

**Sustainability
Investment Policy
Appendix D:
Voting Policy 2026**

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Preface

This voting policy is as an annex to our Sustainability Investment Policy, which outlines the key principles and guidelines that inform our investment decision-making for directly managed assets.

Stewardship is central to our investment approach. Our stewardship activities are based on the view that engagement and voting can, where appropriate, be effective tools to encourage companies to respond to the sustainability transitions currently underway. Our approach is aligned with the Cardano Sustainability Classification Framework, as described in our Sustainability Investment Policy, supporting investments in entities that aim to adapt to and contribute to the transition towards a sustainable society.

We have created this Voting Policy to describe how Cardano votes at shareholder meetings on behalf of our clients, as a way of expressing our sustainability-related views to investee companies. The policy is based on internationally recognised best practice guidelines for corporate governance and sustainable investment and is shaped by the principles described in our Sustainability Investment Policy.

The following voting guidelines serve as general principles to guide Cardano Asset Management's approach to exercising voting rights in specific markets. While these rules provide a consistent framework, Cardano recognizes that each company's circumstances are unique. Therefore, we retain the flexibility to assess and vote on a case-by-case basis, taking into account the specific context, governance practices, and strategic considerations relevant to each individual company. This approach ensures that our voting decisions align with our commitment to responsible stewardship and the best interests of our clients and beneficiaries.

Executive summary



As a shareholder, Cardano has the right to vote at Annual General Meetings (AGMs) or Extraordinary General Meetings (EGMs). We aim to vote at shareholder meetings of the companies represented in the portfolios we manage for our clients. We have developed these guidelines to inform our voting decisions and to encourage improved oversight of sustainability-related issues and risks. The guidelines incorporate internationally recognised corporate governance best practices and reflect material themes relevant to investment decision-making.

We leverage our voting rights as a fundamental stewardship tool to express our expectations to company management and to encourage responsible business practices, in an approach that aligns with our Sustainability Investment Policy. Because of the large number of shareholder meetings where we have voting rights, we use the support of a service provider to cast the votes, based on these guidelines. All voting rights are exercised on behalf of the fund participants or clients.

Voting on Management Proposals

We have adopted the International Corporate Governance Network's (ICGN) Global Stewardship Principles and Global Governance Principles as our overarching guidelines on governance best practices. As internationally recognised principles, (see <http://www.icgn.org/policy>), they endorse the OECD Principles of Corporate Governance, as well as additional guidance from the ICGN.

We have developed a general voting policy (see section 1) which covers typical shareholder meeting agenda items across markets. When assessing the governance of individual companies, we may also follow, where appropriate, market-specific best practices defined by national codes and other guidelines. This Appendix D1 sets out market-specific guidelines where our approach may diverge from the general voting policy.

To increase the impact of our stewardship activities, we may apply additional sustainability-related expectations in relation to the topics such as board structure, director skillsets, experience and track record, remuneration plans, risk management, corporate restructurings, and management proposals on environmental and social topics such as Say-on-Climate votes. We consider issues that are material to a company and look critically at the scope of a company's role in contributing to systemic risks, such as climate change, biodiversity loss and inequality. These systemic risks may affect portfolios as a whole, and voting can be one of the tools used to help mitigate them.

Voting on Shareholder Proposals

Investors may shape the AGMs of companies by filing shareholder proposals on issues of concern, or those they expect a company to prioritise based on their relevancy to its business model. Once submitted, these are presented and voted on by shareholders via the annual proxy vote. Although such resolutions are typically advisory and non-binding, they can provide a useful mechanism to encourage progress on environmental or social topics, to address company-level or systemic risks, or to improve board-related processes. We have developed broad guidelines outlining when we may support shareholder proposals (see section 2), based on the principles as defined in our Sustainability Investment Policy.

To strengthen our stewardship activities, we may use a range of tools, including voting, to escalate our engagement with companies where this is appropriate. These guidelines describe our approach to escalation.

General Approach



Cardano's voting policy covers the typical proposals that appear on shareholder meeting agendas across the markets in which we invest on behalf of our clients.

These proposals are:

- General Proxy Voting Issues
- Annual reporting and income allocation proposals
- Corporate boards
- Remuneration of directors and managers
- Audit and audit-related proposals
- Capital-related proposals

Our general and market-specific voting policies reflect Cardano's approach to proxy voting issues. All voting rights are exercised for the benefit of our fund participants or clients. In particular situations, Cardano may apply a case-by-case approach and cast votes in a way that differs from the written policy to reflect:

- Specific company characteristics and circumstances;
- Year-on-year progress on the related issue;
- The rationale provided by the board;
- Shareholders' long-term interests.

We expect companies to communicate with shareholders in a transparent way. That means regular, comprehensive disclosure on their business activities and practices. Cardano may vote against any resolution where insufficient disclosure, explanation or justification has been provided.

Escalation

We may use our voting rights as a tool to escalate concerns on material sustainability topics, in line with the priority themes detailed in our Sustainability Investment Policy. We may consider using proxy voting as an escalation in the cases such as:

- When a company is not responsive to our request to engage;
- When engagement does not lead to sufficient progress;
- When a company is exhibiting a material rollback, reversal or weakening of its previously stated commitments on one or more sustainability priority themes.

In those cases, we may use voting as an escalation, for example by:

- Voting against management proposals such as the re-election of the directors with oversight of the material sustainability topic;
- Supporting shareholder resolutions aligned with our Sustainability Investment Policy;
- Filing or co-filing shareholder resolutions.

When using such escalation tools, we aim to inform the company of our intended voting decisions ahead of the meeting, typically by sending a letter via email detailing our voting intention and the rationale. These letters generally reiterate our willingness to continue engaging. This helps clarify why a specific voting decision has been made.

Other escalation tools may also be used alongside voting, including but not limited to, writing letters to the board, co-signing investor statements, and collaborating with other investors to amplify our influence.

1. General proxy voting issues

Election of directors

Cardano considers it important that boards are balanced, with an appropriate mix of executive and non-executive directors. Diversity in skills, experience, gender, ethnicity and backgrounds can support effective decision-making and governance. Cardano refers to local best practices to guide expectations for the appropriate composition of the board in terms of independence and diversity. We also look at whether board members have sufficient understanding of sustainability issues relevant to their business and whether they demonstrate a commitment to integrating these considerations into their oversight responsibilities. We consider it important that they are equipped with the knowledge and skills necessary to navigate the complexities of sustainability challenges and to contribute to the broader goal of creating sustainable, long-term business value.

Remuneration of executive directors/management board members

When evaluating executive remuneration proposals, Cardano considers factors such as transparency, alignment with company performance, and fairness. Cardano may also look at whether there is a link between executive remuneration and the achievement of relevant long-term sustainability goals.

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We expect companies to communicate with shareholders in a transparent way.

Equity-based remuneration plans

Sometimes a company may be exposed to material risks related to its social, environmental and ethical impacts, and yet this is not explicitly considered by the board when assessing executive performance pay. In such cases, Cardano may consider voting against the remuneration report and/or a proposed executive incentive scheme. This does not, however, apply to schemes in which both executive management and ordinary employees may participate.

Board committees

Where relevant, Cardano may consider voting against the reappointment of members of the board committee responsible for oversight of sustainability matters or an equivalent body (including the chairman). This may apply, for example, if the company is exposed to material risks in relation to its ethical, environmental and social impacts and fails to sufficiently report on the management of these risks through its internal control framework, or to obtain external assurance of its reporting on these risks.

Anti-takeover provisions

Anti-takeover mechanisms should periodically be put to shareholders for reapproval. In each case, Cardano will further assess the pros and cons of the board's proposal for the company's stakeholders, such as employees. It will also assess the potential consequences of the success or failure of any takeover bid in the light of Cardano's principles.

Mergers/acquisitions and asset sales, corporate reorganisation/restructuring, reincorporation and expansion of business activities

We will weigh the consequences of any such proposal in the light of Cardano's Sustainability Investment Policy, as well as the benefits and drawbacks of the proposed transaction for the company and its stakeholders.

Climate transition plans

In cases where companies provide shareholders with a 'Say on Climate' proposal, to determine our voting decision, we will assess whether the climate transition plan sets out ambitious, Paris-aligned climate targets. This includes targets for quantitative interim emissions reduction, covering relevant Scope 1, 2 and 3 emissions, whether the company explains how assets, operations, and business strategy reflect these targets, and whether the company incorporates governance considerations into its climate transition plan.

We may withhold support for proposals where Scope 3 emissions account for a large portion of the company's total greenhouse gas emissions, and no targets have been set to reduce them. The same may apply if the company fails to set out a credible decarbonisation strategy in line with ambitions to achieve net zero emissions by 2050.

2. Annual reporting and income allocation proposals

Approval of the annual report and accounts

Cardano generally supports resolutions to approve the annual report and accounts unless:

- There are concerns about the reliability of accounts;
- The documents (or their draft versions) are not disclosed in time for review prior to the voting deadline;
 - There are substantial reporting and/or disclosure issues;
 - The company is unresponsive to shareholders' requests for information that is typically publicly disclosed;
 - The auditor has issued a qualified opinion.

Auditors' report

Cardano generally supports the resolution to approve the auditors' report unless:

- There are concerns about the reliability of accounts and/or audit procedures;
- There are concerns about the integrity of the auditors;
- The document or its draft version is not disclosed in time for review prior to the voting deadline.

Dividend/income allocation proposals

Cardano generally supports dividend/income allocation proposals unless the pay-out is considered to be excessive, given the company's financial position, or if the company has a track record of not returning an appropriate percentage of its earnings to shareholders.

We do not generally support resolutions removing the requirement for shareholders to approve the allocation of dividends and profits.

Scrip (stock) dividend

Cardano generally supports scrip (stock) dividend proposals, except where such proposals do not provide a cash option.

3. Corporate Boards

Board structure

Cardano will evaluate proposals to amend the existing board structure on a case-by-case basis. We generally take into consideration local market regulations and best practice, corporate governance behaviours of the company and the rationale provided for the proposals. We may vote against proposals to amend the existing board structure if the proposed changes are not in the interest of the company's stakeholders as a whole.

Board size

Cardano generally supports directors' proposals with respect to the size of the board, provided the board is judged to function effectively. We also look at market best practice when evaluating what constitutes an appropriate size of the board.

Board balance

Cardano supports a strong representation of independent directors on the board. We generally take into consideration market norms and best practice guidance when assessing the balance of independence on the board.

When assessing directors' independence, Cardano generally considers market-specific criteria and international best practice recommendations.

Board diversity

Cardano considers it important that the composition of the board - is determined by the non-executive directors and that it reflects the skills and expertise needed to support management in fulfilling the company's strategy.

Board members should, in our view, be selected from the widest possible talent pool, to support sustainable long-term performance and quality leadership. A range of personal and professional factors may be taken into account in promoting diversity. That includes geographic location, nationality, gender, age, ethnicity, corporate background and areas of expertise. Board members should be selected based primarily on merit and the ways in which they can strengthen the board.

Cardano monitors companies' efforts to diversify their boards of directors and to comply with relevant local best practice or regulations. In developed markets, Cardano generally expects at least 30% of the board to consist of the least represented gender¹, while in emerging markets, we generally expect the board to include at least one member from the least represented gender. In the absence of such diversity, Cardano may vote against newly nominated directors who are not from the least represented gender and/or against members of the nomination committee. Equally, in such cases, Cardano may also consider supporting shareholder resolutions requesting greater diversity or nominating directors whose presence on the board would help achieve that.

Board leadership

Cardano generally votes against any proposal to combine the positions of the chairman and CEO, unless time-limited and appearing to be in the interests of shareholders and other stakeholders. We generally support proposals to separate these two positions.

We do not generally support the election or re-election of a non-independent chairman, unless the company has explained the rationale behind this leadership structure and keeps it under review.

We generally vote against the former CEO being appointed chairman of the company - or a former management board member being appointed to the supervisory board - without an appropriate 'cooling-off' period.

We generally vote in favour of the appointment of a lead independent director.

Election of directors

We generally support individuals nominated by management and/or shareholders unless:

- Insufficient biographical information is provided to make an informed voting decision;
- The director appears unqualified to serve on the board or has acted in a manner that may compromise their ability to represent the interests of shareholders;
- The director lacks relevant sustainability expertise in cases where the board's overall sustainability profile is also weak.
- The director has demonstrated poor attendance at board or board committee meetings (less than 75 percent of meetings) without clearly disclosed and acceptable reasons;
- The nominee is not considered to be independent, alongside the absence of a strong independent element on the board as a whole;
- There is clear evidence of abuses against the interests of minority shareholders or other stakeholders of the company;
- The board has repeatedly been unwilling to implement good governance standards;
- The composition of the main board committees is not in line with market best practice.

Cardano generally votes in favour of appointing employee and/or labour representatives to the board.

¹ In some markets, the threshold is set at 40% per local best practice (see market requirement document).

Overboarding

We may also withhold support if the director serves on more than four public company boards, due to concerns about the number of outside mandates and the possibility that he/she may lack sufficient time to devote to the company's affairs. Likewise, if a director is a CEO at another public company and he/she serves on more than three public company boards in total, Cardano may vote against this candidate at the companies at which he/she is not the CEO. We will decide on a case-by-case basis, assessing factors such as the available talent pool in the relevant market, the nature of the roles/appointments held, the overall level of board independence and any explanations provided by the company.

Board oversight of priority sustainability themes

In the Sustainability Investment Policy, we describe the priority themes that are relevant to the transition towards a sustainable society. In line with this policy, we expect boards to have oversight of these priority themes. Cardano therefore, in certain cases, may consider voting against the re-election of members of the relevant board committee and/or the chairman where a company does not appear to demonstrate sufficient oversight of these priority themes. This may include cases where:

- There is no board committee with a remit to oversee the company's implementation of the board's policy on relevant priority themes;
- The oversight appears too weak to ensure effective management and progress on these priority themes.

Below are examples of how we may assess a company's oversight and performance on material topics related to our priority themes. This list is not exhaustive as we look on a case-by-case basis at how a company is managing its transition.

1. Boards' responsibility regarding climate change

In line with Cardano's climate change ambitions, we may hold boards accountable if their companies fail to demonstrate they are implementing transition strategies in line with the goals of the Paris Agreement.

For high-emitting companies or companies in material sectors, Cardano may vote against relevant directors (relevant committee members and/or the chairman of the board) if the company lacks a comprehensive, credible plan to manage its transition. Examples include companies that demonstrate poor board oversight with, for instance, no clear greenhouse gases reduction targets or the lack of a specialised sub-committee. The assessment generally follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For example, Cardano may vote against the

board chair in high emitting sectors (such as companies covered by the Climate Action 100+ benchmark or the IIGCC Net Zero Engagement Initiative) if the company does not have a net zero target or when reporting does not align with TCFD.

2. Cyber Risk Oversight

Cybersecurity represents a material risk for companies due to its potential reputational, financial and operational impacts. Cardano therefore expects companies to assess and mitigate their cybersecurity risks and for the board to have oversight of these matters. When a company has suffered a security breach with material impacts, Cardano may consider voting against relevant directors if the board's oversight, response or disclosure relating to the incident appears insufficient.

3. Company's Application of Human Rights in Line with International Standards

Cardano expects companies to comply with internationally recognised standards relating to human rights, such as the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. In line with this, Cardano may assess whether companies have publicly available human rights policies which refer to these international standards. In the absence of such disclosure, Cardano may vote against relevant directors (relevant committee members and/or the chairman of the board).

4. Deforestation Oversight

Deforestation poses significant environmental, social, and economic risks, particularly in sectors such as agriculture and consumer goods. Cardano expects companies operating in or sourcing from regions exposed to deforestation to have robust policies and board oversight to manage and mitigate these risks. This may include clear commitments to achieve deforestation and conversion-free supply chains, transparent supply chain management, and credible monitoring and reporting mechanisms.

Cardano may consider voting against relevant directors (including members of the relevant board committee and/or the chairman) if a company fails to demonstrate effective oversight or meaningful action on deforestation risks. This may include cases where there is no dedicated board-level responsibility for deforestation-related issues, policies or targets to prevent deforestation appear insufficient, or a lack of transparency and accountability in reporting progress.

Corporate Boards - Miscellaneous

Cumulative voting

When a cumulative voting system is used for the election of directors, Cardano generally supports candidates whose appointment appears to be in the best interests of shareholders and other stakeholders. Where the balance of independence, or the representation on the board of minority shareholders and other stakeholders, seems unsatisfactory, we generally support improvements in these areas.

Age limit/term limit

Cardano does not generally support any mandatory limits on the age of directors. We may, however, support proposals to limit the number of terms directors are allowed to serve on the board.

Indemnification of directors and officers

Cardano votes on proposals to indemnify the company's directors and officers on a case-by-case basis, taking into account the scope and terms of the indemnification of directors and officers sought by the company.

Liability insurance for directors and officers

Cardano generally supports proposals to provide liability insurance to directors and officers, unless they do not appear to be in the best interests of shareholders and other stakeholders.

Discharge of board and management

Cardano generally votes in favour of proposals to discharge the board and management from liability, except when:

- The performance of the board in the year for which the discharge is sought appears inadequate;
- There are concerns about the reliability of the accounts or the auditor's report;
- There are substantial issues with reporting and/or disclosure;
- The company is unresponsive to shareholders' requests for information usually disclosed publicly;
- Material legal proceedings were launched against the company or the directors in the year for which the discharge is sought;
- We are aware of well-founded allegations of violations of our principles to which the board has not responded adequately.

1.4. Remuneration of directors and managers

Advisory/binding resolutions on remuneration committee reports.

Cardano generally votes in favour of introducing advisory shareholder votes on the remuneration arrangements of directors and managers.

Remuneration of non-executive directors/supervisory board members

Cardano generally supports:

- Proposals to award cash fees to non-executive directors/supervisory board members, unless the amounts appear unjustified;
- Remuneration arrangements that allow for a part of non-executive directors' fees to be paid in company shares (non-performance related), provided that directors are required to retain these shares until the end of their tenure;
- Proposals to increase the maximum aggregate level of fees the company can pay its non-executive directors unless such increases appear excessive or unjustified.

We generally vote against the non-executive director/supervisory board member remuneration policy where:

- The policy allows for performance-related incentives;
- The policy allows for the payment of retirement benefits to non-executive directors, other than statutory superannuation contributions (where applicable);
- Pay levels appear excessive compared with the company's peers;
- The company provides insufficient transparency about the arrangements for directors' pay.

In general, Cardano does not support non-executive directors' participation in incentive plans designed for executives.

Remuneration of executive directors/management board members

Cardano generally supports:

- The implementation of national governments' recommendations on the maximum pay levels for executive directors/management board members, if considered reasonable;
- Remuneration structures for senior management that match the drivers of value-creation over time-scales appropriate for a company's business;
- Remuneration proposals that explicitly take into consideration stakeholder value, such as employee safety and satisfaction, as well as shareholder value;
- Proposals to abolish 'guaranteed bonuses';
- Proposals to defer part of the annual bonus payment (typically over three to five years) and to adopt "clawback" policies allowing a company to reclaim compensation awarded based on earnings subsequently found to be erroneous, fraudulent or manipulated;
- The introduction of individual award limits for incentive plans.

Cardano generally votes against:

- The remuneration policy and/or incentive plans if material changes have been made without shareholder approval;
- Executive remuneration arrangements where pay levels appear unjustified compared to the market norms, the company's peers and its financial position;
- Remuneration proposals for executive directors where the link between performance and reward appears insufficient to justify potential pay-outs under incentive plans, or where performance conditions may encourage excessive risk taking;
- Remuneration arrangements with no obvious link between executive remuneration and the achievement of ambitious and relevant social, environmental and ethical targets;
- Remuneration structures that allow for the use of derivatives or other instruments to hedge director or executive share ownership or unvested equity-linked remuneration;

- Any material payments viewed as being ex-gratia unless they are fully explained, justified and subject to shareholder approval prior to payment;
- A remuneration policy which allows for any element of executive remuneration, other than base salary, to be pensionable;
- A company's remuneration policy or report if the performance period for long-term incentives is less than three years;
- A company's remuneration policy, report or arrangements if it lowers performance targets without sufficient justification;
- The approval of the remuneration policy or report where a company has provided insufficient disclosure on its remuneration policies and practices. Cardano expects transparency around performance metrics used to calculate the variable remuneration.
- The approval of the remuneration policy or report if there was low shareholder support at the previous remuneration related proposal and the board did not adequately respond.

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Cardano expects transparency around performance metrics used to calculate the variable remuneration.

Cardano does not support transaction bonuses that reward directors and other executives for effecting transactions, irrespective of their future financial consequences. We are generally cautious regarding awards granted outside the company's usual incentive plans. Cardano generally evaluates one-off awards on a case-by-case basis, taking into account their size, the rationale behind them, whether performance conditions are in place, and the nature and stringency of any performance conditions.

We may consider voting against a company's remuneration policy or arrangements if there is no clawback provision and the company has recently been involved in a major controversy and/or accounting issue.

Cardano supports the introduction of relative performance metrics (comparing the company's performance to a relevant peer group or index) in incentive plans. However, we consider it important that awards do not vest below median performance. We take this into account when evaluating whether performance conditions are sufficiently challenging.

We may also consider a company's internal pay equity when evaluating the appropriateness of a company's remuneration policy or arrangements. This includes the CEO's level of remuneration compared to other executives and the company's general workforce where disclosed, focusing on the way the CEO to general workforce ratio is calculated.

We generally take into account a company's pay compared to peers when evaluating the appropriateness of its remuneration policy or arrangements. We generally consider the CEO's level of remuneration compared to peers based on sector, market capitalization, and revenue. Cardano may also consider whether pay increases to senior executives is inconsistent with announcements relative to the pay of the general workforce.

Equity-based remuneration plans

Cardano generally supports:

- The use of social, environmental and ethical key performance indicators in the incentive plans for executive management.
- Equity-based all-employee savings plans, within acceptable dilution limits.

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Cardano generally evaluates one-off awards on a case-by-case basis.

Cardano does not generally support:

- Any equity-based scheme for senior management which does not explicitly link the company's performance and the reward available; Cardano expects transparent and challenging performance criteria over a period of at least three years.
- Equity-based remuneration plans that may result in substantial dilution of existing shareholders. Cardano will vote against incentive plans allowing executive share options to be offered at a discount.

We do not typically consider re-pricing, surrender and re-grant of awards, 'underwater' share options or re-testing of performance - on either a one-off or a rolling basis - to be appropriate.

Termination provisions and severance packages

Cardano does not support remuneration policies that allow for excessive severance packages, where outgoing executives may be rewarded for failure.

We generally support proposals to subject executive director and senior management severance packages to a shareholder vote.

Remuneration Committee

Cardano generally considers voting against the reappointment of members of the remuneration committee or an equivalent body of the board (in particular the committee chairman) in cases where:

- We have serious concerns about the remuneration arrangements for directors and senior management;
- The committee has failed to respond to concerns expressed by shareholders and/or other stakeholders regarding the existing/proposed remuneration arrangements.

1.5. Audit and audit-related issues

Appointment of external auditors and auditors' remuneration

Cardano generally votes in favour of proposals to appoint or reappoint external auditors/ fix auditors' remuneration unless:

- There are concerns about the reliability of accounts or audit procedures;
- There is evidence that the auditors' failed to identify and address issues leading to a significant financial restatement;
- The length of tenure of the auditors raises concern over their independence; Cardano considers a tenure exceeding 20 years to be excessive.
- The fees paid to the auditor for the provision of the audit and non-audit services during the year under review have not been disclosed in the annual report and financial statements;

- The amount of non-audit fees paid to and/or the nature of non-audit services provided by the auditors raise concerns regarding their independence; this may be the case when the level of non-audit fees (including tax) exceeds 100% of the total audit fees (or any stricter limit set in local corporate governance codes);
- There are other concerns about the independence of the external auditors or the integrity of the audit.

Auditor indemnification

Cardano may vote against proposals to indemnify external auditors or to limit their financial liability.

Appointment of internal auditors

Cardano may vote in favour of proposals to appoint or reappoint internal auditors unless:

- There are concerns about the reliability of the internal audit report or the procedures used;
- There are concerns about the integrity of the internal audit;
- There is evidence that the internal auditors failed to identify and address issues that could result in financial and/or reputational damage to the company.

Audit Committee

Cardano may consider voting against the reappointment of members of the Audit Committee or an equivalent body of the board (in particular the Chairman), if it does not appear to ensure the quality of the audit as well as their impartiality and independence.

1.6. Capital-related proposals

Capital issuance requests

Cardano generally votes in favour of routine capital issuance requests, with pre-emptive rights up to a maximum of a third of the issued share capital, provided this authority is renewed annually.

We generally vote in favour of routine capital issuance requests without pre-emptive rights up to a maximum of 10% of the issued share capital, provided this authority is renewed annually.

We consider any share issuance proposals other than specified above on a case-by-case basis. That will take into consideration market norms (see market specific policies) and company circumstances.

Private placement

Cardano generally votes in favour of private placement proposals, if shares are to be issued as part of a routine non pre-emptive share issuance proposal (see the guideline above), unless the discount to the share price offered is considered excessive (typically 10% or more).

We will consider all other private placements on a case-by-case basis.

Increase in authorised share capital

Cardano generally votes in favour of private placement proposals, if shares are to be issued as part of a routine non pre-emptive share issuance proposal (see the guideline above), unless the discount to the share price offered is considered excessive (typically 10% or more).

We will consider all other private placements on a case-by-case basis.

Reduction of capital

Cardano may generally vote in favour of proposals to reduce capital for routine accounting purposes, unless the terms appear unfavourable to shareholders. We will consider all other proposals to reduce share capital on a case-by-case basis.

Share repurchase programmes and re-issuance of shares repurchased

Cardano may vote in favour of routine authorities to enable the management to repurchase shares up to 10% of the issued share capital, where the maximum price paid per share does not exceed 110% of the market price, unless there is clear evidence of past abuse of such authority. The 10% limit includes re-purchases made in the open market and selective buybacks (see below).

We will consider all other proposals to repurchase shares on a case-by-case basis.

We generally vote in favour of the authority to re-issue any repurchased shares as a part of routine share issuance authorities, with or without pre-emptive rights. Again, we will consider all other proposals on a case-by-case basis. .

Debt/preferred stock issuance

Cardano usually votes on debt issuance proposals on a case-by-case basis. That will take into consideration the stated rationale for the issuance, the company's governance profile and its history regarding the use of debt, the company's current financial situation and the normal debt level of the market and industry. For convertible debt/preferred stock, we also take into account the voting powers (if any) attached to such shares/convertible stock and how these might affect the interests of shareholders.

Capitalisation of reserves for bonus issues/increase in par value

Cardano usually votes in favour of proposals to capitalise reserves for bonus issues or to increase par value of the company's shares, unless such proposals do not appear to be in the interests of shareholders.

When voting on capital management proposals, Cardano will generally:

- Vote against when the proposal can be used as an anti-takeover device.
- Vote against proposals to create new classes of common or preferred stock with unequal voting rights.
- Vote against if the authorisation period is greater than 12 months.
- Vote against a proposal if there is insufficient information.
- Vote against if the shares have inferior or superior voting rights.
- Vote against authorizing dual or multiple classes of common stock.
- Vote against proposals that allow the issuance of stock without pre-emptive rights in excess of 10% of the currently outstanding shares.
- Vote against proposals that allow the issuance of stock with pre-emptive rights in excess of 33.33% of the currently outstanding shares.

1.7. Other proposals

Anti-takeover provisions

Cardano generally votes against anti-takeover mechanisms unless:

- They are structured to give shareholders the ultimate decision on any proposal or offer; or
- Shareholder approval is sought for a one-off measure of a limited duration concerning a specific hostile takeover bid. In this case, Cardano's vote would be based on our analysis of the overall benefits of the board's proposal, given the specific company circumstances.

In the case of an engagement or key sector company, Cardano generally further assesses the benefits and drawbacks of the board's proposal for the company's

stakeholders (for example, employees), and the possible consequences of the success or failure of any such bid in the light of Cardano's principles.

Mandatory takeover bid waiver

Cardano generally votes against mandatory takeover bid waiver proposals, unless the waiver is sought together with a share repurchase and we have written assurance from both the company and the conflicted shareholder that the latter will not increase their holding above either 30% or the existing level of shareholding, if it is higher than 30% of the issued share capital. We generally also consider the history of the relationship between the shareholder and the company and past treatment of minority shareholders.

Differential voting power

Cardano generally votes against all proposals seeking to introduce/retain differential voting powers of common shares or to issue shares with unequal voting rights.

We generally vote in favour of proposals to eliminate differential voting powers of common shares.

Voting rights restrictions

Cardano generally votes against any proposals to restrict shareholders' voting rights and generally support proposals that eliminate or alleviate existing restrictions on voting rights.

Mergers/acquisitions, asset sales, corporate reorganisation/restructuring, reincorporation and expansion of business activities

Cardano's vote on such proposals will typically be based on our analysis of the overall benefits of the proposed transactions, in terms of the company's performance, governance and long-term shareholder value.

Related-party transactions

Cardano generally votes on such proposals on a case-by-case basis, assessing the company's governance, the risk involved, any benefit to the company and the transaction's size and significance. We generally also consider whether the transaction was or is conducted at arm's length and at fair value.

We generally do not support significant related-party transactions unless we receive assurance from the independent directors that they are in the company's best interests with fair terms. We generally vote against any significant related-party transaction if conflicted directors/shareholders are allowed to participate in the vote.

We encourage boards to clearly disclose the process for reviewing and monitoring related-party transactions.

Amend memorandum/articles of association

Cardano generally supports amendments to bring the company's articles of association in line with the norms and regulations of the market.

We generally vote against any amendments that appear to undermine the company's governance or impair the rights of shareholders and/or other stakeholders (e.g. employees) of the company. We will consider all other proposals on a case-by-case basis.

Change name of corporation

Cardano generally votes in favour of such proposals.

Change of company's fiscal term

Cardano generally votes in favour of such proposals, unless the aim appears to be to withhold information or voting power from shareholders - for example, by postponing the annual shareholder meeting.

Change of disclosure threshold of stock ownership

Cardano generally votes in favour of proposals:

- to disclose the ownership level below statutory requirements (where the law permits);
- to raise the ownership disclosure threshold to the minimum statutory level, where the company is legally required to do so. We generally vote against, where the company is not legally required to do so.

Adjourn meeting to solicit additional votes

Cardano generally supports such routine proposals when the adjournment is needed to achieve the necessary quorum to properly conduct the shareholder meeting.

Simple majority voting

Cardano generally votes for a simple majority voting requirement and against a supermajority voting requirement. The exception would be situations where a supermajority voting requirement may help protect the interests of minority shareholders - for example, when the company has a substantial or dominant shareholder.

Political & charitable donations

Cardano generally votes against:

- any proposal to make donations to political parties;
- charitable donations, unless in some markets, such as China, they clearly serve a social purpose.

We will consider all other types of political expenditure on a case-by-case basis.

Bundled proposals

Cardano may vote against resolutions that contain bundled provisions not clearly interrelated, or where some of the proposed measures are not in the interests of shareholders and/or other stakeholders.

Where the election of more than one director is proposed as a single voting item, we vote on a case-by-case basis. We may vote against for example, if insufficient information is disclosed.

Any other items

Cardano generally votes against resolutions seeking approval of "any other business" for which information has not been disclosed.

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Cardano generally votes for a simple majority voting requirement and against a supermajority voting requirement.

Shareholder Proposals



We support the valuable contribution shareholders make to general meeting agendas by filing proposals. This can be an important and constructive mechanism for shareholders to communicate their views and encourage companies to improve long-term sustainability and governance practices.

Using insights from our Sustainability Investment Policy, we are generally supportive of shareholder proposals that encourage companies to manage their social and environmental impacts and risks effectively, and that may help improve social, environmental, or ethical performance. Cardano generally votes in favour of shareholder proposals aimed at improving the company's governance or encouraging it to implement policies and measures that align with Cardano's principles. We generally vote against shareholder proposals that appear likely to have the opposite effect.

All shareholder proposals will be analysed on a case-by-case basis, taking into consideration factors such as:

- The reasonableness of the demand;
- The proponent's credentials;
- The company's responsiveness to the resolution topic;
- The anticipated costs and benefits to the company, shareholders and our portfolio as a whole.

Some shareholder proposals on a general meeting agenda may address sustainability issues. Cardano's guidance for these proposals is based on our Sustainability Classification Framework. These support our investment decision-making and help minimise the risk of involvement in activities considered unacceptable.

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We support the valuable contribution shareholders make to general meeting agendas by filing proposals.

**Cardano Asset
Management N.V.**

Cardano Risk Management B.V.
Weena 690
21st floor
3012 CN Rotterdam
The Netherlands
T: +31 10 206 1300
E: info@cardano.com
W: cardano.com

**Mercer Risk
Management Limited**

1 Tower Place West
London
EC3R 5BU
United Kingdom
T: +44 (0)20 7626 6000
W: www.mercer.com

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