI ACWI – Net Index over the long term.

The Fund's tracking error is expected to be in the range of 3%-5%.

Investment strategy

Benchmark index:

- MSCI ACWI – Net Index

Benchmark asset allocation

- 100% international equities

Asset allocation ranges³:

- 90%-100% international equities⁴
- 0%-10% cash and cash equivalents⁵

Appointed investment manager:

- Russell Investments

Strategy:

³ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

⁴ Exposure to this asset class through the use of derivatives are included within this range.

⁵ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

- The underlying investment exposure is predominantly to a broad range of international shares listed on stock exchanges in developed markets and emerging international markets. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.

Permitted investments:

- International equity and Australasian equity instruments (including REITs)
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments.
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund is normally not hedged to the New Zealand dollar.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments Hedged Global Shares Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the MSCI ACWI - Net Index 100% hedged to NZD over the long term.

The Fund's tracking error is expected to be in the range of 3%-5%.

Investment strategy

Benchmark index:

- MSCI ACWI – Net Index 100% hedged to NZD

Benchmark asset allocation:

- 100% international equities hedged to the New Zealand dollar

Asset allocation ranges⁶:

- 90%-100% international equities hedged to the New Zealand dollar ⁷
- 0%-10% cash and cash equivalents⁸

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is predominantly to a broad range of international shares listed on stock exchanges in developed markets as well as emerging international markets. Derivatives may be used to obtain or reduce exposure to securities and markets,

⁶ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

⁷ Exposure to this asset class through the use of derivatives are included within this range.

⁸ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range. Excludes any cash held by the Russell Investments Global Shares Fund (Hedged Sub-Fund).

to implement investment strategies and to manage risk. The Fund targets a position of being fully hedged back to New Zealand Dollars. Due to active currency management by the underlying managers, there will generally be some foreign currency exposure.

Permitted investments:

- International equity and Australasian equity instruments (including REITs)
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management, there will generally be some foreign currency exposure.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments Sustainable Global Shares Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, in line with the MSCI ACWI – Net Index over the long term.

As described in Section E the Fund targets a reduction in carbon exposure, and an increase in exposure to renewable energy, compared to the benchmark index. The Fund also employs certain investment exclusions.

The Fund's tracking error is expected to be in the range of 0.5%-1.0%.

Investment strategy

Benchmark index:

- MSCI ACWI – Net Index

Benchmark asset allocation

- 100% international equities

Asset allocation ranges⁹:

- 90%-100% international equities¹⁰
- 0%-10% cash and cash equivalents¹¹

Appointed investment manager:

- Russell Investments

Strategy:

⁹ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

¹⁰ Exposure to this asset class through the use of derivatives are included within this range.

¹¹ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

- The underlying investment exposure is predominantly to a broad range of international shares listed on developed markets and emerging market exchanges. Derivatives may be used to implement investment strategies and manage risk.

Permitted investments:

- International equity and Australasian equity instruments (including REITs)
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments.
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund is normally not hedged to the New Zealand dollar.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments Hedged Sustainable Global Shares Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, in line with the MSCI ACWI – Net Index 100% hedged to NZD over the long term.

As described in Section E the Fund targets a reduction in carbon exposure, and an increase in exposure to renewable energy, compared to the benchmark index. The Fund also employs certain investment exclusions.

The Fund's tracking error is expected to be in the range of 0.5%-1.0%.

Investment strategy

Benchmark index:

- MSCI ACWI – Net Index 100% hedged to NZD

Benchmark asset allocation

- 100% international equities

Asset allocation ranges¹²:

- 90%-100% international equities¹³
- 0%-10% cash and cash equivalents¹⁴

Appointed investment manager:

- Russell Investments

Strategy:

¹² The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

¹³ Exposure to this asset class through the use of derivatives are included within this range.

¹⁴ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

- The underlying investment exposure is predominantly to a broad range of international shares listed on developed and emerging market exchanges. Derivatives may be used to implement investment strategies and manage risk.

Permitted investments:

- International equity and Australasian equity instruments (including REITs)
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments.
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management, there will generally be some foreign currency exposure.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments NZ Shares Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the S&P/NZX 50 Index (gross and including imputation credits) over the long term

The Fund's tracking error is expected to be in the range of 1.5%-3.0%.

Investment strategy

Benchmark index

- S&P/NZX 50 Index (gross and including imputation credits)

Benchmark asset allocation

- 100% Australasian equities

Asset allocation ranges¹⁵:

- 90%-100% Australasian equities¹⁶
- 0%-10% cash and cash equivalents¹⁷

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is typically comprised of a broad range of shares and other equity securities listed on the NZX. This may include derivative instruments which may be used to obtain or reduce exposure to securities and to hedge any Australian dollar

¹⁵ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

¹⁶ Exposure to this asset class through the use of derivatives are included within this range.

¹⁷ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

exposure. Investment in Australian shares will generally be in those companies which have a listing on the NZX.

Permitted investments:

- Australasian equity securities (including REITs)
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- Where the Fund holds Australian equities, the resulting Australian dollar exposure may be hedged to the New Zealand dollar.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).
- Underwriting or sub-underwriting is permitted.

Russell Investments Global Listed Infrastructure Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the S&P Global Infrastructure – Net Total Return Index – New Zealand dollar Hedged over the long term. The Fund targets a 20% carbon footprint reduction relative to its market index.

The Fund's tracking error is expected to be in the range of 2.0% to 5.0%.

Investment strategy

Benchmark index

- S&P Global Infrastructure– Net Total Return Index – New Zealand dollar Hedged

Benchmark asset allocation

- 100% infrastructure and infrastructure related securities

Asset allocation ranges¹⁸:

- 90%-100% infrastructure and infrastructure related securities
- 0%-10% cash and cash equivalents¹⁹

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is predominantly to infrastructure and infrastructure related securities that are listed, or expected to be listed within the next six months, on developed and emerging market stock exchanges. Derivatives may be used to implement investment strategies and manage risk.

¹⁸The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

¹⁹ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

Prohibited investments:

- Companies with more than 25% revenue from thermal coal production or coal power generation. See Section E (Sustainable Investment) for more detail

Divestment policy:

- Pre-trade data on all potential investments is received from an external provider and entered into the Investment Manager's trading system which contains the parameters for prohibited investment. Companies are continually monitored against these parameters and in the event a company breaches a parameter the Investment Manager will divest the company if the breach is still unresolved after 60 continuous business days.

Good governance:

- The fund seeks to invest in corporations which follow good governance practices.

Permitted investments:

- Infrastructure and infrastructure related securities and/or instruments
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments.
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management, there will generally be some foreign currency exposure.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments Global Listed Real Estate Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the FTSE EPRA/NAREIT Developed – Net Total Return Index – New Zealand dollar Hedged over the long term.

The Fund's tracking error is expected to be in the range of 2.0% to 4.0%.

Investment strategy

Benchmark index

- FTSE EPRA/NAREIT Developed – Net Total Return Index – New Zealand dollar Hedged

Benchmark asset allocation

- 100% global listed real estate and real estate related securities

Asset allocation ranges²⁰:

- 90%-100% global listed real estate and listed real estate related securities

²⁰The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

- 0%-10% cash and cash equivalents²¹

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is predominantly to real estate and real estate related securities that are listed, or expected to be listed within the next six months, on developed and emerging market stock exchanges. Derivatives may be used to implement investment strategies and manage risk.

Permitted investments:

- Global listed real estate and real estate related securities and/or instruments
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments.
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments NZ Fixed Interest Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the Bloomberg NZBond Composite 0+ Yr Index over the long term.

The Fund's tracking error is expected to be in the range of 1.0%-2.0%.

Investment strategy

Benchmark index:

- Bloomberg NZBond Composite 0+ Yr Index

Benchmark asset allocation:

- 100% New Zealand fixed interest
- 0% International fixed interest²²

Asset allocation ranges²³:

- 80%-100% New Zealand fixed interest and cash and cash equivalents

²¹ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

²² Investment in international fixed interest is restricted to the Australian fixed income market either through Australian denominated debt securities or derivative instruments.

²³ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

- 0%-20% International fixed interest and cash and cash equivalents²⁴
- 0%-20% currency hedging instruments

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is typically comprised of government fixed income securities, bank bills and cash equivalents, and securities issued by local authorities, semi-government organisations, and corporations, as well as to mortgage-backed and asset backed securities. The underlying investment portfolio may from time to time be exposed to low grade or unrated debt securities to a limited extent, and derivatives. The Fund also has the ability to invest in the Australian fixed income market either through Australian dollar denominated debt securities or derivative instruments.

Permitted investments:

- NZ fixed interest securities
- International fixed interest securities
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments
- Managed funds and ETFs

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- Australian dollar currency exposure is largely hedged back to the New Zealand dollar.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

Russell Investments Global Fixed Interest Fund

Objectives

The investment objective of the Fund is to provide a total return, before fees and tax, higher than the Bloomberg Global Aggregate Index – New Zealand dollar Hedged over the long term. The fund targets a 20% carbon footprint reduction of the corporate debt portion of the fund relative to its benchmark index.

The Fund's tracking error is expected to be in the range of 1.0%-2.5%.

Investment strategy

Benchmark index:

- Bloomberg Global Aggregate Index Hedged to NZ Dollars

Benchmark asset allocation

- 100% International fixed interest

Asset allocation ranges²⁵:

²⁴ Exposure to this asset class through the use of derivatives are included within this range.

²⁵ The actual asset allocation may temporarily fall outside the ranges stated above in certain circumstances, such as asset transitions or market movements.

- 90%-100% International fixed interest²⁶
- 0%-10% cash and cash equivalents²⁷

Appointed investment manager:

- Russell Investments

Strategy:

- The underlying investment exposure is predominantly to debt securities issued by supranational, international governments, quasi-government agencies and corporates as well as structured credit securities including mortgage-backed and asset backed securities. The underlying investment portfolio may also be exposed to low grade or unrated debt securities, emerging market securities and currency. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. The Fund targets a position of being fully hedged back to New Zealand Dollars. Due to active currency management by the underlying managers, there will generally be some foreign currency exposure.

Permitted investments:

- International fixed interest securities
- Cash and cash equivalents
- Derivative instruments including currency hedging instruments
- Managed funds and ETFs

Prohibited investments:

- Corporate debt with more than 25% revenue from thermal coal production or coal power generation. See Section E (Sustainable Investment) for more detail.

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management by the underlying managers, there will generally be some foreign currency exposure.

Other

- The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to fund temporarily redemptions or pay expenses).

E. Investment policies

Taxation

All Funds have elected to be Portfolio Investment Entities ('PIEs') and are therefore taxed under the PIE regime.

The taxation implications of an investment method, such as holding assets directly or investing in a managed investment scheme, are taken into account when determining the most appropriate

²⁶ Exposure to this asset class through the use of derivatives are included within this range. The underlying Russell Investments Global Bond Fund may include NZ fixed interest exposure which is regarded as International fixed interest for the purposes of this range. NZ fixed interest exposure is not expected to be material.

²⁷ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range. Excludes any cash held by the Russell Investments Global Bond Fund.

approach for a particular fund. Note that taxation is not the sole consideration when choosing an investment method; other factors taken into account include cost and implementation feasibility.

Liquidity

The liquidity risk of the Funds is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund concerned. All the Funds invest predominantly in liquid securities and hence have daily applications and redemptions. Market conditions can change, however, resulting in some assets becoming difficult to sell. Hence if a Fund were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

Related-party transactions

Related-party transactions, other than the types permitted under the FMC Act are prohibited.

The Funds may enter into transactions with related parties if permitted under section 174 of the FMC Act or consented to by the Supervisor under section 173(2)(a). Examples of such transactions include:

- The Funds investment in the Russell Investment Funds; and,
- Parties related to the Funds, including the staff of Russell Investments and their families, and the staff of FundRock and their families from time to time investing in the Funds.

The Manager will report such transactions by related parties to its Supervisor in accordance with section 173(2) of the FMC Act.

A related party of the Investment Manager may be appointed to:

- directly manage assets in the Scheme;
- provide brokerage and execution services for the Scheme;
- provide transition management services to the Scheme; and
- manage derivatives (including currency hedging) for the Scheme.

Trade allocations and transactions

The specialist investment managers and Russell Investments have policies and procedures covering trade allocation and arms-length transactions.

Good governance (applies to the Russell Investments Global Listed Infrastructure Fund, the Russell Investments Global Fixed Interest Fund, and the Sustainable Funds)

Companies are screened against a list designed to exclude companies that do not comply with good governance practices by international standards.

Russell Investments considers that a company complies with good governance practices by international standards where that company complies with the United Nations Global Compact (UNGC) Principles.

Generally, the Funds listed in this section (Good governance) will exclude companies which Russell Investments considers persistently fail to comply with good governance practices by international standards.

Russell Investments utilises the services of Sustainalytics, a highly reputable third-party data provider who identify companies that are aligned to the UNGC Principles and are, therefore, deemed by Russell Investments as having good governance practices. Companies deemed to not be aligned with the UNGC Principles are placed on an Exclusions List for the Funds listed in this section (subject to the exception below) which are updated quarterly.

If a company is identified as being non-compliant with one or more of the UNGC Principles, the company may still be investable if Russell Investments determines, that it does, in fact, follow what it considers to be good governance practices, despite the UNGC Principles assessment by Sustainalytics. In order to reach this conclusion, Russell Investments carries out its own further

analysis of the company's governance practices. This additional layer of analysis is undertaken based on advice from an investment manager or from Russell Investments' own research or insights, supplemental to the research provided by Sustainalytics and through its engagement process. Russell Investments may determine, by recommendation from its investment and responsible investing teams and by determination of the Russell Investments' Global Exclusions Committee, that the company does, in fact, demonstrate good governance practices. Only after such a determination is made, can the company form part of a Fund's investments.

If a company already held by a Fund is identified as having breached a UNGC Principle by Sustainalytics during a quarterly update to that Fund's Exclusions List, Russell Investments may undertake the further analysis outlined above to determine whether, in fact, the company follows what Russell Investments considers to be good governance practices. If no such determination is made before the next quarterly update to the Exclusions List, the relevant company will be added to the Exclusions List.

Sustainable investment

The Russell Investments Sustainable Global Shares and Hedged Sustainable Global Shares Funds ("Sustainable Funds") have non-financial performance targets that include:

- a reduction of 50% in carbon emissions²⁸ and carbon reserves²⁹, as compared to the benchmark;
- increased exposure to renewable energy³⁰, as compared to the benchmark; and
- an improved aggregate ESG score³¹, as compared to the benchmark.

These targets are achieved by having reduced weights, compared to the benchmark, in companies with high exposure to carbon-intensive activities and increasing the weights in those companies with positive ESG characteristics as well as those involved in the development of renewable energy.

The Sustainable Funds do not knowingly invest Directly in companies which:

- a) manufacture tobacco products;
- b) for anti-personnel mines, cluster munitions, and nuclear weapons - are involved, either Directly or Indirectly, in the production of the core weapon system, or components/services of the core weapon system, that are considered tailor-made and essential for the lethal use of the weapon;
- c) receive greater than 10% of their revenue from involvement in the manufacture of key components of small arms, and the manufacture and sale of assault weapons and small arms for civilians and military/law enforcement customers;
- d) have significant involvement in coal-related activities, the Funds exclude companies with significant involvement in coal-related activities as defined by companies with more than 10% of their revenue derived from mining thermal coal or coal power generation ; or
- e) whose primary business is uranium mining as classified as residing in this sector by a third party data provider.

²⁸ Russell Investments defines relative carbon emissions as Weighted Average Carbon Intensity (WACI). This is consistent with market practice for measuring carbon emissions.

²⁹ Russell Investments refers to relative carbon reserves as the asset relative fossil fuel reserves of a company.

³⁰ The green energy score calculates the percentage of total energy produced from renewable energy sources. The calculation accounts for energy source classifications with the calculation reflecting the proportion of green power generation divided by total power generation.

³¹ The ESG Score is a proprietary calculation drawing on data from external data providers to determine an ESG score based on ESG issues that are considered financially material to a firm's business.

Russell Investments may identify securities held by a Sustainable Fund which engage in the activities listed above. When it becomes aware such securities are held they will be divested within 60 business days.

More information on Russell Investments' approach to responsible investing can be found on their website at <https://russellinvestments.com/nz/solutions/customised-portfolio-solutions/responsible-investing>.

Russell Investments Global Fixed Interest Fund

The Russell Investments Global Fixed Interest Fund promotes a reduction in "Carbon Emissions". This is primarily achieved by excluding investments in all "Prohibited Coal Companies". These companies have been identified by Russell Investments as having a relatively high exposure to carbon-intensive activities.

The Russell Investments Global Fixed Interest Fund targets a "Carbon Footprint" reduction of at least 20% in respect of the "Corporate Debt" portion of its investments. The Carbon Footprint reduction target will primarily be met by excluding the Prohibited Coal Companies from investment. If, however, following the application of the exclusions policy the Russell Investments Global Fixed Interest Fund has not met its Carbon Footprint reduction target, Russell Investments will evaluate the Carbon Footprint of all remaining investments of the Russell Investments Global Fixed Interest Fund and will take measures to ensure that its holdings are adjusted to sufficiently reduce its Carbon Footprint in order to meet its Carbon Footprint reduction target.

The Russell Investments Global Fixed Interest Fund does not currently have carbon emissions reductions targets in respect of its non-Corporate Debt investments, due to the low Carbon Emissions data coverage rates available for these investments. If Russell Investments becomes satisfied that sufficiently reliable Carbon Emissions data is available for any other portion of the Russell Investments Global Fixed Interest Fund investments, the carbon reduction targets may be revised to incorporate the Carbon Emissions resulting from these investments.

For the purposes of implementing the carbon exposure reduction strategy and evaluating the carbon exposure of an investee company, the Russell Investments Global Fixed Interest Fund will utilise third-party Carbon Footprint data sourced from independent vendors, as well as publicly available information, which may include company reports.

Companies with more than 25% of revenue derived from thermal coal production, or coal power generation from coal, are excluded from the fund. Companies that derive between 10% and 25% of their revenue from coal power generation or thermal coal production will also be excluded unless they either:

- i. derive at least 10% of their power generation from renewable energy sources; or
- ii. have made a public commitment to divest from their coal related activities or reach zero emissions by 2050.

Investment in corporations breaching United Nations Global Compact principles is avoided, or otherwise reviewed and justified.

Russell Investments Global Listed Infrastructure Fund

The Russell Investments Global Listed Infrastructure Fund targets a 20% carbon footprint reduction relative to its market index.

Companies with more than 25% of revenue derived from thermal coal production, or coal power generation from coal, are excluded from the fund. Companies that derive between 10% and 25% of their revenue from coal power generation or thermal coal production will also be excluded unless they either:

- i. derive at least 10% of their power generation from renewable energy sources; or
- ii. have made a public commitment to divest from their coal related activities or reach zero emissions by 2050.

Investment in corporations breaching United Nations Global Compact principles is avoided, or otherwise reviewed and justified.

Other relevant policies

Summaries of the key relevant policies are set out below.

Pricing and Asset Valuation Policy

The purpose of this policy is to set out how FundRock manages its pricing and asset valuation obligations, and the way in which FundRock exercises its discretions authorised by the Trust Deed and the Funds' establishment documentation.

This policy also links to FundRock's Outsourcing Policy reflecting that we outsource functions including unit pricing and asset valuation to third parties. In particular, the policy provides a guide to the areas we need to focus on when selecting, monitoring and undertaking ongoing due diligence on third party providers.

Within the bounds of what is reasonable and practical our goals are to:

- Have prices that reflect fair, realisable value of underlying assets and liabilities;
- Ensure equitable treatment of investors entering, exiting or remaining in a Fund;
- Have a consistent and objective process for determining prices; and
- Comply with our governing documents, offer documents and the relevant legislation.

The Pricing and Asset Valuation Policy is available on the Disclose website www.business.govt.nz/disclose.

Conflicts of Interest and Related Party Transactions Policy

The Conflicts of Interest and Related Party Transactions Policy sets out the principles and procedures relating to identifying, recording and managing conflicts of interest within FundRock. The Policy applies to all of FundRock's directors, relevant officers, senior management and employees.

The policy provides guidance on:

- What is meant by a conflict of interest.
- What constitutes a related party transaction.

The core policy statement is:

'As a licensed manager of Managed Investment Schemes, FundRock must act honestly and in the best interests of the Scheme participants. FundRock recognises that in order to satisfy this duty, it and its Staff must put the interests of Scheme participants ahead of those of itself or Staff members.'

FundRock Investment Management Policy

This document sets out FundRock's policies and procedures in relation to appointing and monitoring investment managers. In particular the policy covers:

- Investment management governance;
- Investment manager selection and appointment; and
- Investment manager monitoring and compliance.

F. Performance monitoring

FundRock monitors investment performance of the Funds on a monthly basis. Performance is measured and assessed on the following basis for 1, 3 and 5-year periods:

- Gross return
- Net return
- Benchmark index return
- Performance relative to benchmark
- Annualised standard deviation of gross return
- Annualised standard deviation of benchmark index return
- Annualised tracking error

FundRock and Russell Investments monitor the non-financial performance targets for the Russell Investments Sustainable Global Shares Fund, the Russell Investments Hedged Sustainable Global Shares Fund, the Russell Investments Global Listed Infrastructure Fund, and the Russell Investments Global Fixed Interest Fund and once available publishes these monthly in a fund fact sheet on their website at <https://russellinvestments.com/nz/solutions/customised-portfolio-solutions/responsible-investing>. If these funds consistently fail to meet their non-financial performance targets, FundRock will review the investment manager strategy to determine if it remains appropriate.

FundRock reports performance, both financial and non-financial, to the Supervisor and also to the FundRock Board.

G. SIPO monitoring and review

The FundRock Board is responsible for governance oversight of the SIPO.

The Manager's compliance processes include periodic policy reviews. SIPOs are reviewed annually by FundRock management with the outcomes of these reviews reported to the FundRock Board. In addition, FundRock management may initiate an ad hoc review, with examples of events that could lead to this being:

- A specialist investment group, like Russell Investments or one of the underlying managers, recommending changes to the SIPO;
- A change in roles and responsibilities; or
- A permanent change in risk and return characteristics of the relevant market.

SIPO reviews take into account the views of FundRock and the Investment Manager and if required the views of external experts.

The Manager can make changes to the SIPO in accordance with the Trust Deed and the FMC Act. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of investors and consult with the Supervisor. Any changes to the SIPO require FundRock Board approval, as well as written approval of the Supervisor. The Manager will give notice to fund investors before implementing any material SIPO changes.

The Manager is responsible for monitoring adherence to the SIPO and reporting any breaches to the FundRock Board and the Supervisor.

The current version of this SIPO is available on the schemes register at www.companiesoffice.govt.nz/disclose.

This SIPO was approved by the FundRock Board on 17 June 2024 and takes effect on 19 June 2024.

Glossary

Benchmark index means the financial index or indices against which a Fund's performance is measured.

Directly (in relation to sustainable investing) refers to companies that are involved in the stated activities. There is no minimum percentage revenue or ownership threshold.

Indirectly (in relation to sustainable investing) refers to companies that own more than 20% of an underlying company that has involvement in the stated activities.

Funds means the investment funds offered within the Scheme, being the Russell Investments Global Shares Fund (Unhedged Sub-Fund), the Russell Investments Hedged Global Shares Fund, Russell Investments Sustainable Global Shares Fund, Russell Investments Hedged Sustainable Global Shares Fund, the Russell Investments NZ Shares Fund, the Russell Investments Global Listed Infrastructure Fund, the Russell Investments NZ Fixed Interest Fund, and the Russell Investments Global Fixed Interest Fund

Tracking error means the annualised standard deviation of the difference between the returns of the Fund and the Benchmark index against which its performance is measured.