UNITED STATES

TAFT-HARTLEY PROXY VOTING GUIDELINES

2026 Policy Updates

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Taft-Hartley Advisory Services Recommendation: 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.	Taft-Hartley Advisory Services Recommendation: 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 consecutive or non-consecutive years/across multiple years) of awarding excessive or otherwise problematic* non-employee director compensation without disclosing a compelling rationale or other mitigating factors. Adverse recommendations may be warranted in the first year for director pay issues that are considered egregious.*
	Footnotes: *May include performance awards, retirement benefits, pr problematic perquisites.

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.

Accountability – Problematic Pledging of Company Stock

Current Taft-Hartley Advisory Services Policy	New Taft-Hartley Advisory Services Policy
Taft-Hartley Advisory Services Recommendation: Vote against the members of the committee that oversees risks related to pledging, or the full board, where a significant level of pledged company stock by executives or directors raises concerns. The following factors will be considered: ▪ The presence of an anti-pledging policy, disclosed in the proxy statement, that prohibits future pledging activity; ▪ The magnitude of aggregate pledged shares in terms of total common shares outstanding, market value, and trading volume; ▪ Disclosure of progress or lack thereof in reducing the magnitude of aggregate pledged shares over time; ▪ Disclosure in the proxy statement that shares subject to stock ownership and holding requirements do not include pledged company stock; and ▪ Any other relevant factors.	Taft-Hartley Advisory Services Recommendation: Vote against the members of the committee that oversees risks related to pledging and any directors involved in significant pledging activity, or the full board, where a significant level of pledged company stock by executives or directors raises concerns. The following factors will be considered: ▪ The presence of an anti-pledging policy, disclosed in the proxy statement, that prohibits future pledging activity; ▪ The magnitude of aggregate pledged shares in terms of total common shares outstanding, market value, and trading volume; ▪ Disclosure of progress or lack thereof in reducing the magnitude of aggregate pledged shares over time; ▪ Disclosure in the proxy statement that shares subject to stock ownership and holding requirements do not include pledged company stock; and ▪ Any other relevant factors.

Rationale for Change:

This change allows for increased accountability for problematic pledging practices by allowing for adverse vote recommendations to be given to the directors directly involved in the problematic pledging in addition to the members of the relevant committee that oversees risks related to pledging. The change aligns with client views – most recently noted in the 2025 Taft Hartley and Public Fund roundtables – that share pledging is a concern.

Accountability – Unequal Voting Rights

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:
Taft-Hartley Advisory Services Recommendation: Generally vote withhold or against directors individually, committee members, or the entire board (except new nominees[3], who should be considered case-by-case), if the company employs a common stock structure with unequal voting rights[5]. Exceptions to this policy will generally be limited to: ▪ Newly-public companies[4] 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 super-voting shares represent less than 5% of total voting power and therefore considered to be *de minimis*; 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.	Taft-Hartley Advisory Services Recommendation: 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 multi-class capital structure with unequal voting rights*. Exceptions to this policy will generally be limited to: ▪ 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; ▪ Convertible preferred shares that vote on an “as converted” basis; ▪ 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: ▪ Situations where the super-voting shares represent less than 5% of total voting power and therefore considered to be *de minimis*; 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.

Footnotes: *A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question. *Newly-public companies generally include companies that emerge from bankruptcy, SPAC transactions, spin-offs, direct listings, and those who complete a traditional initial public offering. *This 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”).	**Footnotes:** *A "new nominee" is a director who is being presented for election by shareholders for the first time. Recommendations on new nominees who have served for less than one year are made on a case-by-case basis depending on the timing of their appointment and the problematic governance issue in question. *This generally includes classes of common stock that have more 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”). 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. *Newly-public companies generally include companies that emerge from bankruptcy, SPAC transactions, spin-offs, direct listings, and those who complete a traditional initial public offering.

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”.

Board Responsiveness

<table>
<tr><th>Current Taft-Hartley Advisory Services Policy:</th><th>New Taft-Hartley Advisory Services Policy:</th></tr>
<tr><td>Taft-Hartley Advisory Services Recommendation: Vote case-by-case on compensation committee members (or, potentially, the full board) and the Say-on-Pay proposal if:

▪ The company's previous say-on-pay proposal received low levels of investor support, taking into account:
  ▪ The company's response, including: a) 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); b) disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition; c) disclosure of specific and meaningful actions taken to address shareholders' concerns; d) 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.</td>
<td>Taft-Hartley Advisory Services Recommendation: Vote case-by-case on Compensation Committee members (or, potentially, the full board) and/or the say-on-pay proposal:

▪ When the company's previous say-on-pay proposal received support of less than 70 percent of votes cast, taking into account:
  ▪ 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.

If the company discloses meaningful engagement efforts, but in addition states that it was unable to obtain specific feedback, Taft-Hartley 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.

Additional factors that may be considered include:
  ▪ Whether the issues raised are recurring or isolated;
  ▪ The company's ownership structure;
  ▪ Significant corporate activity, such as a recent merger or proxy contest; and
  ▪ Any other compensation action or factor considered relevant to assessing board responsiveness.

If the say-on-pay support level were less than 50 percent of votes cast, this would warrant the highest degree of responsiveness, as assessed under the factors noted above.

Vote case-by-case on Compensation Committee members (or, potentially, the full board) if the board implements an advisory vote on executive compensation</td></tr>
</table>

	on a less frequent basis than the frequency that received the plurality of votes cast.

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.

Compensation

Evaluation of Executive Pay

Pay-For-Performance Evaluation

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:
Taft-Hartley Advisory Services Recommendation: With respect to companies in the Russell 3000 or Russell 3000E Indices*, this analysis considers the following: 1. Peer Group* Alignment: ▪ 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 Alignment* – 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.	Taft-Hartley Advisory Services Recommendation: With respect to companies in the Russell 3000 or Russell 3000E Indices*, this analysis considers the following: 1. Peer Group* Alignment: ▪ 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 five-year period. ▪ The rankings of CEO total pay and company financial performance within a peer group, each measured over a five-year period. ▪ The multiple of the CEO's total pay relative to the peer group median over one- and three-year periods. 2. Absolute Alignment* – 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.

Footnotes:	**Footnotes:**
*The Russell 3000E Index includes approximately 4,000 of the largest U.S. equity securities. *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. For Oil, Gas & Consumable Fuels companies, market cap is the only size determinant. *Only Russell 3000 Index companies are subject to the Absolute Alignment analysis.	*The ISS peer group is generally comprised of 14-24 companies that are selected using factors such as market cap, revenue, assets, GICS industry group, and the company-selected peers' GICS industry group. ISS peer selection methodology is detailed in the U.S. Peer Group FAQ. *Russell 3000E Index companies (excluding S&P 1500 and Russell 3000 companies) are not subject to the Absolute Alignment analysis.

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.

Time-Based Equity Awards with Long Time Horizon

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:
Taft-Hartley Advisory Services Recommendation: 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: ▪ The ratio of performance- to time-based incentive awards; ▪ The overall ratio of performance-based compensation; ▪ The completeness of disclosure and rigor of performance goals; ▪ The company's peer group benchmarking practices; ▪ Actual results of financial/operational metrics, 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 pay* compared to grant pay; and ▪ Any other factors deemed relevant.	Taft-Hartley Advisory Services Recommendation: 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: ▪ The overall ratio of performance-based compensation to fixed or discretionary pay; ▪ The ratio of performance- to time-based long-term incentive awards; ▪ Vesting and/or retention requirements for equity awards that demonstrate a long-term focus; ▪ The completeness of disclosure and rigor of performance goals; ▪ The company's peer group benchmarking practices; ▪ Actual results of financial/operational metrics, 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 and/or realized pay compared to granted pay; and ▪ Any other factors deemed relevant.
Footnotes: *Taft-Hartley Advisory Services research reports include realizable pay for S&P1500 companies.	**Footnotes:**

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 Taft-Hartley 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 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, Taft-Hartley 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.

Problematic Compensation Practices

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:
Taft-Hartley Advisory Services Recommendation: … While not exhaustive, the following list represents certain adverse practices that carry significant weight in this overall consideration, and may lead to negative vote recommendations: … ▪ Internal pay disparity: Excessive differential between CEO total pay and that of next highest-paid named executive officer (NEO); ▪ Repricing or replacing of underwater stock options/stock appreciation rights (SARs) without prior shareholder approval (including cash buyouts, option exchanges, and certain voluntary surrender of underwater options where shares surrendered may subsequently be re-granted);	Taft-Hartley Advisory Services Recommendation: … While not exhaustive, the following list represents certain adverse practices that carry significant weight in this overall consideration, and may lead to negative vote recommendations: … ▪ Internal pay disparity: Excessive differential between CEO total pay and that of next highest-paid named executive officer (NEO); ▪ Significant disparity in a company's Pay Ratio* ▪ Repricing or replacing of underwater stock options/stock appreciation rights (SARs) without prior shareholder approval (including cash buyouts, option exchanges, and certain voluntary surrender of underwater options where shares surrendered may subsequently be re-granted);
Footnotes:	**Footnotes:** *Pay Ratio Disclosure is based on the 2010 Dodd-Frank Act disclosure mandate that has required public companies to disclose the ratio of the compensation of their chief executive officer (CEO) to the median compensation of employees.

Rationale for Change:

This policy update responds to client concerns about the persistent trend of widening pay disparity between CEOs and employees. Between 1978 and 2024[1], CEO compensation increased by 1,094%, while typical worker compensation rose by only 26%. This expanding gap highlights the diverging trajectories of executive and employee pay over recent decades. In 2024, the CEO pay at S&P 500 companies rose by approximately 7% compared with the prior year[2]. The average CEO to median-worker pay ratio that year stood at 285-to-1 across S&P 500 companies, underscoring the scale of imbalance.

The increasingly high level of CEO-to-worker pay disparity carries a number of potential implications for companies and their shareholders, including regulatory and reputational risks. Disproportionate or excessive executive compensation contributes to broader economic inequality, eroding employee trust, loyalty, and productivity, while also drawing increasing scrutiny from investors concerned about shareholder value. Taft-Hartley policy clients have expressed concerns regarding excessive executive pay during recent client roundtable sessions.

Compensation Committee Communications and Responsiveness

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:

Taft-Hartley Advisory Services Recommendation:
 	
Consider the following factors when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:
 	
▪ 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 a low level of shareholder support, taking into account the company's response, including:
  ▪ 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;
  ▪ 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.
	Taft-Hartley Advisory Services Recommendation:
	
	Consider the following factors when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:
	
	▪ 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 a low level of shareholder support, taking into account the factors identified under the Responsiveness section in the Director Election policy with respect to say-on-pay.
	  ▪
	  ▪

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Rationale for Change:

The factors considered under the Compensation Committee Communications and Responsiveness policy is repeated in the U.S. Voting Guidelines, appearing under both the Director Election 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 Director Election policy section. Removing this duplication and instead cross-referencing these two sections makes the policy cleaner and clearer.

Corporate Responsibility & Accountability

I. GENERAL CSR RELATED

Artificial Intelligence (AI)

Current Taft-Hartley Advisory Services Policy:	New Taft-Hartley Advisory Services Policy:
None	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. AI and data center issues are wide-ranging. Some areas where companies may face AI-related risks that could materially impact their operations include: ▪ How high levels of AI-driven energy use may impact GHG emissions targets, climate goals, and climate transition plans; ▪ How using AI to increase fossil fuel development and production may impact climate targets, and may pose legal and reputational risks; ▪ Data centers exacerbating water stress, especially in drought-prone areas; ▪ Child safety; ▪ 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); ▪ Data acquisition and usage (privacy, safety, intellectual property); ▪ Human capital management (bias, discrimination, workplace monitoring, health and safety, automation, and other workforce impacts); ▪ Just AI transition; ▪ Misinformation and disinformation; ▪ Privacy concerns, and potential promotion of hate speech and discrimination, related to targeted advertising; and ▪ Potential human rights impacts related to weapons development and deployment.

	Taft-Hartley Advisory Services Recommendation: Generally vote for shareholder proposals requesting companies to prepare reports or adopt policies in line with internationally accepted frameworks. The scope of this policy takes 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.

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 regarding 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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