

## **Remuneration Disclosure**

### **Policy and remuneration practices of Russell Investments**

Russell Investments has in place a Global Remuneration Policy (the 'Policy') that applies to Russell Investments Group (the 'Group') including the entities RIL and RIISL. The Policy and remuneration practices are intended to attract, retain and motivate associates to use their knowledge, expertise, business acumen and leadership skills to serve its 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.

In essence, the Policy and remuneration practices are intended to support Russell Investments' business strategy, long term interests and values, and to ensure that risk taking does not exceed its tolerated level of risk.

Russell Investments' approach to remuneration risk is to focus associates on the defined strategic outcomes necessary for the success of the Group, whilst underpinning these outcomes with the obligation to put clients' best interests first as well as the need to satisfy high compliance requirements set at local levels.

Market intelligence on compensation is an important data point in the determination of both overall and individual pay levels for all associates, including senior executives and associates in risk and control positions. Regular market benchmarking ensures that incentive remuneration at the individual associate level is not unreasonable or disproportionate to the amount, nature, quality, and scope of the work performed. Compensation opportunities for individuals are generally based on individual job responsibilities and market levels of pay for organisations of appropriate size, business segments, geography, complexity, and profitability relative to the Group. In addition to market levels of compensation, quantitative and qualitative assessments of the Group's performance and each individual's contributions to that performance, including risk management (where applicable) and responsible business conduct practices, are important determinants of incentive compensation outcomes.

### **Fixed Remuneration**

Associate's base salaries are intended to provide regular cash flow throughout the year, irrespective of company or individual performance. Base salaries and benefits linked to salary constitute the majority of total compensation for a significant majority of its associates. The 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.

### **Variable Remuneration**

In addition to base salary, some associates are eligible for discretionary variable remuneration. Typically, the ratio of variable to fixed remuneration increases based on the individual's scope of responsibilities to allow for greater variability in roles which more directly affect the success of the

business. For senior professional, managerial, and executive roles, annual incentive awards can represent a significant percentage of total remuneration, as is typical in investment management and the broader financial services industry in which Russell Investments competes. The Group uses a market benchmark provider to ensure that fixed and variable remuneration are market relevant and the ratio between the two are appropriate, taking into account factors such as individual seniority and characteristics of a role.

Variable remuneration is based on a combination of performance of the associate, their business unit, and the overall results of the firm, and where applicable is undertaken as part of a multi-year framework. The Group has put in place a discretionary cash bonus programme, which it views as an important component of the overall compensation programme for associates. The purpose of this programme is to link the performance of the Group, the business unit, and the individual, to their compensation. Financial and non-financial criteria are considered when assessing individual performance 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 & Inclusion factors.

Final incentive compensation allocations are discretionary but are based largely on individual performance as determined in the annual performance management cycle and Group compensation differentiation meetings. Poor performance may result in a reduced award, or no award being provided.

Certain associates in sales-based roles are paid according to a more formulaic sales remuneration plan, based on the generation of assets under management and/or revenue generated. Each associate in this type of role 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 the associate's role within the sales organisation. Discretionary payments are intended to reward teamwork and adherence to organisational values which include sound risk management practices and responsible business conduct. Design principles include avoiding or managing conflicts of interest and ensuring incentives are in the best interests of the Group's clients, rather than the Group or the associate.

Guaranteed Variable Remuneration: Generally, the Group does not award guaranteed variable remuneration except in exceptional circumstances and in accordance with the relevant remuneration rules. Any sign-on inducements for new hires which are guaranteed, are not more favourable than the incentive compensation awarded or offered by their previous employer and typically contain at least a similar proportion of non-cash instruments as the deferred awards from the individual's previous employer.

Severance: Although the Group does not have a global severance policy, local severance policies are in place in certain jurisdictions. Severance payments are generally intended to be reflective of contractual and statutory requirements as well as the performance of the associate over their tenure and are not intended to reward failure or poor performance. All variable remuneration (including commission), all guaranteed variable remuneration, retention awards, payments relating to severance, and new hire buy-out awards are subject to malus and clawback.

Equity options have been granted to a limited number of senior managers and investment professionals and will be awarded in the future to individual associates on an ad hoc and discretionary basis. Such option awards are recommended by the Group's Board Compensation Committee ('BCC') and approved by the Group's Board of Directors. An option award can be comprised of time-vested options, performance-based options, or both, and is exercisable upon vesting. Shares resulting from an option exercise become liquid only at the direction of the Group's Board of Directors. This equity participation by associates helps to align the interests of such associates with the firm's business strategy, long term interests and values.

## **Classification of Material Risk Takers (MRTs)**

Russell Investments has classified its MRTs as:

- any associate at Russell Investments Limited ("RIL") or Russell Investments Implementation Services Limited ("RIISL") whose professional activities are deemed to have a material impact on the risk profile of RIL or RIISL, or the assets managed by these firms, subject to the criteria set out in SYSC19.5.3G of the FCA Handbook;
- any associate whose professional activities are deemed to have a material impact on the risk profile of Russell Investments UK; and
- associates at any entity within Russell Investments UK whose professional activities have a material impact on the risk profile of another MIFIDPRU investment firm in Russell Investments UK or assets managed by that firm.

## **Governance and design of the policy and remuneration practices**

The Policy and remuneration practices are overseen by the Group's Board Compensation Committee ('BCC'). The BCC 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 Policy (which is approved in conjunction with the senior management of Russell Investments); and
- determining the remuneration of members of the Executive Committee and other senior management. The 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.

Although the cash bonus pool is tied to the financial performance of the Group, the BCC maintains discretion to determine the overall incentive compensation pool (based on achievement of strategic and operating results and the meeting of risk management objectives).

Compensation programmes are also approved by the BCC 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 Group's Sustainability Risk Policy (which sets out the manner in which Russell Group integrates sustainability risks in its investment solutions), and related practices.

## Aggregate Remuneration

Aggregate quantitative information on remuneration for the financial year ended 31 December 2022 is as follows:

	RIL	RIISL
Total number of material risk takers identified under the criteria	26	18
Total amount of remuneration awarded ( <i>All Staff</i> )	£ 28,021,866	£ 11,351,537
Fixed remuneration awarded ( <i>All Staff</i> )	£ 15,586,088	£ 5,868,958
Variable remuneration awarded:		
Senior Management	£ 5,450,821	£ 4,181,250
Other Material Risk Takers	£ 1,402,944	£ 693,579
Other Staff	£ 5,582,013	£ 607,750

	RIL		RIISL	
	Senior Management	Other MRTs	Senior Management	Other MRTs
Total amount of guaranteed variable remuneration	£ 1,977,578	-	£ 1,977,578	-
# of Material Risk Takers	2	-	2	-
Total amount of severance payments	-	-	-	-
# of Material Risk Takers	-	-	-	-
Amount of highest severance payment awarded to an Material Risk Taker	-	-	-	-