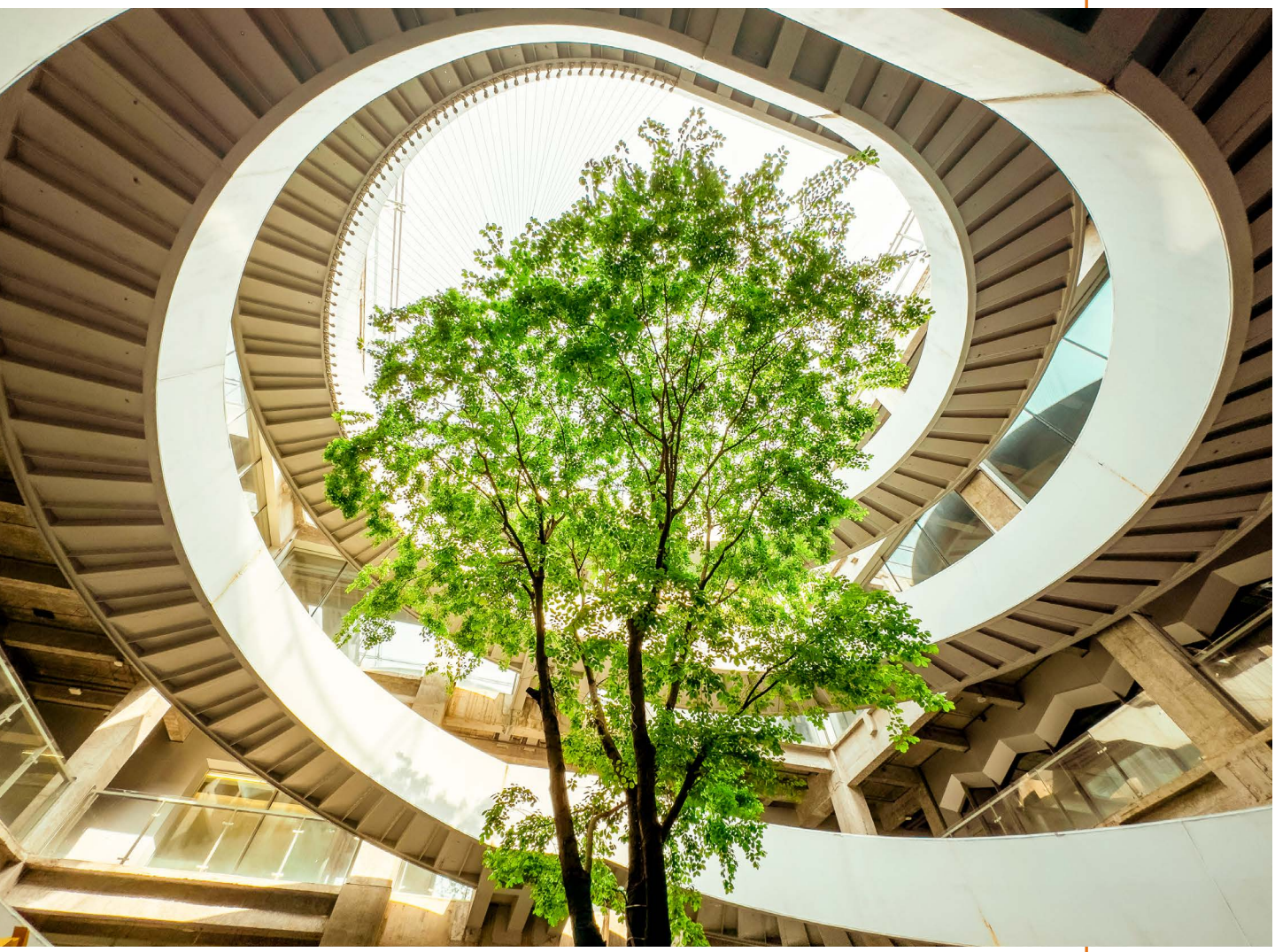
Russell Investments



2026

Global climate report

Aligned with recommendations from the Task Force on Climate Related Financial Disclosure (TCFD)

Invest without boundaries™

Contents

Reporting for fiscal year 2025.

About this report

Russell Investments became an official supporter of the Task Force on Climate Related Financial Disclosures in 2019, recognizing 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

Climate progress in practice: 2025

A balanced view of outcomes, target progress, and capability development

This year's highlights

2025 was a year of execution and model development. Portfolio growth shaped absolute emissions outcomes, while weighted average carbon intensity (WACI), temperature alignment, target progress, and enhanced analytics provide a more complete view of our climate progress.

Capability development

Scenario analysis

Enhanced physical macro- and supply-chain overlays.

Net Zero model

NZIF 2.0-informed corporate asset model update underway.

Nature and biodiversity

TNFD and ENCORE analysis expanded.

Operations

Operational emissions baseline reset to 2024.

Net Zero progress

Interim targets

All monitored interim Net Zero targets remain on track.

In-Scope monitoring

Net Zero portfolio represented 17% of total AUM.

Alignment

Approximately half of the portfolio assessed as aligned or aligning.

Stewardship

Engagement coverage above current milestone.

Portfolio outcomes

AUM Context

Global Portfolio AUM increased 63%, shaping absolute financed emissions.

WACI

Contained movement of emissions, with Scope 1 (+3%), Scope 2 (-3%), and Scope 3 (+8%).

Temperature alignment

Broadly stable year over year at 3.1 degrees Celsius.

Data quality

Reported carbon data remained broadly stable; gaps remain.

Introduction and this year in focus

As we publish this report, the climate backdrop is being shaped by intensifying physical impacts and uneven policy progress. In 2025, global temperatures averaged 1.43°C above pre-industrial times, extending the run of record heat seen from 2015 to 2025.[1] At the same time, current national policies still imply roughly 2.8°C of warming by the end of the century,[2] while global emissions rose by 1.1% over the year, leaving little remaining carbon budget for limiting warming to 1.5°C.[3]

This is not only a story about policy shortfalls. It is also a story of a real economy already absorbing physical disruption even as the transition continues to reshape sectors, technologies, and capital allocation. For investors, these developments matter because climate-related disruption is increasingly visible in financial outcomes. In 2025, natural disasters caused about USD 220 billion in economic losses and USD 107 billion in insured losses, underscoring the vulnerability of interconnected economies and societies.[4] These trends are increasingly relevant to portfolio outcomes whether or not climate is an explicit investment objective, affecting macro conditions, sector performance, security selection, and long-term resilience.

The practical challenge for investors is also evolving. Risks from climate change remain a distinct objective for some mandates, particularly where clients seek explicit decarbonization, transition, or climate solutions outcomes. Increasingly, however, it is also a broader macroeconomic and market driver that can affect cash flows, valuations, capital expenditure needs, and operating resilience across a much wider range of investments. In that sense, climate analysis is becoming less a standalone thematic overlay and more a relevant part of mainstream risk attribution and investment analysis.

Looking ahead, if policy ambition continues to soften or be deferred, some transition costs may be pushed further out in time, but physical risks will continue to accumulate. This is particularly relevant for long-duration assets such as infrastructure and real estate, and for investments exposed to supply chains in more climate-vulnerable regions, including parts of the Global South, where acute and chronic hazards may have a greater effect on productivity, operating continuity, and long-term asset values. For Russell Investments, this reinforces the importance of focusing on physical climate risk alongside transition analysis and of recognizing climate more broadly as a set of financially relevant risks and opportunities that can shape portfolio outcomes across client mandates.

[1] https://wmo.int/publication-series/state-of-global-climate/state-of-global-climate-2025
[2] https://www.unep.org/resources/emissions-gap-report-2025
[3] https://globalcarbonbudget.org/fossil-fuel-co2-emissions-hit-record-high-in-2025/
[4] https://www.swissre.com/institute/research/sigma-research/sigma-2026-01-natcat-2025-wildfire-storm-risk/global-natcat-losses-2025.html

Our climate governance and risk measurement processes.

1

1. Governance of sustainable investing

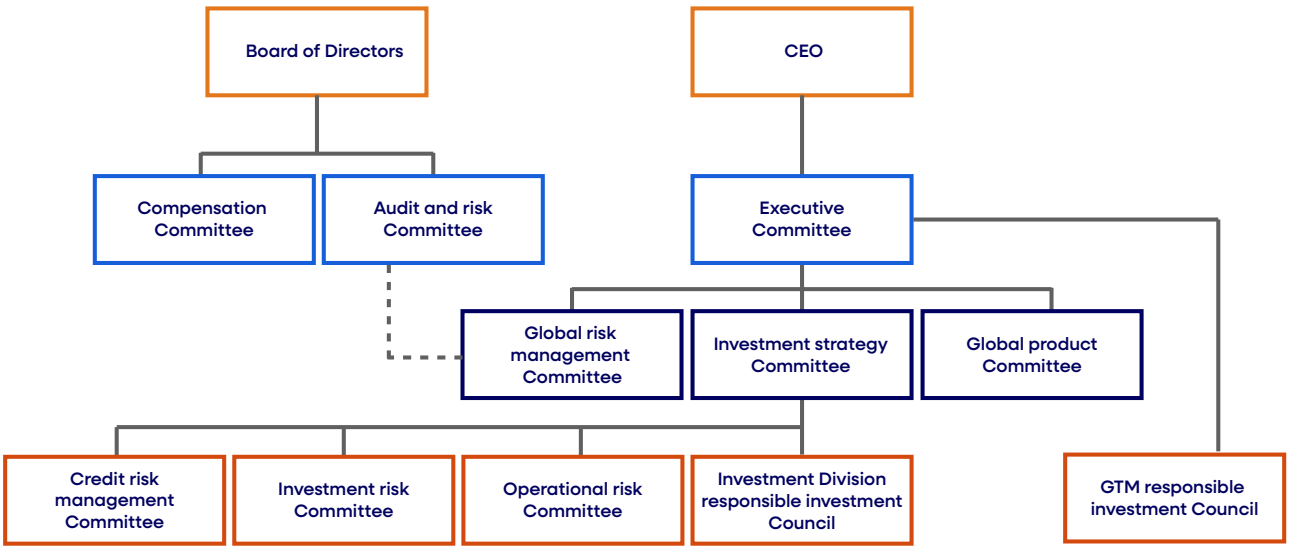
This section sets out the governance and risk management framework that underpins Russell Investments' climate investing approach.

It brings together the oversight structures, policies, tools, and analytical processes used to identify, assess, and monitor climate-related risks and opportunities across portfolios, including scenario analysis and asset class application. Presented together, these elements show how governance supports risk management in practice and provides the foundation for the investment implementation and outcomes described in later sections of this report.

1.1 Oversight and accountability

Russell Investments' Board of Directors has ultimate oversight of the firm's strategy, governance, and long-term stewardship, including oversight of climate-related risks and opportunities. The Board delegates management oversight of climate-related matters to the Executive Committee (EC), supported by the Audit and Risk Committee, the Investment Strategy Committee, and relevant management committees. Together, these bodies oversee climate-related matters across investment decision-making, client and regulatory communications, and business operations.

Exhibit 1: Global governance committees



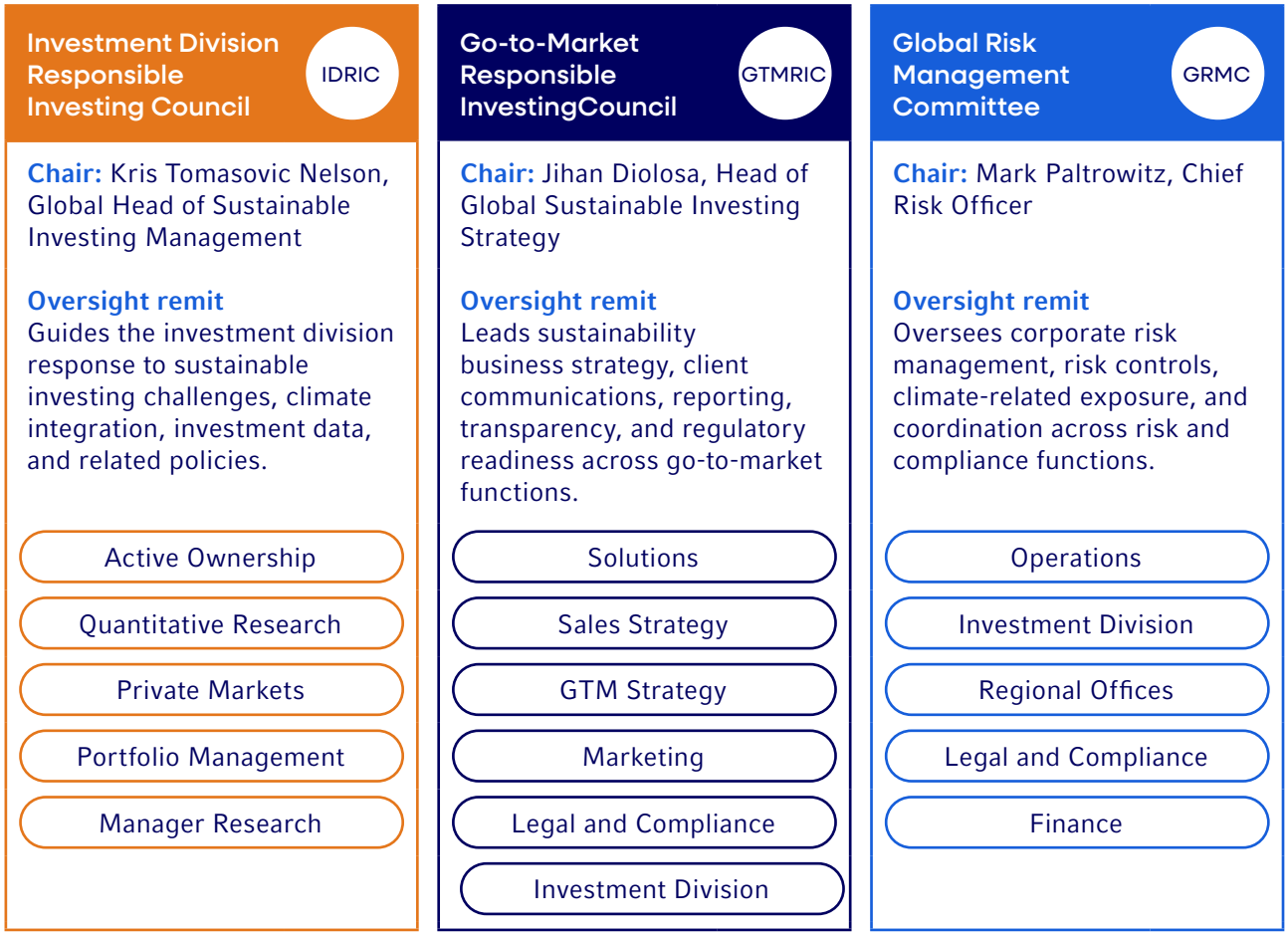
Source: Russell Investments, for illustrative purposes only.

Russell Investments takes an integrated approach to sustainable investing, with subject matter expertise embedded across the firm. Committee responsibilities are defined through formal charters and are designed to support clear accountability, effective escalation, and coordination across investment, risk, and client-facing functions. This report is reviewed through the firm's governance processes, supporting

ongoing oversight of climate-related matters. Further details on strategy implementation and our disclosures on metrics, target progress, and operational footprint are set out in later sections of this report.

This TCFD report is reviewed annually by the Board's Audit and Risk Committee, which supports the Board's ongoing understanding of climate risk exposure. In addition, the EC allocates resources to strengthen our climate-related capabilities – covering staffing, data, tools, partnerships, and training.

Exhibit 2: Sustainable Investing Governance



Source: Russell Investments 2024 Global Climate Report. Committee descriptions adapted for presentation.

The **Investment Division Responsible Investing Council**, a sub-committee of the Investment Strategy Committee, oversees the policies, data, tools, and governance processes used to integrate climate-related considerations into investment research, portfolio management, manager oversight, and stewardship, supported by the Global Responsible Investing Team.

The **Go-to-Market Responsible Investing Council** oversees the governance of climate-related communications, reporting, and client transparency across client-facing functions, and supports the firm's response to evolving regulatory and client disclosure expectations.

The **Global Risk Management Committee** supports enterprise-wide oversight of material risks, including climate-related risks relevant to business operations and the control environment. Reporting to the Executive Committee, with linkage to the Board through the Audit and Risk Committee, it oversees the escalation and review of material risk issues across investment, credit, operational, and compliance functions, and supports the effectiveness of the firm's risk management framework.

1.2 Risk management processes and tools

Russell Investments integrates sustainability risk management across manager research, portfolio management, and proprietary solutions. This approach is guided by our Sustainability Risks Policy and supported by our Climate Investing Policy, which recognizes climate change as a systemic financial risk and source of opportunity requiring a forward-looking response.

Within this approach, we identify, measure, and manage climate-related risks and opportunities through a structured process. Our approach is client-led and seeks to align climate considerations with clients' long-term investment objectives and sustainability priorities. In doing so, we assess the structural market changes associated with the transition to a low-carbon economy, including shifts in policy, technology, and consumer behavior, and evaluate how investment managers respond to those risks and opportunities.

We also support clear and consistent climate-related reporting and take a broad view of risks, including the wider financial vulnerabilities associated with climate change. Our assessment draws on data, tools, and analytics that inform decision-making across asset classes and investment strategies, while supporting ongoing refinement as regulation, market practice, and scientific understanding evolve.

A sound understanding of financially material sustainability risks remains an important expectation for Russell Investments' portfolio managers. In managing portfolios, we consider financially material sustainability risks alongside expected returns, drawing on input from investment managers, third-party data providers, and Russell Investments' proprietary analysis. For customized mandates, we may implement tailored climate and sustainability risk controls. For advisory clients, we work collaboratively to consider, monitor, and manage relevant sustainability risk priorities.

Sustainability risk policy

Russell Investments' policy is to integrate sustainability risk management in our investment solutions by identifying, evaluating, and managing relevant risks in our investment manager review process, portfolio management, and through implementing proprietary solutions. We believe sustainability risks are most relevant to investment outcomes when they exhibit financial materiality, and, like all investment risks, are incorporated by balancing expected risk with expected reward.

In managing investment solutions, we consider financially-material sustainability risks in the context of expected rewards using a blend of inputs from sources including, but not limited to, investment managers, third-party data sources, and Russell Investments proprietary analysis. Furthermore, we incorporate bespoke sustainability risk management based on clients' requirements for customized mandates. We also seek to collaborate with our advisory clients to consider, monitor, and manage sustainability risk priorities in their portfolios.

Climate policy

Russell Investments assesses climate change as a financially material risk, impacting sectors, industries, regions, and asset types over various time horizons. We research, measure, report, and incorporate evaluation of climate-related risks and opportunities into our investment practices, active ownership, and business operations. As stewards of capital, we integrate climate considerations to enhance long-term value creation for our clients.

Our climate investing approach includes:

- **Client-centered portfolio alignment**: we align climate considerations with clients' long-term objectives and sustainability priorities.
- **Forward-looking investment strategy**: we consider structural market shifts in portfolio design, manager oversight, and investment decision-making.
- **Transparency and accountability**: we provide clear climate reporting and support strong disclosure standards.
- **Systemic risk management**: we monitor broader climate-related financial vulnerabilities relevant to portfolios and markets.
- **Data-driven decision making**: we use data, tools, and analytics to assess and manage climate-related risks and opportunities.

1.2.1 Identifying climate-related risks and opportunities.

Russell Investments identifies climate-related risks and opportunities by considering their nature, time horizon, and potential financial materiality across portfolios, mandates, and asset classes. In line with our Climate Policy, we consider both transition risks, arising from policy, legal, technology, and market developments associated with the transition to a lower-carbon economy, and physical risks arising from acute events and longer-term changes in climate patterns.

These risks may emerge over different time horizons. **Transition risks** may be more relevant over shorter and medium-term horizons as regulation, technology, and market preferences evolve, while **physical risks** may become more pronounced over the longer term, although acute events may also affect asset values in the near term. Their relevance will vary by portfolio and asset class. For example, real assets may be more exposed to location-specific physical risks, while listed equity and corporate debt portfolios may be more sensitive to transition risks affecting carbon-intensive sectors and business models.

We identify climate-related risks and opportunities using a two-step process. We begin with quantitative screening using third-party data and analytics from providers such as MSCI, Sustainalytics, and Planetrics, which helps us flag where climate exposure may be most relevant. We then apply qualitative judgement using company disclosures, public information, and the characteristics of our exposure to assess whether the risk is primarily transition or physical, and how material it may be at the holding level.

This approach is illustrated below in a European based passenger airline listed equity holding, even where the company has taken proactive steps to manage them.

Exhibit 3: Climate risk identification case study for Jet2 plc.

Risk lens	How the identification process applies
Transition risk	European regulation sets a minimum SAF mandate of 2% in 2025, rising to 70% by 2050, which makes fuel sourcing and cost pass-through an important consideration for airlines operating in Europe. The Company (Jet2) has already started using SAF ahead of mandate dates and says its new aircrafts reduce fuel consumption and CO2 emissions per seat by almost 20%.[5] Jet2's transition risk remains elevated given the highly regulated nature of aviation, including the binding SAF obligations introduced under EU regulations and the phased increase in requirements over time.
Physical risk	2025 was one of the warmest years on record, and climate-related catastrophe losses remained elevated globally, reinforcing the relevance of weather disruption, operational continuity, and supply chain resilience for travel and leisure businesses. Jet2's physical risk would be assessed as lower than its transition risk, given that the main exposure is to operational disruption from more frequent and severe weather events, route interruptions, and changes in travel demand rather than direct asset damage.

This identification process provides the basis for how we measure and manage climate-related risks and opportunities in practice.

1.2.2 Measuring climate in portfolios

Russell Investments uses a range of climate metrics and analytical tools to monitor portfolio exposures and support the assessment of climate-related risks and opportunities.

[5] EASA

1.2.2.1 Climate metrics

Our core metrics include carbon intensity, financed emissions, and temperature alignment which together provide insight into both current emissions exposure and alignment with longer-term climate pathways.

- **Carbon intensity**, measured through weighted average carbon intensity (WACI), provides a risk-oriented view of a portfolio's exposure to carbon-intensive companies by assessing emissions relative to company revenue. It helps indicate the extent to which individual holdings or strategies contribute to portfolio carbon exposure and where transition-related risks may be more pronounced.
- **Financed emissions** show the emissions linked to the investments held in a portfolio. By estimating the share of underlying company emissions attributable to the capital invested, this metric provides a fuller picture of the portfolio's financed carbon footprint in absolute terms.
- **Temperature alignment** provides a forward-looking view of how a portfolio, or its holdings, align with longer-term climate pathways. Used alongside scenario analysis, it estimates the temperature rise with which a company, security, or portfolio is associated based on current emissions, targets, and other transition-related assumptions.

While carbon intensity helps us understand a portfolio's exposure to carbon-intensive companies, financed emissions help show the overall emissions associated with the capital invested. Used together, these measures provide a broader view of both portfolio carbon exposure and the emissions linked to the portfolio. Temperature alignment data complements carbon intensity and financed emissions data by helping us assess not only current carbon exposure, but also whether holdings are aligned with pathways consistent with longer-term climate goals.

1.2.2.2 Climate impact analysis tools

We support these metrics through a set of **internal tools** that help our investment and sustainability teams interpret and apply the data in practice.

- **PARIS** is our internal portfolio management tool, which presents selected sustainability and climate metrics at both portfolio and security level for Russell Investments' funds.
- **METRiQ** calculates sustainability risk exposures in real time across funds and client accounts, helping our research teams monitor goals and constraints across equity, fixed income, and multi-asset strategies.
- **ENACT** captures insights from sub-adviser oversight and engagement activity, maps issuer securities across funds, and tracks engagement objectives over time.
- The **Net Zero Dashboard** tracks progress against Net Zero objectives at fund or account level and for an aggregated Russell Investments portfolio.

1.2.3 Managing climate-related risks and opportunities

Building on the identification and measurement approaches described above, Russell Investments manages climate-related risks and opportunities through scenario analysis, portfolio oversight, active ownership, and asset class specific application. This reflects how climate-related risks arise in practice – through different channels, over different time horizons, and with varying relevance across portfolios, mandates, and asset classes.

1.2.3.1 Scenario analysis

Scenario analysis is a key part of our climate risk assessment. Russell Investments uses three climate scenarios developed by the Network for Greening the Financial System (NGFS) – Hot House World, Delayed Transition, and Net Zero 2050 – to assess how different climate pathways may affect portfolio value over time. Used alongside portfolio metrics and temperature alignment, scenario analysis supports portfolio monitoring, risk assessment, and investment decision-making. It is intended to inform reasoning by exploring outcomes, rather than predict the future.

Exhibit 4: Climate scenarios used in portfolio analysis.

NGFS climate scenario	What it helps us assess	Primary risk lens
Hot House World	Portfolio resilience under limited policy action and no strengthening of current climate policies. Results in material levels of physical risk from warming temperatures, extreme weather patterns, and severe ice sheet melt.	Higher physical risk
Delayed Transition	Portfolio impacts from later and more abrupt policy and market adjustment. Different approaches to regional climate policies create carbon price variations after 2030 including a fast low-carbon technology change.	Higher transition risk
Net Zero 2050	Portfolio resilience under a more orderly transition consistent with longer-term climate goals. Assumes strong climate policies and fast technological innovation. Results in higher transition risk in the short term with less physical risks in the longer term.	Orderly transition

Source: Planetrics based on NGFS technical documentation (2022)[6]

Russell Investments continues to partner with Planetrics to translate these scenarios into economic shocks and estimate the present-day financial impact on individual securities and portfolios. The output we use in the investment process is an estimated gain or loss, expressed as a percentage impact on portfolio value through to 2050 and discounted back to today.

Enhancing physical risk modelling

In 2025, Russell Investments implemented an enhanced physical risk methodology in partnership with Planetrics, designed to capture both the direct and indirect financial effects of climate-related physical risks.

This updated approach builds on traditional bottom-up modelling, which focuses on company-specific exposure to climate hazards, by introducing a top-down economic lens. It incorporates GDP-level shocks to reflect how chronic and acute physical climate events, including floods, cyclones, heatwaves, and droughts, may affect national productivity over time. Repeated extreme weather events, for example, can weaken a country's capacity to recover, with implications for long-term economic growth and company valuations. As a result, the model can capture broader system-wide effects that may be more pronounced under higher-warming scenarios, such as Hot House World, than under more orderly pathways such as Net Zero by 2050.

This enhancement strengthens our ability to assess physical climate risk by going beyond direct asset-level damage alone. By incorporating NGFS-based projections of macroeconomic impacts from climate hazards, we provide investment teams with a more comprehensive view of how physical risks may affect portfolios under different climate scenarios.

[6] This figure has been created by Russell Investments drawing on selected data provided by Planetrics Ltd (which does not include investment advice). The figure represents Russell Investments' own selection of applicable scenarios and/or its own portfolio data. Russell Investments is solely responsible for such scenario selection, all assumptions underlying such selection, and all resulting findings, conclusions, and decisions. Planetrics Ltd. is not an investment adviser and has not provided any investment advice.

1.2.3.2 Portfolio oversight

Portfolio oversight is a central part of how we manage climate-related risks and opportunities. Within our investment teams, climate considerations are embedded into manager research, portfolio construction, and ongoing monitoring. For mandates with explicit sustainability objectives, we use our **Intent, Process, Outcome framework** to assess whether a strategy's objectives, implementation, and observable characteristics are consistent with the intended outcome before it is included in a fund. **Enhanced Oversight** then supports ongoing monitoring of material sustainability risks, using quantitative analysis, sub-adviser insight, and third-party research to inform portfolio review and, where appropriate, further action. More information on our portfolio oversight processes is included later in the report.

1.2.3.3 Active ownership

Active ownership is another important way we manage climate-related risks and opportunities. Through proxy voting and engagement, we seek to understand how companies are governing climate risk, managing transition planning, and disclosing climate-related information, and we use those insights to support long-term shareholder value. This is a core part of our climate risk management approach, not a separate activity, because stewardship helps us influence behavior, surface risks earlier, and reinforce climate considerations across the portfolio.

1.2.3.3 Climate analysis per asset class

As an OCIO managing multi-asset, multi-manager portfolios, Russell Investments tailors climate analysis by asset class rather than applying a single uniform approach. This reflects differences in data availability, investment structure, and the way climate risk is expressed across the portfolio. Our framework therefore combines company-level analysis where it is most developed, with more asset-specific judgement where data and methodologies are less mature.

Exhibit 5: Asset class approach

Asset class	How we apply climate analysis	Brief example
Listed equities	This is the most developed area of our analysis. We use company-level emissions metrics, temperature alignment, and Net Zero alignment assessments to evaluate transition exposure and the credibility of company climate plans.	A listed equity holding in an energy-intensive sector may score as more exposed to transition risk if it has high emissions intensity, weaker disclosure, or less credible decarbonisation plans.
Corporate debt	We apply similar company-level tools to corporate issuers, but with a greater focus on whether climate risk could affect credit quality, capital allocation, and downside resilience.	A corporate bond issuer may be assessed for its transition readiness to understand whether climate risk could affect cash flows, refinancing needs, or spread risk.
Sovereign bonds	We monitor sovereign climate risk using country-level emissions metrics and continue to refine our approach to Net Zero alignment for sovereign exposures.	A sovereign exposure may be more vulnerable if it has high emissions intensity, weak policy action, or strong physical risk exposure which could impact growth, fiscal capacity, or macro resilience.

Private equity	We do not rely solely on third-party data. Instead, we use proprietary due diligence, manager meetings, disclosures, and available portfolio-level reporting to assess how climate risk is embedded in manager strategy and oversight.	For a private equity manager, the analysis may focus less on public emissions data and more on governance, disclosure quality, and how climate risk is embedded in manager decisions.
Other private assets and alternatives	Where methodologies are still developing, we place greater reliance on manager capability and asset-specific assessment, particularly for exposures such as private real estate and infrastructure.	For real assets, location and physical exposure can matter more than issuer-level emissions, so climate analysis may focus on site-specific hazards and resilience.

This approach helps ensure that climate risk management remains proportionate to the characteristics of each asset class and the quality of the available data. It also reflects how climate risk shows up differently across the portfolio: more directly through issuer fundamentals in listed markets and credit, more through macro and policy exposure in sovereigns, and more through manager diligence and asset-specific characteristics in private markets and alternatives.

1.3 Skills, culture, and client enablement

Russell Investments supports the integration of climate-related considerations through role-specific accountability, ongoing capability building, and client support. Relevant professionals across the firm are expected to apply climate-related considerations in a manner consistent with their responsibilities, the governance framework described above, and the investment processes set out later in this report.

1.3.1 Alignment of incentives and climate considerations

For senior portfolio managers, performance assessment and compensation reflect a range of factors, including delivery of client outcomes, contribution to investment processes, stewardship of client assets, and, where relevant, the integration of sustainability considerations, including climate-related factors. This includes consideration of climate-related issues in sub-adviser evaluation and selection, portfolio-level risk management, and active ownership activities.

For associates with specific sustainability, stewardship, or climate-related responsibilities, annual objectives may include the development of responsible investing practices, support for industry engagement, advancement of research and tools, and delivery of stewardship priorities. Performance against these objectives is reflected in annual assessment and remuneration.

1.3.2 Skills and competencies

Russell Investments supports ongoing professional development through general and role-specific learning designed to build relevant investment, stewardship, and client-facing capabilities. Key investment professionals and client-facing teams receive training on sustainability topics, including climate change, to support the consistent application of our approach.

This includes training on sustainable investing tools, climate metrics and reporting, scenario analysis, and the application of climate-related capabilities within portfolios. Training is provided to relevant teams across investment, risk, implementation, research, and client-facing functions, with broader availability as appropriate.

Training our investment teams on macro impacts due to climate change

Throughout 2025, the Global Responsible Investing Team used the Weekly Investment Outlook Meeting to deliver timely climate-focused briefings that translated fast-moving market developments into practical investment implications. Topics included AI and the energy transition, Climate Week NYC, policy and sustainable fund flow trends, COP30, and water risk. The sessions were designed to build climate fluency across investment and go-to-market teams by connecting near-term market signals with longer-term themes such as energy demand, regulation, adaptation, and resource scarcity.

This format allowed the team to respond to current market pressures while reinforcing the climate issues most likely to affect portfolio construction and client conversations over time. For example, the AI and energy transition session highlighted the pressure that data-center demand can place on grids and power systems, while the water risk session showed how localized water stress can create material risks for sectors such as semiconductors. The result was a practical learning forum that helped teams apply climate considerations to both short-term developments and longer-term investment risk.

1.3.3 Education and advising clients

Russell Investments provides clients with training, insights, and reporting to support their understanding of climate-related risks and opportunities. This includes education on relevant market and regulatory developments, together with guidance to help clients interpret climate-related reporting in the context of their own objectives and requirements.

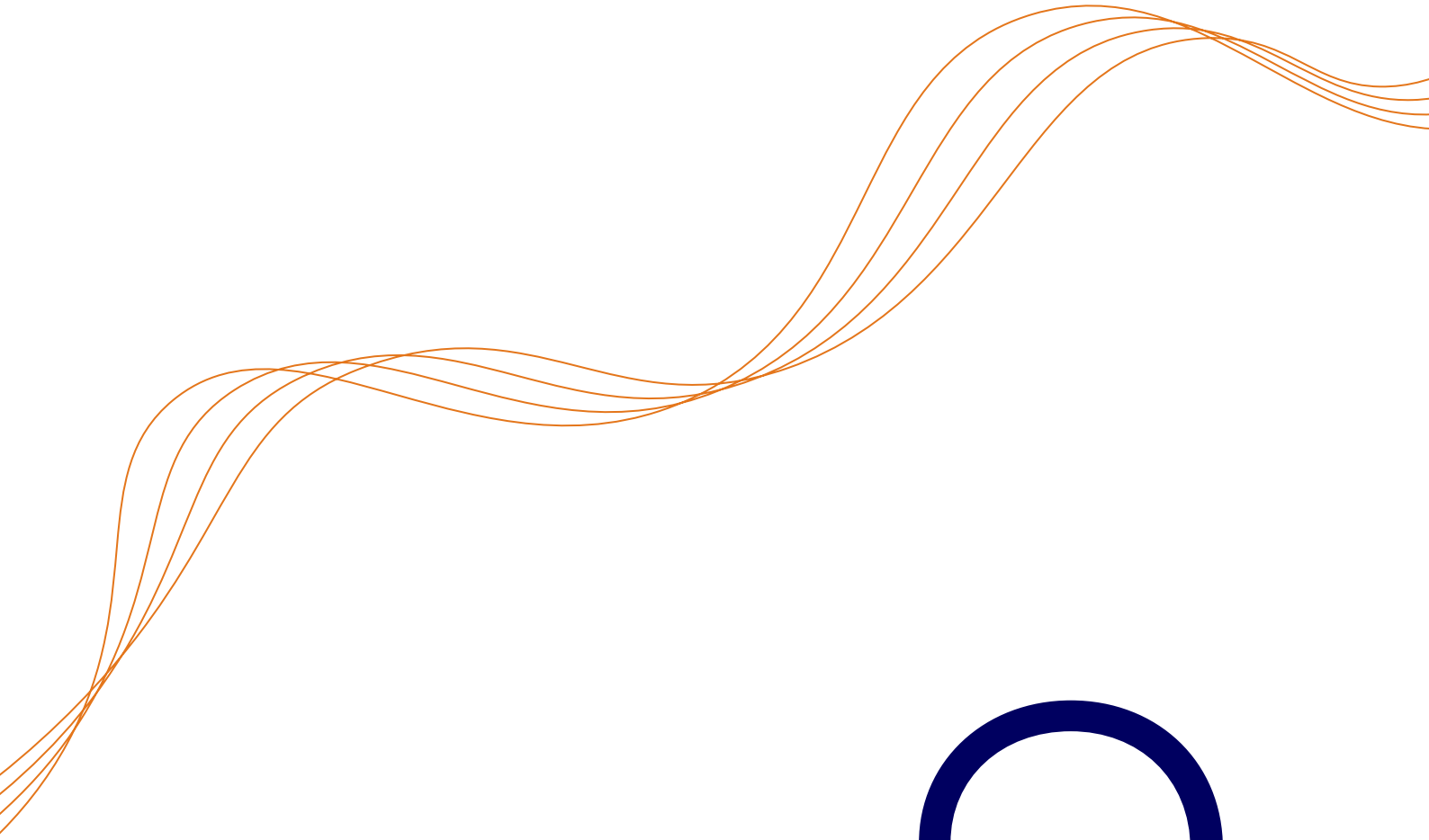
On an ongoing basis, we enhance climate-related reporting and advisory support across client segments, including clients with specific disclosure obligations. This is intended to support transparency, informed decision-making, and the practical application of climate-related insights.

Turning climate training into trustee decisions for a new OCIO client

Following a new OCIO appointment, Russell Investments worked with a UK pension scheme trustee board to move quickly from climate-risk awareness to practical governance and reporting decisions. A focused 2025 training program translated UK climate-disclosure requirements into clear decision points across governance, metrics, targets and scenario analysis. The Trustee agreed the proposed climate-governance approach and selected the climate metrics to monitor going forward, expanding reporting beyond the minimum requirement to a quarterly dashboard covering financed emissions, WACI, asset alignment, temperature alignment and carbon data quality.

The program then moved from compliance into implementation. A follow-up session helped the Trustee connect climate metrics to the levers available through its OCIO arrangement, including manager oversight, stewardship, exclusions, engagement tracking and regulatory reporting. The Trustee also progressed a climate target-setting approach centered on a 50% reduction in WACI by 2030 from a 30 June 2020 baseline, supported by analysis of In-Scope mandates and a clear scenario-analysis timetable with actuarial and covenant input. The result was a practical shift from education to action: agreed governance, agreed metrics, a defined target framework, and a roadmap for the scheme's first climate disclosures and wider responsible-investment beliefs review.

Executing on our climate investing strategy



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2. Climate strategy in action

Russell Investments applies our governance and risk management framework across our investment capabilities – including portfolio design, implementation, ongoing monitoring, and stewardship. Climate-related considerations are integrated where relevant to client objectives and long-term investment outcomes.

2.1 Our approach to climate-aware client portfolios

To meet client-directed climate goals, we use our open-architecture investment platform, proprietary tools, and third-party research and data to design climate-aware solutions. Depending on requirements, this may include portfolio-level carbon objectives, targeted thematic exposures, and systematic allocations designed to complement broader risk and sustainability outcomes.

Our approach is client-led and flexible. Clients have different objectives, constraints, time horizons, and transition preferences, so we seek to incorporate climate-related considerations in a manner consistent with each mandate, while continuing to refine our capabilities as data, methodologies, and market practice evolve.

Where relevant, this also includes access to climate and decarbonization solutions designed to manage risk exposures and capture transition-related opportunities.

Case study: climate aware portfolio

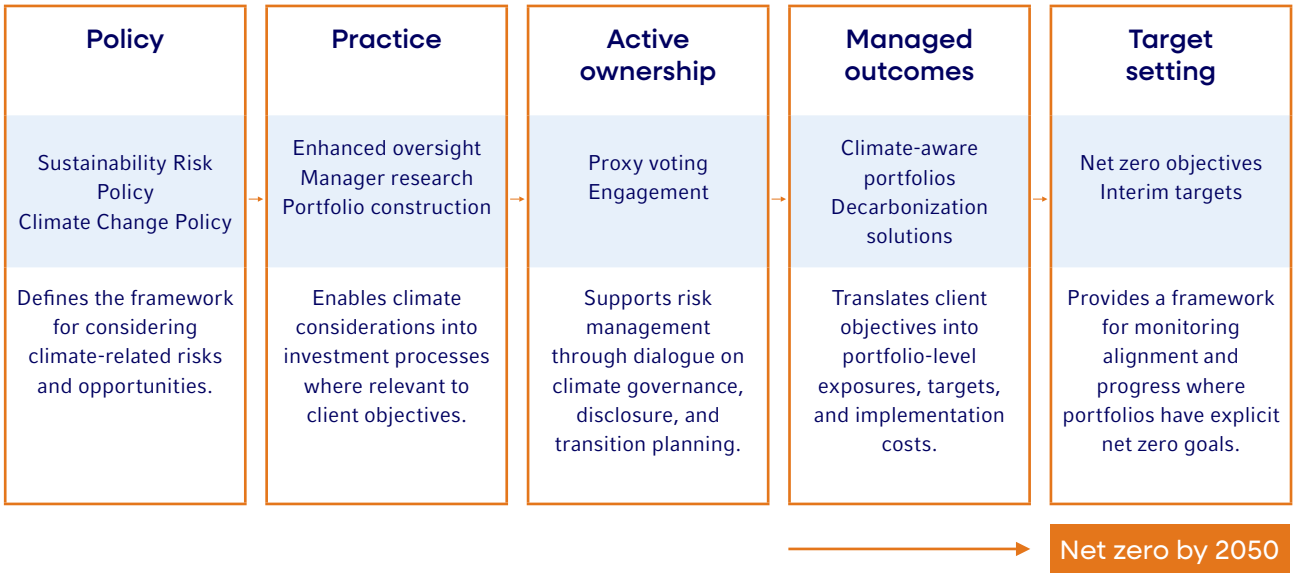
In 2025, Russell Investments refined its climate modelling approach to better capture the channels that matter most for clients, particularly in large UK DB OCIO scenario analysis. Alongside the three core NGFS pathways, we introduced targeted overlays from Russell Investments' chosen climate risk provider to bring greater fidelity to both transition and physical risk: a supply-chain overlay to capture indirect upstream cost transmission, and a physical macro-overlay to reflect broader economy-wide physical damage.

The rationale was to move beyond a single standard view and test whether these additional channels were materially changing portfolio outcomes. Representative testing supported that shift: on Russell Investments' climate portfolio, the physical macro-overlay increased Hot House World impacts from -0.9% to -5.5%, while the supply-chain overlay deepened Delayed Transition from -2.3% to -5.8% and Net Zero 2050 from -3.0% to -8.0%. These results gave us confidence that the updated overlay set provides a more decision-useful view of climate risk across scenarios and underpinned the recommendation to pair Hot House World with the physical macro-overlay and Delayed Transition / Net Zero 2050 with the supply-chain overlay.

Exhibit 6: A multi-layered approach to our climate response – key pillars

Client-directed climate goals: objectives | constraints | time horizons | transition pathways

Enabled by open-architecture platform | proprietary tools | third-party research and data



Source: Russell Investments, for illustrative purposes only.

2.2 Embedding climate considerations across Design, Construct, and Manage

Our clients invest to achieve real-world, future outcomes - whether funding retirements, supporting educational goals, or advancing an organizational mission. Achieving these goals requires navigating the financial implications of climate change. Russell Investments uses a **Design, Construct, and Manage** framework to build and oversee portfolios aligned with client needs. Alongside other financially material investment considerations, we incorporate climate-related areas throughout this framework when doing so can improve long-term financial resilience and return potential.

This section shows how this framework is applied in practice. Quantitative and decarbonization solutions primarily support the Design and Construct phases, while portfolio management, manager selection, Enhanced Oversight, and active ownership support the Construct and Manage phases.

2.2.1 Design // Construct // Manage

Central to the **"Design"** step of our investment process, we begin by working with clients to understand their objectives, constraints, and any climate-related preferences. Where appropriate, we use climate-adjusted capital market assumptions to assess how different climate scenarios may affect asset classes, portfolio outcomes, and asset allocation decisions. This supports both portfolio design and clients' climate-related disclosure needs.

In the **"Construct"** phase, we identify and implement investable strategies that deliver targeted exposures and excess returns through skilled active management. Using our open-architecture platform, we combine active managers and systematic strategies to deliver required exposures while taking account of relevant climate-related outcomes.

For portfolios with explicit sustainability objectives, portfolio managers apply additional due diligence to assess the sustainability and climate integration of selected strategies, guided by our Intent, Process,

Outcome framework described below. This helps connect the portfolio construction process to the client's stated sustainability objectives and implementation requirements.

The goal of the **"Manage"** phase is to keep portfolios aligned with objectives through dynamic market adaptation, effective risk management, and efficient implementation. Portfolio managers use climate metrics, proprietary analysis, manager reporting, and sub-adviser insights to monitor material risks and opportunities over time. Where appropriate, they may adjust exposures, including through systematic sleeves or decarbonization techniques, and work with our Active Ownership team to align portfolio actions with proxy voting and engagement priorities.

2.3 Quantitative and decarbonization solutions

Quantitative and decarbonization solutions are an important part of how Russell Investments supports the Design and Construct phases of the investment process. These capabilities help translate client-directed climate objectives into portfolio design choices, implementation approaches, and measurable exposures.

Russell Investments has long partnered with clients to design strategies that manage climate-related outcomes such as carbon emissions, fossil fuel reserves, and exposure to climate solutions. Our decarbonization approach has evolved over time to reflect improving data, changing client needs, and the increasing importance of transition opportunities.

A key consideration in this work is avoiding unintended reductions in exposure to companies enabling the low-carbon economy – in other words companies whose products or services may support the transition to a lower-carbon economy. Our approach therefore seeks to reduce carbon exposure and fossil fuel reserves, while also distinguishing between carbon-intensive business models and companies that may contribute to climate mitigation, including in areas such as renewable energy and electrification.

Case study: Evolving climate-related exclusions from risk reduction to targeted implementation

Client approaches to climate-related exclusions are becoming more customized. While earlier climate-aware portfolios often focused on reducing exposure to high emitters or companies with significant fossil fuel reserves, clients are increasingly seeking more tailored implementation. This may include targeted exclusions, portfolio-level carbon objectives, and positive exposure to companies contributing to climate solutions.

Russell Investments' approach has evolved alongside this trend. We first introduced a low carbon strategy in 2015 to reduce exposure to high carbon emitters and fossil fuel reserves and later expanded the framework to include targeted exclusions and greater emphasis on renewable energy production. Last year, we launched Decarbonization 3.0, which represented a further evolution, moving beyond risk reduction to incorporate more deliberate exposure to companies developing climate solutions, such as renewable energy and electrification technologies.

This reflects an important implementation challenge: companies that support the low-carbon transition may still operate in higher-emitting sectors, including industrials, materials, and utilities. A more nuanced approach can therefore help distinguish between carbon-intensive companies with limited transition relevance and those whose products or services may support climate mitigation.

This trend is consistent with our broader open-architecture model and Design, Construct, and Manage framework. At the **Design** stage, clients may set specific exclusions, carbon reduction targets, or positive climate-solution objectives. At the **Construct** stage, Russell Investments can combine specialist managers, systematic strategies, and tailored screens to implement those objectives. At the **Manage** stage, portfolio managers can monitor whether the resulting portfolio remains aligned with the client's risk, return, and sustainability objectives over time.

Why it matters: climate-related exclusions are increasingly being used as part of a broader portfolio design toolkit, rather than as a standalone restriction. This allows clients to manage exposure to carbon-intensive activities while retaining flexibility to invest in companies that may contribute to the transition.

2.4 Portfolio management in practice

Portfolio management connects the Construct and Manage phases of our framework. Portfolio managers play a vital role in selecting managers and strategies, monitoring portfolio risks, and making ongoing adjustments where appropriate. We embed sustainability expertise directly within our investment teams – ensuring climate risk management is integrated seamlessly into portfolio design and day-to-day decision-making.

2.4.1 Intent, Process, Outcome framework

For mandates with explicit sustainability objectives, Russell Investments uses our Intent– Process–Outcome (I-P-O) framework to support the evaluation and selection of strategies with credible sustainability integration before including that strategy into our fund.

- **Intent** considers the strategy's stated objectives and philosophy.
- **Process** assesses the quality and consistency of sustainability integration and responsible investing practices.
- **Outcome** considers tangible observable characteristics, which may vary by asset class and can include ESG risk indicators, thematic alignment, or carbon-related measures.

The I-P-O framework is primarily applied during the Construct phase, where portfolio managers evaluate whether a strategy is suitable for inclusion in a portfolio with explicit sustainability objectives.

2.4.2 Enhanced Oversight

Enhanced Oversight supports the Manage phase by helping portfolio managers monitor material sustainability risks, including climate change, after a strategy has been selected and implemented. The process includes proprietary quantitative analysis, sub-adviser insights, and third-party research. EO is designed to support judgment rather than operate as a rigid scoring system, and may result in further review, dialogue with managers, stewardship action, or portfolio adjustments where appropriate.

Together, the I-P-O framework and EO connect portfolio construction and ongoing management. I-P-O helps assess the suitability of strategies before inclusion, while EO supports continued monitoring and risk management once they are held in portfolios.

2.5 Active ownership as a transition tool

Active ownership is an important part of how Russell Investments manages climate-related risks and opportunities. As stewards of capital, we engage with companies on critical climate issues – including emissions reduction, climate governance, and transition planning – to promote effective risk management

and long-term value creation.

Through proxy voting and engagement, we seek to understand how companies oversee climate-related risks and opportunities and to encourage practices that support long-term shareholder value.

2.5.1 Proxy voting

For over 30 years, Russell Investments has maintained a global proxy voting program that underpins our stewardship efforts. Our global proxy voting program supports the long-term interests of clients and is guided by proxy voting guidelines that are reviewed regularly.

Climate-related proposals, including management-sponsored "Say on Climate" proposals, are assessed case by case, considering the credibility of the company's approach, the materiality of climate-related issues to the business, and insights from our engagement and research processes.

During 2025, we voted on 136 climate change-related proposals, including "Say on Climate" resolutions and shareholder proposals. We voted for 32% of these votes, and against 67%. We abstained from two management-led "Say-on-Climate" votes based on insufficient disclosure. In 2025, we supported transition plans at 23 companies. Most of these proposals were from European companies, with additional proposals from Canada, Australia, and South Africa.

Industry-wide support for environmental shareholder proposals has declined, reflecting both an increase in overly prescriptive proposals and the recognition that many companies have made substantial progress in their decarbonization efforts.

Case study: climate change and proxy voting

In the fourth quarter of 2025, Russell Investments' Active Ownership Committee conducted a comprehensive review and drafted updates to our Proxy Voting Guidelines. This forward-looking effort reflects our commitment to aligning stewardship practices with evolving climate expectations and regulatory developments. While updates for the 2026 proxy season were minimal, they reinforce our focus on promoting sound governance and credible climate action, while allowing flexibility for regional market norms.

2.5.2 Engagement

Our engagement program includes climate change resilience as a core focus area. This includes a company's climate governance structure, climate strategy and risk management, and climate outcomes related to set goals. Our unique business model allows us to engage directly with issuers, collaborate with sub-advisers, and leverage providers like Sustainalytics, an independent sustainability research firm. This enables us to amplify our impact on climate change issues and ensure alignment with evolving regulatory expectations and sustainability priorities.

We have several key aims when engaging with our holding companies on climate change.

- **Increase transparency**: Russell Investments has been an official supporter of the TCFD since 2019, and we promote its recommendation that companies provide effective climate-related disclosures to enable more informed financial decision making.
- **Robust climate governance structures**: we advocate for companies to have board-level oversight and governance of climate change impacts.
- **Integration of climate considerations into strategic decision-making**: we expect companies to explain how they have incorporated climate-related issues into their business, strategy, and financial planning – including the disclosure of key metrics and risk management processes.

Case study: Climate change resilience in the aviation sector

Russell Investments engaged with Qantas Airways Limited to assess climate transition risk, focusing on the company's transition strategy and the role of Sustainable Aviation Fuel (SAF).

The company has committed to achieving Net Zero emissions by 2050 and has set interim targets including a 25% reduction in Scope 1 and 2 emissions and 10% SAF usage by 2030. During engagement we assessed progress against these targets, including the company's current SAF uptake, which remains below 1% and dependent on the development of domestic refinery capacity. The company acknowledged that SAF imports may be required in the near term, potentially increasing Scope 3 emissions. We engaged with the company on enhanced disclosure around SAF capacity and the introduction of financial-based carbon intensity metrics to provide greater transparency on alignment between capital allocation and decarbonization goals.

The company has made some progress in developing its transition strategy, although disclosure remains less detailed than leading peers. Engagement will continue to track progress on SAF deployment, transparency of emissions metrics, and alignment between climate targets and capital allocation.

For an in-depth understanding of our active ownership approach, please refer to our 2025 Investment Stewardship Report.

2.6 Net Zero within our climate strategy

Russell Investments' broader climate investing strategy is designed to help clients manage the financial risks and opportunities associated with climate change. The physical impacts of climate change and the transition to a lower-carbon economy can affect revenues, costs, capital expenditure, financing conditions, risk premia, and long-term investment outcomes across sectors, regions, and asset classes. Net Zero aligned investing is therefore one way we translate our wider climate strategy into portfolio design, manager oversight, monitoring, stewardship, reporting, and client solutions.

Many of our clients have set Net Zero goals for their operations and investment strategies, reflecting objectives such as risk management, fiduciary responsibility, and long-term value creation. Consistent with our client-led investment approach, we apply Net Zero considerations where relevant to client objectives and mandates, including through carbon intensity and financed emissions analysis where data and methodologies allow. In this context, Russell Investments supports the global goal of Net Zero greenhouse gas emissions by 2050 and recognizes the role investment strategies can play in contributing to a timely and orderly transition.

Case study: Expanding Net Zero alignment coverage for a large UK DB pension scheme.

In 2025, we enhanced Net Zero alignment reporting for a large UK defined benefit pension scheme by improving sector coverage across corporate credit holdings. A key challenge was that a meaningful share of the portfolio's credit exposure sat in bonds issued by financing subsidiaries rather than the main operating company. These entities often did not carry a direct GICS sector classification, limiting the proportion of holdings that could be assessed through our net-zero alignment tool.

To address this, we used Bloomberg equity classifications alongside issuer hierarchy data from Bloomberg Credit Risk to broadcast GICS sector labels across related issuers. By linking securities through legal-entity and ultimate-parent relationships, we were able to assign more consistent, issuer-aligned sector classifications to corporate bond instruments, including securities issued through financing arms.

This materially expanded the share of the mandates that could be analyzed for Net Zero alignment, increasing GICS coverage by 40–50 percentage points. As with any coverage enhancement, some movement in reported metrics reflects more holdings being captured in the analysis, rather than a sudden change in underlying alignment.

To support clients in navigating the transition, we take targeted actions across our investment process. This includes partnering with interested asset owner clients and prospects to define and pursue decarbonization goals; supporting mandate design, implementation roadmaps, portfolio analysis, and ongoing monitoring of climate outcomes; providing and overseeing investment approaches that can support client-directed Net Zero objectives where implementation pathways exist; and engaging with delegated managers to support the development of investment solutions, data, and services that reflect climate-related risks and opportunities.

For portfolios managed in line with Net Zero objectives, Russell Investments uses interim targets to monitor progress towards Net Zero by 2050. These include:

- **Asset alignment**: by 2025, at least 25% of the portfolio's market value will be invested in companies assessed as aligning to a Net Zero pathway.
- **Emissions reduction**: by 2025, achieve a 50% reduction in the portfolio's carbon emissions intensity relative to 2019.
- **Engagement**: by 2030, engage with companies responsible for 90% of the portfolio's financed emissions, aiming for them to be either aligned to Net Zero or actively under direct or collective engagement.
- **Thermal coal exposure** will be phased out for OECD countries by 2030 and expanded to the rest of the world by 2040.

We disclose progress against relevant Net Zero objectives annually, including context on the Scope, asset class coverage, methodologies, data limitations, and investment approaches. We also review our Net Zero framework and implementation approach periodically to reflect evolving regulation, market practice, data availability, methodology, asset class coverage, and client needs. As part of this ongoing review, we are evaluating potential updates to our interim target framework and expect to provide an updated approach in next year's report for FY2026. Progress against interim targets is reported in the **Metrics, targets, and outcomes** section of this report.

In addition to the interim targets monitored for certain portfolios, Russell Investments has also set a goal to reach Net Zero in its own business operations by 2050. More information is provided in the **Climate in our own operations** section.

2.6.1 Assessing Net Zero alignment of holdings companies

Russell Investments has developed an internal asset alignment model to assess the Net Zero alignment of underlying holdings. The model is informed by the Net Zero Investment Framework and adapted to our investment philosophy and client needs. It draws on external benchmarks, public initiatives, and third-party climate data to support a company-level assessment of alignment.

Exhibit 7: Assessing corporate equity and debt asset alignment.

Criteria	Description	Committed to aligning	Aligning to Net Zero	Aligned to Net Zero
Ambition	Company discloses long-term goal of achieving Net Zero global emissions.	☑	☑	☑
Targets	Company has set reduction targets across Scope 1, Scope 2, and material Scope 3 emissions.		☑	☑
Transparency	Company discloses climate-related data and information.		☑	☑
Decarbonization strategy	Company shows a quantified plan setting out measures to deliver targets.		☑	☑
Capital allocation	Company demonstrates CAPEX consistent with targets.			☑
Emissions performance	The reported emissions intensity is in line with the stated targets.			☑

Source: Russell Investments; adapted from the Net Zero Investment Framework 2.0 (IIGCC)

Using this model, we assess companies across six criteria: ambition, targets, transparency, decarbonization strategy, capital allocation, and emissions performance. The purpose of the model is not only to identify companies that are already aligned with Net Zero pathways, but also to distinguish between companies that are aligning, committed to aligning, or may require further stewardship attention.

Case study: Strengthening company-level Net Zero alignment assessment

As part of our broader climate strategy, Russell Investments is enhancing its proprietary Net Zero alignment model to support a more robust assessment of underlying listed equity and corporate debt holdings. The updated model is informed by the Net Zero Investment Framework 2.0 and is designed to provide a more structured view of whether companies are aligned, aligning, committed to aligning, not aligned, or where available data remains insufficient.

The enhanced methodology is organized around the TCFD pillars, assessing company practice across governance, strategy, risk management, and metrics and targets. It also introduces a waterfall approach, where companies must meet the criteria for earlier alignment categories before being assessed for higher levels of alignment. Expanded data inputs, including CDP questionnaire data, updated Transition Pathway Initiative assessments, MSCI data, and Planetrics temperature alignment, are intended to strengthen the consistency and depth of company-level assessment.

The model also updates the classification of high-impact sectors using NZIF definitions, rather than relying only on Climate Action 100+ focus sectors. High-impact sectors will be subject to a higher threshold for alignment, reflecting their importance to achieving Net Zero. Together, these enhancements are intended to improve how Russell Investments assesses portfolio alignment, monitors progress and identifies where stewardship or further analysis may be needed. The updated corporate alignment model is expected to go live in 2026, following quality assurance, criteria finalisation, and fund-level analysis.

This assessment supports portfolio monitoring and informs our stewardship approach, including the interim target that seeks coverage of financed emissions through holdings that are aligned to Net Zero or subject to direct or collective engagement. The model is currently most applicable to listed equities and corporate debt, where data and methodologies are more developed, and we continue to refine the approach as company disclosure, data availability, and market practice evolve.

Looking ahead, Russell Investments will continue to enhance its Net Zero alignment capabilities to support more comprehensive portfolio-level reporting. Planned enhancements include extending the model to assess sovereign alignment and developing our reporting capabilities around climate solutions. These additions are intended to broaden the framework beyond corporate issuers, improve visibility across asset classes, and provide a more complete view of how underlying holdings contribute to portfolio-level Net Zero assessments.

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. For the purposes of this report, we assess climate outcomes using an aggregated Global Portfolio view. This provides a consistent basis for monitoring climate-related exposures and year-over-year outcomes across traditional client assets, while recognizing that underlying mandates, asset allocation, and benchmarks of individual funds differ.

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 analyzed 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 in the Russell Investments Global Portfolio increased 63% year-over-year in FY2025[7], which is important context for interpreting this year's climate outcomes. This is particularly relevant for financed emissions, which is an absolute measure that can rise as portfolio value or assets under management increase. For this reason, we interpret financed emissions alongside intensity measures and benchmark comparisons, which provide additional context on changes in carbon exposure and relative positioning.

[7] AUM for the Russell Investments' Portfolio increased 63% between FY2024 and FY2025 (from $225 million to $367 million respectively).

3.1.1 Financed emissions and weighted average carbon intensity.

From an absolute financed emissions perspective, portfolio growth was the primary driver of the year-over-year increase. Looking beyond AUM growth, there was a small amount of upward pressure from portfolio mix, but the financed emissions intensity and WACI outcomes indicate that this was not a severe or broad-based deterioration in the portfolio's climate profile. Instead, the results point to a more moderate change in exposure, concentrated in specific parts of the portfolio.

Exhibit 8: Financed emissions (FE) absolute and intensity figures year-over-year

Fund	Scope 1 - Absolute FE (tCO2e)	Scope 2 - Absolute FE (tCO2e)	Scope 3 - Absolute FE (tCO2e)
Russell Investments' Portfolio FY2025	**11,331,042**	**2,722,218**	**81,122,747**
Russell Investments' Portfolio FY2024	7,238,358	1,707,701	48,831,538
% change YoY	57%	59%	66%
	Scope 1 - FE Intensity	**Scope 2 - FE Intensity**	**Scope 3 - FE Intensity**
Russell Investments' Portfolio FY2025	**51.46**	**12.36**	**368.38**
Russell Investments' Portfolio FY2024	46.10	10.88	311.03
% change YoY	12%	14%	18%

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 highest emitting sectors increased very slightly as a percentage of overall AUM[8], but because these sectors carry a disproportionate 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.

From a regional perspective, the United States remained the largest absolute contributor because it is the portfolio's largest allocation. Additional intensity pressure came from Canada, Australia, parts of Europe and selected emerging markets, largely because of the underlying sector composition in those markets. The regional story is therefore best understood through the sector exposures within each region, rather than as a broad regional allocation shift.

The year-over-year movement of the portfolio in total largely reflects natural portfolio and market movement within Russell Investments' broad multi-asset, multi-manager investment approach. Sector performance, valuation changes, mandate exposures, and ordinary portfolio rebalancing can all affect the weight of emissions-intensive industries from year-to-year. In this context, the movement reflects market-led fluctuation and portfolio construction dynamics, rather than an intentional shift toward higher-emitting companies.

[8] Materials, Industrials, Energy and Utilities moved from 16.30% to 17.12% of AUM year-over-year.

While financed emissions provide an absolute view of the portfolio's carbon footprint, they are influenced by changes in AUM and portfolio scale. To better understand underlying exposure and isolate the effect of portfolio composition, we also assess weighted average carbon intensity (WACI), which provides a relative, risk-oriented view of emissions per unit of economic activity.

Exhibit 9: Weighted average carbon intensity (WACI) year-over-year with benchmark comparison

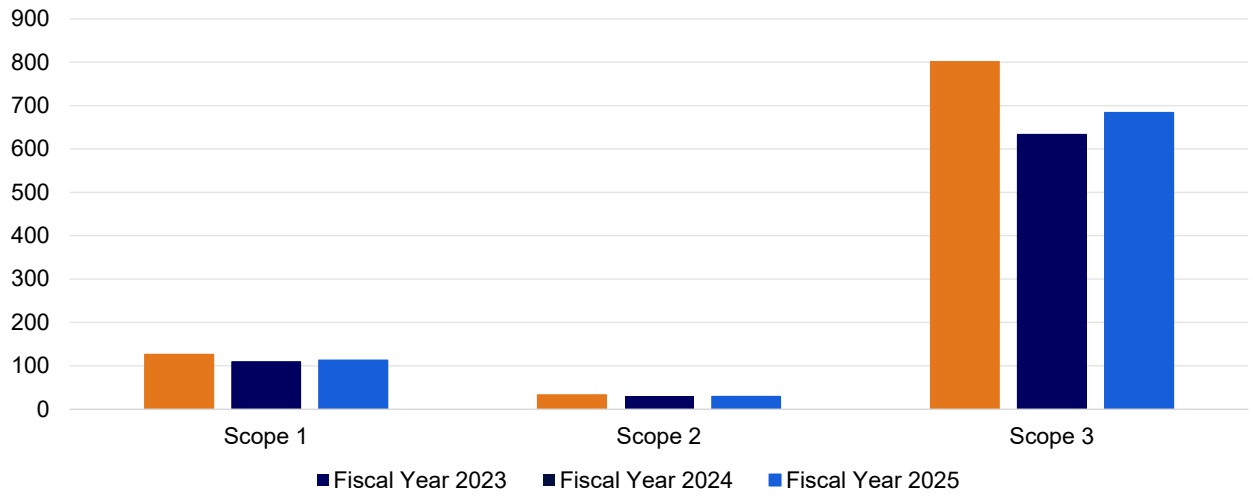
Fund	WACI – Scope 1 (tCO2e per million USD revenue)	WACI – Scope 2 (tCO2e per million USD revenue)	WACI – Scope 3 (tCO2e per million USD revenue)
Russell Investments' Portfolio FY2025	**113**	**29**	**684**
Russell Investments' Portfolio FY2024	109	30	633
Russell Investments' Portfolio FY2023	126	33	801
% change YoY (24/25)	3%	-3%	8%
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.

Relative to benchmarks, the Global Portfolio continued to reflect the effects of strategic asset allocation, sector mix, and mandate design across a diversified multi-asset platform. The benchmark comparison provides useful context for interpreting the year-over-year movement, as the portfolio's WACI profile remained broadly in line with expectations for a global multi-asset portfolio with exposure across developed markets, emerging markets, and credit.

While Global Portfolio Scope 1 emissions rose year-on-year, Scope 2 emissions fell by the same proportion. Meanwhile, Scope 3 WACI figures exhibited variability which is similar to the sensitivity described for this emissions category above. In aggregate, WACI results point to a contained movement in weighted exposure, with limited additional pressure from sectors that carry higher emissions profiles due to natural portfolio and market movements within emissions-intensive areas.

Exhibit 10: WACI trend



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

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 11: Temperature alignment comparison year-over-year

Fund	Temperature alignment °C FY2025	Temperature alignment °C FY2024	Temperature alignment °C FY2023
Russell Investments' Portfolio	**3.1**	3.01	3.34
Benchmarks FY2025			
MSCI World Index	***2.88***	*2.86*	*3.17*
MSCI Emerging Markets Index	***3.84***	*3.81*	*3.89*
Bloomberg Barclays Global Aggregate Credit Index	***2.94***	*2.9*	*3.3*

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

In 2025, the Russell Investments Global Portfolio's temperature alignment increased slightly year-over-year but remained broadly stable in the context of the longer-term trend. Comparatively, the portfolio remained within the range of benchmark outcomes. It sat between developed market and credit benchmarks on one side and emerging markets on the other, which is consistent with a diversified global portfolio.

This positioning is also important when viewed alongside the financed emissions results. Absolute financed emissions increased more visibly because the portfolio became larger, while temperature alignment moved only slightly. This suggests that the year-over-year change was more pronounced in the portfolio's current emissions footprint than in its implied longer-term transition pathway.

Taken together, the temperature alignment results reinforce the overall narrative that emissions movement in 2025 was mainly scale driven, with only a small mix effect from natural portfolio and market movements within higher-emitting sectors. The portfolio remains above pathways associated with limiting warming to 1.5°C, so continued progress remains dependent on underlying issuers improving transition plans, setting credible targets, and delivering real-world decarbonization 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 12: FY2025 Sovereign bonds emissions

Fund	GHG intensity (T/USD million GDP nominal)	GHG per capita (tCO2e per capita)
Russell Investments' Portfolio FY2025	**222.97**	**13.76**
Russell Investments' Portfolio FY2024	223.22	13.87
% change YoY	-0.11%	-0.78%
Benchmarks FY2025		
Bloomberg Barclays Global Aggregate Government Index	*287.39*	*11.68*

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

In 2025, the sovereign metrics were broadly stable year over year. The results do not indicate a material shift in the emissions profile of the sovereign allocation. Relative to the benchmark, the portfolio showed lower emissions intensity relative to GDP, while emissions per capita was higher. This reflects the fact that sovereign climate metrics can point to different conclusions depending on whether the focus is economic output or population-adjusted emissions.

Our data does not include 2023 sovereign emissions data because comparable sovereign emissions data was not available for that year. As a result, the year-over-year comparison for sovereign bonds is limited to 2024 and 2025.

For other non-corporate or less liquid asset classes, including private markets and alternatives, climate data availability and methodology remain less mature. Where available, climate assessment for these areas relies more heavily on manager disclosures, mandate design, asset-specific analysis, and ongoing engagement.

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 13: Climate scenario analysis outcome on Russell Investments' Portfolio FY2025

NGFS Climate Scenario	NPV Impact (both physical and transition risks)	NPV Impact (physical risks)	NPV Impact (transition risks)
Hot house world	**-5.80%**	**-5.80%**	**0.00%**
Delayed transition	**-6.60%**	-0.30%	-6.30%
Net Zero 2050	**-9.10%**	-0.20%	-8.90%

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

Under the updated framework, all three scenarios indicate a negative estimated impact on portfolio value. Net Zero 2050 shows the largest estimated impact, reflecting the earlier and broader transition costs embedded in that pathway. Delayed Transition also shows a negative impact, driven mainly by transition risk, while Hot House World is driven by physical risk rather than transition effects.

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

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, decarbonization progress, and stewardship coverage over time.

Progress against these targets is assessed 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.

Funds within this subset are considered "In-Scope" for Net Zero monitoring. While only a portion of these funds have explicit Net Zero objectives embedded in their mandates, all In-Scope portfolios are assessed against the interim targets to provide a consistent view of progress and alignment.

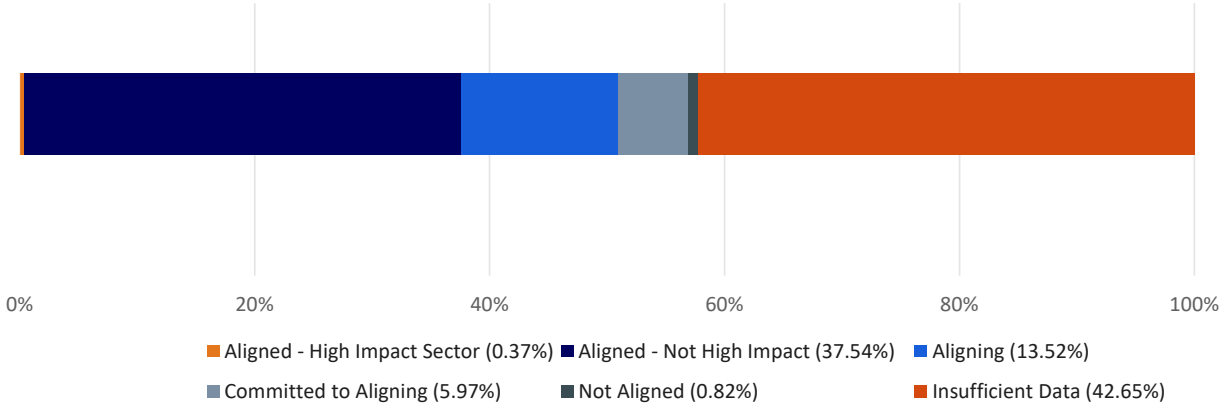
Exhibit 14: Net Zero interim target progress

Target Type	2019 Baseline	Target (Year of Target)	Current value	Status check
Asset alignment AUM aligned or aligning to Net Zero	15%	25% (2025)	**51%**	**On track**
Engagement Financed emissions aligned or subject to direct or collaborative engagement.	62%	70% (2025)	**74%**	**On track**
Emissions reductions WACI relative to 2019 baseline	0%	50% (2030)	**53%**	**On track**

Source: Russell Investments as of 31 December 2025.

The Russell Investments Net Zero Portfolio remains on track across all three interim targets. Taken together, these results indicate that portfolios within Scope are progressing in line with their stated Net Zero objectives. Asset alignment and engagement are above their current milestone thresholds, while emissions intensity remains ahead of the pathway implied by the longer-dated target. Overall, this suggests that Net Zero considerations are increasingly reflected in both portfolio construction and stewardship coverage.

Exhibit 15: Russell Investments Net Zero Portfolio - Net Zero Alignment Distribution



Source: Russell Investments, as of 31 December 2025.

The alignment distribution provides additional context on the quality of this progress. It shows that approximately half of the portfolio is currently assessed as aligned or aligning to Net Zero, with a further portion committed to aligning, and only a limited share assessed as not aligned. Within this, alignment in high-impact sectors[9] remains relatively small, reflecting the higher threshold required for companies in these sectors to be considered aligned.

At the same time, insufficient data remains a significant constraint, representing a substantial share of the portfolio. As a multi-asset portfolio, this reflects both ongoing gaps in company disclosure and more limited coverage for certain credit asset classes, where data may be less developed.

Russell Investments continues to enhance its Net Zero alignment model and underlying data coverage to address these gaps. Over time, improvements in disclosure, data availability, and methodology are expected to increase the proportion of the portfolio that can be assessed and strengthen the robustness of alignment analysis.

In 2026 we will be reporting our progress against a revised set of interim net zero targets.

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 16: 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
FY2024	72%	13%	15%
FY2025	**71%**	**7%**	**22%**

[9] High impact sectors are defined as sectors with significant greenhouse gas emissions and a critical role in the transition to a low-carbon economy. For the purposes of this analysis, these include: oil and gas (including distribution), coal mining, electric utilities, diversified mining, steel, cement, aluminum, chemicals, automobiles, airlines, shipping, transportation, agriculture, forestry and fishing, food producers, paper and forest products, real estate, banking, and selected consumer goods and industrial sectors.

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.

Year-over-year, the proportion of reported carbon data in the Global Portfolio remained broadly stable, while estimated data declined and unavailable data increased. This indicates that, although issuer-reported data continues to represent the majority of portfolio coverage, gaps remain in the availability of emissions data across the investment universe. These gaps are particularly relevant for less transparent markets and asset classes where disclosure practices and estimation methodologies are still developing.

When looking at data quality, Scope 3 emissions remain a particular area of challenge. For reference, while just over 70% of Scope 1 and Scope 2 data were reported by companies in 2025, only 30% of Scope 3 emissions were reported. We continue to observe substantial volatility in Scope 3 carbon intensity figures, largely due to inconsistent reporting standards, varied estimation methodologies, and a lack of reliable data coverage across sectors and geographies. This instability underscores the complexities of using Scope 3 emissions in investment decision-making and the need for cautious interpretation of these figures.

To address these challenges, Russell Investments continues to evaluate carbon data quality, coverage, and estimation methodologies. We monitor industry frameworks, including the Partnership for Carbon Accounting Financials, and regulatory guidance, including the EU Sustainable Finance Disclosure Regulation, to support a consistent and decision-useful approach to climate data integration.

We are also assessing the availability and reliability of emissions data across additional asset classes, including private real estate, unlisted infrastructure, and private equity. These areas remain less mature from a climate data perspective and often require greater reliance on manager disclosures, asset-specific information, and methodology development. Expanding coverage across these asset classes remains an important area of focus as we seek to build a more complete view of climate-related risks and opportunities across multi-asset portfolios.

Integration of nature-related risks and opportunities into our strategy

4

4. Nature and the next horizon

Russell Investments is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and recognizes nature and biodiversity as a growing source of systemic financial risk. As such, we've expanded our disclosures around nature risk, reflecting our progress in building an analytical framework. Nature-related risks are becoming increasingly relevant to investment outcomes as economic activity remains highly dependent on ecosystem services.

More than half of global GDP is estimated to be moderately or highly dependent on nature, and the World Economic Forum identifies biodiversity loss as one of the most severe systemic risks over the next decade. These dynamics reinforce the importance of assessing and managing nature-related risks alongside climate considerations.

4.1 Governance and Approach to Nature Risk

Our approach to nature risk focuses on both identifying **risk exposures** and informing **stewardship.**

We have developed an analytical framework that integrates ENCORE (Exploring Natural Capital Opportunities, Risks and Exposures) ratings with corporate SFDR indicators to assess where nature-related risks are most concentrated across portfolios. This enables us to identify exposures to nature-sensitive sectors and activities while supporting our clients' understanding of how these risks may affect investment outcomes.

Insights from this analysis are then used to inform our natural capital engagement program, providing an evidence base for targeted company engagement on nature-related risks and opportunities.

As with many emerging areas of sustainability analysis, nature-related data is still developing, and coverage remains incomplete for certain metrics and holdings. We therefore disclose data coverage alongside relevant metrics and continue to refine our approach as data availability and methodologies evolve.

4.2 Priority Sector Exposure

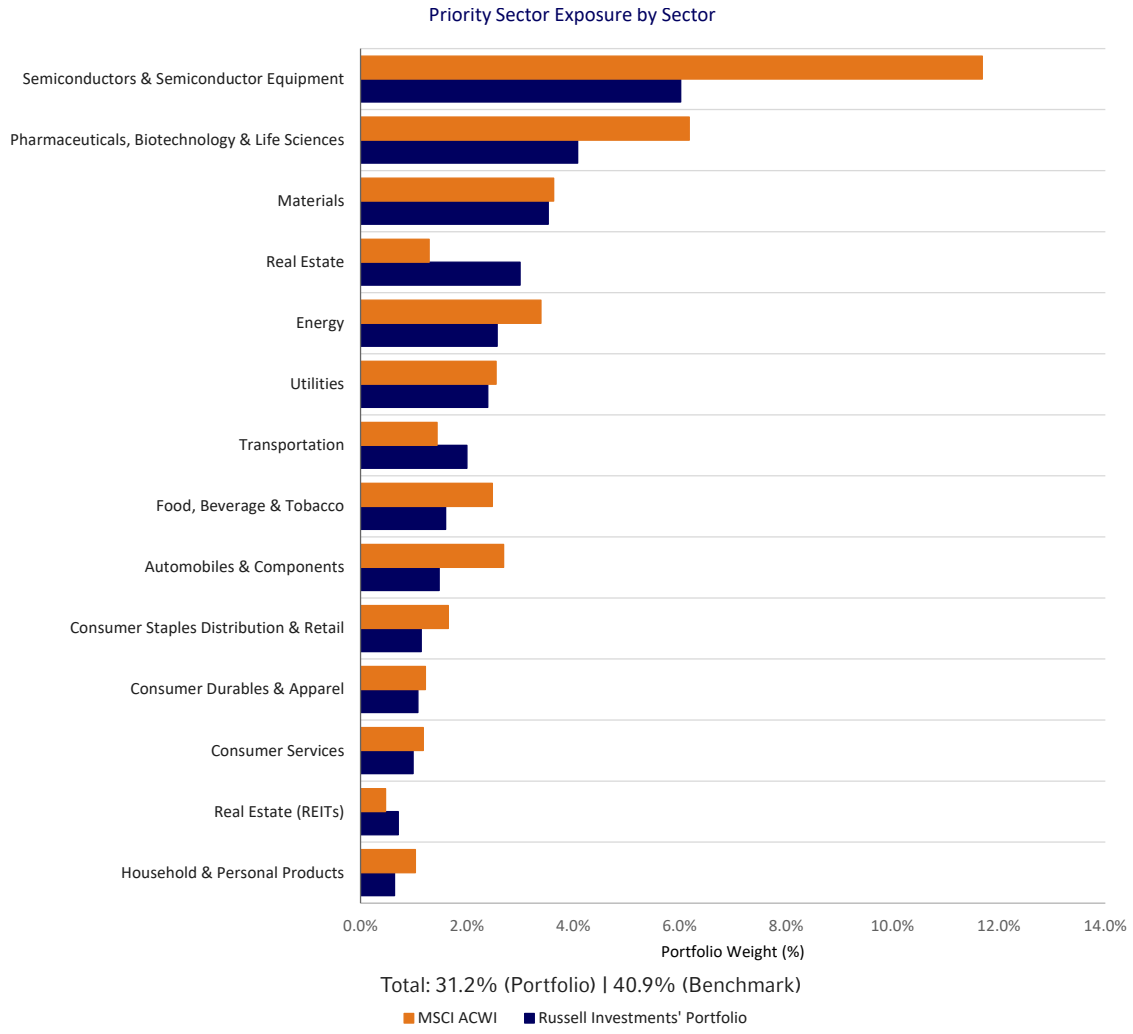
The first part of our nature risk management approach is to identify where exposures are most concentrated across portfolios. To support this, we use TNFD as our primary reference and apply its Locate, Evaluate, Assess, Prepare (LEAP) approach to structure our analysis.

- **Locate**: Identify sectors and geographies with the greatest interaction with natural ecosystems using TNFD priority sectors.
- **Evaluate**: Assess dependencies on and impacts to ecosystem services through the ENCORE framework, which rates sector activities against ecosystem service dependencies and environmental pressures.
- **Assess**: Quantify material risks using SFDR indicators, ENCORE ratings, Sustainalytics data, and TNFD priority sector classifications.
- **Prepare**: Use insights to inform engagement priorities and support TNFD-aligned disclosures.

As an initial lens within this framework, we assess exposure to TNFD priority sectors. These sectors represent GICS industry groups with the most material dependencies on nature. The Russell Investments portfolio has **31.2% exposure to these sectors**, compared with **40.9% for the MSCI ACWI benchmark**.

This provides a starting point for understanding nature-related risk and is a key lens through which we help clients understand their nature risk footprint. A portfolio with materially higher exposure to priority sectors than its benchmark carries a greater concentration of nature-sensitive business activities and warrants closer scrutiny at the holding level.

Exhibit 17: Portfolio and benchmark exposure to TNFD priority sectors by GICS industry group.



Source: Russell Investments, TNFD Additional Guidance for Financial Institutions v2.0. As of 31 December 2025.

4.3 Ecosystem Service Materiality: ENCORE Analysis

Building on the sector-level view, the next step in our nature risk management approach is to assess how these exposures translate into specific ecosystem dependencies and environmental pressures at a more granular level.

Ecosystem services are the contributions that natural systems make to economic activity and human wellbeing. These include:

- **Provisioning services** such as freshwater supply, biomass, and genetic material used in pharmaceuticals and agriculture.

- **Regulating services** such as flood mitigation, climate regulation, and pollination, which underpin agricultural productivity and infrastructure resilience.
- **Supporting services** like nutrient cycling and soil formation maintain the productivity of land over time.
- **Cultural services**, such as recreation and tourism, have direct economic value.

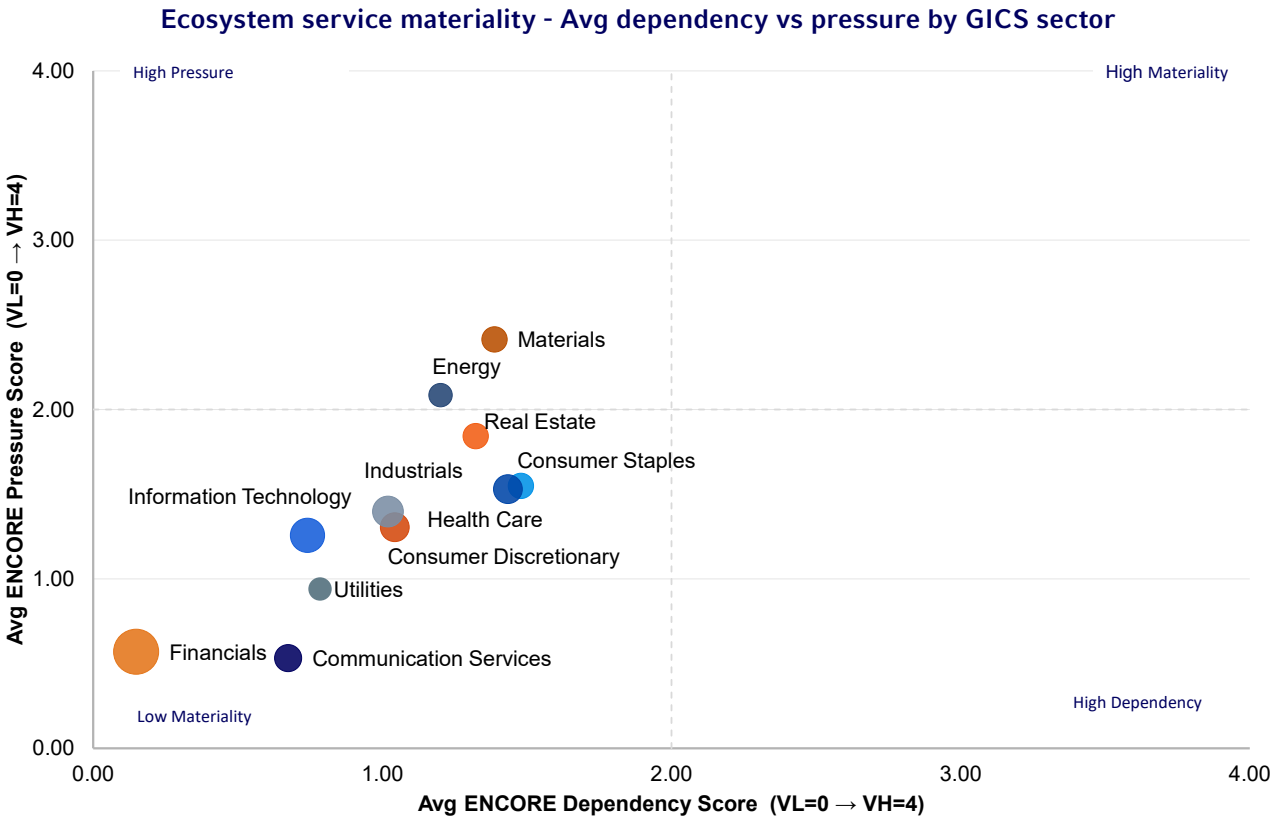
Many of these services have no market price yet remain critical inputs to production. For investors, the key considerations are which sectors depend most heavily on these services, and which activities place the greatest pressure on them, both of which represent pathways to financial risk.

To assess this, we use the ENCORE framework which rates each GICS sub-industry across ecosystem service dependencies and environmental pressures on a scale from **Very Low (VL)** to **Very High (VH)**.

Dependency ratings indicate how reliant production processes are on natural systems, while pressure ratings reflect the extent to which those activities degrade ecosystems. For example, a high dependency on water supply means that sector cannot function without reliable access to freshwater. A high land use pressure rating would indicate significant habitat disruption.

Exhibit 18: ENCORE ecosystem service dependency vs environmental pressure by GICS sector.

Scores represent the average across all ecosystem services; individual service-level H/VH ratings are shown in Exhibits 6 and 7. Bubble size = portfolio weight.

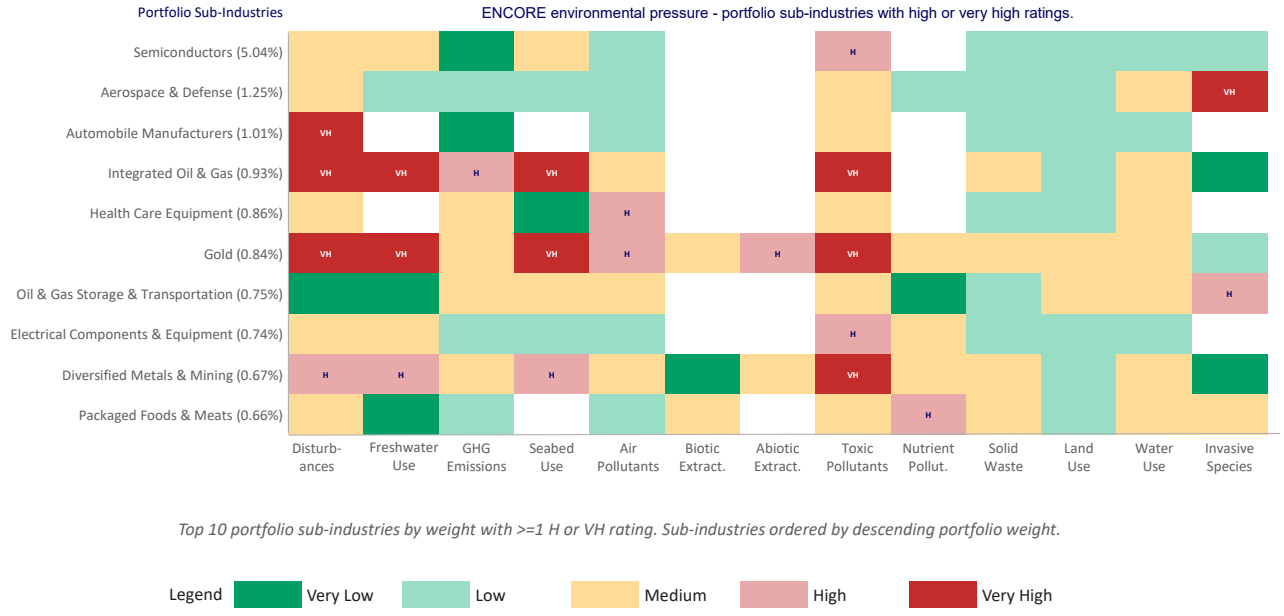


Note average all ecosystem services dilute individual H/VH ratings. See exhibits 6 and 7.

Source: Russell Investments, ENCORE (UNEP-WCMC).

This chart provides a portfolio-level view by plotting average dependency and pressure scores across sectors, with bubble size representing portfolio weight. However, averages can mask material risks. A sector with very high exposure to a single critical ecosystem service may appear moderate when viewed in aggregate. To address this, we extend the analysis to the sub-industry level.

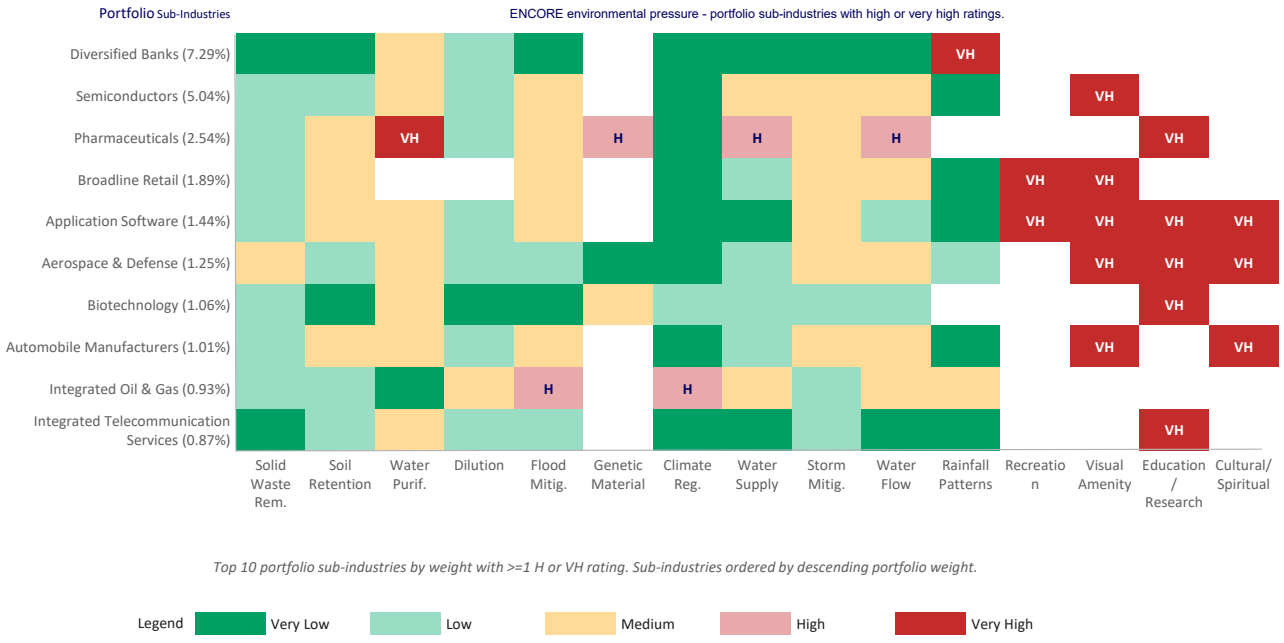
Exhibit 19: ENCORE environmental pressure ratings for portfolio sub-industries with at least one High or Very High rating.*



Top 10 portfolio sub-industries by weight with >=1 H or VH rating. Sub-industries ordered by descending portfolio weight.

Source: Russell Investments, ENCORE (UNEP-WCMC).

Exhibit 20: ENCORE ecosystem service dependency ratings for portfolio sub-industries with at least one High or Very High rating.*



Top 10 portfolio sub-industries by weight with >=1 H or VH rating. Sub-industries ordered by descending portfolio weight.

Source: Russell Investments, ENCORE (UNEP-WCMC).

* *Note: Green - Very Low(VL), Light green - Low (L), Yellow - Medium(M), Orange - High (H), Red - Very High (VH). White cells represent missing data. Sub-industries ordered by portfolio weight (highest at top).*

These heatmaps provide a more granular view of where nature-related risks are concentrated within the portfolio. They highlight the specific ecosystem services and environmental pressures most relevant to the largest holdings.

This analysis supports two objectives. First, it strengthens risk identification by moving beyond sector averages to identify the most material exposures at the sub-industry level across a portfolio. Second, heatmaps provide a practical basis for engagement by identifying clear, evidence-based themes, such as land use pressure or water dependency, that can be raised in company dialogue. Finally, we expect this approach to provide an accessible entry point for clients seeking to better understand their nature-related exposures by focusing on the most material areas of the portfolio.

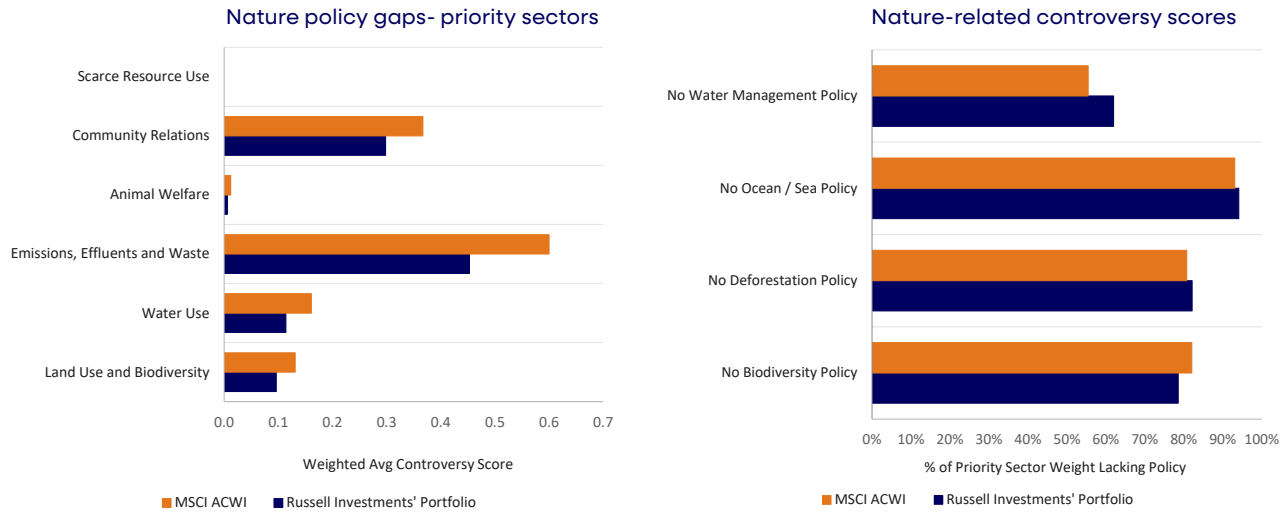
4.4 Policy and controversy-related Nature Metrics

Building on the ENCORE analysis, the final step in our nature risk assessment approach is to evaluate company-level governance and risk indicators. This helps translate sector and sub-industry exposures into insights that are directly relevant for portfolio management and engagement.

Our analysis focuses on nature-related policies and controversies. The left panel shows the share of priority sector holdings that lack a formal policy in key areas, including biodiversity protection, deforestation, ocean and sea stewardship, and water management. The right panel shows weighted average controversy scores across nature-related themes, based on Sustainalytics analyst assessments, where higher scores indicate more severe or systemic incidents.

Exhibit 21: Nature policy gaps and controversy scores at the company level

Left is the percentage of portfolio weight in companies lacking a nature-related policy (deforestation shown for TNFD priority sectors only). Right is the weighted average nature-related controversy scores.



Source: Russell Investments, TNFD Additional Guidance for Financial Institutions v2.0. As of 31 December 2025.

Together, these metrics highlight where governance gaps and risk exposures are most concentrated within the portfolio. They provide a bridge between risk identification and stewardship by identifying the companies and themes where engagement is likely to be most impactful. These insights directly inform the prioritization of our natural capital engagement program.

4.5 Stewardship and natural capital

Insights from our nature risk assessment framework directly inform our stewardship priorities, with natural capital management forming a focus area of our direct company engagement program. We use

a proprietary assessment framework to evaluate how companies identify, manage, and disclose nature-related risks and opportunities, grounded in financial materiality.

The framework assesses four core areas: governance, strategy, risk management, and metrics and targets. Through this lens, we evaluate whether companies recognize nature as a strategic issue with appropriate oversight, how they address sector-specific risks across operations and value chains, and whether capital is being allocated to mitigate risks or support nature-positive outcomes.

We also assess how companies identify their dependencies and impacts on nature, and whether these are translated into clear disclosures and measurable targets aligned with emerging frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD). This enables us to identify financially material gaps and define engagement objectives that we believe can enhance long-term value.

Case study: engaging on natural capital management

Russell Investments engaged with Zijin Mining Group, a large, globally diversified mining company with operations across multiple geographies and commodities to assess its approach to natural capital management.

The company has articulated a "green mining" concept, including biodiversity protection, restoration, and monitoring, with targets such as restoring all restorable land and developing Biodiversity Action Plans across sites by 2030. While management has shown openness to more advanced concepts such as net positive biodiversity, our assessment identified several gaps.

The company lacks a clearly defined end-state ambition, such as a no-net-loss or net-positive impact goal. Disclosures are largely process-based, making it difficult to assess real-world outcomes, and past environmental controversies raise questions about consistency of implementation. In addition, biodiversity dependency and impact assessments had not yet been disclosed, limiting transparency.

We have engaged the company since 2024, focusing on addressing these gaps. The company has indicated that it is exploring a formal no-net-loss commitment, developing a new biodiversity policy, and adopting the TNFD framework using the LEAP approach, with initial disclosures expected in 2025. It has also signaled an intention to link biodiversity-related KPIs to executive remuneration, although further work is needed to establish robust baseline data.

Our ongoing engagement focuses on supporting the company to translate these commitments into measurable outcomes, including clearer targets, improved disclosure of impacts and dependencies, and stronger integration of nature-related considerations into project design, approvals, and capital allocation decisions.

For companies in high-impact sectors, nature-related risks can have direct financial implications, including regulatory constraints, operational disruption, and challenges to maintaining a social license to operate. Through targeted engagement, we aim to support more robust risk management and encourage the integration of natural capital considerations into core business strategy and investment decision-making.

Looking ahead

5

5. Building future capabilities

Climate and nature-related risks and opportunities continue to evolve as scientific understanding, data availability, market practice, regulation, and client expectations develop. Russell Investments recognizes that supporting clients in this environment requires an approach that continues to adapt, with ongoing refinement of the tools, analytics, and investment capabilities used to assess and manage these issues across portfolios.

Building on the outcomes and priorities described earlier in this report, this section brings together the areas where we are continuing to strengthen our approach and expect to report on in next year's Global Climate Report (FY2026). Our objective is to ensure that our capabilities evolve in a way that is practical, decision-useful, and aligned with the long-term interests of our clients.

5.1 Building climate fluency across teams.

Launching in 2026, the Climate Representatives Group will form part of Russell Investments' broader effort to strengthen climate capabilities across the firm. Designed for colleagues across investment and go-to-market teams who are not climate specialists, the program aims to build a shared baseline of climate literacy and practical confidence, supported by common language, core concepts, and a clearer understanding of how climate-related considerations increasingly inform our research, products, and client conversations.

Throughout 2026, the program will develop in phases, beginning with foundational concepts and progressing toward firm-specific application. The aim is to equip participants to act as informed climate representatives within their teams by recognizing when climate topics are relevant and connecting colleagues with the appropriate internal specialists where needed. Over time, we expect this capability to support more consistent integration of climate considerations across research, investment discussions, and client engagement.

5.2 Advancing physical risk capabilities.

In 2026, Russell Investments will prioritize advancing its physical climate risk capabilities, as the frequency and severity of physical climate impacts increase. Focus will be on improving how we identify, assess, and integrate climate hazards into portfolio analysis and manager research.

A key priority is using asset location data in a spatial framework to map hazards against exposures. Initial work will focus on real assets and infrastructure, where location data enables more direct assessment of physical risk. Over time, the firm will strengthen its ability to quantify impacts on returns, with the aim of better integrating physical risk into portfolio construction, risk assessment, and client analysis, and improving understanding of long-term investment implications.

5.3 Strengthening Net Zero assessment across portfolios.

In 2026, Russell Investments will continue to enhance its Net Zero alignment capabilities to strengthen the assessment of underlying holdings and the monitoring of fund-level Net Zero positioning over time. This work will focus on three areas: an updated corporate Net Zero alignment model, build-out of a sovereign alignment model, and development of climate solutions reporting capabilities.

The updated corporate model will introduce a methodology organized more closely in line with the TCFD pillars and supported by expanded data inputs, including CDP questionnaire data, updated TPI assessments, and Planetrics temperature alignment. It will also adopt an updated NZIF-based definition of high-impact sectors and a more structured waterfall approach to alignment assessment.

In parallel, Russell Investments will begin extending our Net Zero assessment capability to sovereign exposures and will develop climate solutions reporting capabilities to complement alignment analysis. Together, these enhancements will support a more robust and comprehensive view of how underlying holdings contribute to portfolio-level Net Zero assessments.

5.4 Expanding our alignment with the TNFD.

In 2026, Russell Investments will continue to advance its approach to TNFD alignment as part of its broader effort to strengthen nature-related risk assessment capabilities. Recognizing the interconnectedness of climate and nature risks, this work will focus on improving how we identify and assess nature-related dependencies, impacts, risks, and opportunities within our investment analysis.

Near-term priorities will include developing geospatial analysis of portfolio exposure to biodiversity-sensitive areas, with the aim of strengthening how location-specific nature risks are assessed. Russell Investments will also deepen engagement with investee companies in high-materiality TNFD priority sectors, with a focus on nature-related governance and target-setting. In parallel, disclosures will continue to evolve progressively across the fourteen TNFD recommended disclosure categories as underlying analytical capabilities mature.

Together, these developments will support a more structured and decision-useful approach to nature-related risk assessment, while helping Russell Investments further integrate nature considerations into its broader climate and investment framework.

Managing operational climate impact

6

6. Climate in our own operations

Russell Investments has set a goal to reach Net Zero in our own business operations by 2050. In line with this goal, we have measured our operational greenhouse gas (GHG) emissions consistently since 2021, covering Scope 1, Scope 2, and relevant Scope 3 categories excluding financed emissions. This historical collection of data has enabled the firm to build an increasingly robust understanding of emissions drivers across its global business operations.

6.1 Corporate carbon footprint

For the 2025 reporting year (with data measured as of 31 December 2024), Russell has elected to re-baseline its operational carbon footprint to calendar year 2024. This decision reflects both methodological improvements and structural changes in the business and is intended to ensure that future performance tracking is grounded in a more accurate and decision-useful foundation.

Exhibit 22: Russell Investments' operational GHG emissions footprint: 2024 baseline compared with former 2021 baseline.

Scope	2021 (old base year) Total Emissions (tCO2e)	2024 (calendar year) Total Emissions (tCO2e)	% total Scope emissions
Scope 1	92	70	0.09%
Scope 2 (Market Based)	1134	232	0.31%
Scope 3 (Categories 1-14)	112316	75491	99.60%
Total (Market Based)	**113542**	**75793**	**100.00%**

Source: Russell Investments as of 31 December 2024.
Reported corporate Scope 1, Scope 2, and Scope 3 (Categories 1–14) emissions correspond to the calendar year preceding the fiscal year covered in this report. This lag reflects the data availability and processing timelines associated with our external emissions verification and calculation partner.

While emissions have been measured consistently since 2021, updates to methodology, data sources, supplier coverage, and organizational boundaries mean earlier years are not directly comparable without recalculation. The 2024 baseline therefore provides a more reliable starting point for measuring future performance and identifying meaningful reduction opportunities.

Importantly, the updated baseline improves the credibility of forward-looking analysis by distinguishing between emissions changes driven by business growth and those driven by operational efficiency. As a result, Russell Investments considers 2024 to be the most appropriate reference point for tracking progress over time.

6.2 Rationale for Re-Baselining

Russell Investments elected to re-baseline its operational carbon footprint to 2024 for two principal reasons.

First, methodological enhancements have improved emissions data quality since 2021. These include improved supplier-specific data inputs, expanded activity coverage, updated emissions factors, and enhanced treatment of Scope 3 categories, particularly purchased goods and services and business travel. These improvements support more consistent and decision-useful measurement going forward.

Second, the firm's operating model has evolved materially. This includes a significant increase in headcount, notably approximately 37% growth in 2024 compared with 2023 driven by the Mumbai office, as well as changes to the global office footprint and hybrid working patterns. These factors directly affect emissions drivers such as energy use, commuting, and travel, meaning the 2024 footprint reflects a structurally different operating baseline.

Exhibit 23: Map of Russell Investments office locations

Source: Russell Investments

Together, these methodological and structural changes reinforce the need for a revised baseline that more accurately reflects the firm's current operations and supports credible target-setting and performance assessment.

6.3 Outlook

Russell Investments remains committed to reducing emissions across our operations. However, considering the methodological and structural changes outlined above, the firm is taking a measured approach to formalizing long-term targets. The 2024 baseline will serve as the reference point from which future performance is evaluated. Russell Investments will assess 2025 performance relative to this updated baseline before establishing or recalibrating operational Net Zero targets. This approach is intended to ensure that future commitments are credible, data-driven, and aligned with operational realities.

Looking ahead to the 2025 measurement year, Russell Investments expects that its operational footprint may increase modestly in the near term, reflecting:

- Continued growth in headcount.

- The ramp-up of the Mumbai office, including associated energy use; and
- The continued normalization of business travel activity.

Initial estimates suggest that the Mumbai office could have a material impact on Scope 1 and Scope 2 emissions from 2025 onward, depending on energy sourcing and the pace of operational ramp-up.

As a result, Russell Investments may place greater emphasis on emissions intensity metrics, such as emissions per employee, alongside absolute emissions. While absolute emissions remain important in showing the firm's total operational footprint, intensity metrics can provide additional insight into how efficiently the business operates as headcount, office footprint, and activity levels change over time.

This would help distinguish emissions increases associated with business growth from changes in underlying operational efficiency, while also supporting more targeted reduction initiatives in areas such as business travel, energy sourcing, and supplier engagement, or in other areas identified through future greenhouse gas measurement results.

Additional resources

7

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.

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