INTERNATIONAL

# TAFT-HARTLEY PROXY VOTING GUIDELINES UPDATES

## 2026 Policy Recommendations

Effective for Meetings on or after February 1, 2026

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## Amendments to Articles to Allow Virtual Meetings

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| **Taft-Hartley Advisory Services Recommendation:** Generally vote for proposals allowing for the convening of hybrid[1] shareholder meetings.<br><br>Vote case-by-case on proposals concerning virtual-only meetings[2], considering:<br>▪ Whether the company has committed to ensuring shareholders will have the same rights participating electronically as they would have for an in-person meeting;<br>▪ Assurance that a virtual-only meeting will only be convened in the case of extraordinary circumstances that necessitate restrictions on physical attendance;<br>▪ The use of past authorizations to hold virtual-only meetings and the accompanying rationale for doing so;<br>▪ In-person or hybrid meetings are not precluded; and<br>▪ Local laws and regulations concerning the convening of virtual meetings. | **Taft-Hartley Advisory Services Recommendation:** Generally vote for proposals allowing for the convening of hybrid[1] shareholder meetings.<br><br>Vote case-by-case on proposals concerning virtual-only meetings[2], considering:<br>▪ Whether the company has committed to ensuring shareholders will have the same rights participating electronically as they would have for an in-person meeting[3];<br>▪ Assurance that a virtual-only meeting will only be convened in the case of extraordinary circumstances that necessitate restrictions on physical attendance;<br>▪ The use of past authorizations to hold virtual-only meetings and the accompanying rationale for doing so;<br>▪ In-person or hybrid meetings are not precluded; and<br>▪ Local laws and regulations concerning the convening of virtual meetings. |
| **Footnotes:**<br><br>[1]The phrase "hybrid shareholder meeting" refers to an in-person meeting in which shareholders are also permitted to participate online.<br><br>[2]The phrase "virtual-only shareholder meeting" refers to a meeting of shareholders that is held exclusively through the use of online technology without a corresponding in-person meeting. | **Footnotes:**<br><br>[1]The phrase "hybrid shareholder meeting" refers to an in-person meeting in which shareholders are also permitted to participate online.<br><br>[2]The phrase "virtual-only shareholder meeting" refers to a meeting of shareholders that is held exclusively through the use of online technology without a corresponding in-person meeting.<br><br>[3] The phrase "in-person meeting" refers to a meeting in which participating shareholders and board members meet in a specified physical location together. At an in-person meeting, shareholders and board members are physically present, enabling direct, in-person interaction. |

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**Rationale for Change:**

This update adds a definition to the phrase, “in-person meeting.”

# Board of Directors

## Director and Supervisory Board Member Elections

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| **Taft-Hartley Advisory Services Recommendation:** Vote for management nominees in the election of directors, unless:<br>[…]<br>• Generally vote for employee and/or labor representatives.<br>• In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:<br>[…]<br>○ Directors serving on an excessive number of other boards which could compromise their primary duties. In markets where the number of board appointments is routinely available, an excessive number of boards is defined as:<br>▪ Any person who holds more than four mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chair position counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates.<br>▪ Also, any CEO who holds more than two total mandates at listed companies will be classified as overboarded at all boards where the director is not currently CEO. | **Taft-Hartley Advisory Services Recommendation:** Vote for management nominees in the election of directors, unless:<br>[…]<br>Generally vote for employee and/or labor representative.<br>In markets where detailed information is generally provided, votes against or withhold votes on individual nominees, key committee members or the entire board can be triggered by one or more of the following concerns:<br>[…]<br>▪ Directors serving on an excessive number of other boards which could compromise their primary duties.<br>In Australia, New Zealand, Israel, and European markets where the number of board appointments is routinely available, an excessive number of boards is defined ~~as~~in the following way:<br>Any person who holds more than four mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chair position counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates.<br>○ Also, any CEO who holds more than ~~two total~~one external mandate~~s~~ at listed companies will be classified as overboarded at all boards where the director is not currently CEO.<br>○ In other markets where the number of board appointments is routinely available, an excessive number of boards is described as: CEOs of publicly-traded companies who hold more than one external mandate at listed companies besides their own[4]; or Non-CEO directors who serve on more than four public company boards. |

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| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| **Footnotes:**<br>N/A | [4]Taft-Hartley Advisory Services will recommend a vote against or withhold from overboarded CEO directors only at their outside directorships and not at the company at which they presently serve as CEO. |

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**Rationale for Change:**

This change codifies the existing approach to overboarding in the Taft-Hartley Advisory Services International policy. Previously, only the European-style mandate approach was described in the guidelines, causing confusion for some stakeholders. This additional language allows for greater clarity regarding the approach to the two methodologies for overboarding analysis, as well as explicitly describing which markets each approach applies to.

## Board Diversity

### Sub-Saharan Africa

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| N/A | Generally vote against director elections at companies where the post-election board will contain no female directors:<br>▪ For bundled elections, vote against the entire slate.<br>▪ For unbundled elections, vote against the chair of the Nominating Committee (or chair of the committee designated with the responsibility of a nominating committee) or, on a case-by-case basis, against other relevant director(s).<br><br>Mitigating factors:<br>▪ Met the relevant board diversity minimum level at the preceding AGM.<br>▪ Clear commitment to address the lack of gender diversity on the board and progress against agreed voluntary diversity targets, if any, during the following year.<br>▪ Other relevant factors as applicable. |

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**Rationale for Change:**

The updated Taft-Hartley Advisory Services policy introduces gender diversity as a vote driver in board elections for SSA publicly-listed companies. This aligns with established practices across the region as a significant number of public companies in SSA markets have already incorporated gender diversity into their board structures, with the majority including at least one female director. This policy formalizes these developments and ensures that the approach to board composition in the region continues to align with evolving governance standards.

While local governance codes and guidelines do not specify gender quotas, they recommend an appropriate balance of skills and diversity (including gender) on boards. For instance, the Botswana Stock Exchange listing requirements (2020) mandate public companies to set a policy on the promotion of diversity at the board level, referencing the King IV Code directives. Similarly, the governance code in Ghana (2020), whose provisions are mandatory, requires public boards to adopt a policy on the appropriate gender balance on the board and the minimum time necessary to achieving it. It is also noteworthy that a minimum of one female director is required on the board of financial companies and banks in Nigeria and for banks in Ghana. On the regional level, the Bourse Régionale des Valeurs Mobilières (BRVM), the regional stock exchange for the West African Economic and Monetary Union (which involves Benin, Burkina Fasso, Ivory Coast, Senegal and Togo) issued its governance code in 2020 for listed companies, following an apply or explain principle, which state that no one gender represents more than two-thirds of the directors.

Implementing this policy reinforces alignment with expected governance standards and policies on the global level and in neighboring markets, particularly South Africa which exerts a strong influence on local regulatory frameworks. By reflecting existing practices and responding to global expectations, this policy contributes to the continued strengthening of governance frameworks across SSA markets.

## New Zealand

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
|---|---|
| Generally, vote against the chair of the nomination committee or chair of the board (or other relevant directors on a case-by-case basis) if there are no women on the board.<br><br>Mitigating factors include:<br>▪ A commitment to appoint at least one female director as disclosed in the company's meeting documents or in an announcement to the NZX;<br>▪ The presence of a female director on the board during the preceding year; or<br>▪ Other relevant factors. | Generally, vote against the chair of the nomination committee or chair of the board (or other relevant directors on a case-by-case basis)~~if there are no women on the board~~ if:~~.~~<br>▪ The company is included in the S&P/NZX 50 Index, and the board does not comprise at least 30 percent female representation.<br>▪ For any other company, there are no women on the board.<br><br>~~Mitigating factors include:~~Exceptional circumstances from this vote recommendation which may be considered on a case-by-case basis may include:<br>▪ The company complying with the standard in the preceding year, and publicly available disclosure by the company of a search being undertaken and a firm commitment to meet the gender diversity standard in the next year; ~~A commitment to appoint at least one female director as disclosed in the company's meeting documents or in an announcement to the NZX;~~<br>▪ ~~The presence of a female director on the board during the preceding year; or~~<br>▪ Research & development or similar entities which may have smaller boards of three or four directors; or<br>▪ Other relevant factors. |

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### Rationale for Change:

The updated policy refers to the NZX Corporate Governance Code and removes reference to the Financial Services Council and the ASX Corporate Governance Council.

The new policies on gender diversity bring the Taft-Hartley Advisory Services voting policy in line with the New Zealand voting policy.

## Israel

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| N/A | Generally vote against the chair of the nominating committee (or the chair of the committee designated with the responsibility of a nominating committee), or other directors on a case-by-case basis, if both genders are not represented on the board of directors.<br><br>Exceptions may apply in cases where the company has publicly disclosed a commitment to have both genders represented on the board within one year, or where other mitigating factors are present and deemed relevant. |

**Rationale for Change:**

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The updated policy introduces gender diversity voting parameters to the board election guidelines, reflecting evolving legal requirements, investor expectations and market developments in Israel supporting increased female board participation. Consistent with the requirements of the Israeli Companies Law, which requires gender representation in board composition, the expectation that both genders be represented on the board of directors will apply to all Israeli companies covered under the Taft-Hartley Voting Guidelines, including those listed outside Israel without a controlling shareholder and exempt from certain local legal requirements mandating board gender diversity.

This change is reinforced by recent initiatives from local regulators and similar bodies such as those led by the Supervision of Banks, TASE Woman Leadership Index, and the Israeli Securities Authority (ISA), as well as continued engagement by civil society, which indicate a growing consensus around the importance of board gender diversity.

## Continental Europe

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| In Continental Europe, generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if:<br>▪ The underrepresented gender accounts for less than 30 percent (or any higher domestic threshold) of shareholder-elected directors of a widely held company – excluding, where relevant, employee shareholder representatives[8].<br>▪ Both genders are not represented on the board of a non-widely-held company.<br>Mitigating factors may include:<br>▪ Compliance with the relevant standard at the preceding annual meeting and a firm commitment, publicly available, to comply with the relevant standard within a year; or<br>▪ Other relevant factors as applicable. | In Continental Europe, generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if:<br>▪ The underrepresented gender accounts for less than 30 percent (or any higher domestic threshold) of shareholder-elected directors of a widely held company. ~~– excluding, where relevant, employee shareholder representatives[8].~~<br>▪ Both genders are not represented on the board of a non-widely-held company.<br>Mitigating factors may include:<br>▪ Compliance with the relevant standard at the preceding annual meeting and a firm commitment, publicly available, to comply with the relevant standard within a year; or<br>▪ Other relevant factors as applicable. |
| **Footnotes:**<br>[8]In France, when employees exceed a given shareholding threshold in the company, they must be represented by employee shareholder representative(s) on the [supervisory] board. | ~~[8]In France, when employees exceed a given shareholding threshold in the company, they must be represented by employee shareholder representative(s) on the [supervisory] board.~~ |

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### Rationale for Change:

Following the transposition of the European directive "Women on Boards," French law on gender diversity will be modified from 2026. Employee shareholder representatives that were until now excluded from the calculation of the gender thresholds will be reintegrated in the calculation. Accordingly, the policy exception for those representatives is no longer relevant.

## Japan

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| For Japanese companies with a statutory auditor structure: vote for the election of directors, except top executive(s) if the board, after the shareholder meeting, will not include at least one female director. | For Japanese companies with a statutory auditor structure: vote for the election of directors, except top executive(s) if the board, after the shareholder meeting, will not include at least one female director. For meetings on or after **Feb. 1, 2027**, top executive(s) if at least 10 percent of board members, after the shareholder meeting, are not female directors. |

**Rationale for Change:**

As the importance of gender diversity is being recognized at various aspects of society, increasing numbers of Japanese companies are adding female directors to the board. Among the Japanese companies covered by ISS, the number of boards with at least one female director has significantly increased in recent years, reaching 82.4 percent as of June 2025. The number of companies where at least 10 percent of board members are female directors has also increased, and it stood at 77.7 percent as of June 2025. On the part of institutional investors, board gender diversity has already been widely recognized as an important element to realize better corporate governance in Japan. Many large asset managers have already introduced guidelines factoring in female director representation in their voting policies for Japanese companies, and most of them employ thresholds exceeding one female director (i.e., two female directors, 10 percent, 15 percent, or 20 percent).

Given this context, the recommended board gender diversity for companies in Japan is being updated from a minimum of one female director to at least 10 percent of female representation. Companies will be granted a one-year grace period to allow them time to identify qualified candidates if they wish and will be effective for meetings on or after February 1, 2027.

# Compensation

## Equity-Based Compensation Plans

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| **Taft-Hartley Advisory Services Recommendation:** Generally vote for equity-based compensation proposals or the like if the plan(s) is(are) in line with long-term shareholder interests and align the award with shareholder value. This assessment includes, but is not limited to, the following factors:<br>▪ The volume of awards (to be) transferred to participants under all outstanding plans must not be excessive: awards must not exceed 5 percent of a company's issued share capital. This number may be up to 10 percent for high-growth companies or particularly well-designed plans (e.g., with challenging performance criteria, extended vesting/performance period, etc.);<br>▪ The plan(s) must be sufficiently long-term in nature/structure: the vesting of awards (i) must occur no less than three years from the grant date, and (ii) if applicable, should be conditioned on meeting performance targets that are measured over a period of at least three consecutive years;<br>▪ If applicable, performance conditions must be fully disclosed, measurable, quantifiable, and long-term oriented;<br>▪ The awards must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount. | **Taft-Hartley Advisory Services Recommendation:** Generally vote for equity-based compensation proposals or the like if the plan(s) is(are) in line with long-term shareholder interests and align the award with shareholder value. This assessment includes, but is not limited to, the following factors:<br>▪ The volume of awards (to be) transferred to participants under all outstanding plans must not be excessive: awards must not exceed 5 percent of a company's issued share capital. This number may be up to 10 percent for high-growth companies or particularly well-designed plans (e.g., with challenging performance criteria, extended vesting/performance period, etc.);<br>▪ The plan(s) must be sufficiently long-term in nature/structure: the vesting of awards (i) must occur no less than three years from the grant date, and (ii) if applicable, should be conditioned on meeting performance targets that are measured over a continuous period of at least three ~~consecutive~~ years;<br>▪ If applicable, performance conditions must be fully disclosed, measurable, quantifiable, and long-term oriented;<br>▪ The awards must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount. |

**Rationale for Change:**

The amended policy text clarifies that, for an equity-based long-term incentive plan to be considered sufficiently long-term under Taft-Hartley Advisory Services equity compensation policy for Continental Europe, the performance targets must be measured over an unbroken three-year period. The updated language does not represent a change in the scope or application of the policy, as its implementation across Europe remains unchanged. The change is made to better reflect the existing policy application, and to avoid potential misunderstandings in the policy interpretation.

# Shareholder Proposals

## Social and Environmental Proposals

| Current Taft-Hartley Advisory Services Policy: | New Taft-Hartley Advisory Services Policy: |
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| **Taft-Hartley Advisory Services Recommendation:** In determining votes on shareholder social and environmental proposals, the following factors are considered:<br>▪ Whether the proposal itself is well framed and reasonable;<br>▪ Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;<br>▪ Whether the company's analysis and voting recommendation to shareholders is persuasive;<br>▪ The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing;<br>▪ Whether the subject of the proposal is best left to the discretion of the board;<br>▪ Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action;<br>▪ The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal;<br>▪ Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal;<br>▪ Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;<br>▪ If the proposal requests increased disclosure or greater transparency, whether sufficient information is publicly available to shareholders and whether it would be unduly burdensome for the company to compile and avail the requested information to shareholders in a more comprehensive or amalgamated fashion; and<br>▪ Whether implementation of the proposal would achieve the objectives sought in the proposal.<br><br>Taft-Hartley Advisory Services generally supports social and environmental proposals if they either contribute to the long-term interests of plan participants | **Taft-Hartley Advisory Services Recommendation:** In determining votes on shareholder social and environmental proposals, the following factors are considered:<br>▪ Whether the proposal itself is well framed and reasonable;<br>▪ Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;<br>▪ Whether the company's analysis and voting recommendation to shareholders is persuasive;<br>▪ The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing;<br>▪ Whether the subject of the proposal is best left to the discretion of the board;<br>▪ Whether the issues presented in the proposal are being appropriately or effectively~~st~~ dealt with through legislation, ~~government~~ regulation, or company-specific action;<br>▪ The company's ~~approach~~ relevant practices compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal;<br>▪ Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal;<br>▪ Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;<br>▪ If the proposal requests increased disclosure or greater transparency, whether sufficient information is publicly available to shareholders and whether it would be unduly burdensome for the company to compile and avail the requested information to shareholders in a more comprehensive or amalgamated fashion;~~ and~~<br>▪ Whether implementation of the proposal would achieve the objectives sought in the proposal; and~~.~~<br>▪ |

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| and beneficiaries or will have no adverse impact on plan participants and beneficiaries. | ▪ Whether the proposal addresses substantive matters that may impact shareholders' interests, including how the proposal may impact shareholders' rights.<br><br>Taft-Hartley Advisory Services generally supports social and environmental shareholder proposals if they either contribute to the long-term interests of plan participants and beneficiaries or will have no adverse impact on plan participants and beneficiaries. |

**Rationale for Change:**

This change clarifies the Taft-Hartley Advisory Services policy approach on environmental and social-related shareholder proposals, which reinforces a consistent case-by-case framework for such proposals across all markets. This existing global policy specifies a case-by-case analysis and a consistent set of key factors for consideration. The proposed update maintains this approach, introducing one additional factor to the global E&S Shareholder Proposals policy: "Whether the proposal addresses substantive matters that may impact shareholders' interests, including how the proposal may impact shareholders' rights."

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