

RUSSELL INVESTMENTS IRELAND LIMITED (the “Company”)

Remuneration Policy

March 2021

REMUNERATION POLICY

1 INTRODUCTION

The Company is authorised by the Central Bank of Ireland (the “**Central Bank**”) as

1. a UCITS management company pursuant to the UCITS Regulations, and
2. an alternative investment fund manager (“**AIFM**”) under Part 2 of the AIFMD Regulations.

The Company is also authorised by the Central Bank to engage in the provision of discretionary Portfolio Management services and Regulated Investment Advice.

Both the UCITS and AIFM Directives as transposed into Irish law require, inter alia, all authorised AIFMs and UCITS management companies to 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 fund it manages”.

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 Regulations.

This document forms part of the of the remuneration policy for the Company, which includes the regulatory requirements impacting its Identified Staff as defined below. The Russell Investments Group also operates group-wide compensation programmes. Among other objectives these programmes are designed to incentivise behaviours which are within the Russell Investment 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 and the Russell Investment Group's compensation programmes.

The board of directors of the Company (the “**Board**”) recognise the important role played by sound risk management in protecting its stakeholders. Moreover, the Board acknowledges 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 behaviour of staff (“**Associates**”) with the Company's risk appetite, the remuneration policy is designed to ensure that the Company is able to 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 taken into account its size, its internal organisation 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 Funds (as defined below), the type of investments, the investment strategies, the investment location, the distribution model and the investor base of its Funds. 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.

2 APPLICABLE REGULATION AND INTERPRETATION

For the purposes of this Remuneration Policy, the following legislative/regulatory references are of particular note:

“**AIF Rulebook**” means the Central Bank's rulebook in relation to AIFMD;

“**AIFMD**” means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU);

“**AIFMD Level 2**” means Commission Delegated Regulation (EU) No. 231/2013;

“**AIFMD Regulations**” means the European Union (Alternative Investment Fund Managers Directive) Regulations (S.I. No. 257 of 2013);

“**Applicable Regulation**” means (a) where the Company has been appointed as an AIFM collectively the AIF Rulebook, AIFMD, AIFMD Level 2 and the AIFMD Regulations, as appropriate; (b) where the Company has been appointed as UCITS management company collectively the UCITS Directive, the UCITS Regulations, and the Central Bank UCITS Regulations, as appropriate; and (c) where the Company has been appointed to engage in the in the provision of discretionary Portfolio Management services, and/or Regulated Investment Advice the European Union (Markets in Financial Instruments) Regulation 2017;

“**Central Bank UCITS Regulations**” means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015;

“**Fund**” means any funds for which the Company has been appointed as a UCITS management company or AIFM;

“**Guidelines**” means ESMA's Guidelines on sound remuneration policies under (a) the AIFMD (ESMA/2016/579) and (b) the UCITS Directive (ESMA/2016/575), as applicable;

“**Portfolio Management**” means the management of portfolios of investments, including those owned by pension funds, in accordance with mandates given by investors on a discretionary, client-by-client basis, where such portfolios include one or more instruments listed in Annex I, Section C to Directive 2004/39/EC;

“**Regulated Investment Advice**” means investment advice concerning one or more instruments listed in Annex I, Section C to Directive 2004/39/EC;

“**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.

“**UCITS Directive**” means Directive 2009/65/EC as amended by Directive 2014/91/EU (“**UCITS V**”); and

“**UCITS Regulations**” means European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended.

All other stated defined terms used in this Remuneration Policy shall have the same meaning as in the Programme of Activity.

In relation to various aspects of this Remuneration Policy where there is any perceived ambiguity or lack of clarity in the Applicable Regulation and/or the applicable Guidelines, the Company will have regard to any published guidance on the relevant point by ESMA, the Central Bank 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 Regulation and has addressed these requirements in this Remuneration Policy and/or materials referenced herein.

3 SCOPE OF 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 Associates. This shall include where appropriate:

- (i) all forms of payments or benefits paid by the Company;
- (ii) any amount paid by the Funds; and/or
- (iii) any transfer of units or shares of any Funds;

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 the Funds 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

The provisions of this Remuneration Policy apply only to “**Identified Staff**” which is defined as follows in the Guidelines:

“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/UCITS management company’s] risk profile or the risk profiles of the [AIF/UCITS] that it manages and categories of staff of the entity(ies) to which [portfolio management or risk management/investment management activities] have been delegated by the [AIFM / UCITS management company], whose professional activities have a material impact on the risk profiles of the [AIF/UCITS] that the [AIFM / UCITS management company] 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 / UCITS management company] (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:

- directors;
- senior management;
- Associates responsible for Control Functions;
- other risk takers – being Associates who acting individually or as part of a group can materially influence the Company or the Funds; risk profile;
- Associates whose remuneration takes them into the same bracket as senior managers and risk takers but who do not fall into one of the categories above must be assessed to determine whether they have a material impact on the risk profile of the Fund 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 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 Chairman of the Board in consultation with the Compliance Officer and relevant advisers to make recommendations to the Board to include new Associates on this list. The list will be reviewed by the Board on an annual basis.

5 REMUNERATION PROCESS AND PRINCIPLES

5.1 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, can lead to excessive risk taking as employees may be incentivised to keep taking risk to maintain or increase their variable remuneration.

The Russell Investments 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 Investments Group's employees. The Russell Investments 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 Investments Group competes. By placing a strong emphasis on annual variable remuneration, the Company is able to 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.

5.2 Remuneration process

Following the finalisation of the annual financial statements and during the first quarter of each financial year in respect of the Company, the Company shall decide what, if any, variable remuneration to award Associates. This will be based on a recommendation provided by the Russell Investments Group following a comprehensive review of the performance of the relevant Associates.

In general, the overall variable remuneration or incentive pool of the Russell Investments Group is allocated to each business unit taking into account incentive compensation targets set for each Russell Investments 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.

The businesses such as the Company in respect of its Associates have discretion on how bonuses are allocated, taking into account role, responsibilities and individual performance. 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, such as compliance with relevant policies, procedures or risk management practices as appropriate); and
- Other factors as may be determined by the Board.

5.3 Remuneration principles – in compliance with AIFMD and UCITS Directive 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 provide adequate and effective incentives to its Associates.

When establishing and applying the total remuneration, inclusive of salaries and discretionary pension benefits for Identified Staff, 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 Fund concerned and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial 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/holding period recommended to the investors of the UCITS managed by the Company 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 AIF and their investment risks or the same period for a UCITS;
- (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 Funds 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 Fund concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments (with equally effective incentives as any of the instruments referred to in this point in respect of any UCITS managed by the Company), unless the management of the Funds' 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 a Fund 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 Fund concerned and is correctly aligned with the nature of the risks of the Fund 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 least three years for UCITS and discretionary Portfolio Management and at least three to five years for AIFs unless the life cycle of the Fund 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 Fund (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 Fund (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 Funds 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; and
- (m) variable remuneration may not be paid through vehicles or methods that facilitate the avoidance of the requirements of the Applicable Regulations.

5.4 Remuneration process – in compliance with SFDR requirements

Under the Sustainability Finance Disclosure Regulation, the Company must disclose information on how its remuneration policy is consistent with the integration of Sustainability Risks.

Russell Investment Group's policy is to integrate Sustainability Risks in its investment solutions and this is detailed in its Sustainability Risk Policy. Where appropriate, individual incentive awards will take into account individual performance as it relates to the Sustainability Risk Policy and related practices.

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.

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 Fund.

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 Fund or Funds. 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

The UCITS Regulations and Guidelines applicable to AIFMs provide that remuneration policies and practices of a UCITS management company/AIFM shall comply with the Guidelines. While the Guidelines applicable to AIFMs provide for the disapplication of certain AIFMD remuneration principles on the grounds of proportionality, the Guidelines applicable to UCITS do not. However, disapplication

is not expressly prohibited either. Indeed, ESMA indicated, in a letter to the European Commission on this issue^[1], that

"there might be cases where the application of the payout process rules to the staff of the delegate would not be proportionate and would not achieve the outcome of aligning the delegates' staff interests with those of the investors in the UCITS."

In the absence of further guidance or legal clarification from the European Commission, ESMA or the Central Bank, in respect of UCITS and in line with the Guidelines applicable to AIFMs, the principles outlined in section 5.3(h) and (i) 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 and (iii) the nature, scope and complexity of the activities). In addition, it is noted that this is not an exhaustive list and therefore there may also be other relevant criteria.

In respect of the Company itself, as no variable remuneration is paid by the Company to its Identified Staff, as at the date of this Remuneration Policy, the Board finds that it is not necessary to consider further the proportionality provisions as it will not wish to disapply the principles outlined in section 5.3(h) and (i) to the Company's Identified Staff.

However, the Company 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 section 5.3(h) and (i). Factors that the Board 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 "Equally as Effective" Regimes

Pursuant to the Guidelines, the UCITS and 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 UCITS/ AIFMD remuneration principles.

It is noted that the Guidelines applicable to UCITS 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.

Based on prior guidance issued by the Central Bank on the corresponding and identical requirement in the context of the AIFMD remuneration principles and in the absence of further specific guidance or

^[1]https://www.esma.europa.eu/sites/default/files/library/2016-412_letter_to_european_commission_european_council_and_european_parliament_on_the_proportionality_principle_and_remuneration_rules_in_the_financial_sector.pdf

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

legal clarification from the European Commission, ESMA or the Central Bank in the context of the UCITS remuneration requirements, the Company considers that the following categories of delegate entities also meet this condition in the UCITS and AIFMD context:

- (i) CRD/MiFID 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 MiFID 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.

7 ABSENCE OF A REMUNERATION COMMITTEE

It is noted that the requirement for the Company to establish a remuneration committee (pursuant to Applicable Regulations) applies to AIFMs and UCITS management companies “ *that are significant in terms of their size or the size of the Funds they manage, their internal organisation and the nature, the scope and the complexity of their activities.*”

Having assessed the requirements outlined in the Applicable Regulation and the Guidelines, the Company has determined that it is not “significant” with respect to its internal organisation and therefore shall not have a remuneration committee.

8 BOARD OVERSIGHT AND UPDATES TO THIS REMUNERATION POLICY

The Board will be responsible for the oversight of compliance with this Remuneration Policy. It will review and update 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 Board.

SCHEDULE 1

Identified Staff List

Name	Reason for inclusion
James Firn (Chairman)	Director and Chairman of the Company
John McMurray	Director
William Roberts	Director
David Shubotham	Director and Chairman of the Audit Committee
Neil Jenkins	Director and Designated Person
Joseph Linhares	Director and Designated Person
Tom Murray	Director
Pete Gonella	Director and Designated Person
William Pearce	Director
Amanda Mar	Designated Person and Head of Risk Management
Robert Justice	Head of Compliance and MLRO
Trevor Ireland	Designated Person
Harry Chacholiades	Designated Person
Martijn Kuipers	Risk Taker (Managing Director, Northern Europe)
Melissa Marks	Risk Taker (General Counsel, EMEA)
Disna Perera	Control Function (Internal Audit)