Russell Investments

RUSSELL INVESTMENTS FRANCE SAS (the "Company")

Remuneration Policy – December 2023

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The AIFMD (as defined below) requires alternative investment fund managers to adopt remuneration policies and practices that are "consistent with and promote sound and effective risk management and do not encourage risk-taking" in relation to certain categories of staff. Set out below is a summary of the remuneration requirements.

In addition, MiFID2 (as defined below) requires investment service providers to adopt remuneration policy of persons involved in the provision of services to clients aiming to encourage responsible business conduct, fair treatment of clients as well as avoiding conflict of interests in the relationships with clients.

1 INTRODUCTION

The Company is authorised by the French Financial Markets Authority (the *Autorité des marchés financiers* - "**AMF**") as an alternative investment fund manager ("**AIFM**") under the Applicable AIFMD Regulations.

The Company is also authorised by the AMF to provide Portfolio Management on behalf of third parties and to provide Regulated Investment Advice. Consequently, the Company must also comply with good conduct rules that apply to investment service providers when providing Portfolio Management and Regulated Investment Advice.

The AIFM Directive as transposed into French law requires that all authorised AIFMs have remuneration policies and practices that are "*consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of each AIF it manages*".

In addition, pursuant to provisions of the MiFID2 as implemented into French law, investment service providers must ensure that they do not remunerate or assess the performance of their staff in a way that conflicts with their duty to act in the best interests of their clients. In particular, they must not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to their staff to recommend a particular financial instrument to retail clients when investment service providers could offer a different financial instrument which would better meet those clients' needs.

Investment service providers must then define and implement remuneration policies and practices under appropriate internal procedures taking into account the interests of all their clients, with a view to ensuring that clients are treated fairly and their interests are not impaired by the remuneration practices adopted by the relevant investment service providers in the short, medium or long term.

The purpose of this remuneration policy (the "**Remuneration Policy**") is to provide a clear direction and policy regarding the Company's remuneration policies and practices consistent with the principles in the Applicable AIFMD Regulations and the Applicable MiFID2 Regulations.

This document forms the written element of the remuneration policy for the Company, which includes the regulatory requirements impacting its Identified Staff and the Relevant Persons as defined below. The Russell Group also operates group-wide compensation programmes. Among other objectives these programmes are designed to incentivise behaviours which are within the Russell Group's targeted levels of risk. This Remuneration Policy supplements and should be read in conjunction with, the Company's regulatory framework documentation, in particular its programme of activity (as amended from time to time and reviewed by the AMF, as the case may be) and the Russell Group's compensation programmes.

The executive officers of the Company (the "**Executive Officers**") recognise the important role played by sound risk management in protecting its stakeholders. Moreover, the Executive Officers acknowledge that inappropriate remuneration structures could, in certain circumstances, result in situations whereby individuals assume more risk on the relevant institution's behalf than they would have done had they not been remunerated in this way.

In addition to ensuring that this Remuneration Policy aligns the risk-taking behavior of staff ("**Associates**") with the Company's risk appetite, the remuneration policy is designed to ensure that the Company can attract, retain and motivate highly qualified Associates in order to produce long term value creation for shareholders.

In preparing this Remuneration Policy, the Company has considered its size, its internal organization and the nature, scale and complexity of its business. In determining the range of activities to be undertaken by the Company, the Company has given due consideration to the number of AIFs (as defined below), the type of investments, the investment strategies, the investment location, the distribution model, the investor base of the AIF and the type of clients to which the Company provides Portfolio Management and/or Regulated Investment Advice. Due consideration has also been given to the resources available to the Company and the resources and expertise of the various third parties engaged to support the Company and carry out certain functions on its behalf.

This Remuneration Policy and remuneration practices are intended to attract, retain, and motivate Associates to use their knowledge, expertise, business acumen and leadership skills to serve the Company's clients effectively. In addition, the policy and remuneration practices are intended to:

- Promote sound and effective risk management practices and align with its risk management principles.
- Discourage excessive risk taking, and risk taking that is inconsistent with its risk appetite or risk management policies and principles.
- Include measures to avoid conflicts of interests.
- Discourage irresponsible business conduct.
- Ensure remuneration is in line with its business strategy, objectives, values, and long-term interests.
- Control fixed costs by ensuring that remuneration expense varies with profitability and does not constrain its ability to strengthen its capital base.
- Link a significant portion of an associate's total remuneration to its overall financial and operational performance, the performance of the business unit (as appropriate), as well as the associate's individual performance.
- Provide competitive, but not excessive, levels of remuneration compared to peer firms of appropriate size, business scope, geography, complexity and profitability.

RIF's Head of Compliance is responsible for this Remuneration Policy.

This Remuneration Policy is effective upon its adoption by Executive Officers.

2 DEFINITIONS

"**AIFMD**" means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as amended, updated or supplemented from time to time;

"**AIFMD Level 2**" means Commission Delegated Regulation (EU) No. 231/2013 as amended, updated or supplemented from time to time;

"**AIF**" means any alternative investment fund as defined in Article L. 214-24 of the French Monetary and Financial Code to which the Company has been appointed as an alternative investments fund manager;

"**Applicable AIFMD Regulations**" means collectively AIFMD, AIFMD Level 2, the Decree, the Ordinance, the RGAMF and instructions, positions and recommendations of the AMF (in each case to the extent compulsory) and any other compulsory legislative, regulatory or professional instrument governing AIFMs including European directives, regulations and any other instrument, recommendation or instruction of a professional nature applicable on a compulsory basis to all AIFMs, as appropriate;

"**Applicable MiFID2 Regulations**" mean collectively MiFID2, Delegated Regulation (UE)

2017/565 of 25 April 2016, the legal and regulatory provisions of the French Monetary and Financial Code, the RGAMF and instructions, positions and recommendations of the AMF (in each case to the extent compulsory) and any other compulsory legislative, regulatory or professional instrument governing investment service providers, including European directives, regulations and any other instrument, recommendation or instruction of a professional nature applicable on a compulsory basis to all investment service managers, and that apply to the Company when it provides Portfolio Management and/or Regulated Investment Advice, as appropriate;

"**Committee**" means the remuneration committee of the board of directors of Russell Investments Group or where appropriate any other duly authorised committee of it;

"**Decree**" means the French *Décret* n°2013-687 dated 25 July 2013 which amended the French Monetary and Financial Code in order to implement the AIFMD as updated, amended or supplemented from time to time;

"**ESMA**" means the European Securities and Markets Authority, its successors or assigns;

"**Guidelines**" means together the ESMA's Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/201) and the ESMA's Guidelines on certain aspects of the MiFID2 remuneration requirements (ESMA 35-43-3565);

"**MiFID2**" means the Directive on markets in financial instruments (Directive 2014/65/EU) as amended, updated or supplemented from time to time;

"**Ordinance**" means the French *Ordonnance* n°2013-676 dated 25 July 2013 which amended the French Monetary and Financial Code in order to implement the AIFMD;

"**Portfolio Management**" means managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments as listed in Section C of Annex I of MiFID2;

"**Regulated Investment Advice**" means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments as listed in Section C of Annex I of MiFID2;

"**RGAMF**" means the General Regulation of the AMF (*Règlement général de l'AMF*) as amended updated or supplemented from time to time;

"**Russell Group**" means the Russell Investments group of companies;

"**SFDR**" or the "**Sustainability Finance Disclosure Regulation**" means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, updated or supplemented from time to time; and

"**Sustainability Risks**" means financially-material risks related to environmental, social or governance (ESG) issues that are relevant to the investment practice of the Russell Group.

In relation to various aspects of this Remuneration Policy where there is any perceived ambiguity or lack of clarity in the Applicable AIFMD Regulations, the Applicable MiFID2 Regulations and/or the Guidelines, the Company will have regard to any published guidance on the relevant point by ESMA, the AMF or in the absence of any such published guidance that of the UK Financial Conduct Authority or any other EU national competent authority, if appropriate.

The Company confirms that it has reviewed and understands all regulatory requirements applicable to its Remuneration Policy set out in the Applicable AIFMD Regulations and the Applicable MiFID2 Regulations and has addressed these requirements in this Remuneration Policy and/or materials referenced herein.

3 REMUNERATION

Remuneration consists of all forms of payments or benefits made directly by, or indirectly, but on behalf of the Company, in exchange for professional services rendered by staff. This shall include:

(i) all forms of payments or financial or non-financial benefits paid or provided by the Company;

(ii) any amount paid by the AIFs; and

(iii) any transfer of units or shares of any AIFs, in exchange for professional services rendered by the Identified Staff.

For the purpose of item (ii) above, whenever payments, excluding reimbursements of costs and expenses, are made directly by an AIF to the Company for the benefit of the relevant categories of Identified Staff for professional services rendered, which may otherwise result in a circumvention of the relevant remuneration rules, they shall be considered remuneration for the purpose of this Remuneration Policy.

Fixed remuneration means payments or benefits without consideration of any performance criteria.

Variable remuneration means additional payments or benefits depending on performance or, in certain cases, other contractual criteria.

4 IDENTIFIED STAFF AND RELEVANT PERSON

The remuneration policy is applicable to Identified Staff and Relevant Persons below.

Identified Staff means:

> *"categories of staff, including **senior management, risk takers, Control Functions** [as defined below] and **any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the AIFM's risk profile or the risk profiles of the AIF that it manages** and categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by the AIFM, whose professional activities have a material impact on the risk profiles of the AIF that the AIFM manages."*

For the above purposes, "**Control Functions**" means:

> *"staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within an AIFM (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)."*

For the above purposes, "**remuneration bracket**" means:

> *"the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories."*

Specifically for the Company, Identified Staff members may fall into one or more of the following categories:

- Executive Officers;
- Senior management;
- Associates responsible for Control Functions;
- Associates responsible for heading the portfolio management, administration, marketing, human resources;

- Other risk takers – being Associates who acting individually or as part of a group can materially influence the Company's risk profile;
- Associates whose remuneration takes them into the same bracket as senior managers and risk takers but who don't fall into one of the categories above must be assessed to determine whether they have a material impact on the risk profile of the AIF or the Company.

A list of the Company's Identified Staff is appended herewith (at **Schedule 1**). It should be noted that the inclusions of persons in Schedule 1 shall relate specifically to their role within the Company or the relevant AIF and their remuneration (if any) received directly by the Company and shall not affect any remuneration such persons may otherwise receive from entities connected with the Company, delegates of the Company or otherwise.

Any new Associates will be considered for inclusion on this list when they are hired or if their role changes. It will be the responsibility of the Executive Officers in consultation with RIF's Head of Compliance to make recommendations to include Associates on this list.

"**Relevant Person**" means any of the following:

(a) a director, partner or equivalent, manager or tied agent (if any) of the Company;

(b) a director, partner or equivalent, or manager of any tied agent of the Company (if any);

(c) an employee of the Company or of a tied agent of the Company (if any), as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company (if any) and who is involved in the provision by the Company of investment services and activities;

(d) where applicable, a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities.

A list of the Company's Relevant Persons is appended herewith (at **Schedule 2**). It should be noted that the inclusions of persons in Schedule 2 shall relate specifically to their role within the Company and their remuneration (if any) received directly or indirectly by the Company in the provision of investment or ancillary services to Company's clients, and shall not affect any other remuneration such persons may otherwise receive.

5 REMUNERATION STRUCTURE OVERVIEW

5.1 Fixed and Variable remuneration

Variable remuneration is an important tool to incentivise Associates. It also gives the Company flexibility such that, in years where the Company performs poorly, variable remuneration may be reduced or eliminated and the capital of the Company can be preserved. In some circumstances, however, variable remuneration, if inappropriately structured, (i) can lead to excessive risk taking as employees may be incentivised to keep taking risk to maintain their variable remuneration; and/or (ii) can create conflict of interest or lead employees to favour their own interests or the Company's interests to the potential detriment of any client, for instance when such variable remuneration is solely or predominantly based in quantitative commercial criteria.

The Russell Group has a "Total Compensation Philosophy", which means that it takes all elements of an Associate's compensation into account in determining and providing their overall remuneration package. Total compensation is defined as the sum of fixed and variable remuneration, as well as the value of benefits such as pensions, healthcare, life insurance and disability coverage.

Fixed remuneration or base salaries are intended to provide regular cash flow to Associates throughout the year irrespective of Company or individual performance. Base salaries and benefits linked to salary have traditionally constituted the bulk of total compensation for a significant majority of the Russell Group's employees. The Russell Group uses ranges based on market compensation data and internal relativities to determine appropriate base salaries for any given role and level. Within that range, salaries may vary depending on, for example, the relative experience of an Associate or the relative complexity of the role.

For senior professional, managerial and executive roles, annual variable remuneration can represent a significant percentage of total compensation, as is typical in investment management and the broader financial services industry in which the Russell Group competes. By placing a strong emphasis on annual variable remuneration, the Company can limit fixed remuneration expense while rewarding Associates for their individual contributions and the achievement of annual financial and non-financial goals.

Certain Associates in sales-based roles may be paid based on the generation of assets under management and/or revenues. Each Associate in this category has a formal agreement setting out the terms of their commission arrangements. Commission plans generally contain an element of discretionary pay, the extent of which depends on his or her role within the sales organisation. This is intended to reward teamwork and adherence to organisational values, which include sound risk management practices and other qualitative criteria reflecting compliance with applicable regulations, the fair treatment of clients and the quality of services provided to clients.

5.2 Remuneration process

In general, the overall variable remuneration or incentive pool of the Russell Group is allocated by the Committee to each business unit taking into account incentive compensation targets set for each Russell Associate in the business unit based on market competitive data or other individual-specific factors. These targets are generally inflated or deflated according to overall Company performance and business unit performance. The final split by business and function is a combination of a bottom-up and top-down process.

Individual incentive awards are ~~therefore~~ based on a combination of:

- Company performance;
- Business unit;
- Individual performance (including performance relative to financial and non-financial goals (*i.e.* appropriate qualitative criteria), such as compliance with relevant policies, procedures or risk management practices as appropriate); and
- Other factors as may be determined by the Executive Officers.

6 SCOPE OF THE REMUNERATION POLICY AND APPLICATION OF THE PRINCIPLES

6.1 Delegates

The Company has the facility to appoint delegates to carry out portfolio management or risk management activities on its behalf in accordance with its delegation policy. The term “delegates” also include any natural person who is directly involved in the provision of services to the Company or to its tied agent (if any) under an outsourcing arrangement for the purpose of the provision by the Company of investment services and activities.

In accordance with the Guidelines, the Company will ensure that affected delegates are subject to regulatory requirements on remuneration that are “equally as effective” as those applicable under the applicable Guidelines or that appropriate contractual agreements are in place to ensure that the delegation arrangements do not circumvent the remuneration requirements.

Subject to the foregoing, with regards to remuneration practices at the delegates of the Company, the Company will ensure that the Remuneration Policy covers, where appropriate, categories of staff at affected delegates that are involved in the provision of delegated portfolio management or risk management activities (where such activities have a material impact on the risk profile of the relevant AIF) or investment services and activities provided by the Company.

It is noted that in certain confined circumstances it may be determined that the scope of the mandate granted to a particular delegate is such that no staff of the delegate will constitute Identified Staff for the purposes of this Remuneration Policy, i.e. have the capacity to carry out their professional activities under the delegation arrangement in a manner which could have a material impact on the risk profile of the relevant AIF or AIFs. This could be the case where the Company retains a sufficient degree of control and supervision over the activities of the delegate and restricts the discretionary nature of their activities (for example, through the application of detailed contractual restrictions set by the Company which tightly constrain how the delegate may discharge its delegated functions).

6.2 Proportionality under AIFMD

The AIFM complies with the following principles in a way and to the extent that is appropriate due to their size, internal organization and the nature, scope and complexity of their activities.

At level of the AIFM

Size

- Total value of assets under management (AIFs and mandates): EUR 1,181 billion estimated as of end of June 2023;
- Number of employees: 9 employees as of June 2023;

Internal organization

- Legal structure: S.A.S
- Complexity of the internal governance: standard internal governance
- Listed on regulated financial market(s): No.

Nature, scope complexity of activities

- Type of authorized activity: Portfolio management of AIFs, Portfolio Management and Regulated Investment Advice;
- Type of investment policies and strategies: Liquid

Variable remuneration structure

The Company applies the principle of proportionality by adopting the following thresholds: the amount of individual variable remuneration does not exceed EUR 200,000.

The remuneration obligations under the Applicable AIFMD Regulations **will apply proportionately** taking into account the AIFM's size and the value of the AIFs that it manages, the AIFM's internal organisation, the nature, scope and complexity of its activities. Proportionality may permit the disapplication of some of the remuneration requirements pursuant to the Applicable AIFMD Regulations, provided that the AIFM can on request explain the rationale to the relevant competent authority.

In line with the Guidelines applicable to AIFMs, the principles outlined in sections 6.5(h), (i) and (j) respectively may be disapplied in respect of the Company or any applicable delegates, if it is proportionate to do so. In accordance with the Guidelines, the Company will perform an assessment for each of the remuneration requirements that may be disapplied and determine whether proportionality allows them not to apply each individual requirement.

In assessing what is proportionate, both in respect of the Company itself and in relation to any relevant delegates, the Company will have regard to the provisions contained in the Guidelines and will focus on the combination of all the criteria mentioned therein (i.e. (i) size, (ii) internal organisation, (iii) the nature, scope and complexity of the activities and (iv) the variable remuneration structure). In addition, it is noted that this is not an exhaustive list and therefore there may also be other relevant criteria.

The Company has determined that based on its characteristics that it is permitted to disapply with respect to its Identified Staff, (i) the principles of indexing variable remuneration to the performance of its AIFs; and (ii) deferring variable remuneration over a multi-year period.

The Company further reserves the right, where appropriate, to determine (in conjunction with the applicable delegate) that, given the size, internal organisation and nature, scope and complexity of the delegate's business, it may be appropriate to disapply the principles outlined in sections 6.5 (h), (i) and (j). Factors that the Executive Officers may consider in arriving at such a conclusion may include where appropriate to the delegated activity, the size of the delegate's balance sheet, the proportionate value of AIF assets managed relative to non-AIF assets managed (and resultant AIF/non-AIF revenue generated) and therefore whether the AIF assets managed by the relevant delegate are not "*potentially systemically important (e.g. in terms of total assets under management)*"[1].

This approach will be reviewed and reassessed, as necessary for subsequent financial periods following the issuance of any further regulatory guidance or legal clarification that conflicts with this current position.

6.3 Profit-based measurement and risk adjustment

(a) The Company must ensure that any measurement of performance used to calculate variable remuneration components:

i. includes adjustments for current and future risks and reflects the cost and quantity of the capital and liquidity risk required;

ii. takes into account the need for consistency with the timing and likelihood of the Russell Group and/or the Company receiving potential future revenues incorporated into current earnings;

iii. assesses financial performance principally on profit;

iv. for variable remuneration that benefits to Relevant Persons in connection with the provision by the Company of investment services:

- is based on criteria which are documented, clearly defined, accessible, understandable and recorded. Non-financial criteria used to calculate variable remuneration components benefitting to Relevant Persons are detailed in **Schedule 3**;

- takes into account qualitative criteria that encourage the Relevant Persons to act in the best interests of the Company's clients (*e.g.* compliance with regulatory requirements such as conduct of business rules applicable to the Company and Company's internal procedures, fair treatment of clients and client satisfaction);

- does not take into account quantitative criteria that could create conflicts of interests or incentives that may lead Relevant Persons to favour their own interests or the Company's interests to the potential detriment of any client. In particular, quantitative criteria based on commercial objectives must not create an incentive for Relevant Persons to recommend only certain products to the detriment of clients' best interests;

- takes into account both qualitative and quantitative criteria that are weighted in a manner that some criteria are not insignificant (especially for qualitative criteria) or are given too much significance (especially for quantitative commercial criteria);

- does not constitute performance targets that may incentivise the Relevant Persons to adopt behaviours focused on short-term gains to meet the relevant thresholds such as "all or nothing targets" when those might create a conflict of interest or impair clients' interests;

- depends on several performance targets set at different levels and giving rights to different amounts or different rates of variable remuneration;

- includes ex-post adjustment criteria that allow an adjustment of the variable remuneration if a case of misconduct appears after the remuneration has been awarded or paid-out.

(b) The Company has taken into account its individual business model and circumstances when considering the application of these requirements.

(c) The final amount of the Company cash bonus pool is at the discretion of the Committee. The amount approved may take into account unexpected market developments, one time positive or negative developments, retention considerations and evolving labour market conditions.

6.4 "Equally as Effective" Regimes

Pursuant to the Guidelines, the AIFMD remuneration principles are not required to be applied to delegates performing investment management functions when such delegates are subject to regulatory requirements on remuneration that are "*equally as effective*" as the AIFMD remuneration principles.

It is noted that the ESMA's guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) provide that entities that are subject to the remuneration rules under AIFMD or CRD IV (Directive 2013/36/EU) can be considered to meet this condition.

In the absence of further specific guidance or legal clarification from the European Commission, ESMA or the AMF or any other competent authority in the context of the remuneration requirements pursuant to the Applicable AIFM Regulations, the Company considers that the following categories of delegate entities also meet this condition in the AIFMD context:

(i) CRD/MiFID2 firms (including firms still subject to CRD III and which have availed of the CRD IV exemptions); and

(ii) non-EU firms which are subject to group remuneration policies that are equally as effective as MiFID2 or CRD.

This approach will be reviewed and reassessed, as necessary for subsequent financial periods following the issuance of any further regulatory guidance or legal clarification that conflicts with this current position.

6.5 Remuneration principles – in compliance with AIFMD and MiFID2 requirements

It is primarily the responsibility of the Company to assess its own characteristics and to develop and implement remuneration policies and practices which appropriately align the risks faced and the interests of the Associates and of the Company with that of the clients and provide adequate and effective incentives to its staff.

When establishing and applying the total remuneration, inclusive of salaries and discretionary pension benefits for Identified Staff and/or Relevant Persons (as the case may be), the Company shall comply with the following principles in a way and to the extent that is appropriate taking into account its size, internal organisation and the nature, scope and complexity of its activities:

(a) Associates engaged in Control Functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control in order to avoid any conflict of interest;

(b) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria (i.e. qualitative criteria) are taken into account;

(c) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIF in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the AIFs it manages and their investment risks;

(d) guaranteed variable remuneration is exceptional and occurs only in the context of hiring new Associates and is limited to the first year of engagement;

(e) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;

(f) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

(g) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

(h) subject to the legal structure of the AIFs and its rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration component consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of the AIF's accounts for less than 50% of the total portfolio managed by the Company, in which case the minimum of 50% does not apply. The payment of variable remuneration consisting of units or shares of an AIF shall not apply in the case of provision of discretionary Portfolio Management and Regulated Investment Advice;

(i) a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned and is correctly aligned with the nature of the risks of the AIF in question or in the case of discretionary Portfolio Management and Regulated Investment Advice is appropriate in view of the investment horizon of the recipient of the service. The period referred to in this paragraph shall be at three to five years for AIFs unless the life cycle of the AIF concerned is shorter; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount is deferred;

(j) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the AIF (where relevant) and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company or of the AIF (where relevant) concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

(k) the pension policy is in line with the business strategy, objectives, values and long-term interests of the Company and the AIFs it manages. If the employee leaves the Company before retirement, discretionary pension benefits shall be held by the Company for a period of five years in the form of instruments defined in point (h). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (h) above, subject to a five year retention period;

(l) Associates are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

(m) variable remuneration may not be paid through vehicles or methods that facilitate the avoidance of the requirements of the Applicable AIFMD Regulations;

(n) variable remuneration that benefits to Relevant Persons is paid partly immediately and partly on a deferred basis, in an appropriate balance between the part paid upfront and the one deferred, and according to an appropriate deferral schedule allowing for the interests of the Relevant Persons and of the Company to be aligned with the interests of clients. This variable compensation may include mechanisms that reduce the value of deferred remuneration through ex-post adjustments before vesting and claw back mechanisms.

6.6 Remuneration principles – SFDR Requirements

As per Article 5 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**"), financial market participants (i.e. AIFMs) are required to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites.

In accordance with SFDR, the AIFM includes in its remuneration policy information on how this policy is consistent with the integration of sustainability risks to comply with the requirements set by Article 5 of SFDR. It has to be noted that all Identified Staff and Relevant Persons are remunerated with a combination of fixed and variable discretionary remuneration where the performance of the funds does not directly impact the remuneration of the Identified Staff and Relevant Persons.

Bearing that in mind there is no risk misalignment with the sustainability risks associated with the investment decision-making process of the Company with regards to the AIFs it manages. The Company believes that where portfolio management is retained, its existing structures are sufficient to prevent excessive risk taking in respect of sustainability risks.

Where the Company's portfolio management function is delegated, the Company ensures that the portfolio manager adopts remuneration policies and procedures, which are consistent with the integration of sustainability risks, if sustainability risks are integrated into the investment decision making process.

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[1] Paragraph 29 of the ESMA Guidelines on sound remuneration policies under the AIFMD; guidance on the "size" criteria for proportionality purposes.

7 ABSENCE OF A REMUNERATION COMMITTEE

It is noted that the requirement for an AIFM to establish a remuneration committee (pursuant to Applicable AIFMD Regulations), applies to "*AIFMs that are significant in terms of their size or the size of the AIFs they manage, their internal organization and the nature, the scope and the complexity of their activities.*"

Having assessed the requirements outlined in the Applicable AIFMD Regulations and the Guidelines, the Company has determined that it is not "significant" with respect to its internal organization and therefore shall not have a remuneration committee.

8 GOVERNANCE AND DESIGN OF THE POLICY AND REMUNERATION PRACTICES

The Executive Officers will be responsible for the oversight of compliance with this Remuneration Policy. They will review the appropriateness of the Remuneration Policy at least annually or when it is required or deemed necessary and will ensure that it is operating as intended. It will also review the Remuneration Policy to ensure that it continues to be compliant with applicable national and international regulations, principles, and standards. Material changes to this Remuneration Policy will be approved by the Executive Officers.

RIF's Head of Compliance is responsible for this Remuneration Policy. He/she performs second-level controls (as defined in RIF's annual control plan) in order to assess compliance of the remuneration practices with the Remuneration Policy. He/she ensures at least annually that the Remuneration Policy is still up to date.

The Remuneration Policy and remuneration practices are overseen by the Committee.

The Committee is responsible for decisions on remuneration, particularly in relation to:

- Setting and approving the annual incentive remuneration pool;
- Periodically reviewing and approving the remuneration practices and the Remuneration Policy (which is approved in conjunction with the senior management of Russell Investments); and
- Determining the remuneration of members of the Russell Group's Executive Committee and other senior management (including the Executive Officers). The Russell Group's Chief Executive Officer liaises with heads of business units, human resources, risk management, compliance, finance, legal and managers (as appropriate) to approve individual remuneration recommendations based on the review process;

Compensation programs are also approved by the Committee with specific regard to sustainability and risk management; and where appropriate, individual incentive awards will take into account individual performance as it relates to the Russell Group's Sustainability Risk Policy (which sets out the manner in which Russell Group integrates sustainability risks in its investment solutions), and related practices.

9 DISCLOSURE

9.1 External Disclosure

External disclosure of remuneration elements is available in AIFs Annual Report and on the Company's website, according to Applicable AIFM Regulations.

9.2 Internal Disclosure

The Remuneration Policy is made available to employees who are also periodically informed of the assessment criteria utilized by the AIFM.

SCHEDULE 1

Identified Staff List

Name	Reason for inclusion
Riccardo Stucchi	President - Country Manager *(Executive of the governing body of the AIFM)*
Alexandre Attal	Executive Director *(Executive of the governing body of the AIFM)*
Diana Valier	Head of Compliance and Internal Control and Risk Manager *(Control functions)*
Felipe Arias	Temporary in charge of compliance and internal control functions and risk controls in the absence of Diana Valier (*Control functions*)

SCHEDULE 2

Relevant Persons List

Name	Reason for inclusion
Riccardo Stucchi	President - Country Manager *(Executive of the governing body of the AIFM)*
Alexandre Attal	Executive Director *(Executive of the governing body of the AIFM)*

SCHEDULE 3

Non-financial criteria used to calculate variable remuneration components benefitting to Relevant Persons

Financial and non-financial criteria are considered when assessing individual performance of any Relevant Person for the cash bonus programme, with non-financial criteria forming a considerable part of the performance assessment. Non-financial elements include:

- Measures in relation to building and maintaining positive customer relations and outcomes (for example, positive customer feedback);
- Adherence to risk management and compliance policies; and
- Consideration of ESG and diversity, equality and inclusion factors.

SCHEDULE 4

AIFMD Key Requirements

The remuneration principles are set out in Annex II of AIFMD and include the following:

- Putting a remuneration policy in place that is aligned to the risk profile, values and strategy of the AIFM and any alternative investment funds ("AIFs") that it manages;
- The management body of the AIFM must adopt and periodically review the general principles of the remuneration policy and is responsible for its implementation;
- The implementation of the remuneration policy is subject to central and independent internal review for compliance with the remuneration policy adopted by the management body, on at least an annual basis;
- Fixed and variable components of remuneration must be balanced, with the fixed component representing a sufficiently high proportion of the total remuneration;
- 50% of the variable component should consist of units of AIF or equivalent;
- 40% of the variable component should be deferred over the life of the AIF, for a period of at least 3 to 5 years, with up to 60% being deferred where the variable component is particularly high;
- The variable component should only be paid where financially sustainable and justified with regard to the performance of the business units. A provision for malus or clawback should be included;
- The establishment of a remuneration committee for AIFMs that are significant in terms of size, nature and scale. See further below under the heading "Proportionality"; and
- Staff may not use personal hedging strategies or insurance to undermine the risk alignment effect of the remuneration policies.

Transparency Requirements

AIFMs must include the following information in relation to remuneration in the annual reports for each AIF managed by them that fall within the scope of AIFMD:

- The total remuneration paid by the AIFM to its staff for the relevant financial year, split into fixed and variable components;
- Any carried interest paid by the AIF;
- Clarification as to whether the remuneration relates to total remuneration paid to the AIFM's entire staff or just to those fully or partly involved in the activities of the AIF or whether it relates to a proportion of the total remuneration paid to its staff attributable to the AIF;
- The number of beneficiaries; and
- The aggregate amount of remuneration broken down by senior management and members of staff whose actions have a material impact on the risk profile of the AIF.

Key requirements on remuneration pursuant to the Applicable MiFID2 Regulations

(Article 27 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016)

1. Investment firms shall define and implement remuneration policies and practices under appropriate internal procedures taking into account the interests of all the clients of the firm, with a view to ensuring that clients are treated fairly and their interests are not impaired by the remuneration practices adopted by the firm in the short, medium or long term.

   Remuneration policies and practices shall be designed in such a way so as not to create a conflict of interest or incentive that may lead relevant persons to favour their own interests or the firm's interests to the potential detriment of any client.

2. Investment firms shall ensure that their remuneration policies and practices apply to all relevant persons with an impact, directly or indirectly, on investment and ancillary services provided by the investment firm or on its corporate behaviour, regardless of the type of clients, to the extent that the remuneration of such persons and similar incentives may create a conflict of interest that encourages them to act against the interests of any of the firm's clients.

3. The management body of the investment firm shall approve, after taking advice from the compliance function, the firm's remuneration policy. The senior management of the investment firm shall be responsible for the day-to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy.

4. Remuneration and similar incentives shall not be solely or predominantly based on quantitative commercial criteria, and shall take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of clients and the quality of services provided to clients.

5. A balance between fixed and variable components of remuneration shall be maintained at all times, so that the remuneration structure does not favour the interests of the investment firm or its relevant persons against the interests of any client.