EUROPE, MIDDLE EAST, and AFRICA (EMEA)

Proxy Voting Guidelines
Benchmark Policy Changes for 2026: Continental Europe, EMEA Regional, Israel, MENA, Russia & Kazakhstan, South Africa, Sub-Saharan Africa, and U.K. and Ireland

Effective for Meetings on or after February 1, 2026

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Contents

Continental Europe

Board of Directors

Board Gender Diversity (French Market)

Current ISS Policy:	New ISS Policy:
Non-Contested Director Elections **[...]** **Board Gender Diversity** In terms of gender diversity, [supervisory] boards should adhere to domestic legal requirements or local best market practices or, in the absence thereof, be in line with European established practice. Generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if: ▪ 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[2]. ▪ Both genders are not represented on the board of a non-widely-held company. Mitigating factors may include: ▪ 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 ▪ Other relevant factors as applicable.	**Non-Contested Director Elections** **[...]** **Board Gender Diversity** In terms of gender diversity, [supervisory] boards should adhere to domestic legal requirements or local best market practices or, in the absence thereof, be in line with European established practice. Generally vote against the chair of the nomination committee (or other directors on a case-by-case basis) if: ▪ 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 representatives2~~ ▪ Both genders are not represented on the board of a non-widely-held company. Mitigating factors may include: ▪ 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 ▪ Other relevant factors as applicable.

Current ISS Policy:	New ISS Policy:
Footnotes: [2]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.	~~2In France, when employees exceed a given shareholding threshold in the company, they must be represented by employee shareholder representative(s) on the [supervisory] board.~~

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. The excluded exception did not apply to any other market covered by ISS Continental Europe Policy Guidelines.

Timely Disclosure of Shareholder Meeting Materials

Current ISS Policy:	New ISS Policy:
N/A	**2. Board of Directors** **[…]** **Accountability for Capital Structure with Unequal Voting Rights** **[…]** **Timely Disclosure of Meeting Materials** Generally, vote against the re-election of the chair of the audit committee, another audit committee member, the board chair, or any other relevant nominee (on a case-by-case basis), if the company has frequently failed to disclose comprehensive meeting materials for shareholders in a timely manner. Shareholder meeting materials should be published well in advance of the general meeting, ideally no later than 30 days ahead of the meeting date (or any more stringent market best practice), and ultimately no later than 21 days before the meeting date (or any more stringent market deadline). In certain cases, including meetings of issuers not listed on a regulated market, ~~–~~ shareholder proposals, additional disclosures for the purpose of clarification, or exceptional/other market-specific circumstances, an exception may be made provided there is a reasonable explanation and the disclosure allows investors to adequately assess the proposals.

Rationale for Change:

To enable their shareholders to make informed vote decisions, companies should provide clear and timely information sufficiently ahead of their shareholder meetings. Notably, as per the Shareholder Rights Directive I, EU Member States shall ensure that companies listed on a regulated market disclose the meeting notice, the documents to be submitted to the general meeting as well as draft resolutions and the like at least 21 days before the general meeting. In addition, in its Report on the Implementation of SRD2 provisions, the European Securities and Markets Authority (ESMA) recommended that the European Commission potentially extend across the EU the timeline provided for the publication of meeting materials to provide shareholders with more time to perform their analysis and exercise their rights.

European best practice in many markets considers the publication of all meeting materials at least one month in advance of the shareholder meeting, however later publication of meeting materials remains a key issue in some markets, with limited improvements over recent years. In this regard, in its letter to the European Commission dated May 9, 2025, the ICGN advocated that the revised Shareholder Rights Directive should require that meeting materials be distributed well in advance of the shareholder meeting - for instance 30 to 40 days before - to enable shareholders to make informed voting decisions.

Accordingly, ISS has revised its Continental European policy guidelines to incorporate a clear expectation regarding timely disclosure. Effective in 2026, the policy will be applied in cases of non-timely disclosure over two or more consecutive years; thus, potential adverse vote recommendations will only be made starting in 2027.

Compensation

Equity-based Compensation Guidelines

Current ISS Policy:	New ISS Policy:
General 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: ▪ 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.); ▪ 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; ▪ If applicable, performance conditions must be fully disclosed, measurable, quantifiable, and long-term oriented; ▪ The awards must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount.	**General 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: ▪ 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.); ▪ 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; ▪ If applicable, performance conditions must be fully disclosed, measurable, quantifiable, and long-term oriented; 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 ISS 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.

Stock Option Plans – Adjustment for Dividend (Nordic Region)

<table>
<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
<tr><td>General Recommendation: Vote against stock option plans in Denmark, Finland, Norway, and Sweden if evidence is found that they contain provisions that may result in a disconnect between shareholder value and employee/executive reward. This includes one or a combination of the following:

▪ Adjusting the strike price for future ordinary dividends AND including expected dividend yield above 0 percent when determining the number of options awarded under the plan;
▪ Having significantly higher expected dividends than actual historical dividends;
▪ Favorably adjusting the terms of existing options plans without valid reason; and/or
▪ Any other provisions or performance measures that result in undue award. This policy applies to both new plans and amendments to introduce the provisions into already existing stock option plans. ISS will make an exception if a company proposes to reduce the strike price by the amount of future special (extraordinary) dividends only.

Generally vote against if the potential increase of share capital amounts to more than 5 percent for mature companies or 10 percent for growth companies or if options may be exercised below the market price of the share at the date of grant, or that employee options do not lapse if employment is terminated.</td>
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<s>▪ Adjusting the strike price for future ordinary dividends AND including expected dividend yield above 0 percent when determining the number of options awarded under the plan;</s>
<s>▪ Having significantly higher expected dividends than actual historical dividends;</s>
<s>▪ Favorably adjusting the terms of existing options plans without valid reason; and/or</s>
<s>▪ Any other provisions or performance measures that result in undue award. This policy applies to both new plans and amendments to introduce the provisions into already existing stock option plans. ISS will make an exception if a company proposes to reduce the strike price by the amount of future special (extraordinary) dividends only.</s>

<s>Generally vote against if the potential increase of share capital amounts to more than 5 percent for mature companies or 10 percent for growth companies or if options may be exercised below the market price of the share at the date of grant, or that employee options do not lapse if employment is terminated.</s></td></tr>
</table>

Rationale for Change:

The contents of this policy are already covered under the general "equity-based compensation guidelines," making this specific policy provision superfluous.

Other Items

Virtual/Hybrid Meetings – General Meeting Formats

Current ISS Policy:	New ISS Policy:
General Recommendation: Generally vote for proposals allowing for the convening of hybrid[12] shareholder meetings. Vote case-by-case on proposals concerning virtual-only meetings[13], considering: ▪ Whether the company has committed to ensuring shareholders will have the same rights participating electronically as they would have for an in-person meeting; ▪ Assurance that a virtual-only meeting will only be convened in the case of extraordinary circumstances that necessitate restrictions on physical attendance; ▪ The use of past authorizations to hold virtual-only meetings and the accompanying rationale for doing so; ▪ In-person or hybrid meetings are not precluded; and ▪ Whether an authorization is restricted in time or allows for the possibility of virtual-only meetings indefinitely; and ▪ Local laws and regulations concerning the convening of virtual meetings.	**General Recommendation:** Generally vote for proposals allowing for the convening of hybrid[12] shareholder meetings. Vote case-by-case on proposals concerning virtual-only meetings[13], considering: ▪ Whether the company has committed to ensuring shareholders will have the same rights participating electronically as they would have for an in-person meeting[14]; ▪ Assurance that a virtual-only meeting will only be convened in the case of extraordinary circumstances that necessitate restrictions on physical attendance; ▪ The use of past authorizations to hold virtual-only meetings and the accompanying rationale for doing so; ▪ In-person or hybrid meetings are not precluded; and ▪ Whether an authorization is restricted in time or allows for the possibility of virtual-only meetings indefinitely; and ▪ Local laws and regulations concerning the convening of virtual meetings.
Footnotes: 12 The phrase "hybrid shareholder meeting" refers to an in-person meeting in which shareholders are also permitted to participate online. 13 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:** 12 The phrase "hybrid shareholder meeting" refers to an in-person meeting in which shareholders are also permitted to participate online. 13 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. 14 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.

Rationale for Change:

This update reflects a recent development, whereby a limited number of companies have sought to introduce more restrictive in-person shareholder meetings, where for example, participating shareholders are provided with a physical meeting venue but no directors are present. While some flexibility in meeting formats is not inherently problematic, proposals that restrict in-person interaction with directors could raise concerns, particularly where such changes might diminish shareholder participation or restrict opportunities for engagement with the board.

Israel

Board of Directors

Director Elections – Board Gender Diversity

Current ISS Policy:	New ISS Policy:
General Recommendation: Vote for management nominees in the election of directors, unless: ▪ Adequate disclosure has not been provided in a timely manner; ▪ There are clear concerns over questionable finances or restatements; ▪ There have been questionable transactions with conflicts of interest; ▪ There are any records of abuses against minority shareholder interests; or ▪ The board fails to meet minimum corporate governance standards. Vote for individual nominees unless there are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities. Vote against individual directors if repeated absences at board meetings have not been explained. Vote against non-independent[1] audit committee members. Vote on a case-by-case basis for contested elections of directors, e.g. the election of shareholder nominees or the dismissal of incumbent directors, determining which directors are best suited to add value for shareholders. Vote against the election of directors at all companies if the name of the nominee is not disclosed in a timely manner prior to the meeting. Under extraordinary circumstances, vote against individual directors, members of a committee, or the entire board, due to:	**General Recommendation:** Vote for management nominees in the election of directors, unless: ▪ Adequate disclosure has not been provided in a timely manner; ▪ There are clear concerns over questionable finances or restatements; ▪ There have been questionable transactions with conflicts of interest; ▪ There are any records of abuses against minority shareholder interests; or ▪ The board fails to meet minimum corporate governance standards. Vote for individual nominees unless there are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities. Vote against individual directors if repeated absences at board meetings have not been explained. Vote against non-independent[1] audit committee members. Vote on a case-by-case basis for contested elections of directors, e.g. the election of shareholder nominees or the dismissal of incumbent directors, determining which directors are best suited to add value for shareholders. Vote against the election of directors at all companies if the name of the nominee is not disclosed in a timely manner prior to the meeting. Under extraordinary circumstances, vote against individual directors, members of a committee, or the entire board, due to:

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<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
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Material failures of governance, stewardship, risk oversight (including, but not limited to, environmental, social, and climate change issues), or fiduciary responsibilities at the company;
Failure to replace management as appropriate; or
Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.
A lack of oversight or actions by board members that invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest; or
Any legal proceedings (either civil or criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions; or
Other egregious governance issues where shareholders will bring legal action against the company or its directors.

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Failure to replace management as appropriate; or
Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.
A lack of oversight or actions by board members that invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest; or
Any legal proceedings (either civil or criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions; or
Other egregious governance issues where shareholders will bring legal action against the company or its directors.

Board Gender Diversity
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.
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.
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Current ISS Policy:	New ISS Policy:
Footnotes: 1 See ISS Israel Classification of Directors	**Footnotes:** 1 See ISS Israel Classification of Directors

Rationale for Change:

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 ISS Israel Proxy 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.

Middle East & North Africa

Board of Directors

Application of Board Independence Policy in Cumulative Voting

Current ISS Policy:	New ISS Policy:
Director Elections **[...]** **Cumulative Voting** Under a cumulative voting system, each share represents a number of votes equal to the size of the board that will be elected. These votes may be apportioned equally among the candidates or, if a shareholder wishes to exclude some nominees, among the desired candidates. For MENA markets, when directors are elected through a cumulative voting system, or when the number of nominees exceeds the number of board vacancies, vote case-by-case on directors, taking into consideration additional factors to identify the nominees best suited to add value for shareholders. Generally, vote to abstain from all candidates if the disclosure provided by the company is not sufficient to allow the assessment of independence and the support of all proposed candidates on equal terms. If the disclosure is sufficient to allow an assessment of the independence of proposed candidates, generally vote in favor of the following types of candidates: • Candidates who can be identified as representatives of minority shareholders of the company, or independent candidates;	**Director Elections** **[...]** **Cumulative Voting** Under a cumulative voting system, each share represents a number of votes equal to the size of the board that will be elected. These votes may be apportioned equally among the candidates or, if a shareholder wishes to exclude some nominees, among the desired candidates. For MENA markets, when directors are elected through a cumulative voting system, or when the number of nominees exceeds the number of board vacancies, vote case-by-case on directors, taking into consideration additional factors to identify the nominees best suited to add value for shareholders. Generally, vote to abstain from all candidates if the disclosure provided by the company is not sufficient to allow the assessment of independence and the support of all proposed candidates on equal terms. If the disclosure is sufficient to allow an assessment of the independence of all proposed candidates, generally vote in favor of the following types of candidates: • Candidates who can be identified as representatives of minority shareholders of the company, or independent candidates;

<table>
<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
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Candidates whose professional background may have the following benefits:

Increasing the diversity of incumbent directors' professional profiles and skills (thanks to their financial expertise, international experience, executive positions/directorships at other listed companies, or other relevant factors).
Bringing to the current board of director's relevant experience in areas linked to the company's business, evidenced by current or past board memberships or management functions at other companies.

Incumbent board members and candidates explicitly supported by the company's management.

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Candidates whose professional background may have the following benefits:

Increasing the diversity of incumbent directors' professional profiles and skills (thanks to their financial expertise, international experience, executive positions/directorships at other listed companies, or other relevant factors).
Bringing to the current board of director's relevant experience in areas linked to the company's business, evidenced by current or past board memberships or management functions at other companies.

Incumbent board members and candidates explicitly supported by the company's management.

<u>If overall board independence is less than one-third (excluding, where relevant, employee shareholder representatives), generally vote in favor of independent nominees only (per ISS' classification of directors).</u>
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Rationale for Change:

In several Middle Eastern and North African markets, including Saudi Arabia, United Arab Emirates, Egypt, and Qatar, publicly listed companies are required by local laws and regulations to use cumulative voting to elect their board of directors. However, for the Kuwaiti market, Module 15 of the Executive Bylaws regarding Corporate Governance, issued under law No. 7 of 2010, does not mandate the use of cumulative voting. Instead, companies have discretion to apply cumulative voting or any other method for the election of board members.

At the 2025 AGM season, a new practice emerged in the Kuwaiti market, where companies have started disclosing the names of board nominees along with their independence classification (which was not the case before). This change stems from circular No. 12/2024 issued by the Capital Markets Authority (CMA) of Kuwait on Dec. 30, 2024, requiring all listed companies to announce a minimum one-month nomination period and disclose the list of nominees approved by the Nomination and Remuneration Committee, including their biographies and independence classifications. In the majority of cases, companies nominate more candidates than vacant board seats while not obligatorily applying cumulative voting.

Despite this developing good disclosure practice in Kuwait, the Corporate Governance Module 15 requires companies' board of directors to include at least one independent member. This minimum legal requirement falls below the recommended guidelines as per ISS MENA Voting Policy guidelines, which specify a minimum of one-third percent board independence post elections (excluding employee shareholder representatives, if any). While Kuwaiti companies generally comply with the provisions of the law and the code, in practice, some companies put forward an insufficient slate of independent candidates to meet the recommended one-third threshold and in a few cases the number of independent candidates nominated — when assessed under ISS independence classification, which may differ from the company's own classification — is insufficient to meet the recommended one-third board independence threshold.

To address cases where the board independence level falls below the recommended one-third threshold (excluding employee shareholder representatives, if any), ISS MENA Voting Policy has been updated such that support is recommended only for independent nominees.

U.K. and Ireland

Introduction

Voting Disclosure and Responsiveness to Significant Shareholder Dissent

Current ISS Policy:	New ISS Policy:
Voting disclosure and responsiveness to significant shareholder dissent Investors expect that information regarding the voting outcomes on the resolutions presented at the AGM will be made available as soon as reasonably practicable after the AGM. The information should include the number of votes for the resolution, the number of votes against the resolution and the number of shares in respect of which the vote was directed to be withheld, and the overall percentages for each group. The UK Corporate Governance Code states that when 20 percent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken. Where a company has received a significant level of dissent on a resolution at a general meeting, ISS will consider if and how the company has sought to understand the reasons behind the vote result, and how the company has communicated its response to the dissent. In certain circumstances, ISS may recommend a vote against a relevant resolution(s) at a future general meeting if the company has not taken sufficient action to address the dissent.	**Voting disclosure and responsiveness to significant shareholder dissent** Investors expect that information regarding the voting outcomes on the resolutions presented at the AGM will be made available as soon as reasonably practicable after the AGM. The information should include the number of votes for the resolution, the number of votes against the resolution and the number of shares in respect of which the vote was directed to be withheld, and the overall percentages for each group. The UK Corporate Governance Code states that when 20 percent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken. For the Irish Corporate Governance Code (2024), published by Euronext Dublin, this threshold has been set at 25 percent. Where a company has received a significant level of dissent on a resolution at a general meeting, ISS will consider if and how the company has sought to understand the reasons behind the vote result, and how the company has communicated its response to the dissent. In certain circumstances, ISS may recommend a vote against a relevant resolution(s) at a future general meeting if the company has not taken sufficient action to address the dissent.

Current ISS Policy:	New ISS Policy:
Appendix	**Appendix** The Irish Corporate Governance Code (2024) https://www.euronext.com/sites/default/files/2024-10/ENX_Irish-Corporate-Governance-Code%202024.pdf

Rationale for Change:

The ISS UK & Ireland Policy is updated to reflect the new Irish Corporate Governance Code's threshold for determining significant shareholder dissent.

The Irish Corporate Governance Code, being the first standalone corporate governance code in Ireland, was published on Sept. 24, 2024, by Euronext Dublin. It is closely aligned with the UK Corporate Governance Code but adapted to reflect Irish legal and regulatory contexts. The Irish Code applies to Irish-incorporated companies with a primary equity listing on Euronext Dublin, effective for financial years beginning on or after Jan. 1, 2025. Companies that are dual-listed in Ireland and the UK may choose to comply with either the Irish Corporate Governance Code or the UK Corporate Governance Code, depending on which is more appropriate for their circumstances.

Operational Items

Amendments to Articles to Allow Virtual Meetings

Current ISS Policy:	New ISS Policy:
General Recommendation: Generally vote for proposals allowing for the convening of hybrid[3] shareholder meetings if it is clear that it is not the intention to hold virtual-only AGMs. Generally vote against proposals allowing for the convening of virtual-only[3] shareholder meetings. While there is recognition of the potential benefits of enabling participation at shareholder meetings via electronic means, investors have raised concerns about moves to completely eliminate physical shareholder meetings, arguing that virtual meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions.	**General Recommendation:** ~~Generally vote for proposals allowing for the convening of hybrid3 shareholder meetings if it is clear that it is not the intention to hold virtual-only AGMs.~~ Generally vote against proposals allowing for the convening of virtual-only[3] shareholder meetings. Generally vote for proposals allowing for the convening of hybrid[4] shareholder meetings if it is clear that it is not the intention to hold virtual-only ~~AGM~~shareholder meetings. While there is recognition of the potential benefits of enabling participation at shareholder meetings via electronic means, investors have raised concerns about moves to completely eliminate physical or in-person shareholder meetings[5], arguing that virtual meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions.
Footnotes: 3. 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. The term "hybrid shareholder meeting" refers to an in-person, or physical, meeting in which shareholders are permitted to participate online.	**Footnotes:** 3. 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. 4. The ~~term~~ phrase "hybrid shareholder meeting" refers to an in-person, or physical, meeting in which shareholders are permitted to participate online. 5. The phrase "physical or in-person shareholder meeting" refers to a meeting in which participating shareholders and board members meet in a specified physical location together. At such meetings, both shareholders and board members are physically present, enabling direct, in-person interaction.

Rationale for Change:

This update reflects a recent development, whereby a limited number of companies have sought to introduce more restrictive in-person shareholder meetings, where for example, participating shareholders are provided with a physical meeting venue but no directors are present. While some flexibility in meeting formats is not inherently problematic, proposals that restrict in-person interaction with directors could raise concerns, particularly where such changes might diminish shareholder participation or restrict opportunities for engagement with the board.

Board of Directors

Relationship Agreements with Controlling Shareholders

<table>
<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
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General Recommendation: Generally vote for the election or re-election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- The board fails to meet minimum corporate governance standards – please see the following sections on gender diversity, independence classification and board and committee composition for further details on how this is interpreted in practice; or
- There are specific concerns about the individual, such as his/her ability to commit sufficient time to the role.

Under extraordinary circumstances, ISS will consider recommending a vote against individual directors for:

- Material failures of governance, stewardship, or risk oversight (including, but not limited to, environmental and social issues); or
- Egregious actions related to the director's service on other boards that raise substantial doubt about that individual's ability to effectively oversee management and to serve the best interests of shareholders at any company.

Discussion

An appropriate level of biographical detail should include a statement of a director's other directorships and responsibilities (including any relevant

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Discussion

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Current ISS Policy:	New ISS Policy:
previous positions held), the experience and skills that he/she brings and the contribution that the director can make to the board. If the board provides no biographical details for a director who is standing for election for the first time, this is likely to result in a negative vote recommendation. A negative vote recommendation may also be considered in the absence of a supporting statement from the board where a director is standing for re-election. [...] **Other relevant issues** In addition to the above factors, ISS may recommend against due to concerns related to at least one of the following specific factors, which are presented below as separate subsections: - Representatives of a controlling shareholder where no relationship agreement is in place - Board independence classification - Tenure	previous positions held), the experience and skills that he/she brings and the contribution that the director can make to the board. If the board provides no biographical details for a director who is standing for election for the first time, this is likely to result in a negative vote recommendation. A negative vote recommendation may also be considered in the absence of a supporting statement from the board where a director is standing for re-election. [...] **Other relevant issues** In addition to the above factors, ISS may recommend against due to concerns related to at least one of the following specific factors, which are presented below as separate subsections: - ~~Representatives of a controlling shareholder where no relationship agreement is in place~~ - Board independence classification - Tenure

Current ISS Policy:	New ISS Policy:
Controlling shareholders Following changes to the UK Listing Rules in 2014 which apply to companies with a controlling shareholder, the election or re-election of an independent director must be approved by a normal ordinary resolution and separately approved by the minority shareholders. In general, both new applicants and existing listed companies must also have a written and legally binding relationship agreement with any controlling shareholder(s); if such an agreement is not in place, the Listing Rules provide that certain enhanced oversight measures would apply. Details of the relationship with the controlling shareholder should be disclosed to investors.	**Controlling shareholders** Following changes to the UK Listing Rules in 2014 which apply to companies with a controlling shareholder, the election or re-election of an independent director must be approved by a normal ordinary resolution and separately approved by the minority shareholders. The requirement for a written and legally binding relationship agreement between companies and any controlling shareholder(s) was removed from the 2024 version of the UK Listing Rules. However, such companies are still expected to disclose how they ensure the independence of management. ~~In general, both new applicants and existing listed companies must also have a written and legally binding relationship agreement with any controlling shareholder(s); if such an agreement is not in place, the Listing Rules provide that certain enhanced oversight measures would apply. Details of the relationship with the controlling shareholder should be disclosed to investors.~~

Rationale for Change:

The UK Listing Rules, as amended in 2024, removed the requirement for companies to have written and legally binding relationship agreements with their controlling shareholders in place. The wording of the related ISS policy is therefore updated to reflect this amendment.

Remuneration

Change of Control Policy

Current ISS Policy:	New ISS Policy:
Remuneration Report **[...]** **Report component/Good market practice table** **[...]** **Change of Control** The Investment Association suggests that scheme rules should state that there will be no automatic waiving of performance conditions in the event of a change of control. Any early vesting as a consequence of a change of control should take into account the vesting period that has elapsed at the time of the change of control, with a consequent reduction in the size of the awards which vest. ISS does not support special one-off payments to executives on a change of control event.	**Remuneration Report** **[...]** **Report component/Good market practice table** **[...]** **Change of Control** ~~The Investment Association suggests that~~ ~~S~~Scheme rules should state that there will be no automatic waiving of performance conditions in the event of a change of control. Any early vesting as a consequence of a change of control should take into account the vesting period that has elapsed at the time of the change of control, with a consequent reduction in the size of the awards which vest. ISS does not support special one-off payments to executives on a change of control event.

Rationale for Change:

The most recent iteration of Investment Association's Principles of Remuneration has removed its section on change-in-control provisions. As a result, the wording is changed to reflect this development with no effective impact on ISS policy guidelines.

Director Leaver Remuneration Arrangement Disclosure

Current ISS Policy:	New ISS Policy:
Remuneration Report **[...]** **Report component/Good market practice table** **[...]** **Any exit payments to departing directors** Exit payments to departing directors should not go beyond those to which the director is entitled under the terms of his or her service contract or the rules of the relevant incentive schemes. Ex gratia or special payments on termination are not supported. "Good leaver" treatment should only apply to those who are genuinely good leavers. Appropriate pro-rating should be applied to outstanding long-term share awards.	**Remuneration Report** **[...]** **Report component/Good market practice table** **[...]** **Any exit payments to departing directors** Exit payments to departing directors should not go beyond those to which the director is entitled under the terms of his or her service contract or the rules of the relevant incentive schemes. Ex gratia or special payments on termination are not supported. "Good leaver" treatment should only apply to those who are genuinely good leavers. Companies should provide a rationale and justification for the treatment of leavers. Appropriate pro-rating should be applied to outstanding long-term share awards.

Rationale for Change:

UK best practice calls for clear disclosures regarding executive director leaving arrangements. As noted in the Investment Association's Principles of Remuneration:

"Bonus and LTI awards should be paid to good leavers only, subject to the original performance and vesting conditions and the pro-rating for the time served. The committee is encouraged to disclose the rationale and justification for the treatment of leavers and the number of awards vesting or forfeited."

This update adds an explicit expectation for companies to provide transparent explanations for leaver treatment, ensuring alignment with market best practices and investor expectations.

Other Items

Related-Party Transactions

<table>
<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
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General Recommendation: In evaluating resolutions that seek shareholder approval on related-party transactions (RPT), vote on a case-by-case basis, considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors, where provided;
- The views of an independent financial adviser, where appointed;
- Whether any entities party to the transaction, including advisers, are conflicted; and
- The stated rationale for the transaction, including discussions of timing.

In the UK, under the Listing Rules the listed company must obtain the approval of its shareholders for certain transactions either beforehand or, if the transaction is conditional on that approval, before it is completed. The company must ensure that the related party does not vote on the relevant resolution and should take all reasonable steps to ensure that the related party's associates do not vote on the relevant resolution.

The Pensions and Lifetime Savings Association notes that concerns may arise if the transaction does not seem to be subject to proper oversight, is not undertaken on fully commercial terms in the normal course of business, or the company has not clearly explained how the transaction is in the interests of the company and all shareholders.

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General Recommendation: In evaluating resolutions that seek shareholder approval on related-party transactions (RPT), vote on a case-by-case basis, considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors, where provided;
- The views of an independent financial adviser, where appointed;
- Whether any entities party to the transaction, including advisers, are conflicted; and
- The stated rationale for the transaction, including discussions of timing.

~~In the UK, under the Listing Rules the listed company must obtain the approval of its shareholders for certain transactions either beforehand or, if the transaction is conditional on that approval, before it is completed.~~ Under the 2024 update to the UK Listing Rules, the scope of related-party transactions for which shareholder approval is required was significantly reduced. However, in circumstances where a related-party transaction remains subject to shareholder approval, ~~T~~the company must ensure that the related party does not vote on the relevant resolution and should take all reasonable steps to ensure that the related party's associates do not vote on the relevant resolution.

The Pensions and Lifetime Savings Association notes that concerns may arise if the transaction does not seem to be subject to proper oversight, is not undertaken on fully commercial terms in the normal course of business, or the company has not clearly explained how the transaction is in the interests of the company and all shareholders.

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Rationale for Change:

The UK Listing Rules, as amended in 2024, removed the requirement for related-party transactions (RPTs) to have a shareholder vote. The policy is accordingly being updated to reflect this changed market requirement. The voting considerations continue to apply should a company decide to put the resolution on ballot.

Minor Updates and Typographical Corrections

Current ISS Policy:	New ISS Policy:
P4 The most recent version of the Code was released in July 2018.	P4 The most recent version of the Code was released in January 2024 and took effect from January 2025~~July 2018~~.
P14 The 2018 UK Corporate Governance Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the board. The Code further states that this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment, to facilitate effective succession planning and the development of a diverse board.	P14 The ~~2018~~ UK Corporate Governance Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the board. The Code further states that this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment, to facilitate effective succession planning and the development of a diverse board.
P17 While ISS' approach to remuneration is informed by the Pensions and Lifetime Savings Association's voting guidelines which contain the above principles, the the IA's Principles of Remuneration, and The Directors' Remuneration Reporting Guidance produced by the GC100 and Investor Group, also influence the recommendations ISS makes, as does the remuneration section of the UK Corporate Governance Code. ISS supplements these outside sources with its own remuneration guidelines.	P17 While ISS' approach to remuneration is informed by the Pensions and Lifetime Savings Association's voting guidelines which contain the above principles, the ~~the~~ IA's Principles of Remuneration, and The Directors' Remuneration Reporting Guidance produced by the GC100 and Investor Group, also influence the recommendations ISS makes, as does the remuneration section of the UK Corporate Governance Code.
P37 By contrast, companies listed on AIM are not required to provide shareholders with a vote on the remuneration report or the remuneration policy. However, with effect from financial years beginning on or after 1 April 2024, the 2023 QCA Code recommends that smaller companies put their remuneration reports to an annual advisory shareholder vote. Remuneration policies should also be put to an advisory vote, where a binding vote is not mandated. In addition, new share schemes or long-term incentive plans should be put to a shareholder vote in light of their dilutive impact. An AIM-listed companies will be assessed on the basis of all the issues identified in both the remuneration policy and remuneration report sections above.	P37 ~~By contrast~~Historically, companies listed on AIM ~~are~~ were not required to provide shareholders with a vote on the remuneration report or the remuneration policy. However, with effect from financial years beginning on or after 1 April 2024, the 2023 QCA Code recommends that smaller companies put their remuneration reports to an annual advisory shareholder vote. Remuneration policies should also be put at least to an advisory vote, where a binding vote is not mandated. In addition, new share schemes or long-term incentive plans should be put to a shareholder vote in light of their dilutive impact. ~~An~~ AIM-listed companies will be assessed on the basis of all the issues identified in both the remuneration policy and remuneration report sections above.

Rationale for Change:

The changes are made to reflect the latest updates made to the UK Corporate Governance Code, and the QCA Corporate Governance Code in, respectively, 2024 and 2023. In addition, minor typographical corrections are made.

South Africa

Overview

Regulatory Updates

Current ISS Policy:	New ISS Policy:
Overview South African company law and regulatory requirements determine the proposals which need to be presented to shareholders for approval. Of particular importance are the Companies Act 2008 (referred to as "CA" throughout this document), the Johannesburg Stock Exchange (JSE) Listings Requirements (referred to as "LR") and the King Code and Report on Governance for South Africa 2016 ("King IV"). Legal and regulatory requirements are typically enshrined in a company's memorandum of incorporation ("MOI"), which is the constitutional document covering the governance of the company. At the typical AGM, shareholders will be asked to approve the following: ▪ Receipt of annual financial statements; ▪ Auditors' reappointment and remuneration; ▪ Election of directors; ▪ Election of audit committee members; ▪ Share issuance authorities; ▪ Share buyback authorities; ▪ Approval of director fees; ▪ Financial assistance to related or inter-related companies; ▪ Authority to ratify and execute approved resolutions; ▪ Approval of remuneration policy and implementation report. Non-routine items that are also often seen on South African agendas and require shareholder approval include:	**Overview** South African company law and regulatory requirements determine the proposals which need to be presented to shareholders for approval. Of particular importance are the Companies Act 2008 (referred to as "CA" throughout this document), the Johannesburg Stock Exchange (JSE) Listings Requirements (referred to as "LR") and the King Code and Report on Governance for South Africa 2016 ("King IV"). Legal and regulatory requirements are typically enshrined in a company's memorandum of incorporation ("MOI"), which is the constitutional document covering the governance of the company. At the typical AGM, shareholders will be asked to approve the following: ▪ Receipt of annual financial statements; ▪ Auditors' reappointment and remuneration; ▪ Election of directors; ▪ Election of audit committee members; ▪ Election of social and ethics committee members; ▪ Share issuance authorities; ▪ Share buyback authorities; ▪ Approval of director fees; ▪ Financial assistance to related or inter-related companies; ▪ Authority to ratify and execute approved resolutions; ▪ Approval of remuneration policy and implementation report.

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<tr><th>Current ISS Policy:</th><th>New ISS Policy:</th></tr>
<tr><td>

Approval of new equity incentive schemes or amendments to existing schemes;
Amendments to the MOI;
Black Economic Empowerment (BEE) transactions;
Social and ethics committee elections;
Social and ethics committee report.

This document outlines the ISS policy on the above resolutions. For proposals which typically appear on an infrequent basis at South African meetings, and which are not covered in this document, ISS will refer to the EMEA Regional Policy as a framework for analysis.
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Approval of new equity incentive schemes or amendments to existing schemes;
Amendments to the MOI;
Black Economic Empowerment (BEE) transactions;
~~Social and ethics committee elections;~~
Social and ethics committee report.

This document outlines the ISS policy on the above resolutions. For proposals which typically appear on an infrequent basis at South African meetings, and which are not covered in this document, ISS will refer to the EMEA Regional Policy as a framework for analysis.
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Rationale for Change:

The South Africa Companies Act was amended during 2024, with changes partially effective from Dec. 27, 2024. This included the provision for companies to submit social and ethics committee members and the committee report for shareholder approval at future AGMs. As such, the overview section has been updated to capture this matter under the list of items typically voted on at an AGM in the South African market.

Board of Directors

Social and Ethics Committee Elections

Current ISS Policy:	New ISS Policy:
General Recommendation: Vote for the re-election of the social and ethics committee and/or social and ethics committee members, unless: ▪ The committee does not satisfy the minimum guidelines for membership, as set out in South African company law; or ▪ Serious concerns have been raised with the work of the committee during the year	**General Recommendation:** Vote for the election/re-election of the social and ethics committee ~~and/or social and ethics committee~~ members, unless: ▪ The committee does not satisfy the minimum guidelines for membership, as set out in South African company law; or ▪ Serious concerns have been raised with the work of the committee during the year.
Discussion The Companies Act includes provisions envisaging that companies form a social and ethics committee (CA s72). Further legislation – in the form of the Companies Regulations 2011 – specifies that these committees must include at least three directors or prescribed officers, at least one of whom must be a director who is not involved in day-to-day management (s43). There is no requirement for shareholders to vote on the members of the committee, but a small minority of companies include these elections on the AGM agenda.	**Discussion** The Companies Act ~~includes provisions envisaging that companies form a social and ethics committee (CA s72).~~ requires shareholder approval of the social and ethics committee members election. It specifies that the Committee comprises at least three members and that a majority of these members are directors who have not been involved in the management of the company in the previous three financial years. ~~Further legislation – in the form of the Companies Regulations 2011 – specifies that these committees must include at least three directors or prescribed officers, at least one of whom must be a director who is not involved in day-to-day management (s43). There is no requirement for shareholders to vote on the members of the committee, but a small minority of companies include these elections on the AGM agenda.~~

Rationale for Change:

The South Africa Companies Act was amended during 2024, with changes partially effective from Dec. 27, 2024. This included the provision for companies to submit social and ethics committee members for shareholder approval at future AGMs. As such, the South Africa Proxy Voting Guidelines have been amended to update the discussion section and reflect the committee composition recommended under the amended Companies Act.

Capital Structure

Share Buyback Authorities – Regulatory Background

Current ISS Policy:	New ISS Policy:
General Recommendation: Vote for a general share buyback authority, unless: ▪ The company wishes to repurchase more than 20 percent of its issued share capital over the year; ▪ The repurchase can be used for takeover defenses; or ▪ There is clear evidence of abuse. **Discussion** Companies are allowed to acquire their own shares (CA s48). The JSE specifies a number of conditions in relation to share buybacks, one of which is that general authorities are permitted up to 20 percent of the issued share capital in any one financial year (LR s5.68). Further, general authorities require the approval of shareholders by way of a special resolution (LR s5.72).	**General Recommendation:** Vote for a general share buyback authority, unless: ▪ The company wishes to repurchase more than 20 percent of its issued share capital over the year; ▪ The repurchase can be used for takeover defenses; or ▪ There is clear evidence of abuse. **Discussion** Companies are allowed to acquire their own shares (CA s48), which requires shareholder approval by way of a special resolution: (i) if shares are repurchased from a director, prescribed officer, or a person related to a director/prescribed officer, or (ii) if it entails the acquisition of shares other than as a result of a pro rata offer made to all shareholders or a particular class of shareholders, or a transaction effected on a recognised stock exchange licensed under the Financial Markets Act. -The JSE specifies a number of conditions in relation to share buybacks, one of which is that general authorities are permitted up to 20 percent of the issued share capital in any one financial year (LR s5.68). Further, general authorities require the approval of shareholders by way of a special resolution (LR s5.72).

Rationale for Change:

The South Africa Companies Act was amended during 2024, with changes partially effective from Dec. 27, 2024, with impact to share buyback authorities. As such, the South Africa Proxy Voting Guidelines have been updated to reflect this change in the policy's discussion.

The voting guidelines, which follow the limits prescribed under the JSE Listing Requirements, are unchanged.

Remuneration

Financial Assistance

Current ISS Policy:	New ISS Policy:
General Recommendation: Vote for a general authority to provide financial assistance, unless: ▪ As part of the authority, the company requests a general authority to provide financial assistance to directors, and this is not limited to participation in incentive schemes; ▪ The authority would facilitate the operation of an incentive scheme(s) which raises governance concerns, with particular attention given to any schemes which authorise the provision of preferential loans to directors; or ▪ As part of the authority, the company seeks approval to provide financial assistance "to any person". Evidence that the company has used a previous authority in a manner deemed not to be in shareholders' interests would warrant further review and analysis.	**General Recommendation:** Vote for a general authority to provide financial assistance, unless: ▪ As part of the authority, the company requests a general authority to provide financial assistance to directors, and this is not limited to participation in incentive schemes; ▪ The authority would facilitate the operation of an incentive scheme(s) which raises governance concerns, with particular attention given to any schemes which authorise the provision of preferential loans to directors; or ▪ As part of the authority, the company seeks approval to provide financial assistance "to any person."~~.~~ Evidence that the company has used a previous authority in a manner deemed not to be in shareholders' interests would warrant further review and analysis.
Discussion Financial assistance proposals are commonplace following the implementation of South Africa's Companies Act 2008. Under the Act, companies are required to seek shareholder approval in advance of providing certain forms of financial assistance (e.g. loans or loan guarantees) (CA s44, s45). Typically, these authorities are limited to the provision of assistance to related or inter-related companies – i.e. intercompany loans – and are not contentious. In some cases, however, these proposals may cover the provision of loans to senior executives or facilitate the administration of share incentive schemes. Shareholder approval is required for assistance provided to (a) related or inter-related companies (e.g. a subsidiary), (b) directors or prescribed officers (i.e. senior executives who are not directors), (c) for the purpose of subscribing for any options or securities issued by the company or by a related or inter-related	**Discussion** Financial assistance proposals are commonplace following the implementation of South Africa's Companies Act 2008. Under the Act, companies are required to seek shareholder approval in advance of providing certain forms of financial assistance (e.g. loans or loan guarantees) (CA s44, s45). Typically, these authorities are limited to the provision of assistance to related or inter-related companies – i.e. intercompany loans – and are not contentious. In some cases, however, these proposals may cover the provision of loans to senior executives or facilitate the administration of share incentive schemes. Shareholder approval is required for assistance provided to (a) related or inter-related companies (~~e.g. a subsidiary~~with the exception of a subsidiary), (b) directors or prescribed officers (i.e. senior executives who are not directors), (c) for the purpose of subscribing for any options or securities issued by the

Current ISS Policy:	New ISS Policy:
company, or (d) for the purpose of purchasing any securities of the company or a related or inter-related company.	company or by a related or inter-related company, or (d) for the purpose of purchasing any securities of the company or a related or inter-related company.), (b) directors or prescribed officers (i.e. senior executives who are not directors), (c) for the purpose of subscribing for any options or securities issued by the company or by a related or inter-related company, or (d) for the purpose of purchasing any securities of the company or a related or inter-related company.

Rationale for Change:

The South Africa Companies Act was amended during 2024, with changes partially effective from Dec. 27, 2024. This included amendments to financial assistance authorities. Under the amendments to the Companies Act 2008, companies are no longer required to seek shareholder approval to provide financial assistance to their subsidiaries. As such, the South Africa Proxy Voting Guidelines have been updated to reflect this regulatory change in the policy’s discussion section.

Sub-Saharan Africa

Coverage

Updates to Countries of Coverage

Current ISS Policy:	New ISS Policy:
Coverage These policy document applies to companies listed in Sub-Saharan African (SSA) markets (ex-South Africa). Currently, ISS coverage includes the following 17 markets: Botswana, Burkina Faso, Gabon, Ghana, Ivory Coast, Kenya, Malawi, Mauritius, Namibia, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. This is not an exhaustive list and may expand based on our institutional clients' portfolio holdings.	**Coverage** These policy document applies to companies listed in Sub-Saharan African (SSA) markets (ex-South Africa). Currently, ISS coverage includes the following 17 markets: Benin, Botswana, Burkina Faso, Gabon, Ghana, Ivory Coast, Kenya, Malawi, ~~Mauritius,~~ Namibia, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. This is not an exhaustive list and may expand based on our institutional clients' portfolio holdings.

Rationale for Change:

This change serves to update the list of countries covered under the Sub-Saharan African (SSA) markets voting policy document to include Benin as a newly added country. Additionally, Mauritius is not covered under SSA voting policy, and this revision reflects that adjustment accordingly.

Board of Directors

Director Elections – Board Gender Diversity

Current ISS Policy:	New ISS Policy:
General Recommendation: Vote for management nominees in the election of directors, unless: ▪ The (re)elections are bundled; ▪ Adequate disclosure has not been provided in a timely manner; ▪ There are clear concerns over questionable finances or restatements; ▪ There have been questionable transactions with conflicts of interest; ▪ There are any records of abuses against minority shareholder interests; ▪ The board fails to meet minimum corporate governance standards; ▪ There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; or ▪ Repeated absences at board and committee meetings (less than 75 percent attendance) have not been explained (in countries where this information is disclosed). Vote against the election of directors at all companies if the name of the nominee is not disclosed in a timely manner prior to the meeting.	**General Recommendation:** Vote for management nominees in the election of directors, unless: ▪ The (re)elections are bundled; ▪ Adequate disclosure has not been provided in a timely manner; ▪ There are clear concerns over questionable finances or restatements; ▪ There have been questionable transactions with conflicts of interest; ▪ There are any records of abuses against minority shareholder interests; ▪ The board fails to meet minimum corporate governance standards; ▪ There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; or ▪ Repeated absences at board and committee meetings (less than 75 percent attendance) have not been explained (in countries where this information is disclosed). Vote against the election of directors at all companies if the name of the nominee is not disclosed in a timely manner prior to the meeting. **Board Gender Diversity** Generally vote against director elections at companies where the post-election board will contain no female directors: ▪ For bundled elections, vote against the entire slate. ▪ For unbundled elections, vote against the chair of the Nominating Committee (or chair of the committee designated with the

Current ISS Policy:	New ISS Policy:
	responsibility of a nominating committee) or, on a case-by-case basis, against other relevant director(s). Mitigating factors: ▪ Met the relevant board diversity minimum level at the preceding AGM. ▪ 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. ▪ Other relevant factors as applicable.

Rationale for Change:

The updated Sub-Saharan Africa (SSA) 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.

Global Policy Updates

Social and Environmental Issues (Applicable to all Regions)

Global Approach – E&S Shareholder Proposals

Current ISS Policy:	New ISS Policy:
ISS applies a common approach globally to evaluating social and environmental proposals which cover a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term. General Recommendation: Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered: ▪ If the issues presented in the proposal are being appropriately or effectively dealt with through legislation or government regulation; ▪ If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal; ▪ Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive; ▪ The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal; ▪ Whether there are significant controversies, fines, penalties, or litigation associated with the company's practices related to the issue(s) raised in the proposal; ▪ If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to	ISS applies a common approach globally to evaluating social and environmental shareholder proposals. which cover a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term. General Recommendation: Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered: ▪ If the issues presented in the proposal are being appropriately or effectively dealt with through legislation or ~~government~~ regulation; ▪ If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal; ▪ Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive; ▪ The company's ~~approach~~ relevant practices compared with any industry standard practices for addressing the issue(s) raised by the proposal; ▪ Whether there are significant controversies, fines, penalties, or litigation associated with the company's practices related to the issue(s) raised in the proposal; ▪ If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to

Current ISS Policy:	New ISS Policy:
shareholders from the company or from other publicly available sources; and ▪ If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.	shareholders from the company or from other publicly available sources; ~~and~~ ▪ If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage; ▪ Whether the proposal addresses substantive matters that may impact shareholders' interests, including how the proposal may impact shareholders' rights.

Rationale for Change:

This change clarifies the ISS global benchmark policy approach on environmental and social-related shareholder proposals, which reinforces a consistent case-by-case framework for such proposals across all markets, and also serves as a baseline for other shareholder proposal topics that are not covered by specific ISS benchmark policies in the relevant 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."

Board of Directors (Applicable to Continental Europe, EMEA Regional, Israel, Middle East & North Africa, Russia & Kazakhstan, and Sub-Saharan Africa policies)

Director Classification of Highly-Paid NEDs

Current ISS Policy:	New ISS Policy:
Executive Director ▪ Employee or executive of the company; ▪ Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company. **Non-Independent Non-Executive Director (NED)** ▪ Any director who is attested by the board to be a non-independent NED; ▪ Any director specifically designated as a representative of a significant shareholder of the company; ▪ Any director who is also an employee or executive of a significant shareholder of the company; ▪ Any director who is nominated by a dissenting significant shareholder unless there is a clear lack of material[3] connection with the dissident, either currently or historically; ▪ Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., members of a family that beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances); ▪ Government representative;	**Executive Director** ▪ Employee or executive of the company~~;~~ ~~▪ Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company.~~ **Non-Independent Non-Executive Director (NED)** ▪ Any director who is attested by the board to be a non-independent NED; ▪ Any director specifically designated as a representative of a significant shareholder of the company; ▪ Any director who is also an employee or executive of a significant shareholder of the company; ▪ Any director who is nominated by a dissenting significant shareholder unless there is a clear lack of material[3] connection with the dissident, either currently or historically; ▪ Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., members of a family that beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances); ▪ Government representative; ▪ Currently provides (or a relative[1] provides) professional services[2] to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in excess of $10,000 per year;

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▪ Currently provides (or a relative[1] provides) professional services[2] to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in excess of $10,000 per year; ▪ Represents customer, supplier, creditor, banker, or other entity with which the company maintains a transactional/commercial relationship (unless the company discloses information to apply a materiality test[3]); ▪ Any director who has cross-directorships with executive directors or those in comparable roles; ▪ Relative[1] of a current or former executive of the company or its affiliates; ▪ A new appointee elected other than by a formal process through the general meeting (such as a contractual appointment by a substantial shareholder); ▪ Founder/co-founder/SPAC sponsors[4] /member of founding family but not currently an employee; ▪ Former executive (five-year cooling off period)[5]; ▪ Excessive years of service from date of first appointment, as determined by the EC Recommendation 2005/162/EC, local corporate governance codes, or local best practice, is generally a determining factor in evaluating director independence[6]; ▪ Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance. **Independent NED** ▪ Not classified as non-independent by ISS (see above); ▪ No material[7] connection, either direct or indirect, to the company (other than a board seat) or to a significant shareholder. **Employee Representative** ▪ Represents employees or employee shareholders of the company (classified as "employee representative" and considered a non-independent NED).	▪ Represents customer, supplier, creditor, banker, or other entity with which the company maintains a transactional/commercial relationship (unless the company discloses information to apply a materiality test[3]); ▪ Any director who has cross-directorships with executive directors or those in comparable roles; ▪ Relative[1] of a current or former executive of the company or its affiliates; ▪ A new appointee elected other than by a formal process through the general meeting (such as a contractual appointment by a substantial shareholder); ▪ Founder/co-founder/SPAC sponsors[4] /member of founding family but not currently an employee; ▪ Former executive (five-year cooling off period)[5]; ▪ Excessive years of service from date of first appointment, as determined by the EC Recommendation 2005/162/EC, local corporate governance codes, or local best practice, is generally a determining factor in evaluating director independence[6]; ▪ <u>Any director who receives remuneration comparable to the top executives of the company</u>[7]<u>;</u> ▪ Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance. **Independent NED** ▪ Not classified as non-independent by ISS (see above); ▪ No material~~[7]~~[8] connection, either direct or indirect, to the company (other than a board seat) or to a significant shareholder. **Employee Representative** ▪ Represents employees or employee shareholders of the company (classified as "employee representative" and considered a non-independent NED).

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Footnotes: 1 "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, stepchildren, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company. 2 Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship. 3 A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 percent of the company's turnover or 1 percent of the turnover of the company or organization with which the director is associated; or A business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value (of all outstanding financing operations) compared to the company's total assets is more than 5 percent. 4 Depending how SPAC sponsors benefit from the transaction, a misalignment of sponsors and shareholders' interests may be characterized. Potential conflicts of interest could arise if sponsors benefit from share classes with special rights attached. 5 For the purpose of calculating the cooling-off period, if a former executive joins the board without having completed a five-year cooling-off period, they will be classified as non-independent for the remainder of their tenure on the company's board. 6 For example, the EC recommendation 2005/162/EC's definition of independence provides that in order to remain independent, a non-executive director shall have served on the [supervisory] board for no more than 12 years. For countries governed by ISS' European policy, ISS will follow the EC recommendation and apply stricter tenure limits where recommended by local corporate governance codes or established by local best practice. 7 For purposes of ISS' director independence classification, "material" will be defined as a standard of relationship (financial, personal, or otherwise) that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.	**Footnotes:** 1 "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, stepchildren, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company. 2 Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship. 3 A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 percent of the company's turnover or 1 percent of the turnover of the company or organization with which the director is associated; or A business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value (of all outstanding financing operations) compared to the company's total assets is more than 5 percent. 4 Depending how SPAC sponsors benefit from the transaction, a misalignment of sponsors and shareholders' interests may be characterized. Potential conflicts of interest could arise if sponsors benefit from share classes with special rights attached. 5 For the purpose of calculating the cooling-off period, if a former executive joins the board without having completed a five-year cooling-off period, they will be classified as non-independent for the remainder of their tenure on the company's board. 6 For example, the EC recommendation 2005/162/EC's definition of independence provides that in order to remain independent, a non-executive director shall have served on the [supervisory] board for no more than 12 years. For countries governed by ISS' European policy, ISS will follow the EC recommendation and apply stricter tenure limits where recommended by local corporate governance codes or established by local best practice. 7 However, if there is clear evidence of management duties, a classification as Executive Director may be considered. ~~7~~8 For purposes of ISS' director independence classification, "material" will be defined as a standard of relationship (financial, personal, or otherwise) that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner

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	that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.

Rationale for Change:

This is an update of the classification framework for directors who receive compensation levels comparable to the company's top executives. Previously, such directors were generally reclassified as executive directors. Going forward, they may instead generally be classified as non-independent non-executive directors, unless there is clear evidence of actual management responsibilities.

This change ensures that ISS policy reflects both the legal and conceptual distinction between executives and non-executives, while continuing to capture independence concerns linked to excessive or performance-based pay. The revised approach strengthens the conceptual foundation of ISS's director classification policy while maintaining rigorous safeguards against compromised independence. By clearly distinguishing between executive function and independence status, ISS provides a more accurate, consistent, and transparent framework for assessing board composition and governance risks. Executive status is a function of duties, while independence is a function of relationships and incentives; the revision reflects this distinction.

We empower investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight.

GET STARTED WITH ISS SOLUTIONS

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