

VOTING POLICY UPDATE IN 2025

We regularly review our [voting policies](#) to ensure they evolve with our thinking on corporate governance, and reflect our commitment to hold executives and auditors to account for their actions. As set out in our [Ownership Discipline](#), voting is one of the core levers shareholders have to ensure robust governance, so it must be handled with diligence and care. As we approach the 2025 voting season, we would like to share key changes we have implemented. Please refer to our [Corporate Governance and Proxy Voting Guidelines](#) for further detail.

In keeping with all our voting, while these changes guide our central view, we remain alert to unintended consequences. Where these become plain or an ongoing engagement demands a different approach, we will tailor our vote for those specific circumstances. Our rationales are published alongside our voting actions on our website.

EXECUTIVE REMUNERATION: VOTING RIGHTS AND DISCLOSURE OF REMUNERATION POLICY GLOBALLY

In most major equity markets, routine advisory votes on remuneration (often referred to as ‘Say on Pay’) are mandatory. However, this is often less frequent than yearly. The UK, France, Germany, Switzerland and Australia are examples of where annual votes are mandatory. However, even where not required, annual Say on Pay has become viewed as best practice.

We have traditionally supported an annual Say on Pay vote for companies in the U.S. and Canada. In 2024, we introduced a new rule: if the Say on Pay frequency exceeds one year, we will vote against the chair of the remuneration committee.

In 2025, we will apply a best-practice approach globally. If executive remuneration is neither disclosed nor put to a vote—either in the current year or on an ongoing basis—we will vote against the chair of the remuneration committee. In the absence of a remuneration committee, we will hold the next most responsible director(s) accountable. For example, in Japan, this would normally be the president and the chair of the company.

EXECUTIVE REMUNERATION: PAY-FOR-PERFORMANCE

In addition to our existing rule regarding concerns over excessive pay, we are introducing a new case-by-case voting policy. When quantitative concerns about pay alignment with financial performance are raised by ISS or HOLT Lens research¹, we will consider voting against the executive remuneration proposal.

EXECUTIVE REMUNERATION: PERFORMANCE PERIODS

We have introduced a new rule that will trigger votes against remuneration in cases where the performance period for long-term incentive plans (LTIPs) is deemed insufficient. In principle, we would like to see incentive schemes encourage a long-term approach by management. We will initially be guided by best market practices, while considering regional differences. For instance, a

¹ These research providers were selected based on their methodology: they look at the company pay quantum in relation to financial performance as measured by 3-year Economic Profit (HOLT Lens) or Economic Value Added (ISS). Both companies also look at relative alignment with peers.



36-month period is expected in the UK, whereas a 48-month performance period is the standard in Australia.

EXECUTIVE REMUNERATION: DISCLOSURE OF PERFORMANCE TARGETS

We have traditionally voted against remuneration policies and reports when performance metrics were not disclosed. This year, we are expanding this approach: we will also vote against remuneration proposals if the specific targets for those performance metrics are not disclosed unless the company provides a compelling rationale.

EXECUTIVE REMUNERATION: PERFORMANCE-BASED COMPONENT WITHIN LTIP

We continue to observe instances in the U.S. where executives receive the bulk of their LTIP in the form of time-based shares or stock options without performance conditions. While we acknowledge the value of some time-based awards in boosting executives' shareholdings (as long as they are required to hold these shares for a minimum period), we believe this should be balanced with performance-based awards to reinforce alignment with shareholder interests. As a result, we have implemented a new rule: we will vote against Say on Pay at companies where time-based awards constitute more than 50% of the LTIP.

REGIONAL DIFFERENCES: JAPANESE COMPANIES WITHOUT A THREE-COMMITTEE STRUCTURE

In the past, we did not escalate matters at Japanese companies. However, this year, for companies without a three-committee structure—where our escalation rule cannot be applied to committee heads—we will instead apply it to the two highest executives: the president and the chair.

STAGGERED BOARDS: ENHANCEMENT RULE

We have traditionally voted against the nomination/governance committee chair if the company has a classified or staggered board—where directors are elected for varying terms or in tranches (e.g., one-third elected each year over a three-year cycle). We do not believe such structures serve shareholder interests, as they limit accountability. We view director elections as a fundamental investor right, ensuring board accountability. Otherwise, shareholders are forced to escalate concerns by voting against directors who may not be directly responsible for the particular area of interest.

Recently, we have observed extreme cases where no directors were up for election in a given year. To address this, we have added a new rule: if no directors are put to a vote in a particular year, we will vote against the financial statements as a means of escalating our concerns.

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