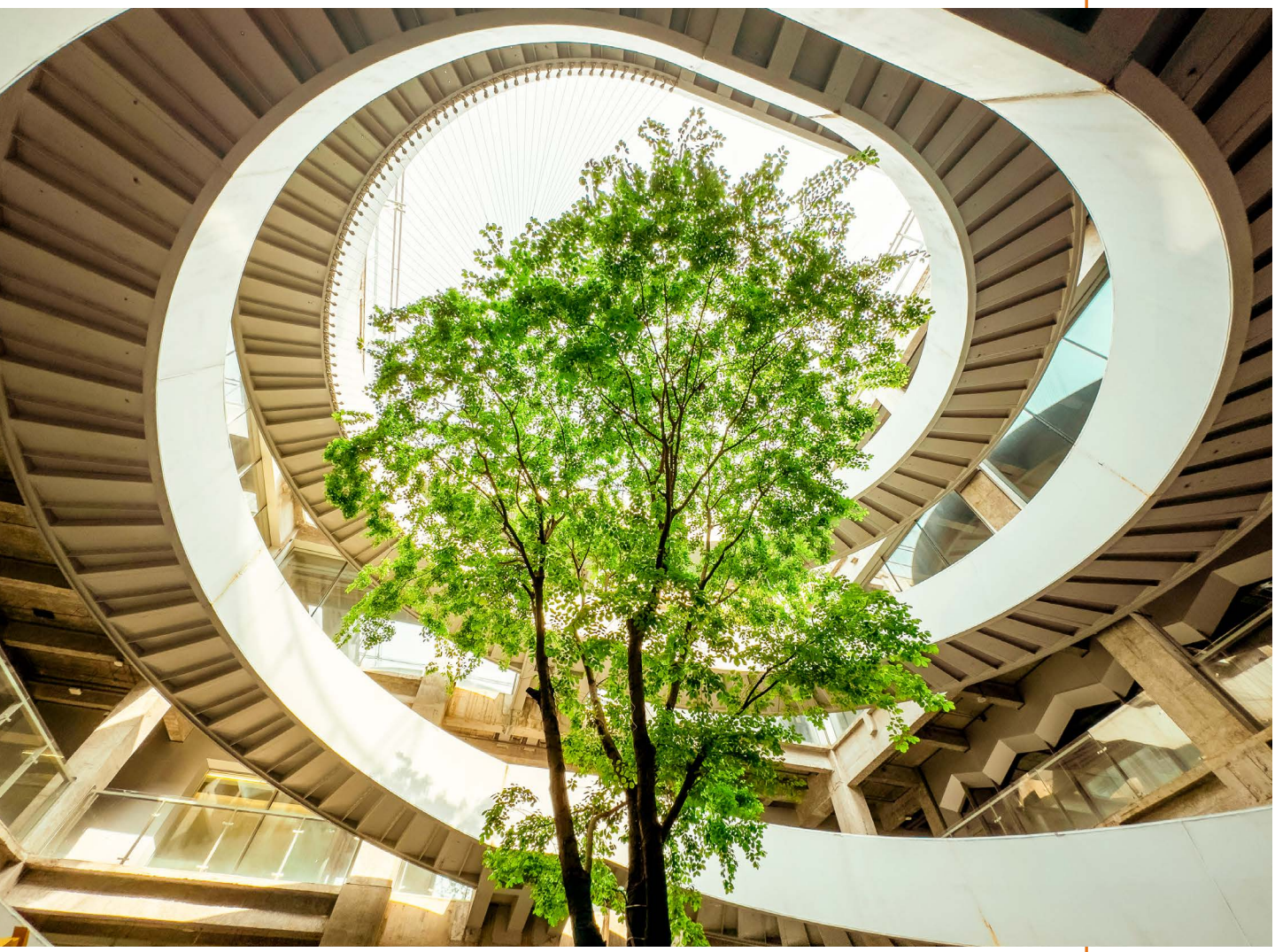
Russell Investments



2026

UK climate report

UK Entity-Level Climate Supplement Report - Aligned with recommendations from the Task Force on Climate Related Financial Disclosures (TCFD)

Invest without boundaries™

Contents

Reporting for fiscal year 2025.

UK entity-level report: context and disclosures

Russell Investments Limited ("RIL") is a UK-based, FCA authorised asset manager with £55bn/$74bn AUM as of 31 December 2025. The firm has Russell Investments Systems Limited ("RISL") as its parent, which is a UK holdings company and is unregulated. RISL is wholly owned by Russell Investments Group Limited ("RIGL"), a Cayman Islands registered company.

As a global investment solutions provider, RIGL utilises a global operating model with respect to its strategic and investment management approaches, including its approach to climate risks and opportunities. This UK addendum is supplemental to and should be read in conjunction with our TCFD-aligned 2026 Global Climate Report.

Please note that the data in the TCFD-aligned 2025 UK climate report and the TCFD-aligned 2025 Global climate report cover the reporting period 1 January 2025 to 31 December 2025. The addendum and global TCFD-aligned climate report provide disclosures in accordance with the Financial Conduct Authority (FCA) requirements.

This report follows the TCFD recommendations, covering key areas such as governance, climate-related risks and opportunities, metrics, scenario analysis, and the strategies we use to manage sustainability-related risks. We remain committed to transparent, TCFD-aligned disclosure and to strengthening our capabilities to deliver climate-aware investment solutions. This year, we have updated the structure of the report to group the more enduring elements of our governance and risk management framework together, while placing greater emphasis on outcomes, case studies, model development, and target progress in the sections where these are most relevant.

Compliance Statement

This is the annual TCFD Entity Report that has been prepared for Russell Investments Limited ("RIL") pursuant to chapter 2 of the FCA's ESG Sourcebook. It relates to the reporting period from 1 January 2025 to 31 December 2025. As a UK authorised firm specialising in portfolio management services, RIL is subject to specific reporting requirements.

The report covers the range of asset classes and investment strategies managed by RIL, including sovereign debt, corporate debt, and public equities. RIL ensures transparency in its approach, particularly highlighting any distinct strategies employed for different asset classes to maintain clarity and accountability in its ESG reporting.

A note on the RIL Portfolio

As an outsourced CIO provider, Russell Investments manages portfolios that are multi-asset and multi-manager. RIL follows the global RIGL approach towards climate metrics and targets.

For the sake of understanding RIL's exposure to climate-related risks and opportunities, we aggregated approximately 84% of RIL's traditional assets[1] under management which include:

1. OCIO client assets
2. Segregated client accounts
3. Institutional funds

As in the global report, we have chosen to focus this analysis on listed equities, corporate debt, and sovereign debt because this is where we have the most confidence in the available data. As data quality and availability improve across private assets and alternatives, we plan to expand upon this initial analysis in subsequent reports. Russell Investments also offers more bespoke analysis on private markets portfolios through a climate lens where this part of the mandate.

This report has been prepared in accordance with the requirements of the Financial Conduct Authority (FCA) ESG Sourcebook, setting out disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) at the entity level for RIL.

Signed for and on behalf of **Russell Investments Limited ("RIL")**

Name(s): **David Rae**

Position: **Director**

Date: **8 June 2026**

Signature: 

[1]Excluding assets managed for investments services such as transition management.

About this report

Russell Investments became an official supporter of the Task Force on Climate Related Financial Disclosures (TCFD) in 2019, recognising that climate change presents material financial risks and opportunities. Since then, we have continued to observe how the global response to climate change, including shifts in policy, capital flows, and market preferences, can materially affect the financial performance of companies and, by extension, our clients' portfolios. We believe that integrating climate-related risks into financial decision-making is important to understanding these effects and supporting resilient long-term investment outcomes.

This report follows the TCFD recommendations, covering key areas such as governance, climate-related risks and opportunities, metrics, scenario analysis, and the strategies we use to manage sustainability-related risks. We remain committed to transparent, TCFD-aligned disclosure and to strengthening our capabilities to deliver climate-aware investment solutions. This year, we have updated the structure of the report to group the more enduring elements of our governance and risk management framework together, while placing greater emphasis on outcomes, case studies, model development, and target progress in the sections where these are most relevant.

As active owners, we support the TCFD's call for effective climate-related disclosures that help investors make informed financial decisions. We advocate for board-level oversight of climate issues and expect companies to demonstrate how climate-related risks and opportunities are integrated into governance and strategy. Just as we hold companies accountable, we are committed to transparency in our own investment practices and operations, always acting in the best interests of our clients as a fiduciary.

At Russell Investments, the terms "responsible investing" and "sustainable investing" include our approach to managing climate-related risks and opportunities. References to our Responsible Investing Councils or sustainability professionals reflect our oversight of climate change – alongside other long-term considerations – within our investment practices.

TCFD disclosure summary

The TCFD's recommended disclosures are organized according to the four pillars of governance, strategy, risk management, and metrics & targets. Below, we provide a summary of our disclosures against the recommendations, as well as the location of relevant disclosures in our report.

Recommended disclosure	Summary disclosure	Section
Governance		
Describe the board's oversight of climate-related risks and opportunities.	Russell Investments' Board of Directors oversees climate-related risks and opportunities as part of its responsibility for strategy, governance, and long-term stewardship. This oversight is supported through delegated governance structures, including the Executive Committee, which ensures appropriate visibility and accountability across the firm.	1
Describe management's role in assessing and managing climate-related risks and opportunities.	Management is responsible for assessing and managing climate-related risks and opportunities through established governance forums and investment processes. This includes oversight of investment strategy, portfolio risks, and integration of climate considerations into decision-making across investment and risk functions.	1
Strategy		
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Russell Investments identifies climate-related risks and opportunities across portfolios, including both transition and physical risks, and considers how these may evolve over short-, medium-, and long-term time horizons.	2
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate-related risks and opportunities are incorporated into investment strategy through portfolio design, manager selection, and ongoing portfolio management. These considerations also inform how the firm manages its own operational footprint and long-term planning.	1, 2
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Russell Investments evaluates the resilience of portfolios under different climate pathways using scenario analysis, considering both transition and physical risk impacts under a range of potential future outcomes.	1, 2, 3
Risk management		
Describe the organization's processes for identifying and assessing climate-related risks.	Russell Investments uses a structured framework to identify and assess climate-related risks and opportunities, supported by quantitative metrics, scenario analysis, and qualitative assessment of financial materiality across portfolios and asset classes.	1
Describe the organization's processes for managing climate-related risks.	Climate-related risks are managed through a multi-layered approach which includes formal policies, portfolio construction, manager oversight, ongoing monitoring, and active ownership, supported by climate-aware investment strategies.	1
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risks are integrated into the broader investment and risk management framework, with consideration given throughout the investment lifecycle, including portfolio design, implementation, monitoring, and stewardship.	1
Metrics and targets		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Russell Investments uses a range of climate metrics, including carbon intensity, financed emissions, and temperature alignment, supported by scenario analysis, to assess current exposures and forward-looking risks.	3
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Greenhouse gas emissions are measured across Scope 1, Scope 2, and relevant Scope 3 categories (including investments), providing insight into our carbon footprint and associated risks.	3, 6
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Russell Investments sets and monitors interim Net Zero targets for In-Scope portfolios and tracks progress over time, alongside a broader approach to integrating climate considerations into investment strategy and portfolio management.	2, 3, 6

Introduction, climate progress, and this year in focus.

Further detail is provided in the "Climate progress in practice: 2025" and "Introduction and this year in focus" sections of the 2026 Global Climate Report.

FY2025 was a year of execution, model development, and enhanced climate analytics. The Global Climate Report frames the year against a backdrop of intensifying physical climate impacts, uneven policy progress and continued changes in capital allocation, technology and market expectations. Russell Investments continues to view climate change as a financially relevant source of risk and opportunity, affecting portfolios through macroeconomic conditions, sector performance, security selection, supply chains, operating resilience and long-term asset values.

Our report highlights several areas of progress during the year. Scenario analysis was enhanced through physical macro and supply-chain overlays; nature and biodiversity analysis was expanded through TNFD and ENCORE work; the proprietary Net Zero alignment model continued to be developed with reference to NZIF 2.0; and the operational emissions baseline was reset to 2024. Portfolio growth shaped absolute financed emissions outcomes, while WACI, temperature alignment, data quality and target progress provided additional context for assessing climate performance.

Our climate governance and risk measurement processes.

1

1. Governance and climate risk framework

Further detail is provided in Section 1 of the 2026 Global Climate Report, "Governance and climate risk framework".

The FY2025 Global Climate Report brings together Russell Investments' climate governance, policies, tools and risk management processes into a single framework. The Board of Directors has ultimate oversight of the firm's strategy, governance and long-term stewardship, including oversight of climate-related risks and opportunities. Management oversight is delegated to the Executive Committee, supported by the Audit and Risk Committee, the Investment Strategy Committee and relevant management committees. The Investment Division Responsible Investing Council, Go-to-Market Responsible Investing Council and Global Risk Management Committee support implementation across investment decision-making, client and regulatory communications, business operations and risk oversight.

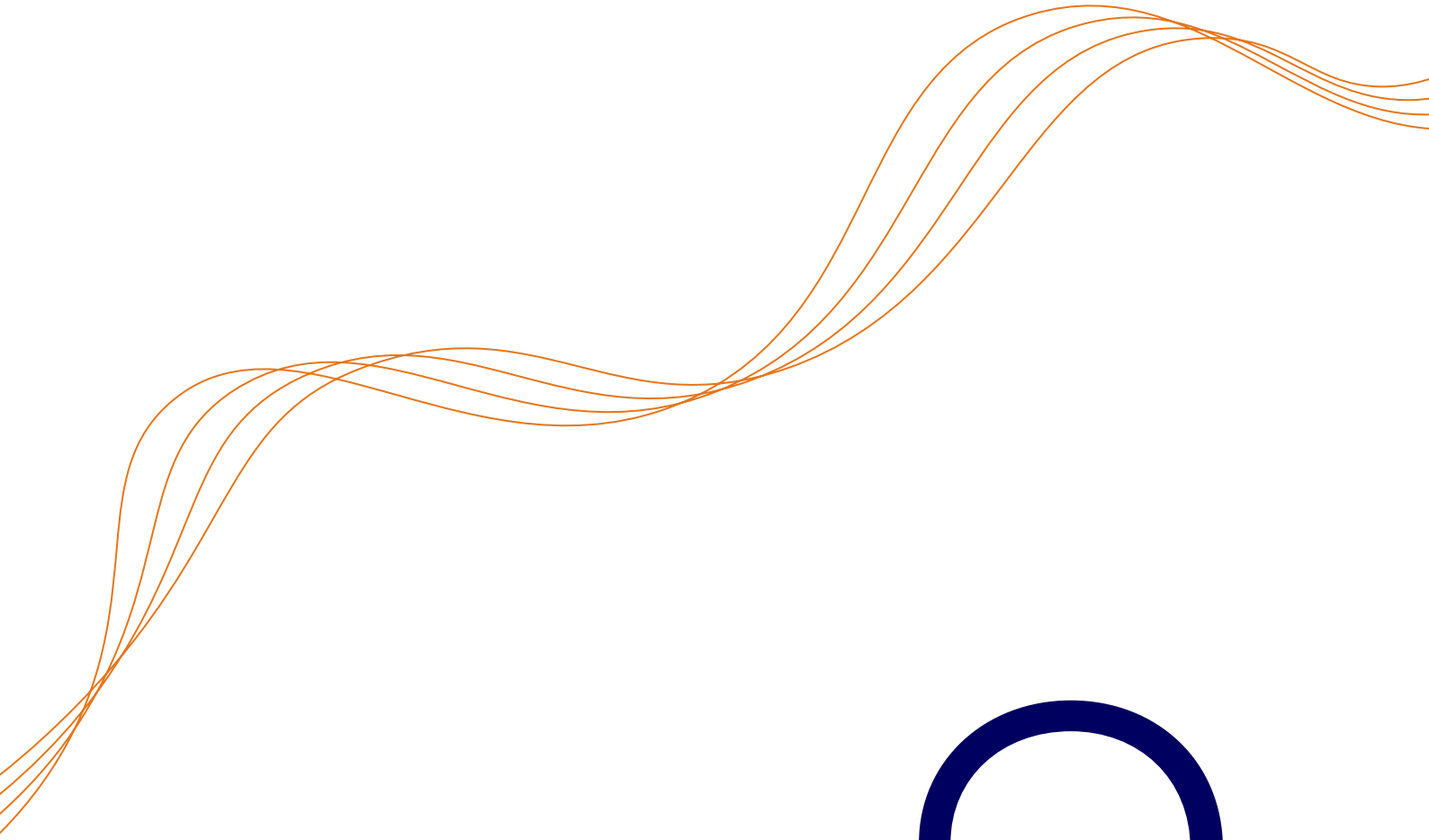
Russell Investments identifies climate-related risks and opportunities by considering their type, time horizon and potential financial materiality across portfolios, mandates and asset classes. The framework considers both transition risks, including policy, legal, technology and market developments, and physical risks arising from acute weather events and longer-term climate patterns. Identification is supported by quantitative screening using third-party data and analytics, followed by qualitative assessment using company disclosures, public information and holding-level characteristics.

Climate measurement is supported by core metrics including weighted average carbon intensity, financed emissions and temperature alignment. These metrics are used together to assess current emissions exposure; emissions linked to invested capital and forward-looking alignment with longer-term climate pathways. Internal tools, including PARIS, METRiQ, ENACT and the Net Zero Dashboard, support portfolio monitoring, sustainability risk assessment, stewardship tracking and progress monitoring against Net Zero objectives.

Scenario analysis remains a key part of climate risk assessment. Russell Investments uses three NGFS scenarios – Hot House World, Delayed Transition and Net Zero 2050 – to assess how different climate pathways may affect portfolio value over time. During FY2025, the firm enhanced physical risk modelling by incorporating macroeconomic effects through GDP-level shocks, helping investment teams assess a broader range of direct and indirect physical climate risk impacts.

We also tailor our climate analysis by asset class. Listed equities and corporate debt are assessed using company-level emissions metrics, temperature alignment, and Net Zero alignment analysis. Sovereign bonds are assessed using country-level indicators. For private equity, real assets and alternatives, the approach relies more heavily on manager due diligence, disclosures, portfolio-level reporting and asset-specific assessment, reflecting differences in data availability and methodology maturity.

Executing on our climate investing strategy



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2. Climate strategy in action

Further detail is provided in Section 2 of the 2026 Global Climate Report, "Climate strategy in action".

Russell Investments applies its governance and risk management framework across portfolio design, implementation, ongoing monitoring and stewardship. The approach is client-led and flexible, recognising that clients have different objectives, constraints, time horizons and transition preferences. Where relevant, climate-aware portfolios may include portfolio-level carbon objectives, thematic exposures, systematic allocations and access to climate or decarbonisation solutions designed to manage risk exposures and capture transition-related opportunities.

Climate considerations are embedded through the Design, Construct and Manage framework. In the Design phase, portfolio teams consider client objectives, constraints and any climate-related preferences, supported where appropriate by climate-adjusted capital market assumptions. In the Construct phase, Russell Investments uses its open-architecture platform to combine active managers and systematic strategies while taking account of relevant climate outcomes. In the Manage phase, portfolio managers use climate metrics, proprietary analysis, manager reporting, sub-adviser insights and stewardship input to monitor risks and opportunities over time.

Quantitative and decarbonisation capabilities continue to support the translation of client-directed climate objectives into portfolio design and implementation. Russell Investments' approach has evolved from reducing exposure to high emitters and fossil fuel reserves towards a more nuanced approach that can also recognise companies contributing to climate solutions, including renewable energy and electrification. This helps distinguish between unmanaged carbon-intensive exposure and exposure to companies whose products or services may support the low-carbon transition.

Portfolio oversight is supported by the Intent, Process, Outcome framework and Enhanced Oversight. The Intent, Process, Outcome framework is used for mandates with explicit sustainability objectives to assess whether a strategy's objectives, process and observable characteristics are consistent with the intended outcome. Enhanced Oversight supports ongoing monitoring after a strategy is selected, using proprietary quantitative analysis, sub-adviser insight and third-party research to identify material sustainability risks, including climate change.

Active ownership is a transition tool within our wider climate investing strategy. During 2025, Russell Investments voted on 136 climate change-related proposals, supporting 32%, voting against 67% and abstaining from two management-led Say on Climate votes due to insufficient disclosure. Engagement priorities included transparency, board-level climate governance, transition strategy, climate risk management and disclosure of key metrics.

Net Zero aligned investing is one way Russell Investments translates its broader climate strategy into portfolio design, manager oversight, monitoring, stewardship, reporting and client solutions. For portfolios managed in line with Net Zero objectives, interim targets are used to monitor progress towards Net Zero by 2050. The FY2025 report also describes ongoing enhancements to the proprietary company-level Net Zero alignment model, including a more structured methodology informed by NZIF 2.0 and expanded data inputs.

Climate progress and performance

3

3. Metrics, targets, and outcomes

As an OCIO, Russell Investments manages multi-asset, multi-manager portfolios on behalf of clients. To understand our exposure to climate-related risks for our UK entity business, we aggregated approximately US$62 billion of our total traditional assets under management (excluding assets managed for investments services such as transition management) – the UK entity is known as the RIL Portfolio (which we use as reference throughout this section). This provides a consistent basis for monitoring climate-related exposures and year-over-year outcomes across traditional client assets, while recognising that underlying mandates, asset allocation, and benchmarks of individual funds differ. For details on our aggregated Global Portfolio view, please see Section 3 of the 2026 Global Climate Report, "Metrics, targets, and outcomes".

Because Russell Investments invests on behalf of clients, rather than operating carbon-intensive businesses directly, the emissions associated with investment portfolios represent the largest share of our overall climate footprint. Financed emissions linked to underlying holdings therefore far exceed emissions from our own operations and provide the most relevant lens for assessing how climate-related risks and opportunities may affect client portfolios.

Interpreting these metrics requires appropriate benchmark and asset class context. Portfolio climate impacts are shaped not only by issuer-level emissions and transition plans, but also by strategic asset allocation, sector and regional mix, client constraints, and the role different asset classes play within a diversified portfolio. For this reason, the measures in this section are presented alongside representative benchmarks and asset class-specific indicators, rather than viewed in isolation.

In this section, we report key portfolio climate metrics, scenario analysis outcomes, and progress against client and strategy Net Zero targets. This framing is consistent with last year's report, which separated portfolio emissions from operational emissions and used the Global Portfolio as the basis for client-asset analysis.

3.1 Year-over-year portfolio climate outcomes

Carbon metrics are most useful when analysed in combination. Absolute financed emissions show the total emissions attributed to the portfolio, while financed emissions intensity and weighted average carbon intensity (WACI) help determine whether year-over-year changes were driven by overall portfolio growth or by a shift in weighted exposure toward higher-emitting companies and sectors. Temperature alignment offers a forward-looking indication of a portfolio's alignment with longer-term climate pathways. When assessed year-over-year alongside benchmark and asset class contexts, these metrics help assess how portfolio exposures are evolving over time.

Assets under management and portfolio composition are important context for interpreting the RIL Portfolio's climate outcomes. For FY2025[2], the analysis covers approximately US$62 billion of RIL traditional assets under management, focused on listed equities, corporate debt and sovereign debt, where climate data coverage is most developed. Because financed emissions are an absolute measure, movements can reflect changes in portfolio scale, coverage and allocation as well as changes in issuer-level emissions. For this reason, the results should be interpreted alongside emissions intensity, WACI, temperature alignment and benchmark comparisons.

[2] AUM for the RIL Portfolio increased 32% between FY2024 and FY2025 (from $47 billion to $62 billion respectively).

3.1.1 Financed emissions and weighted average carbon intensity.

From an absolute financed emissions perspective, the RIL Portfolio's financed emissions increased year-over-year across all three emissions Scopes. Scope 1 financed emissions increased by approximately 43%, Scope 2 by approximately 60%, and Scope 3 by approximately 50%. These movements should be interpreted with caution, as absolute financed emissions are sensitive to portfolio size, coverage, and allocation mix. Scope 3 remains particularly sensitive to methodology and issuer reporting differences because it captures value-chain emissions.

Exhibit 1: Financed emissions (FE) absolute financed emissions year-over-year

Fund	Scope 1 - Absolute FE (tCO2e)	Scope 2 - Absolute FE (tCO2e)	Scope 3 - Absolute FE (tCO2e)
RIL Portfolio FY2025	**1,443,110**	**473,527**	**12,036,906**
RIL Portfolio FY2024	1,010,792	295,696	8,018,109
% change YoY	43%	60%	50%

Source: Russell Investments, MSCI as of 31 December 2025.

At the sector level, the key driver was a small increase in exposure to emissions-heavy areas of the market. From an allocation perspective, the portfolio's exposure to the higher emitting sectors increased as a percentage of overall AUM, but because these sectors carry a higher share of the portfolio's overall emissions profile, even a small increase in exposure can have a visible impact on financed emissions intensity and WACI. The result is best understood as a small shift within emissions-heavy areas of the market, rather than a material change in investment direction.

By emissions Scope, Scope 3 was the area most affected by year-over-year change. Scope 3 financed emissions rose because we allocated more AUM to sectors that are already emissions intensive, including energy, materials, autos and heavy industrials. These sectors also tend to have large value chain emissions, which makes Scope 3 especially important because it captures upstream and downstream emissions. Finally, Scope 3 is the most volatile of the emissions Scopes year-over-year, as it is more affected by differences in methodology, calculation approaches and the way companies report their data.

Exhibit 2: Weighted average carbon intensity (WACI) year-over-year with benchmark comparison

Fund	WACI – Scope 1 (tCO2e per million USD revenue)	WACI – Scope 2 (tCO2e per million USD revenue)	WACI – Scope 3 (tCO2e per million USD revenue)
RIL Portfolio FY2025	**66**	**32**	**578**
RIL Portfolio FY2024	76	29	571
% change YoY (24/25)	-13%	11%	1%
Benchmarks FY2025			
MSCI World Index	**71**	**20**	**696**
MSCI Emerging Markets Index	204	71	920
Bloomberg Barclays Global Aggregate Credit Index	171	25	759

Source: Russell Investments, MSCI as of 31 December 2025.

Weighted average carbon intensity shows that the portfolio did not experience a broad-based deterioration in carbon exposure year over year. Instead, it points to a relatively stable portfolio profile with only modest movement in the weight placed on carbon intensive issuers. Scope 1 WACI declined, Scope 2 WACI increased slightly, and Scope 3 WACI was broadly flat with only a small uptick. Taken together, this suggests that the year over year increase in absolute financed emissions was driven more by portfolio growth than by a major shift in underlying investment exposure.

In other words, WACI indicates that the portfolio was not meaningfully reoriented toward higher emitting companies across the board. Rather, the increase in emissions appears to reflect a small mix effect within a portfolio that continued to have exposure to emissions intensive sectors. That is consistent with the financed emissions analysis, which shows that the largest pressure came from larger exposure to a concentrated set of carbon heavy sectors and issuers, rather than from a broad change in portfolio construction.

3.1.2 Temperature alignment

Temperature alignment provides a forward-looking view of how portfolio holdings compare with longer-term climate pathways. Unlike absolute financed emissions, the metric is not directly driven by changes in assets under management, and therefore provides useful context alongside financed emissions, financed emissions intensity, and WACI when assessing year-over-year outcomes.

Exhibit 3: Temperature alignment comparison year-over-year

Fund	Temperature alignment °C FY2025	Temperature alignment °C FY2024
RIL Portfolio FY2025	3.1	3.0
Benchmarks FY2025		
MSCI World Index	2.9	2.9
MSCI Emerging Markets Index	3.8	3.8
Bloomberg Barclays Global Aggregate Credit Index	2.9	2.9

Source: Russell Investments, Planetrics as of 31 December 2025.

In 2025, the RIL Portfolio's temperature alignment remained broadly stable, moving only slightly from 3.0°C to 3.1°C. This suggests that the portfolio's longer-term transition pathway did not weaken materially over the year, even though current emissions measures increased more visibly. Relative to the comparison set, the portfolio remained within the expected range for a diversified global portfolio with exposure across developed markets, emerging markets, and credit.

This distinction matters. The year-over-year change is more pronounced in the portfolio's current emissions profile than in its implied forward-looking transition pathway. That indicates the increase in absolute financed emissions was driven primarily by portfolio scale and only to a limited extent by a shift in underlying holdings. The portfolio therefore remains above pathways consistent with limiting warming to 1.5°C, which underscores the importance of continued issuer transition progress, target setting and delivery over time.

3.1.3 Climate outcomes beyond listed equities and corporate debt

For listed equities and corporate debt, the portfolio's climate outcomes are covered through the financed emissions, WACI, and temperature alignment analysis. These measures are well established for corporate issuers, where company-level emissions, revenue, enterprise value, and transition alignment data are more consistently available.

For other asset classes, climate data remains less complete and less directly comparable. This is particularly relevant for a diversified portfolio, where exposures may include sovereign bonds, private markets, alternatives, cash, and derivative instruments. For these asset classes, climate outcomes often require different measures and more careful interpretation.

Sovereign bonds are the main non-corporate asset class for which we currently have portfolio-level emissions data. Sovereign climate exposure is assessed differently from corporate exposure because the issuer is a country rather than a company. For this reason, we use country-level indicators, including emissions intensity relative to GDP and emissions per capita. These measures provide complementary perspectives: GDP-based intensity helps assess emissions relative to economic output, while per capita emissions provide a population-based view of national emissions profiles.

Exhibit 4: RIL Portfolio FY2025 Sovereign bonds emissions

Fund	GHG intensity (T/USD million GDP nominal)	GHG per capita (tCO2e per capita)
RIL Portfolio FY2025	**186**	**8**
RIL Portfolio FY2024	176	7
% change YoY	+6%	+15%
Benchmarks FY2025		
Bloomberg Barclays Global Aggregate Government Index	*287*	*12*

Source: Russell Investments, MSCI as of 31 December 2025.

For 2025, the sovereign bond results were broadly stable year over year, with only a modest increase in both measures. This indicates that the sovereign allocation did not experience a material change in its emissions profile over the period. The portfolio also remained better positioned than the benchmark on emissions intensity relative to GDP, while per capita emissions remained higher than the benchmark.

This highlights an important point in sovereign analysis: different metrics can point to different conclusions depending on whether the focus is economic output or population-based emissions. GDP-based intensity shows how much emissions are produced relative to the size of a country's economy, while per capita emissions show emissions on a population basis. Together, they provide two different views of sovereign climate exposure, which is why the metrics can draw different conclusions.

(3.2) Scenario insights and portfolio resilience

Scenario analysis complements the current and forward-looking metrics described above by assessing how different climate pathways may affect portfolio value over time. Russell Investments uses three NGFS scenarios that together capture an orderly transition, a delayed and more disruptive transition, and a higher-warming pathway with limited further policy action. Specifically, "Net Zero 2050" represents an early and orderly transition consistent with longer-term climate goals. "Delayed Transition" reflects later and more disruptive policy adjustment. "Hot House World" reflects a failure to transition, with higher physical risk over time.

This year's results are presented on a standalone basis and are not shown against prior-year outcomes. This is because we made meaningful enhancements to the scenario analysis methodology during the year, and the 2025 outputs are not directly comparable with previous years. The 2025 results should therefore be interpreted as the current view of portfolio sensitivity under the updated methodology, rather than as a trend against prior-year scenario outputs.

Our modelling methodology enhancements are comprised of two main updates. First, the Hot House World scenario now includes a physical risk overlay that captures indirect macroeconomic effects through

GDP, in addition to direct company and asset-level hazards. Second, the Net Zero 2050 and Delayed Transition scenarios now include a supply chain impact overlay that captures how carbon and insurance costs may be transmitted through upstream industries and into downstream demand. Together, these changes provide a more comprehensive view of how both physical and transition shocks may affect portfolio value.

Exhibit 5: Climate scenario analysis outcome on RIL Portfolio FY2025

NGFS Climate Scenario	NPV Impact (both physical and transition risks)	NPV Impact (physical risks)	NPV Impact (transition risks)
Hot house world	-4.9%	-4.9%	0.0%
Delayed transition	-5.0%	-0.3%	-4.7%
Net Zero 2050	-7.0%	-0.2%	-6.8%

Source: Russell Investments, Planetrics as of 31 December 2025.

Under the updated scenario analysis framework, all three RIL Portfolio scenarios show a negative estimated impact on portfolio value. Hot House World shows an estimated impact of -4.9%, driven by physical risk. Delayed Transition shows an estimated impact of -5.0%, driven mainly by transition risk. Net Zero 2050 shows the largest estimated impact at -7.0%, reflecting the earlier and broader transition costs embedded in that pathway.

The results highlight that portfolio resilience can be affected through different channels depending on the climate pathway. Transition-focused scenarios create pressure through policy, carbon pricing, technology, and supply chain adjustment. By contrast, the higher-warming scenario creates pressure through the increasing physical effects of climate change.

3.3 Progress towards Net Zero interim targets

We conduct this analysis at the global level only and further detail is provided in Section 3 of the 2026 Global Climate Report, "Metrics, targets, and outcomes".

Summary of Global Climate Report

Russell Investments reports progress against its interim Net Zero targets alongside portfolio emissions data to provide a clear view of how relevant portfolios are progressing along Net Zero pathways. While emissions metrics reflect current exposure, interim targets provide a complementary view of alignment, decarbonisation progress, and stewardship coverage over time.

Progress against these targets is assessed at the global level for a subset of funds referred to as the **Russell Investments Net Zero Portfolio,** which represented approximately 17% of total assets under management as of 31 December 2025.

The Russell Investments Net Zero Portfolio remained on track across all monitored interim targets. Asset alignment reached 51% against a 2025 target of 25%; engagement coverage reached 74% against a 2025 target of 70%; and WACI reduction relative to the 2019 baseline reached 53% against a 2030 target of 50%. The Net Zero Portfolio represented approximately 17% of total AUM as of 31 December 2025. The report also notes that insufficient data remains a significant constraint for alignment assessment.

3.4 Advancing data integration, quality, and coverage

Russell Investments tracks carbon data availability across the Global Portfolio each year to support regulatory reporting requirements and to improve transparency around the quality of the emissions data used in portfolio climate analysis. This includes monitoring whether carbon data is reported by issuers, estimated by data providers, or unavailable. Tracking these categories helps distinguish between changes driven by portfolio exposures and changes driven by the underlying availability and quality of climate data.

Exhibit 6: RIL Portfolio FY2025 Data availability

Russell Investments Portfolio	Scope 1 and 2 carbon data reported	Scope 1 and 2 carbon data estimated	Scope 1 and 2 carbon data unavailable
RIL Portfolio FY2025	**73%**	**6%**	**21%**
RIL Portfolio FY2024	70%	8%	22%

Source: Russell Investments, MSCI as of 31 December 2025.

Data availability remains an important limitation in portfolio climate reporting. While listed equities and corporate debt generally have the strongest data coverage, availability is less consistent across other asset classes, sectors, and regions. This affects the interpretation of portfolio climate metrics, particularly where emissions data may be estimated or unavailable. As a result, carbon metrics should be assessed with an understanding of the underlying data coverage, rather than viewed as a fully complete measure of all portfolio emissions.

Data availability improved modestly for the RIL Portfolio year over year. Reported Scope 1 and 2 carbon data increased from 70% to 73%, estimated data declined from 8% to 6%, and unavailable data declined from 22% to 21%. While this represents an improvement in data quality, gaps remain across parts of the investment universe, particularly in less transparent markets and asset classes where disclosure practices and estimation methodologies are still developing.

Integration of nature-related risks and opportunities into our strategy

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4. Nature and the next horizon

We conduct this analysis at the **global level** only and further detail is provided in Section 4 of the 2026 Global Climate Report, "Nature and the next horizon".

Summary of Global Climate Report

Russell Investments recognises nature and biodiversity as a growing source of systemic financial risk. During FY2025, the firm expanded its nature-related disclosures and analytical framework, reflecting progress in assessing dependencies, impacts, risks and opportunities across portfolios. Nature-related risks are increasingly relevant to investment outcomes because economic activity depends on ecosystem services, including water supply, pollination, flood mitigation, climate regulation and soil productivity.

The nature-risk framework integrates ENCORE ratings with corporate SFDR indicators and other data sources to assess where nature-related risks are most concentrated. The framework is structured using the TNFD Locate, Evaluate, Assess, Prepare approach. This supports identification of priority sectors and geographies, assessment of dependencies and impacts, quantification of material risks and use of insights to inform engagement priorities and TNFD-aligned disclosures.

As an initial lens, Russell Investments assesses exposure to TNFD priority sectors. The Russell Investments global portfolio had 31.2% exposure to these sectors, compared with 40.9% for the MSCI ACWI benchmark. This provides a starting point for identifying nature-sensitive business activities and determining where further holding-level analysis may be required.

The report also describes the use of ENCORE analysis to assess ecosystem service dependencies and environmental pressures at sector and sub-industry level. This helps identify risks that may be masked by sector averages, such as water dependency or land use pressure. Company-level policy and controversy metrics are then used to assess governance and risk indicators in areas including biodiversity protection, deforestation, ocean and sea stewardship, and water management.

Insights from the nature-risk framework inform stewardship priorities. Natural capital management is part of Russell Investments' direct company engagement programme, with a focus on governance, strategy, risk management, metrics and targets. The objective is to identify financially material gaps and encourage stronger integration of nature-related considerations into company strategy, disclosure and capital allocation.

Looking ahead

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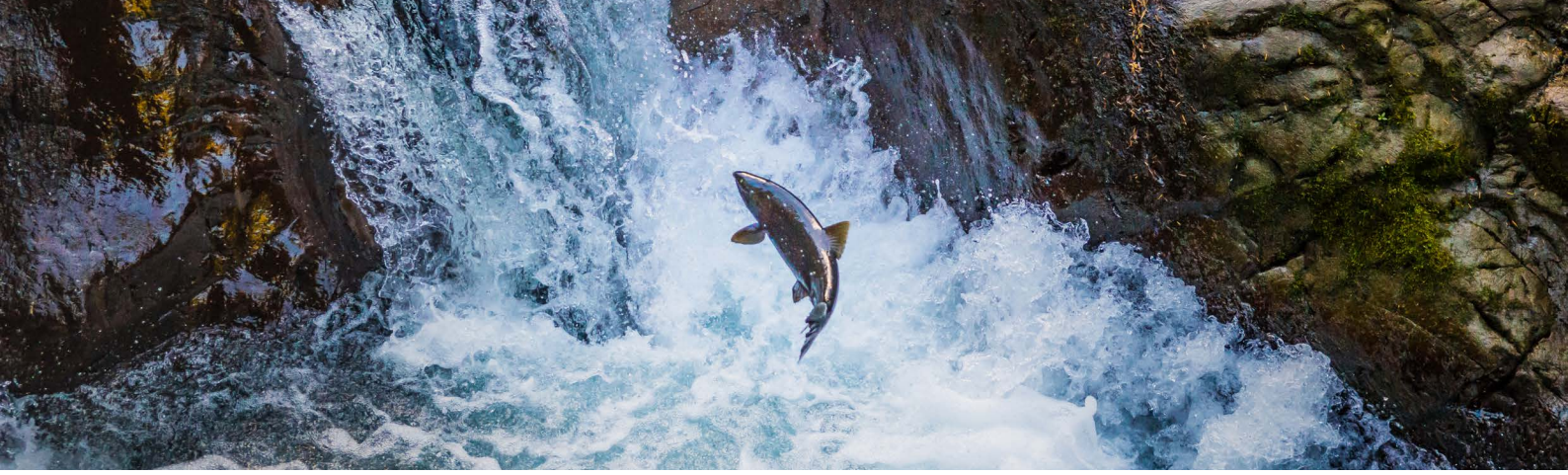

5. Building future capabilities

Further detail is provided in Section 5 of the 2026 Global Climate Report, "Building future capabilities".

Summary of Global Climate Report

Russell Investments expects to continue strengthening climate and nature-related capabilities in 2026 as scientific understanding, data availability, regulation, market practice and client expectations evolve. The report identifies four main areas of development: building climate fluency across teams, advancing physical risk capabilities, strengthening Net Zero assessment across portfolios and expanding TNFD alignment.

The Climate Representatives Group is expected to support climate literacy and practical confidence across investment and go-to-market teams. The programme is designed to help colleagues recognise when climate-related considerations are relevant and connect teams with appropriate internal specialists. Over time, this is expected to support more consistent integration of climate considerations across research, investment discussions and client engagement.

Physical risk capability development will focus on improving how climate hazards are identified, assessed and integrated into portfolio analysis and manager research. A key priority is the use of asset-location data in a spatial framework to map hazards against exposures, initially focusing on real assets and infrastructure where location data allows more direct assessment of physical risks.

Russell Investments also expects to continue enhancing Net Zero assessment. Planned developments include an updated corporate Net Zero alignment model, development of sovereign alignment capabilities and climate solutions reporting. The updated corporate model is expected to use a methodology more closely aligned with the TCFD pillars, expanded data inputs and an updated NZIF-based high-impact sector definition.

The report also identifies TNFD alignment as a continuing area of development. Near-term priorities include geospatial analysis of portfolio exposure to biodiversity-sensitive areas, deeper engagement with companies in high-materiality TNFD priority sectors and progressive development of disclosures across the TNFD recommended disclosure categories as analytical capabilities mature.

Managing operational climate impact

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6. Climate in our own operations

We conduct this analysis at the **global level** and further detail is provided in Section 6 of the 2026 Global Climate Report , "Climate in our own operations".

Summary of Global Climate Report

Russell Investments has set a goal to reach Net Zero in its own business operations by 2050. The firm has measured operational greenhouse gas emissions consistently since 2021, covering Scope 1, Scope 2 and relevant Scope 3 categories, excluding financed emissions. This operational footprint is reported separately from financed emissions, which remain the most relevant lens for assessing the climate footprint associated with investment portfolios.

For the FY2025 reporting year, with operational data measured as of 31 December 2024, Russell Investments elected to re-baseline its operational carbon footprint to calendar year 2024. The decision reflects methodological improvements and structural changes in the business and is intended to provide a more accurate and decision-useful foundation for future performance tracking.

The updated 2024 operational baseline shows total market-based emissions of 75,793 tCO2e. Scope 1 emissions were 70 tCO2e, Scope 2 market-based emissions were 232 tCO2e and Scope 3 Categories 1–14 emissions were 75,491 tCO2e, representing 99.6% of total operational emissions. Earlier years are not directly comparable without recalculation because of changes in methodology, data sources, supplier coverage and organisational boundaries.

The report identifies two principal reasons for re-baselining. First, methodological enhancements have improved emissions data quality, including improved supplier-specific data inputs, expanded activity coverage, updated emissions factors and enhanced treatment of Scope 3 categories. Second, Russell Investments' operating model has evolved materially, including headcount growth, the ramp-up of the Mumbai office, changes to the global office footprint and hybrid working patterns.

The 2024 baseline will be used as the reference point for future performance assessment. Russell Investments expects to assess 2025 performance relative to this updated baseline before establishing or recalibrating operational Net Zero targets. As the business grows, emissions intensity metrics, such as emissions per employee, may be considered alongside absolute emissions to distinguish business growth from changes in underlying operational efficiency.

Additional resources

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7. Appendix

7.1 Carbon footprinting glossary

METRIC		SUPPORTING INFORMATION
Weighted average carbon intensity **Also known as: WACI**	Description	Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e / $M revenue. Metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Formula	$\sum_i^n \left(\frac{current\ value\ of\ investment_i}{current\ portfolio\ value} X \frac{issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i}{issuer's\ \$M\ revenue_i}\right)$
	Methodology	Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).
	Sovereign Equivalent	"GHG Intensity (t/USDM GDP Nominal)": The higher value, the more carbon-intense the economy is. $\sum_i^n \left(\frac{Exposure\ to\ Sovereign\ Bond(USD)_i}{current\ portfolio\ value} X \frac{Country\ GHG\ emissions_i}{Country\ GDP\ Nominal\ (m\ USD)_i}\right)$
	Key points +/-	+ Metric can be more easily applied across asset classes since it does not rely on equity ownership approach + Generally interpreted as a more risk-oriented approach versus the later metrics, which are more related to aggregate real-world emissions and hence considered more "impact" related. + Metric allows for portfolio decomposition and attribution analysis - Metric is sensitive to outliers
Financed emissions **Also known as:** **Total Carbon Emissions (EVIC method)**	Description	The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e. Metric recommended by the Partnership for Carbon Accounting Financials (PCAF).
	Formula	$\sum_i^n \left(\frac{current\ value\ of\ investment_i}{issuer's\ EVIC_i} X\ issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i\right)$
	Methodology	Share of emissions attributable to the investor's holding in the company. If an investor holds an investment worth 5 percent of the company's total financing (enterprise value incl. cash), then 5 percent of the company's emissions are attributable to that investor. Attributable emissions in each company are summed across the portfolio. By using EVIC instead of market cap as the attribution factor, the method can be used for both equity and fixed income.
	Sovereign Equivalent	"GHG emissions": Share of sovereign GHG emissions attributable to the investor's share of total debt outstanding. $\sum_i^n \left(\frac{Exposure\ to\ Sovereign\ Bond(USD)_i}{Public\ Debt\ Outstanding\ (USD)_i} X\ Country\ GHG\ Emissions_i\right)$
	Key points +/-	+ Metric may be used to communicate the carbon footprint of a portfolio consistent with the GHG proto-col, generally interpreted as more impact-oriented as opposed to risk-oriented and hence is frequently used in target setting - Metric is generally not used to compare portfolios because the data is not normalised, increases in portfolio value (or AUM) will lead to increases in portfolio emissions - Changes in underlying companies' EVIC can be misinterpreted as reductions in real world emissions

7.1 Carbon footprinting glossary (continued)

Metric		Supporting information
Carbon footprint (EVIC method) Also known as: Financed Emission Intensity	Description	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tons CO2e / $M invested.
	Formula	"GHG Intensity (t/USDM GDP Nominal)": The higher value, the more carbon-intense the economy is. $\frac{\sum_i^n(\frac{current\ value\ of\ investment_i}{issuer's\ EVIC_i}\ X\ issuer's\ scope\ 1\ and\ scope\ 2\ GHG\ emissions_i)}{current\ portfolio\ value\ (\$M)}$
	Methodology	Financed emissions above, standardised by portfolio value.
	Key points	+ Metric may be used to compare portfolios to one another and/ or to a benchmark - Metric does not take into account differences in the size of companies (e.g. does not consider the carbon efficiency of companies) - Changes in underlying companies' EVIC can be misinterpreted as reductions in real world emissions

Notes: the term 'portfolio' can be defined as "fund or investment strategy" for asset owners and "product or investment strategy" for asset managers. Total carbon emissions and carbon footprint can also be calculated using a company's market capitalisation instead of Enterprise Value including cash though we do not use this because it cannot be used across asset classes. PCAF has recently released new guidance on sovereign emission financed emissions and after review we may elect to change this attribution factor in the future. Sovereign "GHG Emissions per capita" are also displayed at Russell Investments for completeness, but this measure does not translate to the above standard industry uses.

7.2 UK Supplemental metrics

Following the UK's Department for Work and Pensions mandating TCFD-related disclosures for institutional pension schemes, a standard set of climate-related metrics are increasingly being expected by UK clients and consultants. The following metrics are part of this core template.

Metric		Supporting information
Data Quality	Description	Proportion of a portfolio where there is high quality data. Additional climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Methodology	Calculates the proportion of Scope 1-2 emissions that are verified, reported, estimated or unavailable.
	Key points +/-	+ Metric allows for a better understanding of ESG data accuracy. + More transparency into the breakdown of data quality. - Does not look into climate change analysis directly. - Estimated data coverage is subject to model risk.
Portfolio Temperature Alignment (Implied Temperature Rise)	Description	Metric which estimates a global temperature rise associated with the greenhouse gas emissions of a portfolio. It is a forward-looking metric that incorporates current GHG emissions, alongside other assumptions, to estimate expected future emissions. Expressed as a temperature score (e.g., 5 degrees Celsius). Portfolio Alignment climate change metric recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).
	Formula	$Temperature\ Score_F = \frac{\sum_{i \in F} Temperature\ Score_i \times GHG\ intensity_S \times Current\ value\ of\ investment\ in\ entity_i}{\sum_{i \in F} GHG\ intensity_S \times Current\ value\ of\ investment\ in\ entity_i}$
	Methodology	Total portfolio temperature alignment is calculated as a weighted average of underlying security temperature scores using sector intensity and AUM weighting. These scores are sourced from Planetrics.
	Key points +/-	+ Forward looking and accounts for inherent differences in carbon emissions across industries and regions. + Can be compared across different benchmarks, portfolios, and asset classes. - Methodology constantly developing, and is likely to change significantly as quantitative methods are researched further - Complex and opaque regarding the influence of key assumptions.

Russell Investments

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