

UNITED STATES

CLIMATE PROXY VOTING GUIDELINES 2026 Policy Recommendations

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Board of Directors

Voting on Director Nominees in Uncontested Elections

Accountability

Problematic Takeover Defenses, Capital Structure, and Governance Structures

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Unequal Voting Rights: Generally vote withhold or against directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case), if the company employs a common stock structure with unequal voting rights⁵.</p> <p>Exceptions to this policy will generally be limited to:</p> <ul style="list-style-type: none"> ▪ Newly-public companies with a sunset provision of no more than seven years from the date of going public; ▪ Limited Partnerships and the Operating Partnership (OP) unit structure of REITs; ▪ Situations where the unequal voting rights are considered <i>de minimis</i>; or ▪ The company provides sufficient protections for minority shareholders, such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained. 	<p>Unequal Voting Rights: Generally vote withhold or against directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case), if the company employs a <u>common stock-multi-class capital</u> structure with unequal voting rights⁵.</p> <p>Exceptions to this policy will generally be limited to:</p> <ul style="list-style-type: none"> ▪ Newly-public companies with a sunset provision of no more than seven years from the date of going public; ▪ Limited Partnerships and the Operating Partnership (OP) unit structure of REITs; ▪ <u>Convertible preferred shares that vote on an “as-converted” basis</u>; ▪ <u>Situations where the enhanced voting rights are limited in duration and applicability, such as where they are intended to overcome low voting turnout and ensure approval of a specific non-controversial agenda item and “mirrored voting” applies</u>; ▪ Situations where the unequal voting rights are considered <i>de minimis</i>; or ▪ The company provides sufficient protections for minority shareholders, such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained.
<p>Footnotes:</p> <p>⁵This generally includes classes of common stock that have additional votes per share than other shares; classes of shares that are not entitled to vote on all the same ballot items or nominees; or stock with time-phased voting rights (“loyalty shares”).</p>	<p>Footnotes:</p> <p>⁵This generally includes classes of common <u>or preferred</u> stock that have <u>additional more</u> votes per share than other shares; classes of shares that are not entitled to vote on all the same ballot items or nominees; or stock with time-phased voting rights (“loyalty shares”).</p> <p><u>Preferred shares that have voting rights only with respect to items that affect the rights of their holders as a class are not generally considered a problematic capital structure.</u></p>

Rationale for Change:

The policy change eliminates a discrepancy in the treatment of capital structures with unequal voting rights and clarifies that such structures are considered problematic whether the shares with superior voting rights are classified as “common” or “preferred”.

Problematic Compensation Practices: High Non-Employee Director Pay

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Generally vote against members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors.</p>	<p>High Non-Employee Director Pay: Generally vote against members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more <u>consecutive or non-consecutive years/across multiple years</u>) of awarding excessive <u>or otherwise problematic</u>⁷ non-employee director compensation without disclosing a compelling rationale or other mitigating factors.</p> <p><u>Adverse recommendations may be warranted in the first year for director pay issues that are considered egregious.</u></p>
	<p>Footnote: <u>⁷May include performance awards, retirement benefits, or problematic perquisites.</u></p>

Rationale for Change:

Since the implementation of the high non-employee director (NED) pay policy in 2019, there have been multiple instances of problematic NED pay decisions made by companies across non-consecutive years (i.e. in Year 1 and Year 3 but not in Year 2) or egregious NED pay decisions made in a single year with no prior pattern.

There are specific practices in NED pay that shareholders may consider concerning or problematic. These include, but are not limited to:

- Particularly large NED pay magnitude (measured relative to industry peer medians based on four-digit GICS classification) or NED pay that exceeds that of the company's executive officers.
- Performance awards, retirement benefits, excessive perquisites, etc.
- Inadequate disclosure or lack of clearly disclosed rationale in the proxy for unusual NED payments.

This policy update allows for adverse vote recommendations for problematic or unreasonable pay in the first year of occurrence or in the event of a pattern identified across non-consecutive years. The identification of one of these practices does not guarantee an adverse recommendation. NED pay identified as merely marginally exceeding the relevant threshold in the absence of other escalatory factors or a multi-year pattern will continue to receive warnings without an adverse vote recommendation.

Responsiveness

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Vote case-by-case on compensation committee members (or, in exceptional cases, the full board) and the Say on Pay proposal if:</p> <ul style="list-style-type: none"> ▪ The company's previous say-on-pay received the support of less than 70 percent of votes cast. Factors that will be considered are: <ul style="list-style-type: none"> ▪ The company's response, including: <ul style="list-style-type: none"> ▪ Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support (including the timing and frequency of engagements and whether independent directors participated); ▪ Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition; and ▪ Disclosure of specific and meaningful actions taken to address shareholders' concerns; ▪ Other recent compensation actions taken by the company; ▪ Whether the issues raised are recurring or isolated; ▪ The company's ownership structure; and ▪ Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness. ▪ The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the plurality of votes cast. 	<p>Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and <u>or</u> the <u>say-on-pay</u> proposal <u>if</u>:</p> <p><u>▪ The company's previous say-on-pay received the support of less than 70 percent of votes cast. Factors that will be considered <u>are in assessing board responsiveness include</u>:</u></p> <p><u>▪ The company's response, including:</u></p> <ul style="list-style-type: none"> ▪ Disclosure of engagement efforts with major institutional investors <u>regarding the issues that contributed to the low level of support (including the timing and frequency of engagements and whether independent directors participated), including the frequency and timing of engagements and the company participants (including whether independent directors participated);</u> ▪ Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition; and ▪ Disclosure of specific and meaningful actions taken to address shareholders' concerns. <p><u>If the company discloses meaningful engagement efforts, but in addition states that it was unable to obtain specific feedback, Climate Advisory Services will assess company actions taken in response to the say-on-pay vote as well as the company's explanation as to why such actions are beneficial for shareholders.</u></p> <p><u>Additional factors that may be considered include:</u></p> <ul style="list-style-type: none"> ▪ <u>Other recent compensation actions taken by the company;</u> ▪ <u>Whether the issues raised are recurring or isolated;</u> ▪ <u>The company's ownership structure; and</u> ▪ <u>Significant corporate activity, such as a recent merger or proxy contest; and</u> ▪ <u>Any other compensation action or factor considered relevant to assessing board responsiveness.</u> <p><u>▪ Whether If the say-on-pay support level was less than 50 percent of votes cast, which this would warrant the highest degree of responsiveness, as assessed under the factors noted above.</u></p>

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
	<p><u>-Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) if the</u> board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the plurality of votes cast.</p>

Rationale for Change:

The current policy has been updated to address cases where a company has disclosed meaningful efforts to engage with shareholders but was ultimately unable to receive feedback. Recent SEC guidance regarding 13-G (passive) versus 13-D (active) filing status for institutional investors may make it more difficult for issuers to receive feedback after a low say-on-pay vote result. The ISS 2025 policy survey results indicated that there was strong agreement from both investors and non-investors that the absence of disclosed shareholder feedback should not be viewed negatively if the company discloses that it attempted but was unable to obtain sufficient investor feedback. Investor feedback has also supported the viewpoint that as a general matter companies can demonstrate say-on-pay responsiveness through positive pay program changes that are not necessarily linked to specific shareholder feedback, even outside the context of the recent SEC guidance.

In the 2025 U.S. compensation policy roundtables, investors uniformly expressed that companies that are unable to obtain shareholder feedback should still disclose meaningful engagement efforts as well as the rationale underlying compensation actions made in response to a low say-on-pay vote, including how such changes are beneficial for shareholders. The policy change allows for more flexibility in the way companies can demonstrate their responsiveness to low say-on-pay vote support.

The current policy has also been updated to clarify factors that are currently considered in the case of low support in connection with an unusual situation (such as a proxy contest, merger or bankruptcy). While disclosure of engagement efforts, how the board considered investor dissent, and/or compensation actions remain relevant in such scenarios, significant board turnover is also considered.

Capital/Restructuring

Capital

Unequal Voting Rights/Dual Class Structure

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Climate Policy Recommendation: Generally vote against proposals to create a new class of common stock unless:</p> <ul style="list-style-type: none"> ■ The company discloses a compelling rationale for the dual-class capital structure, such as: <ul style="list-style-type: none"> ■ The company's auditor has concluded that there is substantial doubt about the company's ability to continue as a going concern; or ■ The new class of shares will be transitory; ■ The new class is intended for financing purposes with minimal or no dilution to current shareholders in both the short term and long term; and ■ The new class is not designed to preserve or increase the voting power of an insider or significant shareholder. 	<p>Dual Class Structure</p> <p>Climate Policy General Recommendation: Generally vote against proposals to create a new class of common stock unless:</p> <ul style="list-style-type: none"> ■ The company discloses a compelling rationale for the dual-class capital structure, such as: <ul style="list-style-type: none"> ■ The company's auditor has concluded that there is substantial doubt about the company's ability to continue as a going concern; or ■ The new class of shares will be transitory; ■ The new class is intended for financing purposes with minimal or no dilution to current shareholders in both the short term and long term; and ■ The new class is not designed to preserve or increase the voting power of an insider or significant shareholder. <p><u>Generally vote against proposals to create a new class of preferred stock with voting rights superior to the common stock unless:</u></p> <ul style="list-style-type: none"> ■ <u>The preferred shares are convertible into common shares and vote on an "as converted" basis prior to conversion, or</u> ■ <u>The enhanced voting rights of the preferred shares have limited duration and applicability and the shares are voted in a way that mirrors the votes of the common shares (i.e., where such shares are intended to overcome low voting turnout and ensure approval of a specific non-controversial agenda item such as a reverse stock split needed to avoid a delisting).</u>

Rationale for Change:

The policy change eliminates a discrepancy in the treatment of capital structures with unequal voting rights and clarifies that such structures are considered problematic whether the shares with superior voting rights are classified as "common" or "preferred".

Compensation

Executive Pay Evaluation

Advisory Votes on Executive Compensation—Management Proposals (Management Say-on-Pay)

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Primary Evaluation Factors for Executive Pay</p> <p>Pay-for-Performance Evaluation</p> <p>Climate Advisory Services annually conducts a pay-for-performance analysis to identify strong or satisfactory alignment between pay and performance over a sustained period. With respect to companies in the S&P1500, Russell 3000, or Russell 3000E Indices¹⁷, this analysis considers the following:</p> <ol style="list-style-type: none"> 1. Peer Group¹⁸ Alignment: <ul style="list-style-type: none"> ▪ The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three-year period. ▪ The rankings of CEO total pay and company financial performance within a peer group, each measured over a three-year period. ▪ The multiple of the CEO's total pay relative to the peer group median in the most recent fiscal year. 2. Absolute Alignment¹⁹ – the absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period. 	<p>Primary Evaluation Factors for Executive</p> <p>Pay-for-Performance Evaluation</p> <p>Climate Advisory Services annually conducts a pay-for-performance analysis to identify strong or satisfactory alignment between pay and performance over a sustained period. With respect to companies in the S&P1500, Russell 3000, or Russell 3000E Indices¹⁷, this analysis considers the following:</p> <ol style="list-style-type: none"> 1. Peer Group¹⁸ Alignment: <ul style="list-style-type: none"> ▪ The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three^{five}-year period. ▪ The rankings of CEO total pay and company financial performance within a peer group, each measured over a three^{five}-year period. ▪ The multiple of the CEO's total pay relative to the peer group median in the most recent fiscal year over one- and three-year periods. 2. Absolute Alignment¹⁹ – the absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period.

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Footnotes:</p> <p>17: The Russell 3000E Index includes approximately 4,000 of the largest U.S. equity securities.</p> <p>18: The revised peer group is generally comprised of 14-24 companies that are selected using market cap, revenue (or assets for certain financial firms), GICS industry group, and company's selected peers' GICS industry group, with size constraints, via a process designed to select peers that are comparable to the subject company in terms of revenue/assets and industry, and also within a market-cap bucket that is reflective of the company's market cap. For Oil, Gas & Consumable Fuels companies, market cap is the only size determinant.</p> <p>19: Only Russell 3000 Index companies are subject to the Absolute Alignment analysis.</p>	<p>Footnotes:</p> <p>17: The Russell 3000E Index includes approximately 4,000 of the largest U.S. equity securities.</p> <p>18: The revised peer group is generally comprised of 14-24 companies that are selected using factors such as market cap, revenue, (or assets, for certain financial firms), GICS industry group, and the company's selected peers' GICS industry group, with size constraints, via a process designed to select peers that are comparable to the subject company in terms of revenue/assets and industry, and also within a market-cap bucket that is reflective of the company's market cap. For Oil, Gas & Consumable Fuels companies, market cap is the only size determinant. ISS' peer selection methodology is detailed in the U.S. Peer Group FAQ.</p> <p>19: Only Russell 3000E Index companies (excluding S&P1500 and Russell 3000 companies) are not subject to the Absolute Alignment analysis.</p>

Rationale for Change:

The U.S. pay-for-performance quantitative screens are being updated to assess pay for performance alignment over a longer-term time horizon. The update emphasizes a five-year, rather than three-year, assessment of CEO pay and company performance, while also maintaining an assessment of pay quantum over the short term. The update is intended to better align with how investors assess a company's long-term performance when evaluating compensation relative to peers. This change also emphasizes the assessment of *sustained* value creation and better smooths out short- to mid-term fluctuations, unusual one-time events, or external factors.

Other footnote changes are formatting and stylistic edits, including the removal of information that is considered more appropriate for detailing in the U.S. Peer Group FAQ.

Time-Based Equity Awards with Long-Time Horizon

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Pay-for-Performance Evaluation: If the above analysis demonstrates significant unsatisfactory long-term pay-for-performance alignment or, in the case of companies outside the Russell indices, misaligned pay and performance are otherwise suggested, our analysis may include any of the following qualitative factors, as relevant to evaluating how various pay elements may work to encourage or to undermine long-term value creation and alignment with shareholder interests:</p> <ul style="list-style-type: none"> ▪ The ratio of performance- to time-based incentive awards; ▪ The overall ratio of performance-based compensation to fixed or discretionary pay; ▪ The rigor of performance goals; ▪ The complexity and risks around pay program design; ▪ The transparency and clarity of disclosure; ▪ The company's peer group benchmarking practices; ▪ Financial/operational results, both absolute and relative to peers; ▪ Special circumstances related to, for example, a new CEO in the prior FY or anomalous equity grant practices (e.g., bi-annual awards); ▪ Realizable pay²⁰ compared to grant pay; and ▪ Any other factors deemed relevant. 	<p>Pay-for-Performance Evaluation: If the above analysis demonstrates significant unsatisfactory long-term pay-for-performance alignment or, in the case of companies outside the Russell indices, misaligned pay and performance are otherwise suggested, our analysis may include any of the following qualitative factors, as relevant to evaluating how various pay elements may work to encourage or to undermine long-term value creation and alignment with shareholder interests:</p> <ul style="list-style-type: none"> ▪ <u>The overall ratio of performance-based compensation to fixed or discretionary pay;</u> ▪ The ratio of performance- to time-based <u>long-term</u>-incentive awards; ▪ <u>Vesting and/or retention requirements for equity awards that demonstrate a long-term focus;</u> ▪ <u>The overall ratio of performance-based compensation to fixed or discretionary pay;</u> ▪ The rigor of performance goals; ▪ The complexity and risks around pay program design; ▪ The transparency and clarity of disclosure; ▪ The company's peer group benchmarking practices; ▪ Financial/operational results, both absolute and relative to peers; ▪ Special circumstances related to, for example, a new CEO in the prior FY or anomalous equity grant practices (e.g., bi-annual awards); ▪ Realizable <u>and/or realized</u> pay²⁰ compared to <u>granted</u> pay; and ▪ Any other factors deemed relevant.
<p>Footnotes:</p> <p>20: ISS research reports include realizable pay for S&P1500 companies.</p>	<p>Footnotes:</p> <p>20: <u>Climate Advisory Services research reports include realizable pay for S&P1500 companies.</u></p>

Rationale for Change:

This policy update reflects the importance of a longer-term time horizon for time-based equity awards and represents a more flexible approach in Climate Advisory Services' evaluation of equity pay mix in the pay-for-performance qualitative review. Feedback received from the 2024 and 2025 ISS policy surveys, and the 2024 and 2025 U.S. compensation policy roundtables indicates evolving investor views on the appropriate mix of time- and performance-based equity. Many institutional investors have expressed concerns regarding performance equity programs in the U.S., and many have expressed a desire for a more flexible qualitative approach whereby time-based equity can comprise a majority (or all) of the equity pay mix so long as it is sufficiently long-term in nature, through extended vesting and/or retention requirements. This policy update will add more flexibility to the pay-for-performance qualitative review regarding the assessment of equity pay mix, whereby a time-based equity awards with

extended time horizons will be viewed positively. Equity awards will continue to be evaluated qualitatively on a case-by-case basis and in the context of company-specific factors and circumstances. For the avoidance of doubt, Climate Advisory Services will also continue to consider well-designed and clearly disclosed performance equity structures as a positive factor in the pay-for-performance qualitative analysis.

The policy update also clarifies that *realized* pay outcomes may be considered alongside realizable and granted pay. Other changes are formatting and stylistic edits, including the removal of the footnote associated with realizable pay, which is considered more appropriate for detailing in the U.S. Executive Compensation Policies FAQ.

Compensation Committee Communications and Responsiveness

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Consider the following factors case-by-case when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:</p> <ul style="list-style-type: none"> ▪ Failure to respond to majority-supported shareholder proposals on executive pay topics; or ▪ Failure to adequately respond to the company's previous say-on-pay proposal that received the support of less than 70 percent of votes cast, taking into account: <ul style="list-style-type: none"> ▪ Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated); ▪ Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition; ▪ Disclosure of specific and meaningful actions taken to address shareholders' concerns; ▪ Other recent compensation actions taken by the company; ▪ Whether the issues raised are recurring or isolated; ▪ The company's ownership structure; and ▪ Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness. 	<p>Consider the following factors case-by-case when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:</p> <ul style="list-style-type: none"> ▪ Failure to respond to majority-supported shareholder proposals on executive pay topics; or ▪ Failure to adequately respond to the company's previous say-on-pay proposal that received <u>the low</u> support of less than 70 percent of votes cast, taking into account <u>the factors identified under the Responsiveness section in the Board of Directors policy with respect to say-on-pay</u>: <ul style="list-style-type: none"> ▪ <u>Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated);</u> ▪ <u>Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition;</u> ▪ <u>Disclosure of specific and meaningful actions taken to address shareholders' concerns;</u> ▪ <u>Other recent compensation actions taken by the company;</u> ▪ <u>Whether the issues raised are recurring or isolated;</u> ▪ <u>The company's ownership structure; and</u> ▪ <u>Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.</u>

Rationale for Change:

The factors considered under the Compensation Committee Communications and Responsiveness policy is repeated in the Climate Advisory Services US Voting Guidelines, appearing under both the Board of Directors and Compensation policy sections. This update simply removes the duplication of factors in the Compensation policy section and refers to those factors as identified under the Board of Directors policy section. Removing this duplication and instead cross-referencing these two sections makes the policy cleaner and clearer.

Equity-Based and Other Incentive Plans

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Climate Policy Recommendation: Vote case-by-case on certain equity-based compensation plans²¹ depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated using an "Equity Plan Scorecard" (EPSC) approach with three pillars:</p> <ul style="list-style-type: none"> ▪ Plan Cost: The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both: <ul style="list-style-type: none"> ▪ SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and ▪ SVT based only on new shares requested plus shares remaining for future grants. ▪ Plan Features: <ul style="list-style-type: none"> ▪ Quality of disclosure around vesting upon a change in control (CIC); ▪ Discretionary vesting authority; ▪ Liberal share recycling on various award types; ▪ Lack of minimum vesting period for grants made under the plan; and ▪ Dividends payable prior to award vesting. ▪ Grant Practices: <ul style="list-style-type: none"> ▪ The company's three-year burn rate relative to its industry/market cap peers; ▪ Vesting requirements in CEO's recent equity grants (3-year look-back); ▪ The estimated duration of the plan (based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years); ▪ The proportion of the CEO's most recent equity grants/awards subject to performance conditions; ▪ Whether the company maintains a sufficient claw-back policy; and ▪ Whether the company maintains sufficient post-exercise/vesting share-holding requirements. 	<p>Climate Policy Recommendation: Vote case-by-case on <u>equity plan proposals subject to the Equity Plan Scorecard framework</u> certain equity-based compensation plans²² depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated using an "Equity Plan Scorecard" (EPSC) approach with <u>under</u> three pillars:</p> <ul style="list-style-type: none"> ▪ Plan Cost: The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both: <ul style="list-style-type: none"> ▪ SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and ▪ SVT based only on new shares requested plus shares remaining for future grants. ▪ Plan Features: <ul style="list-style-type: none"> ▪ Quality of disclosure around vesting upon a change in control (CIC); ▪ Discretionary vesting authority; ▪ Liberal share recycling on various award types; ▪ Lack of minimum vesting period for grants made under the plan; and ▪ Dividends payable prior to award vesting; <u>and</u> <u>Cash-denominated award limits for non-employee directors.</u> ▪ Grant Practices: <ul style="list-style-type: none"> ▪ The company's three-year burn rate relative to its industry/market cap peers; ▪ Vesting requirements in CEO's recent equity grants <u>(3-year look-back)</u>; ▪ The estimated duration of the plan <u>(based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years)</u>; ▪ The proportion of the CEO's most recent equity grants/awards <u>subject to performance conditions classified by ISS as performance-based</u>; ▪ Whether the company maintains a sufficient claw-back policy; and ▪ Whether the company maintains sufficient post-exercise/vesting share-holding requirements.

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
<p>Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following egregious factors ("overriding factors") apply:</p> <ul style="list-style-type: none"> ▪ Awards may vest in connection with a liberal change-of-control definition; ▪ The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies – or by not prohibiting it when the company has a history of repricing – for non-listed companies); ▪ The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances; ▪ The plan is excessively dilutive to shareholders' holdings; ▪ The plan contains an evergreen (automatic share replenishment) feature; or ▪ Any other plan features are determined to have a significant negative impact on shareholder interests. 	<p>Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following egregious factors ("overriding factors") apply:</p> <ul style="list-style-type: none"> ▪ Awards may vest in connection with a liberal change-of-control definition; ▪ The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies – or by not prohibiting it when the company has a history of repricing – for non-listed companies); ▪ The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances; ▪ The plan is excessively dilutive to shareholders' holdings; ▪ The plan contains an evergreen (automatic share replenishment) feature; or ▪ The plan lacks sufficient positive features under the Plan Features pillar; or ▪ Any other plan features factors that are determined to have a significant negative impact on shareholder interests.
<p>Footnotes:</p> <p>²¹ Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and directors, and (3) omnibus stock incentive plans for employees and/or employees and directors; amended plans will be further evaluated case-by-case.</p>	<p>Footnotes:</p> <p>²¹ Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and directors, and (3) omnibus stock incentive plans for employees and/or employees and directors; amended plans will be further evaluated case-by-case.</p>

Rationale for Change:

Individual award limits for non-employee directors have previously been noted in the Equity Plan Scorecard (EPSC) analysis though as informational data and not a scored factor. This change implements a new scored factor under the Plan Features pillar that assesses whether a plan in which non-employee directors participate discloses cash-denominated award limits, which is considered best practice. For 2026, the new non-employee director individual award limit factor will only apply to the S&P 500 and Russell 3000 EPSC models.

Additionally, numerous cases have been identified for plans evaluated under the Equity Plan Scorecard in which an overall passing score is reached despite receiving a very poor or zero Plan Features pillar score. To address this, Climate Advisory Services is introducing a new negative overriding factor where an equity plan proposal will receive an "Against" recommendation if it is found to be lacking sufficient positive features under the Plan Features pillar (as indicated by a threshold Plan Features pillar score), despite an overall passing score. For 2026, the new overriding factor will only apply to S&P 500, Russell 3000, and non-Russell 3000 EPSC models.

Other changes are formatting and stylistic edits, including certain details around factor logic that, while unchanged for 2026, are considered more appropriate for detailing in the US Equity Compensation Plans FAQ, which is expected to be updated in mid-December.

Social and Environmental Issues

Environment and Sustainability

Artificial Intelligence (AI)

Current Climate Advisory Services Policy:	New Climate Advisory Services Policy:
None	<p><u>Companies have received shareholder proposals requesting increased disclosure of responsible AI policies, procedures, and practices with respect to board oversight, environmental sustainability, and human rights risk mitigation.</u></p> <p><u>AI and data center issues are wide-ranging. Some areas where companies may face AI-related risks that could materially impact their operations include:</u></p> <ul style="list-style-type: none"> <li data-bbox="1058 719 1924 781"><u>How high levels of AI-driven energy use may impact GHG emissions targets, climate goals, and climate transition plans;</u> <li data-bbox="1058 784 1881 847"><u>How using AI to increase fossil fuel development and production may impact climate targets, and may pose legal and reputational risks;</u> <li data-bbox="1058 850 1902 912"><u>Data centers exacerbating water stress, especially in drought-prone areas;</u> <li data-bbox="1058 915 1248 940"><u>Child safety;</u> <li data-bbox="1058 943 1881 1021"><u>End use due diligence (how use of AI for surveillance and censorship, especially in conflict-affected and high-risk areas, may impact legal and reputational risk);</u> <li data-bbox="1058 1024 1818 1049"><u>Data acquisition and usage (privacy, safety, intellectual property);</u> <li data-bbox="1058 1052 1902 1114"><u>Human capital management (bias, discrimination, workplace monitoring, health and safety, automation, and other workforce impacts);</u> <li data-bbox="1058 1117 1290 1140"><u>Just AI transition;</u> <li data-bbox="1058 1144 1501 1168"><u>Misinformation and disinformation;</u> <li data-bbox="1058 1171 1776 1233"><u>Privacy concerns, and potential promotion of hate speech and discrimination, related to targeted advertising; and</u> <li data-bbox="1058 1237 1860 1299"><u>Potential human rights impacts related to weapons development and deployment.</u> <p>Climate Policy Recommendation: Generally vote for shareholder proposals requesting companies to prepare reports or adopt policies in line with internationally accepted frameworks. The scope of this recommendation takes</p>

	<u>into consideration the entire AI lifecycle and value chain, from upstream components and data sourcing, to downstream applications, safety and security issues, and other broader societal and environmental impacts.</u>

Rationale for Change:

This policy update codifies existing policy application and identifies some potential risks emerging as AI capabilities grow. The newly-codified policy will provide more transparency to the market about how assessments of these shareholder proposals are made. Additionally, this change comes in response to recent client roundtable feedback prioritizing AI.

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