



# 2025

## Global investment stewardship report: Activities and outcomes



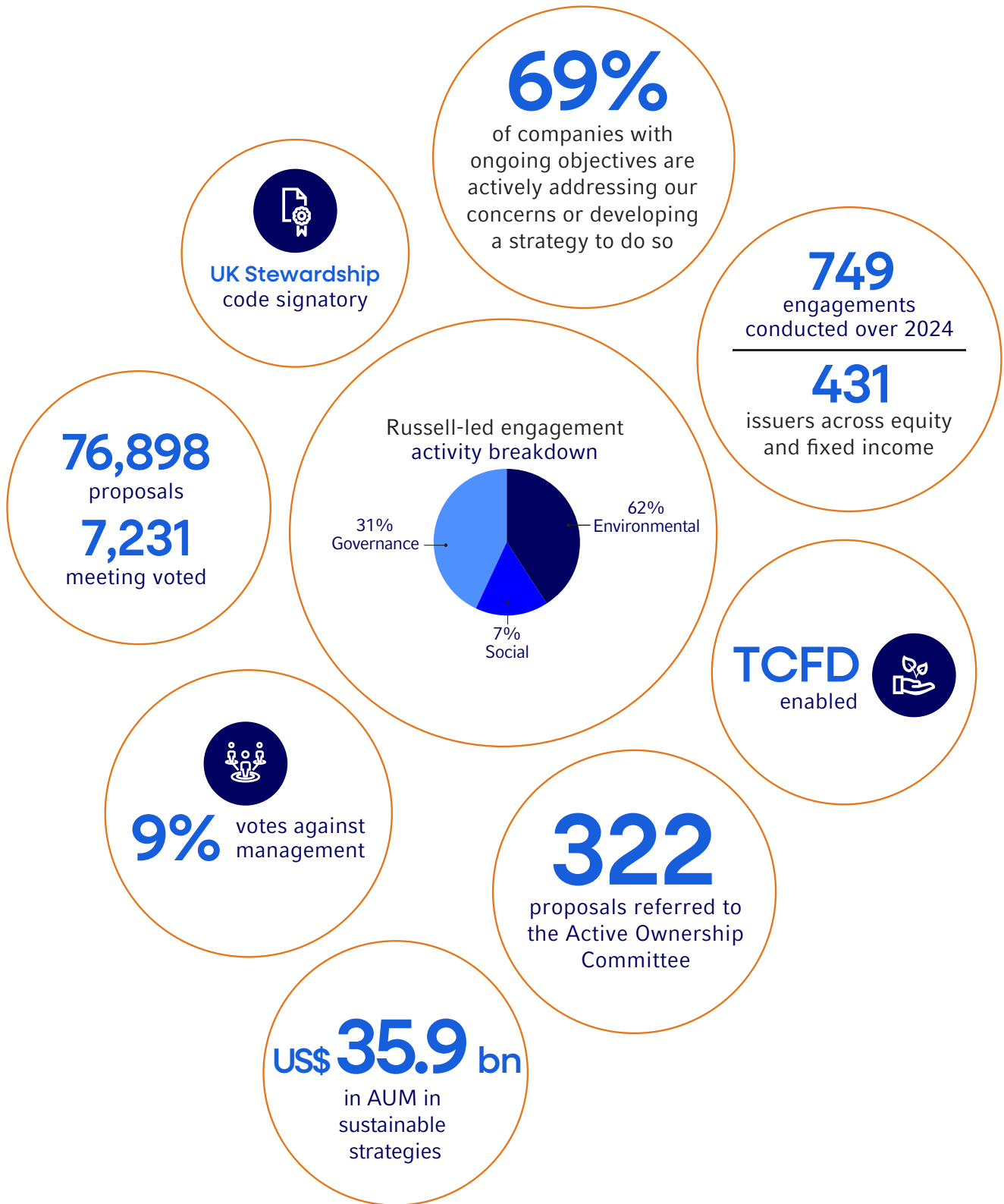
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This report is structured in alignment with the UK Stewardship Code and reflects relevant principles of the Japan and New Zealand Stewardship Codes.

# 2025 milestones and highlights



Source: Russell Investments, data as at 31 December 2025 unless otherwise stated.

# What comes next – looking ahead

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As stewards of our clients' capital, we will further develop our investment and stewardship practices as risks, market conditions, and client requirements evolve. We remain focused on embedding financially material sustainability considerations within investment decision-making.

In 2026, our priorities include:

## Sustainability Integration

We are improving the use of sustainability-related data within investment processes with an emphasis on data quality and comparability to inform risk assessment and portfolio construction. This includes further enhancements to sustainability data within MetriQ, our proprietary manager research and portfolio analytics system, and updates to our Net Zero Alignment Model for strategies with defined climate objectives.

## Solution development

We construct investment solutions aligned with client objectives by combining deep research on external managers with systematic capabilities that complement our multi-manager approach. We are seeing continued innovation across systematic and thematic strategies, expanding diversification opportunities and access to additional sources of return, including where sustainability and climate considerations are relevant.

## Climate risk management

We are expanding our approach to assessing climate-related risks across asset classes. This includes building out our physical risk assessment capabilities, initially focusing on real assets and infrastructure, and enhancing portfolio-level climate analysis.

## Active ownership

Our engagement approach will continue to evolve, with further development of evaluation tools and analysis of historical engagement outcomes to sharpen identification and response to issuer-level, financially material risks. Planned enhancements include greater focus on social topics, such as human rights, and the introduction of a social KPI framework to improve monitoring and prioritisation.

We will also refine escalation by more closely linking engagement outcomes and voting decisions, and by tightening the criteria used to determine when escalation is warranted.

## Manager stewardship oversight

Oversight of external managers' stewardship practices will remain a focus, with attention to alignment between manager activity, portfolio exposures and client objectives. We plan to expand structured reporting expectations and develop an assessment approach to evaluate consistency between engagement activity and portfolio positioning.

## Technology

Enhancements to our systematic capabilities and manager research platform will strengthen our ability to identify and evaluate new strategies, helping keep solutions aligned with client objectives and evolving market conditions. In parallel, we will continue investing in technology to improve the efficiency and consistency of stewardship practices, including enhancements to data infrastructure and the use of AI-enabled tools.

## Transparency and reporting

We will continue to develop reporting capabilities, including tools aligned with emerging frameworks such as TNFD, to provide clearer insight into portfolio exposures and stewardship activity.

## Training and development

Training will continue to promote consistent understanding of sustainability-related risks across investment teams. This includes rolling out a climate training programme to help investment and client-facing professionals apply climate-related concepts within an investment context.

**As practices evolve, we will continue to evaluate how these developments inform investment decision-making and long-term outcomes for clients.**





## Introductory statement

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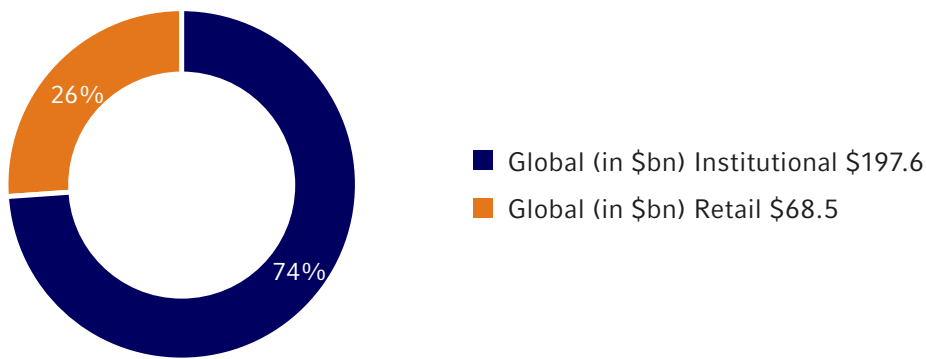
Russell Investments' stewardship approach is anchored in delivering long-term investment outcomes for clients and beneficiaries. Stewardship is integrated across asset classes, geographies, and investment strategies, and is embedded within our investment decision-making framework.

This Activities and outcomes report should be read alongside Russell Investments' annual [Global investment stewardship report: Policy, governance and client-focused disclosure](#), which sets out our governance structure, stewardship policies, resourcing, approach to managing conflicts of interest, and other relevant information.

Russell Investments is a global asset manager serving a diverse client base, including defined benefit pension schemes, defined contribution plans, insurance mandates, foundations, retail investors, and sovereign entities. The breakdown of our AUM as of 31 December 2025 can be found in the following exhibits:

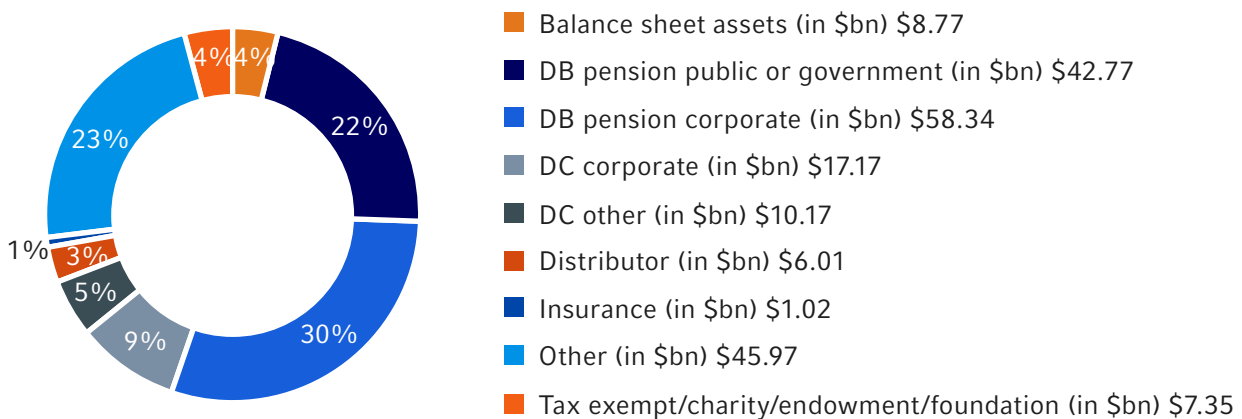


Exhibit 1: AUM – institutional vs retail



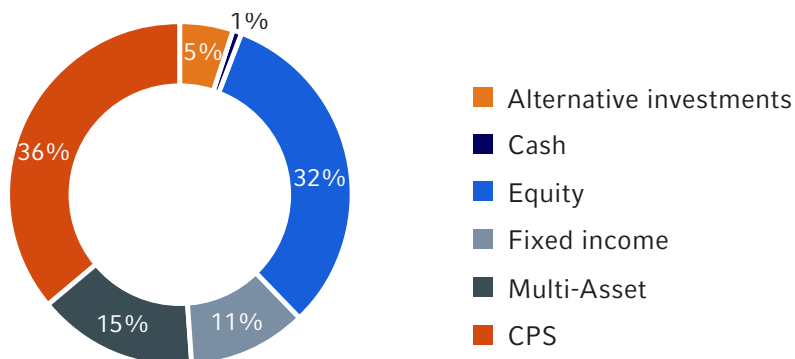
Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

Exhibit 2: Institutional breakdown by client type



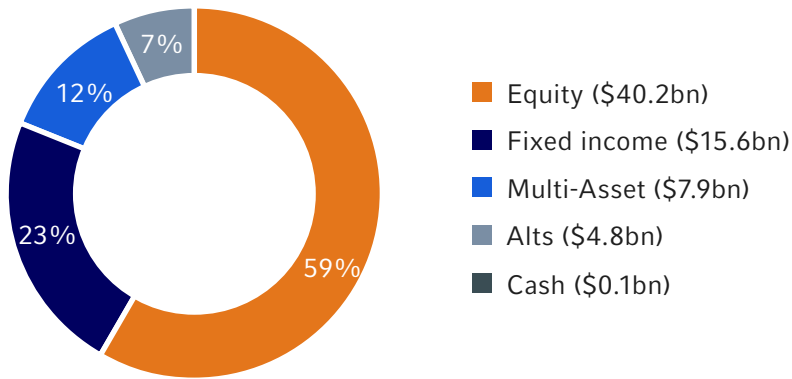
Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

Exhibit 3: Institutional breakdown by asset class



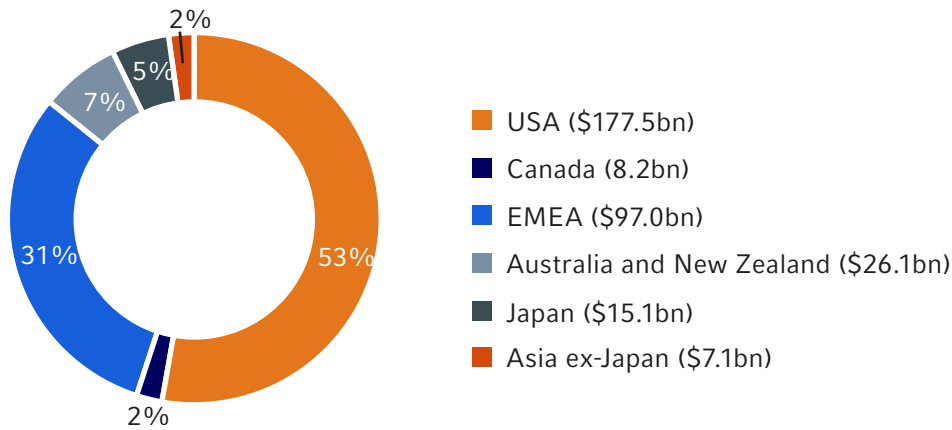
Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

#### Exhibit 4: Retail assets broken down by asset class



Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

#### Exhibit 5: Combined AUM split by region includes funds, separate accounts, and investment services



Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

#### Exhibit 6: Internally managed AUM vs discretionary sub-advised and other AUM



Source: Russell Investments, data as at 31 December 2025. AUM subject to exchange rate conversions and rounded to the nearest US dollar.

AUM not managed internally is made up of discretionary sub-advised, alternatives, third-party, and platform AUM.

Our clients are served by investment professionals across a range of roles who contribute to stewardship activities in various ways. The table below highlights the depth and credibility of our investment associates, reflecting a combination of subject matter expertise and qualifications relevant to our stewardship activities.

#### Exhibit 7: Total number of investment professionals

Total number of investment professionals	Number of investment professionals with CFAs	Number of investment professionals with Ph.Ds	Average Russell Investments years' tenure	Average industry years' tenure
Total investment professionals	141	15	10.1	16.9

Source: Russell Investments, data as at 31 December 2025.

The majority of our assets are managed through specialist external investment partners within a multi-manager framework, complemented by internal strategies implemented across selected asset classes. Stewardship responsibilities are therefore exercised both directly, through proxy voting and engagement, and indirectly through the selection and monitoring of external managers.

Most client assets are invested with long-term time horizons. This underscores the role of stewardship in addressing financially material environmental, social, and governance risks that may affect long-term portfolio resilience and performance.

Where data gaps or market constraints limit direct influence (e.g., in certain private markets or fixed income structures), we apply proportionate stewardship mechanisms including mandate design, due diligence conditions, advisory committee participation and targeted engagement.

Throughout the year, we continued to refine our stewardship processes to promote consistency, transparency, and accountability, including the rollout of Enhanced Oversight 3.0 and upgrades to our ENACT stewardship platform.

Our stewardship activities reflect the diversity of our client base. For each client, we seek to understand their investment objectives, time horizon, risk tolerance, and sustainability preferences. These considerations inform mandate design, manager selection, and the intensity and focus of stewardship activity across portfolios.



## Principle 1 — Integration of stewardship and investment

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✓ **Japan Stewardship Code – Principle 6**

✓ **New Zealand Stewardship Code – Principles 8, 9**

### Stewardship priorities and materiality in 2025

Stewardship is integrated into our investment processes to support long-term investment outcomes. We focus on environmental, social, and governance factors where they may affect portfolio risk, resilience, or returns across asset classes.

Active ownership priorities are informed by portfolio-level analysis and Enhanced Oversight reviews. In setting priorities, we consider:

- Financial materiality at the market and issuer level
- Portfolio exposure and position size
- Client mandate requirements
- Insights gathered through partnership with external managers
- Prior engagement activity, voting patterns, and outcomes.
- Relevant regulatory and market developments



Client mandates directly shape implementation. Strategies with explicit Net Zero objectives, where specified by clients, require structured monitoring of alignment metrics and engagement coverage. Strategies with sustainability objectives are assessed using our Intent–Process–Outcome framework, as set out in our annual [Global Investment Stewardship Report: Policy, Governance, and Client-Focused Disclosure](#). Bespoke exclusions or reporting requirements are incorporated into oversight and engagement planning.

Our stewardship toolkit reflects the characteristics of each asset class:

- **Listed equities:** Emphasis on proxy voting, board accountability, executive remuneration alignment, and disclosure quality.
- **Fixed income:** Focus on credit risk, transition preparedness, and capital allocation discipline.
- **Private markets:** Governance rights, advisory committee participation, and structured sustainability-related due diligence.

Although tools differ, the objective remains the same: to identify, monitor and, where appropriate, support the management of financially material sustainability risks.

## Integration across the investment lifecycle

Stewardship considerations are embedded throughout the investment lifecycle, from manager selection and mandate design through to portfolio monitoring and, where necessary, reallocation decisions.

### Manager selection and mandate design

Sustainability considerations are incorporated in our manager research framework. Analysts assess how managers incorporate financially material factors within security selection, portfolio construction, and engagement practices.

For strategies with explicit sustainable or Net Zero objectives, additional scrutiny is applied to assess:

- Depth of sustainability integration within security selection.
- Credibility of engagement practices.
- Alignment between portfolio characteristics and stated objectives.

Where integration is assessed as insufficient relative to mandate objectives or peers, this may influence selection decisions or mandate suitability.

### Portfolio construction and oversight

Following manager selection, sustainability insights continue to inform portfolio oversight. Through Enhanced Oversight, portfolio managers and sustainability specialists conduct structured reviews of the fund's underlying holdings, focusing on material risk exposures and alignment with client objectives. Where material sustainability risks are identified, these are discussed with the sub-advisers as part of regular oversight meetings. The Enhanced Oversight process may result in:

- Targeted dialogue with issuers or sub-advisers.
- Review of allocation suitability.
- Reassessment of manager positioning.

Insights, actions and outcomes are captured within the ENACT platform, supporting ongoing monitoring. Issuer progress is assessed relative to peers, providing a basis for engagement objectives and escalation decisions.

# Evidence of influence on investment decisions

## Enhanced Oversight in practice

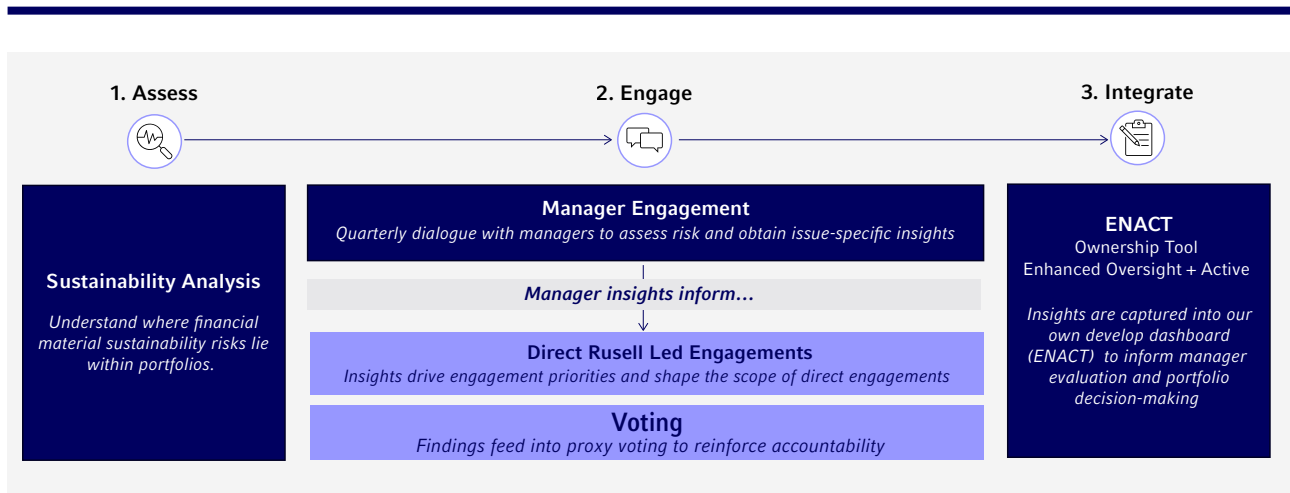
Enhanced Oversight (EO) provides a structured mechanism for integrating sustainability insights in investment decision-making. Through this process, portfolio managers and sustainability specialists jointly assess the sustainability risks of the fund’s underlying holdings, considering exposure to financially material risks, the sub-adviser’s integration practices, the effectiveness of engagement activity, and alignment with the client’s sustainability objectives.

In 2025, the rollout of Enhanced Oversight 3.0 enabled improvements in consistency and transparency of the process. We introduced systematic fund coverage by setting the cadence for fund reviews based on risk profile and mandate characteristics rather than ad hoc selection, resulting in quarterly, bi-annual, or annual evaluation cycles as appropriate.

We also introduced a more structured interaction between portfolio managers and sustainability specialists, reinforcing the link between stewardship insights and investment oversight. Through upgrades made in 2025, EO outcomes are clearly documented to the ENACT stewardship platform.

The refinements expanded the coverage of analysis, documentation of outcomes, and increased the consistency of PM–stewardship interaction.

### Exhibit 8: Enhanced Oversight



Source: Russell Investments, illustrative purposes only.



These changes provided greater clarity of sustainability risk discussions across asset classes. In credit portfolios, transition risk exposures led to increased manager dialogue and reporting expectations. In equity strategies, governance findings informed engagement priorities and voting positions. In multi-asset mandates, oversight discussions informed manager allocation decisions where integration was inconsistent with mandate objectives.

All in all, EO 3.0 promotes accountability within investment teams while providing structured sustainability expertise. This contributes to a more consistent and scalable framework that strengthens the link between stewardship activity and investment oversight.



### **Case study: Identifying and assessing water risk in an emerging markets mining company.**

As part of the Enhanced Oversight review of an emerging markets equity fund, water usage was identified as a material risk for a silver mining company. This triggered an in-depth assessment, combining external data sources (including the World Resources Institute Water Risk Atlas) with company disclosures. The data indicated that the company operates in water-stressed regions, with potential exposure to water-availability constraints and regulatory risks that could affect operations, production timing, and capital allocation at site level.

Our sub-adviser had also noted water as a material risk to the company and provided further information on their analysis. They noted the company had undertaken mitigation measures, including increased use of treated municipal wastewater and operational water-efficiency initiatives. Our sub-adviser also noted that these risks are managed within their investment horizon and reflected in the investment thesis.

The Enhanced Oversight process provides a framework to challenge the sub-adviser on material risks within our portfolios and test the conviction of this position. Furthermore, through this process, greater clarity is obtained on how the manager incorporates material risks.

## Integration with manager research

In 2025, collaboration between manager research and stewardship teams increased in the context of sustainable and Net Zero-aligned strategies. Sustainability and manager research professionals collaborated to produce an updated analysis of the sustainable equity manager performance across market cycles. As per practice, sustainability assessments and engagement reporting were discussed jointly during manager review meetings and within ranking and mandate discussions.

The refinement of the Net Zero oversight questionnaire provided a structured basis for these discussions, improving transparency and consistency in manager responses.



### Case study: Global credit manager replacement

In early 2025 our fixed income portfolio management team opted to replace one of our Global Credit managers following concerns regarding the depth of sustainability integration within the investment process. The outgoing manager incorporated sustainability considerations primarily as an overlay on credit analysis. Given the financial relevance of transition risk in credit markets, this level of integration was assessed as insufficient.

Selecting a new manager with a stronger sustainability profile was associated with improvements in sustainability metrics across some of our flagship fixed income portfolios for UK and European investors. Following the transition, portfolio sustainability measures shifted, including a reduction in Weighted Average Carbon Intensity and lower ESG risk scores. Between Q2 2024 and Q2 2025:

- Weighted Average Carbon Intensity (Scope 1 and 2) reduced from 129 to 82
- ESG risk score of corporate holdings reduced from 23 to 21

## Ongoing information flow

Beyond formal governance structures, collaboration is supported by shared systems and reporting tools. The ENACT stewardship platform allows teams to record and access engagement objectives, outcomes, and fund-level sustainability data. Upgrades to the ENACT platform improved visibility of active ownership objectives and progress markers across investment teams. The shift to objective-based, peer-relative outcome tracking provides a basis for cross-functional discussion and escalation.

Regular meetings between portfolio managers and the stewardship team maintain alignment on priorities for issuer dialogue, escalation decisions, and client-specific considerations. This continuous dialogue reinforces the principle that stewardship activity should inform investment oversight, not operate independently of it.



## Principle 2 — Market-wide and systemic risks

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✓ **Japan Stewardship Code – Principle 1**

✓ **New Zealand Stewardship Code – Principle 1**

### Identification of systemic risks in 2025

Certain risks extend beyond individual companies or sectors and may affect long-term portfolio outcomes across markets. These systemic risks cannot be mitigated through diversification alone and therefore require a structured stewardship response.

In 2025, our primary areas of focus included:

- Climate transition and physical risk.
- Governance standards and regulatory change.
- Human capital and labor market dynamics.
- Geopolitical and macroeconomic uncertainty.
- Emerging technology risks, including artificial intelligence and cybersecurity.



Systemic risks are identified through capital markets research, Enhanced Oversight activity, scenario analysis, manager dialogue, and external research partnerships. Where assessed as financially material, they are integrated into portfolio review, issuer dialogue, and manager discussions.



## Case study: Geopolitical risk in 2025

In 2025, heightened geopolitical tensions, including trade and resource security developments, increased uncertainty around supply chains, tariff regimes and sovereign exposure.

Market impacts were evident across asset classes. Equity markets displayed sensitivity to trade-related rhetoric, sovereign bond yields rose during periods of peak tension, and safe-haven assets experienced increased demand. Longer term, questions around foreign demand for U.S. Treasuries and currency stability became relevant considerations for portfolio construction.

In line with our established practices, we:

- Applied geopolitical scenario analysis within portfolio monitoring.
- Assessed manager approaches to trade, currency, and supply chain risk.
- Reviewed exposure to sovereign debt and critical mineral supply chains.

As a specific example, threats of tariffs on European allies and uncertainty regarding diplomatic alignment unsettled assumptions around trade stability and alliance cohesion, contributing to a measurable geopolitical risk premium across markets. This case study highlights how event-driven geopolitical developments can signal broader structural shifts, reinforcing the importance of integrating geopolitical considerations into long-term portfolio risk management and stewardship activity.

## Stewardship response to systemic risk: climate change

Climate change remains a financially material systemic risk across asset classes. Our approach combines portfolio analysis, manager dialogue, and issuer-level assessment.

Net Zero portfolio monitoring is underpinned by our proprietary Net Zero Alignment Model. The model provides a consistent framework to assess climate-related risks and alignment across equity and fixed income portfolios. The model is informed by commonly used industry frameworks and evaluates issuers across key dimensions, including governance, emissions trajectory, decarbonization strategy, and capital allocation towards emissions reduction.

This enables both portfolio-level metrics, including weighted average carbon intensity and alignment to Net Zero pathways, as well as issuer-level insights, highlighting companies that are misaligned and/or have elevated emissions, which informs stewardship prioritization.

As part of our stewardship approach, we complement these insights with third-party data and our own internal assessment framework to further evaluate climate risks. This supports more targeted interactions with issuers and managers.

For mandates with explicit Net Zero objectives, structured monitoring is applied. In 2025, we strengthened this oversight through:

- Deployment of the Net Zero Oversight Questionnaire (NZOQ) to select sub-advisers, providing structure for climate-related engagement and reporting.
- Updates to climate risk dashboards to improve visibility of transition metrics across portfolios.
- Expansion of direct communication with issuers on transition preparedness.



## Case study: Strengthening Net Zero alignment in fixed income

We regularly examine sustainable investing practices in fixed income to evaluate how Net Zero alignment frameworks are applied in credit markets. This contributes to the oversight of strategies with Net Zero objectives by improving understanding of data limitations, supporting reporting expectations, and incorporating fixed income-specific considerations into monitoring processes.

The most recent review identified structural challenges that complicate consistent climate alignment in fixed income, including:

- Inconsistent sovereign emissions methodologies.
- Limited ESG disclosure among privately held and high-yield issuers.
- Entity-level mapping complexities between parent companies and bond-issuing subsidiaries.
- Divergence in climate metrics (e.g., WACI versus EVIC).

In 2025, this work led to greater transparency around data assumptions, clarified transition positioning within selected strategies, and enhanced structured tracking of Net Zero-aligned mandates. The findings from our research are regularly updated and published to improve oversight discipline and assessment of climate alignment within fixed income, using methodologies appropriate to the asset class.

## Contribution to a well-functioning financial system

Beyond portfolio-level actions, Russell Investments takes part in broader market development through selective participation in industry initiatives, regulatory consultations, and research collaboration.

In 2025, this included:

- Participation in industry dialogue focused on disclosure quality and risk transparency.
- Responses to relevant regulatory consultations.

We prioritize participation that contributes constructively to market standards rather than maintaining membership for its own sake.



### Case study: Contributing to the IIGCC Index Investing working group

Russell Investments contributed to the Institutional Investors Group on Climate Change (IIGCC)'s Index Investing working group, which was established to improve market understanding of how index investors can participate in the Net Zero transition and to expand practical pathways for doing so.

As a working group member, we contributed to the development of the group's first major deliverable, an industry guidance paper titled [Index investing for the Net Zero transition](#), which sets out how index investors can use a combination of portfolio construction, stewardship, stakeholder engagement, and policy advocacy to support real-economy decarbonization.

The paper highlights several issues that investors face, including the need for clearer climate index methodologies, better transparency on index outcomes, stronger alignment between stewardship and fund objectives, and more practical tools for engaging companies held through index strategies. It also reinforces an important principle: that for index and systematic investors, Net Zero alignment is not only about reducing portfolio emissions, but also about remaining invested in the transition, managing systemic climate risks, and using available tools within the investment process to support long-term investment outcomes.

## Escalation of systemic-risk engagement

Where progress on addressing systemic risks is assessed as insufficient, we apply proportionate escalation.

In 2025, escalation actions included:

- Increasing engagement intensity with selected high-risk issuers.
- Formalising reporting expectations through structured oversight questionnaires.
- Increasing review cadence for strategies with elevated transition exposure.
- Issue-specific engagement campaigns that aligned with proxy action.

Escalation decisions are documented through our governance processes and reflected in portfolio review and, where appropriate, voting actions.



### Case study: Strengthening active ownership through proxy vote-related engagement

In response to emerging risks to shareholder rights and board accountability, we launched three targeted engagement campaigns to assess company responses to dissent, clarify expectations around board accountability, and request improved disclosure.

Using a >30% dissent threshold, we identified:

- 13 companies with significant say-on-pay dissent and 6 failed votes
- 8 companies with significant opposition to director elections
- 19 companies where shareholder proposals received strong support despite management opposition

These elevated levels of shareholder dissent signalled concerns around recurring governance themes, including pay-for-performance alignment, board effectiveness, and responsiveness to majority-supported proposals.

We achieved a 100% response rate in our say-on-pay campaign, while the other engagements remain ongoing.

This approach illustrates how systematically linking proxy voting outcomes to engagement can support shareholder rights and enhance alignment between companies and investors.

Not all systemic risks can be mitigated through engagement alone. However, structured analysis, targeted dialogue, and proportionate escalation form part of our approach to managing systemic risk exposure across portfolios.



## Principle 3 — Engagement with issuers

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✓ **Japan Stewardship Code – Principles 3, 4**

✓ **New Zealand Stewardship Code – Principles 2, 4**

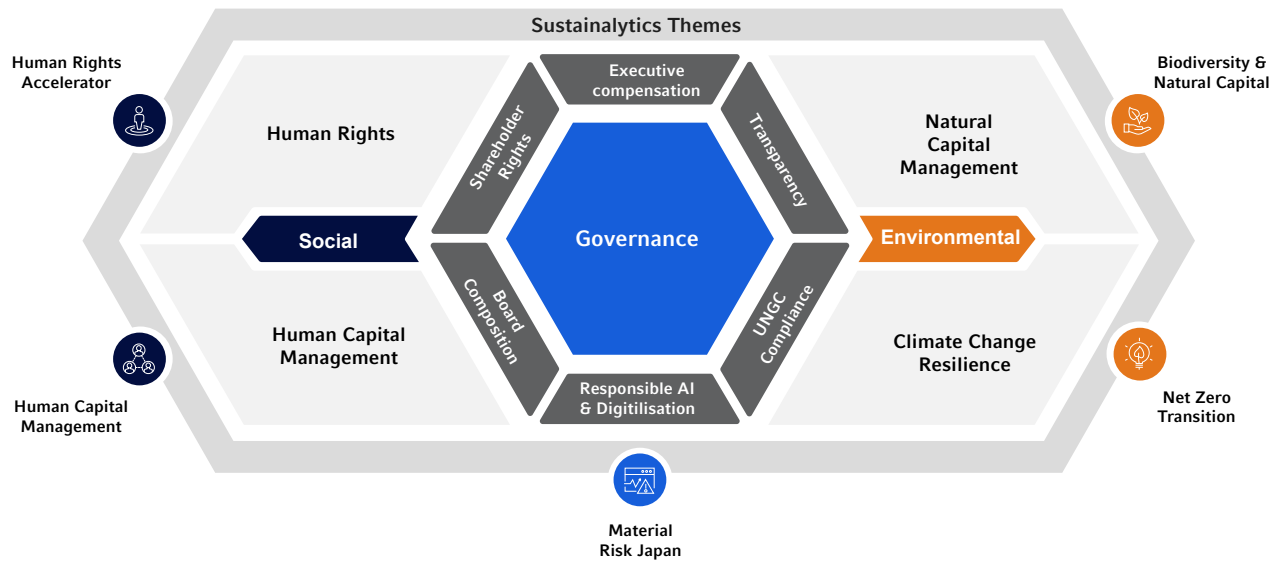
### Engagement activity in 2025

Russell Investments conducted 749 engagements across 431 issuers over the year. Engagement covered environmental, governance, and social themes, with environmental topics representing the largest share of these.

Activity covered listed equity and fixed income exposures, reflecting our multi-asset investment model. Because investor rights differ across asset classes, the tools available differ by asset class: equity investors exercise formal voting rights, while fixed income interactions focus more on risk transparency, transition preparedness, and capital allocation discipline.

Our engagement program is guided by defined engagement focus areas, shown below. These themes are reviewed periodically to reflect evolving market conditions and client expectations, and further details can be found in our [Engagement Policy](#).

## Exhibit 9: 2025 engagement focus areas



Source: Russell Investments, illustrative purposes only.

## Prioritization in practice

Each year, we prioritize activity using a consistent set of inputs to direct resources toward areas of greatest relevance. In 2025, these included:

- Portfolio exposure and issuer concentration.
- Material sustainability risk indicators.
- Enhanced Oversight findings.
- Voting trends and shareholder dissent.
- Client mandate requirements, including Net Zero alignment where specified.

Environmental themes accounted for approximately two-thirds of total activity, with a majority focused on climate transition resilience.

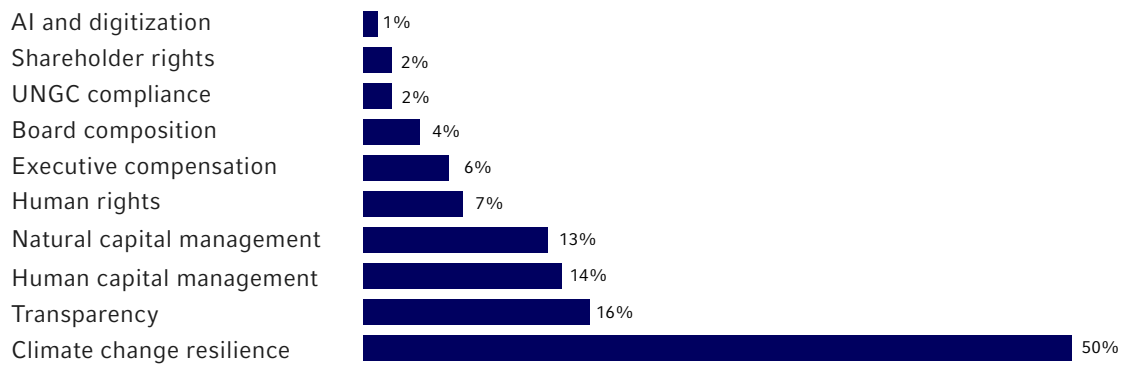
## Exhibit 10: 2025 engagement by thematic category



Source: Russell Investments, data as at 31 December 2025.

While engagement themes provide direction, objectives are tailored to individual issuers and specific risk exposures.

## Exhibit 11: 2025 engagements by focus area



Source: Russell Investments, data as at 31 December 2025.

## Engagement objectives and progress

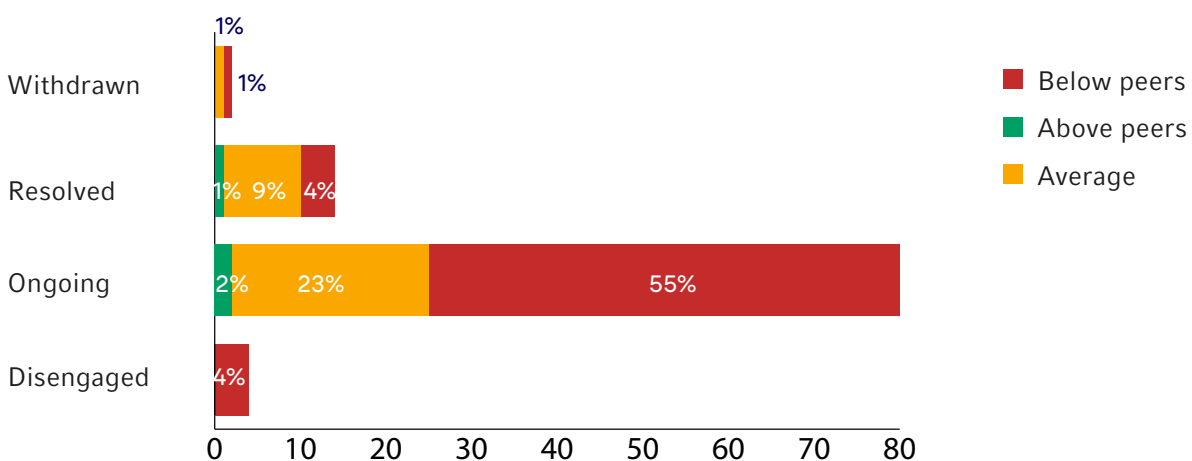
Engagement in 2025 served three primary purposes:

1. To assess how boards and management teams oversee and manage financially material sustainability risks.
2. To encourage improvements where gaps were identified.
3. To escalate concerns where progress was insufficient.

Most interactions remained ongoing at year-end, reflecting the long-term nature of governance and transition issues. In cases where objectives were achieved and engagements closed, outcomes typically included changes in disclosure, clearer strategic positioning, or strengthened governance structures.

During the year, we enhanced engagement tracking through the ENACT platform, shifting to an objective-based framework that assesses issuer progress relative to peers (Above, Average or Below). This approach facilitates consistency in assessing progress and identifying cases requiring escalation.

## Exhibit 12: Engagements by outcome and objective status

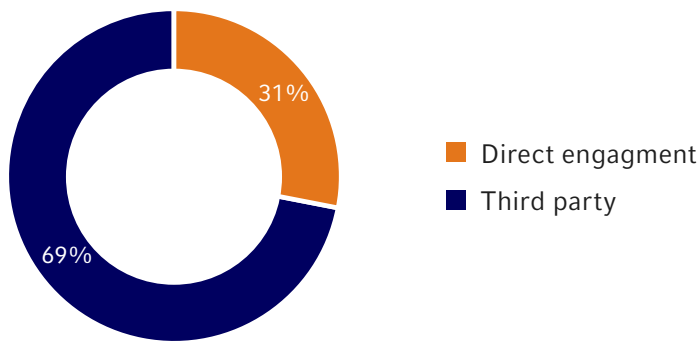


Source: Russell Investments, data as at 31 December 2025.

## Collaboration

Collaboration was used selectively in 2025 where collective action could promote engagement effectiveness or address cross-sector issues. This included coordination with sub-advisers and participation in structured thematic engagement initiatives with our third-party engagement service provider, Sustainalytics.

## Exhibit 13: Engagement by channel



Source: Russell Investments, data as at 31 December 2025.

In total, 31% of activity was conducted directly with the issuer by Russell Investments' active ownership team. Collaboration complemented direct engagement rather than replacing it.

As a multi-manager investor, we leveraged sub-adviser access where appropriate, aligning engagement objectives with portfolio positioning and stewardship priorities.



### Case study: Biodiversity and natural capital engagement in the restaurant sector

Russell Investments participated in a collaborative engagement with **Yum! Brands**, a global restaurant operator with more than 55,000 outlets across 155 countries and significant exposure to agricultural commodities linked to deforestation and ecosystem degradation.

The engagement focuses on biodiversity and natural capital risks arising from the company's supply chain, particularly commodities such as beef, soy, palm oil, and paper. Sustainalytics' analysis identified gaps in the company's biodiversity strategy, including limited disclosure of nature-related risk assessments and incomplete integration of land-conversion-free commitments.

Engagement began in 2022 and continued through 2025 through conference calls and written dialogue with the company's sustainability leadership, including the Chief Sustainability Officer. Discussions focused on the company's biodiversity risk assessment, its double materiality analysis, and alignment with emerging frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).

During the reporting period, we engaged with the company on opportunities to strengthen its Global Forest Stewardship Policy, disclose the results of nature-related risk assessments, expand land-conversion-free commitments beyond Amazon soy, and improve supply-chain traceability and performance metrics. Changes in governance practices were observed during the engagement, including changes to board oversight of sustainability matters and the establishment of an Environmental, Social and Governance Disclosure Committee.

Engagement remains ongoing. The next phase of dialogue will focus on strengthening disclosure of biodiversity risk assessments, embedding nature-related dependencies within corporate strategy, and considering alignment with TNFD and Science Based Targets Network guidance.

## Escalation

Where progress has been insufficient, concerns may be escalated in line with the escalation framework described in our [Engagement Policy](#).

In 2025, escalation most commonly took the form of voting action, with 35 engagements escalating through proxy votes aligned with our governance principles.



### Case study: Escalation through proxy voting

Russell Investments engaged with **JPMorgan Chase & Co** ahead of its annual general meeting to assess governance oversight and board independence. The company combines the roles of Chair and Chief Executive Officer, a structure that has been the subject of repeated shareholder proposals due to concerns about concentration of authority, succession planning, and risk management.

During engagement, the company confirmed that the CEO continues to serve as Board Chair, with additional oversight provided by a Lead Independent Director. The board reiterated that it does not believe a single governance model suits all companies and indicated that it would only reconsider separation of the roles upon the next CEO transition.

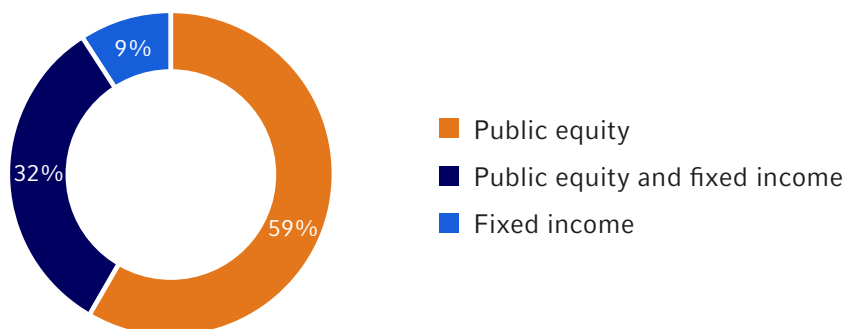
Given the absence of a defined timeline for reviewing the structure, we determined that escalation was appropriate and voted in favor of the shareholder proposal requesting separation of the Chair and CEO roles.

Dialogue remains ongoing and future voting decisions will likely continue to reflect our assessment of board accountability, succession transparency, and governance oversight.

## Engagement across asset classes

Engagement was undertaken across listed equity, fixed income and private market exposures. While voting provides a formal escalation mechanism in equity markets, fixed income and private market interactions focus more on transparency, governance, and risk management.

Exhibit 14: 2025 engagement across asset classes



Source: Russell Investments, data as at 31 December 2025.



### Case study: Climate governance and capital allocation alignment

Russell Investments engaged with **CEMEX S.A.B de C.V.**, a global cement producer operating in a carbon-intensive sector to assess its climate strategy, governance oversight and capital allocation decisions.

Discussions focused on board-level oversight of climate risk, Scope 3 disclosure practices, and the alignment between transition strategy and capital expenditure plans. The company confirmed that climate oversight is managed through a board-level Sustainability Committee and outlined investments in lower-carbon products and alternative fuels.

Following engagement, the company provided additional information on governance transparency and alignment between its transition strategy and investment program. Engagement objectives were considered met and the company remains subject to routine evaluation through Enhanced Oversight.



## Case study: Oversight following a third-party cyber incident

Russell Investments engaged with the General Partner of a private equity fund following notification of a cyber incident affecting a third-party service provider. Potentially exposed data included investor names, holdings information, and certain identifiers.

The matter was escalated internally and evaluated jointly by our Technology Risk and Operational Due Diligence teams. We requested detailed information from the General Partner regarding the scope of the breach, vendor cyber due diligence procedures, and remediation measures.

The engagement confirmed that sensitive personal data and banking information were not compromised. Independent cyber advisory specialists were engaged to validate remediation actions and strengthen vendor oversight controls.

This process illustrated governance oversight of third-party risk and monitoring of operational resilience across the fund's service providers.

## Engagement outcomes

Observed outcomes in 2025 included:

- Improved climate disclosures.
- Expanded governance oversight and board accountability.
- Clearer articulation of transition strategies.
- Increased transparency around capital allocation decisions.
- Escalation to proxy voting where companies were unresponsive to engagement conversation.

Not all engagements produced immediate policy change. In many cases, dialogue provided transparency and informed risk assessment rather than triggering structural reform.

The introduction of peer-relative outcome tracking improved our ability to measure incremental progress and identify cases requiring escalation.



## Case study: Engagement outcomes analysis

In 2025, the Responsible Investing team produced an internal outcomes report analyzing three years of engagement tracking data. The objective was to better understand which types of engagement activities are most frequently associated with measurable outcomes and to use these insights to refine our engagement program.

The analysis examined engagement outcomes across sectors, regions and engagement participants. Several insights emerged:

- Governance topics produced the highest resolution rates, with **Executive Compensation and Board Composition & Accountability** achieving resolution rates of 36% and 27%, respectively.
- Climate Change Resilience engagements showed a lower resolution rate (8.4%), reflecting the longer time horizon and structural complexity of climate transition issues.
- Geographic differences were also evident. Developed markets showed higher engagement maturity and resolution rates, with **Oceania achieving a 25% resolution rate**, while engagements in **Africa and the Middle East showed no recorded resolutions**, often concluding with “no further action”, although we note that the sample size for engagements in Africa and the Middle East is quite small.
- The level of engagement participant was a significant factor. Engagements involving **board members resulted in successful resolutions in 39% of cases**, compared with **20% when engagement occurred primarily through investor relations teams**.

This assessment identified patterns that may inform future engagement prioritization, escalation, and resource allocation. The findings point to earlier engagement with board-level decision-makers and more targeted escalation in regions where engagement maturity remains lower.

We will update the analysis to incorporate 2025 engagement activity and the enhanced outcome tracking framework introduced during the year. The insights are being embedded in engagement planning to advance the likelihood of achieving measurable outcomes.

## Thematic engagement examples



### 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.



### Case study: Governance and human rights in mining

Russell Investments engaged with **Barrick Mining Corporation**, a North American mining company operating in jurisdictions with heightened sovereign and community risks.

The company has experienced material financial losses linked to sovereign disputes and continues to face scrutiny regarding community relations and worker safety. Engagement therefore focused on board oversight of sovereign risk and improving transparency around human rights and safety controls.

Since engagement began in 2022, the company has updated internal frameworks addressing human rights and workplace safety. However, external disclosure and independent assurance remain limited. During 2025 we engaged with the company on the introduction of clearer governance metrics, site-level verification processes, and measurable safety and grievance indicators linked to executive accountability.

Engagement will continue through 2026 to monitor improvements in governance transparency, audit coverage, and the adoption of measurable risk indicators.



## Principle 4 — Exercising rights and responsibilities

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☑ **Japan Stewardship Code – Principles 5, 6**

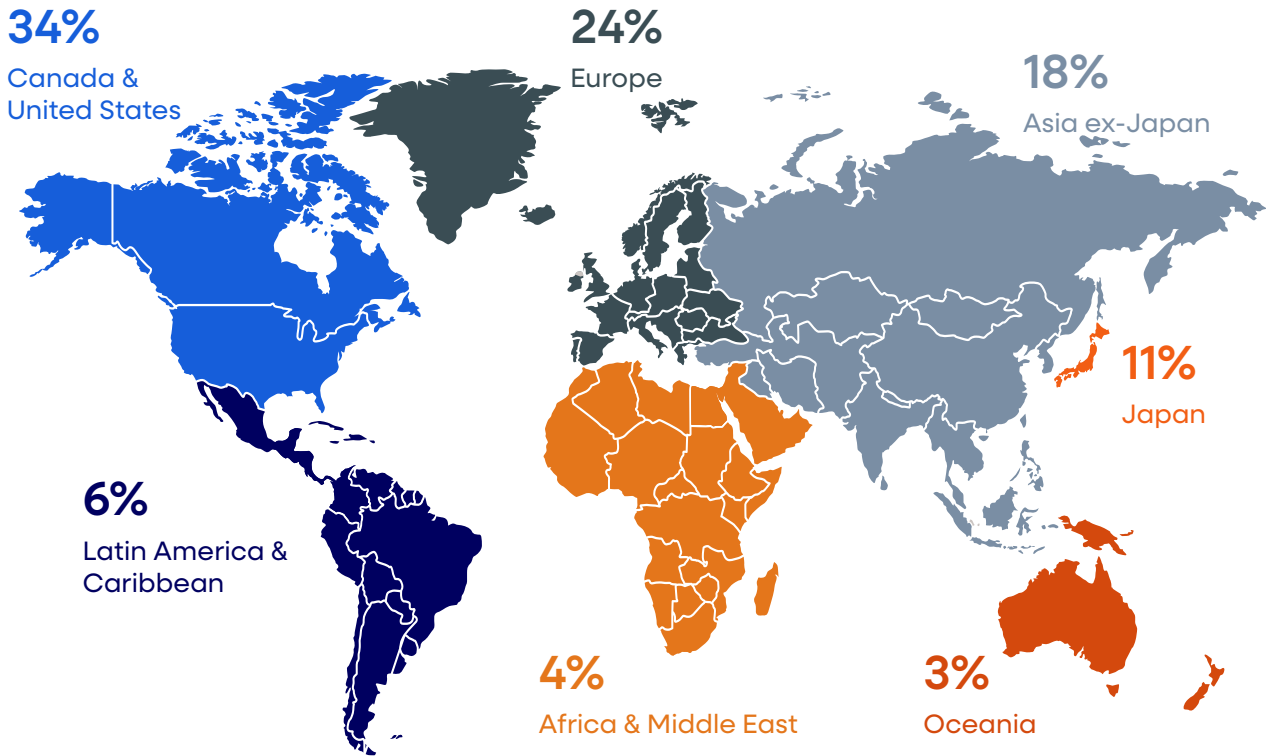
☑ **New Zealand Stewardship Code – Principles 3, 5**

### Voting activity in 2025

We voted on 76,898 unique proposals across 7,231 shareholder meetings, representing 98% of eligible meetings. The small percentage of unvoted meetings were due to share blocking, power of attorney markets (POAs), or operational barriers. Our voting activity covered governance, environmental and social matters across 86 markets.

Exhibit 15: Proxy voting at a glance

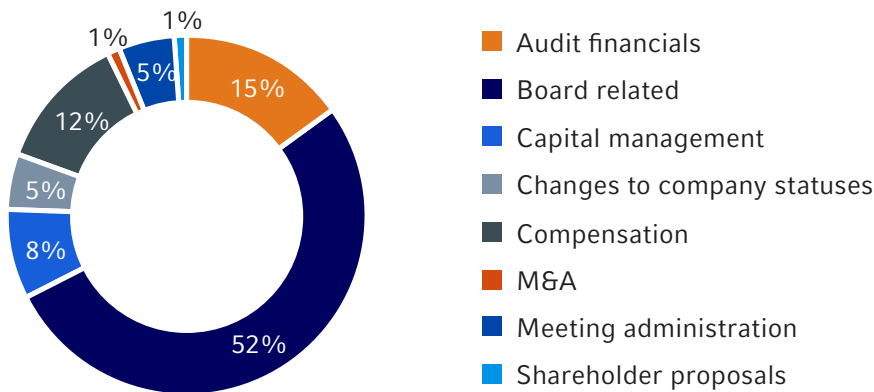
7,231 Meetings voted	76,898 Unique proposals voted	1,234 Shareholder proposals	981 Votes against provider	6,991 Votes against management
98% Of eligible meetings	98% Of eligible proposals	2% Of total voting activity	1% Of proposals voted	9% Of proposals voted



Source: Russell Investments, data as at 31 December 2025, illustrative purposes only.

Consistent with prior years, most proposals related to director elections, executive remuneration, capital structure, and shareholder rights.

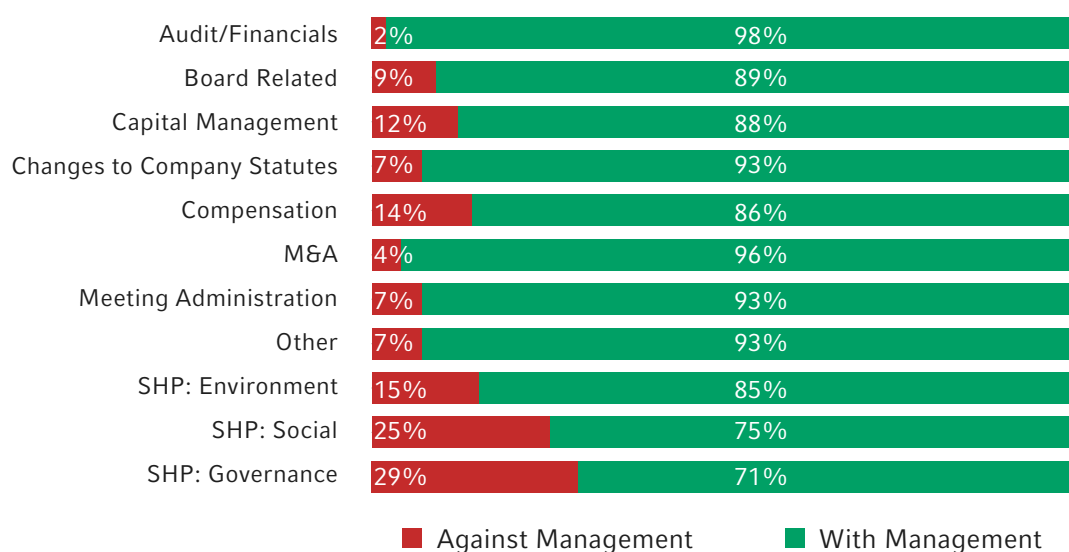
Exhibit 16: Votes by issue



Source: Russell Investments, data as at 31 December 2025. The pie chart may not sum to 100 % due to rounding.

We voted against management on **9% of proposals**, reflecting instances where governance standards, remuneration alignment or risk management fell below expectations.

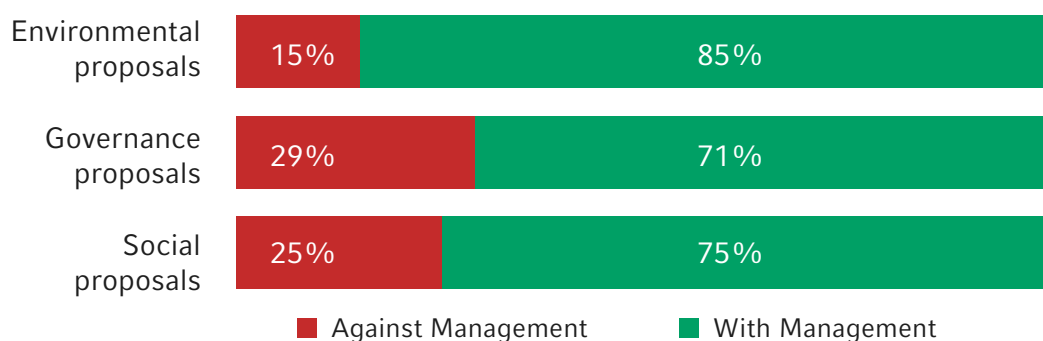
## Exhibit 17: Votes against management by topic



Source: Russell Investments, data as at 31 December 2025.

A total of **322 proposals** were referred to the Active Ownership Committee for case-by-case review, and of those items, the committee voted contrary to the recommendation of our proxy provider **9%** of the time, reflecting the application of independent judgement beyond default guideline implementation.

## Exhibit 18: Items voted by the AOC



Source: Russell Investments, data as at 31 December 2025.

## Voting rationale and integration

Voting decisions were made in line with our [Proxy Voting Guidelines](#), with each proposal assessed on its merits. External research informs analysis, but final decisions reflected our own governance principles, engagement insights, and assessment of financially material risks.

Voting was integrated with our broader stewardship approach. Insights gained through engagement informed voting analysis, and voting outcomes were incorporated into ongoing monitoring discussions.

Where governance concerns are identified, voting reflects expectations around board accountability, transparency, and risk oversight. Where engagement has resulted in improved practices, voting decisions take into account progress made by the company.

## Exercising rights across asset classes

Formal voting rights primarily apply to listed equity holdings. In fixed income and private markets, stewardship influence is exercised through other mechanisms including engagement, covenant negotiation, advisory committee participation, and mandate design.

Bondholder votes that Russell Investments participated in during 2025 were primarily technical in nature, relating to matters such as covenant amendments or restructuring processes. Additionally, as described in our annual [Global Investment Stewardship Report: Policy, Governance, and Client-Focused Disclosure](#), we participate in private markets voting when opportunities arise.

While tools differ across asset classes, the objective remains consistent: to promote sound governance, effective risk management, and long-term value creation.

## Voting case studies



### Case study: Shareholder resolution on dual-listed company structure

Russell Investments engaged with **Rio Tinto** ahead of its annual general meeting to assess the governance rationale and financial implications underpinning the board's opposition to a shareholder resolution requesting a renewed review of its dual-listed company structure.

The proposal was financially material given its potential impact on tax efficiency, capital flexibility, and the persistent trading discount between the company's Plc and Ltd shares. The board had previously considered unification and maintained that the existing structure remained the most appropriate, citing significant tax leakage associated with unification.

After assessing the board's rationale and supporting analysis, we concluded that the board's position had a reasonable basis and that ongoing review commitments were appropriate. We therefore voted in line with management, overriding the proxy adviser's recommendation.



## Case study: Advisory vote on executive compensation

Russell Investments voted against management on **Snowflake Inc's** advisory vote on executive compensation.

Our analysis identified a significant pay-for-performance disconnect, largely driven by a substantial one-time equity award granted to the incoming CEO. The scale of the award was materially higher than typical CEO compensation among peers and raised concerns regarding alignment with long-term shareholder interests.

Following the vote, 69% of shareholders rejected the proposal. We will continue to engage with the company regarding changes required to address shareholder concerns around remuneration structure and governance.



## Case study: Shareholder proposal on working conditions

Russell Investments voted in favor of a shareholder proposal requesting an independent evaluation of working conditions at **Amazon.com, Inc.** The proposal was referred to the Active Ownership Committee for individual consideration.

Credible allegations relating to worker health and safety present material legal, regulatory, and reputational risks that may affect operational performance and long-term value creation. We considered that enhanced transparency could strengthen governance oversight and provide investors with better visibility on whether workforce risks are appropriately managed.

The proposal received 22% shareholder support but was not adopted. We will continue to assess the company's future disclosures and engagement on workforce safety issues.



## Principle 5 — Stewardship in selection and oversight of external managers

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✓ **Japan Stewardship Code – Principles 2, 6**

✓ **New Zealand Stewardship Code – Principles 6, 7**

### Stewardship in manager selection

Sustainability considerations continued to inform manager research discussions including ranking decisions and mandate suitability assessments throughout the year.

Manager research analysts evaluate active ownership capabilities alongside performance, risk management, organizational stability, and other critical investment elements. Particular focus is placed on:

- The depth of sustainability integration within security selection processes.
- The quality and consistency of active ownership practices.
- Alignment between stated sustainability objectives and portfolio characteristics.

For strategies with explicit sustainable or climate objectives (e.g., a goal to be Net Zero by 2050), additional scrutiny is applied to determine whether integration practices are consistent with mandate expectations.

These assessments draw on our qualitative and quantitative research framework as well as insights captured through our proprietary research platform, METRiQ. Enhancements introduced during 2025 supported improvements in the integration of research outputs into portfolio monitoring workflows and strengthened comparability across manager evaluations.



## Case study: Integrating AI and machine learning into manager research oversight

In 2025, Russell Investments expanded the use of machine learning and generative AI tools within the monitoring of external managers. These enhancements were designed to enable pattern recognition across large universes of investment strategies and strengthen consistency in manager oversight. New analytical tools support our ability to detect changes in investment behavior, risk exposures, and stewardship practices while ensuring that technology augments — rather than replaces — analyst judgement.

Machine learning models were incorporated into the quantitative manager research process to analyze large cross-sections of investment products. Enhancements included broader product coverage, improved anomaly detection, and more refined cross-sectional comparisons across peer groups.

Model outputs were integrated into monitoring workflows and combined with decades of proprietary manager research data, including historical assessments and meeting records. Generative AI tools were also introduced to support research efficiency, including summarizing manager meeting materials and drafting structured research commentary. Governance oversight of AI applications was formalized through a firmwide Global Artificial Intelligence Policy and supervision by a cross-functional AI Advisory Council.

Enhanced analytics expanded the research team's ability to identify emerging changes in strategy behavior, risk exposures, and stewardship practices. In several instances, these tools prompted deeper analyst evaluation of managers' engagement approaches and investment positioning. Technology underpins the monitoring framework, while final manager evaluations and recommendations remained analyst-led.

## Ongoing oversight of managers

Manager oversight continues throughout the investment lifecycle. In 2025, stewardship oversight was enhanced through structured assessment tools and dialogue.

Portfolio monitoring processes (described under Section B in our annual [Global Investment Stewardship Report: Policy, Governance, and Client-Focused Disclosure](#)) form the basis for ongoing evaluation of managers' stewardship practices. Where material sustainability risks or inconsistencies are identified, portfolio managers engage directly with sub-advisers to clarify integration practices, strengthen reporting, and align expectations.



### Case study: Oversight of GP-led secondary liquidity opportunity

Russell Investments evaluated a GP-led secondary liquidity transaction involving a private equity fund held by a client. The transaction offered limited partners the option to sell their fund interests at a discount to net asset value or remain invested.

Our evaluation focused on whether the transaction structure fairly compensated investors for foregone future value and whether governance safeguards were robust. Engagement with the General Partner addressed pricing methodology, information symmetry across investors, and the management of potential conflicts of interest.

After analyzing valuation assumptions, liquidity considerations, and future portfolio prospects, the client elected to retain its position rather than crystallise value at a discount. The engagement provided greater transparency around the process and informed the client's decision, which was made with a full understanding of the economic trade-offs.

Monitoring of the fund continues, including potential future liquidity opportunities and realisation progress.

## Engagement with managers

As a multi-manager investor, we engage regularly with sub-advisers on stewardship expectations and active ownership practices. These discussions focus on engagement priorities, escalation where progress is limited, transparency of reporting, and alignment between engagement activity and portfolio positioning.



### Case study: Engagement Partner program launch

In 2025, we advanced the Engagement Partner Program to identify managers with strong active ownership capabilities and a commitment to structured stewardship reporting practices. The program promotes portfolio-level transparency through consistent engagement reporting and closer collaboration between portfolio managers and active ownership specialists.

Three managers in Australia were selected to pilot the approach across key strategies. For these managers, engagement activity with portfolio companies was collected in-line with the Enhanced Oversight framework and reviewed by the Russell Investments stewardship team. Engagements meeting the execution and reporting standards of the program are captured in our ENACT platform as “sub-adviser partnership” engagements. These are additive to overall engagement coverage, reporting, and engagement tracking, including for strategies with Net Zero objectives.

In 2026, we will evaluate potential expansion of the program to additional regions.

## Escalation with managers

Where concerns arise, we apply proportionate escalation. Escalation may include increased frequency of review, requests for additional evidence, or structured review of mandate suitability.

In 2025, managers hired for sustainable and Net Zero-aligned strategies met stated stewardship expectations. No formal mandate terminations were required on sustainability grounds alone. However, additional reporting expectations were introduced in selected cases to improve transparency and consistency.

Escalation decisions are documented through governance channels and considered in the context of overall investment quality and client objectives.





## Principle 6 — Oversight of Stewardship Service Providers

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✓ **Japan Stewardship Code – Principles 2, 7**

✓ **New Zealand Stewardship Code – Principles 6, 7**

### Oversight activity in 2025

Russell Investments uses selected external providers to facilitate aspects of stewardship activity, including proxy voting research, engagement coordination, and sustainability data analysis. Responsibility for stewardship decisions remains with Russell Investments, and service providers are subject to ongoing review.

In 2025, oversight activity focused on:

- Annual audit of proxy research and vote execution services.
- Monitoring of engagement service provider progress and reporting quality.
- Assessment of sustainability data coverage and methodological consistency.

Service provider performance is evaluated through structured governance processes, sampling methods, and qualitative analysis and review.



A broad examination of service providers' roles confirmed that they improve scale and efficiency, but they do not replace fiduciary judgement. Appraisal activity in 2025 confirmed that proxy, engagement, and data services remained consistent with stewardship objectives and client interests.

## Proxy advisory oversight

During the year, we conducted our annual audit of proxy voting services, including:

- Accuracy and timeliness of vote execution.
- Quality and consistency of research outputs.
- Alignment between our custom guidelines and vote implementation.

No material deficiencies were identified in 2025. Where minor operational issues were identified, these were addressed through direct dialogue with the provider.

Proxy research informs our analysis but does not determine our voting decisions. Final voting outcomes are grounded on financial materiality, Russell Investments' own governance principles and insights gathered through the engagement process, and our sub-adviser partners.

## Engagement service provider oversight

We continued to partner with Sustainalytics to deliver selected thematic engagement initiatives. In 2025, oversight focused on:

- Alignment of engagement themes with our stewardship priorities.
- Clarity of objectives and documented progress.
- Transparency of reporting on issuer responsiveness.

Regular communication maintains alignment between engagement objectives, client mandates, and sustainability focus areas. Where engagement progress required clarification, additional reporting was requested.



## Outcomes summary (cross-principle)

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In 2025, stewardship continued to play an important role in how we assess risk and make investment decisions on behalf of our clients. Rather than operating as a standalone activity, engagement, voting, and manager oversight provided practical insights into how companies are positioned to manage long-term challenges.

Across the year, these insights highlighted where governance structures, strategic decisions or risk management approaches may not yet be fully aligned with long-term investment outcomes at the issuer level. In some cases, this led to targeted engagement or escalation; in others, it contributed to our understanding of underlying risks and informed ongoing portfolio management.

We also observed clear differences in how issues evolve. Governance-related topics often progressed more quickly, while areas such as climate transition and other systemic risks required sustained engagement over time. These observations are increasingly shaping how we prioritize our efforts and focus our resources.

More broadly, stewardship activity is enabling a more consistent and connected approach across portfolios. Insights gained through engagement and analysis are being used more systematically in manager discussions, portfolio reviews, and risk assessments, reinforcing the link between stewardship and investment outcomes.



Many of the issues we focus on are long-term in nature. As a result, outcomes are not always immediate or linear. Progress often takes the form of increased transparency, stronger dialogue and a clearer understanding of how risks are being managed, which in turn provide a better foundation for investment decisions.

Looking ahead, we will continue to build on this approach by further integrating stewardship insights into portfolio oversight, refining how we prioritize engagement, and focusing on areas where stewardship activity is most relevant to investment outcomes over time. As markets evolve and new risks emerge, maintaining a disciplined, evidence-based approach to stewardship will remain central to how we seek to support long-term investment outcomes for our clients.





#### FOR MORE INFORMATION

Contact [Russell Investments Active Ownership](#)  
or visit [russellinvestments.com/](https://russellinvestments.com/)

#### IMPORTANT INFORMATION

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