

WALTER SCOTT



SHAREHOLDER RIGHTS
DIRECTIVE II
OUR APPROACH

Introduction

The Shareholder Rights Directive II (SRD II) aims to promote shareholder engagement and improve transparency and stewardship practices. Effective as of 10 June 2019, it requires asset owners and asset managers to make disclosures about their long-term investment strategies, their arrangements with each other and their engagement with the companies in which they invest.

Walter Scott fully supports the goals of SRD II.

Under SRD II, asset managers must publicly disclose their Engagement Policy and, on an annual basis, outline how that policy has been implemented over the period. A record of our significant votes is published on our website annually and should be read in conjunction with our Annual Sustainability Report. Together these provide a comprehensive overview of how our Engagement Policy has been implemented over the period. All these reports are publicly available on our website.

Engagement Policy disclosure

Our Engagement Policy is published on our website and can also be found alongside our Proxy Voting Policy in our Stewardship and Sustainability Overview and Policies publication.

Annual disclosure obligations

We summarise and evidence the implementation of our Engagement Policy through regular reporting. As such, details of engagement activity including case studies can be found in our Annual Sustainability Report and in our Quarterly Stewardship Commentary.

Proxy voting

We have always believed that proxy voting is essential to good stewardship. We vote client proxies in a manner consistent with our clients' best interests and without regard for any interest Walter Scott may have in the matter. We carefully consider management's views in determining how to vote a proxy, but our decision is always subject to our assessment of the likely long-term financial implications, and by extension, client impact. Every resolution is considered on an individual basis.

Proxy voting by Walter Scott is undertaken on a 'best endeavours' basis and may not always be possible. Instances where we might not be able to vote include, but are not limited to, the following:

- Where the client has directed stock lending. Walter Scott does not undertake stock lending. Any such arrangement rests solely with clients and their appointed custodian. Walter Scott generally does not ask clients to recall stock on loan in order to vote, with the exception of material votes.
- Where the necessary power of attorney is not in place.
- When the proxy-voting documentation is not delivered in a timely manner by the custodian.
- Where jurisdictional restrictions are applicable, such as excluded markets.

We publicly disclose how we vote across all holdings on a quarterly basis in our Proxy Voting Disclosure report. In addition to that summary of votes posted on our website, clients also receive specific reports on voting across their portfolio.

Significant & most significant votes – methodology

To determine whether a vote is significant, we follow a two-step approach.

Effective 10 June 2019. Revised 6 January 2026.

Step 1

Identify and discount routine votes

This can include but is not limited to:

- Most items where we support management, such as election of directors and ratifying auditors
- Items that we will routinely and typically vote against, in line with our Proxy Voting Policy.

From those votes that remain, we determine if a vote is significant by applying our discretion to a general set of principles. A key consideration is whether an item has the potential to impact shareholder rights or the long term interests of shareholders. A significant vote need not be a vote against management; it could, for example, be a vote in support of an item requesting approval for a merger or acquisition.

Step 2

Is a vote significant?

In determining whether a vote is significant, questions that we might consider include:

- Is the item a management proposal which has subsequently failed?
- Is the item related to a merger, acquisition or spin-off?
- Does it have an impact on shareholder rights?
- Do we deem the item to be contrary to the long-term interest of clients?
- Is the item contentious?
- Could it result in potential dilution >10%?
- Are we supporting a shareholder proposal?
- Does the item present a corporate governance issue?

To determine whether a vote is most significant, we apply our discretion to votes which qualify as significant.

Full disclosure of significant and most significant votes is provided within our SRD II reporting that is posted within the Sustainability section of our website.

Use of proxy advisors

For proxy voting, ISS is used as our principal external service provider. To ensure that each Stock Champion has all the necessary information on any Annual General Meeting (AGM) or Extraordinary General Meeting (EGM), we receive documentation on forthcoming votes from custodians and ISS. While we receive voting recommendations from ISS as part of the materials provided, that recommendation is not shared with the Research Team and forms no part of our proxy voting decision making process. All votes are cast in line with Walter Scott's Proxy Voting policy.

Annual disclosure on behalf of SRD 'institutional investors'

SRD II requires a number of specific disclosures including portfolio composition, turnover and turnover costs, where applicable, where the firm invests on behalf of SRD 'institutional investors' whether on a discretionary client by client basis or through a collective investment undertaking.

The turnover of equities within a portfolio will vary in relation to the investment strategy. For those mandate clients in scope, portfolio composition, turnover and turnover costs are provided to clients as part of MiFID II reporting.

With regard to other areas of required disclosure, we do not undertake stock lending. Any stock lending will be agreed directly, and separately, by our clients and their appointed custodian. As such, we do not typically ask clients to recall stock on loan in order to vote.

Further information on our approach to and understanding of material medium to long term risks associated with investments is included within our response to the UK Stewardship Code Report. Further information on our investment decision making based on the medium to long term performance of an investee company is also included in that report.

Regulatory information

Walter Scott & Partners Limited (Walter Scott) is an investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a wholly owned nonbank subsidiary of The Bank of New York Mellon Corporation. Walter Scott is registered in the United States under the Investment Advisers Act of 1940.

Walter Scott provides investment management and advisory services to non-UK clients and, Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors.

Walter Scott is registered with the SEC in the United States of America, as an Exempt Market Dealer in all Canadian provinces and, with the FSCA in South Africa.

Important information for USA

Walter Scott & Partners Limited (Walter Scott) is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Walter Scott is also registered as an investment adviser with the US Securities and Exchange Commission (SEC). Securities offered in the US by BNY Mellon Securities Corporation (BNYMSC), a registered brokerdealer. Investment advisory products offered in the US through BNYMSC employees acting in their capacity as associated investment adviser representatives of BNYMSC.

Important information for Canada

Walter Scott is registered as an Exempt Market Dealer (EMD) (through which it offers certain investment vehicles on a private placement basis) in all Canadian provinces (Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Quebec, Saskatchewan and Ontario) and is also availing itself of the International Adviser Exemption (IAE) in these same provinces with the exception of Prince Edward Island. Each of the EMD registration and the IAE are in compliance with National Instrument 31- 103, Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Important information for Australia

This material is provided on the basis that you are a wholesale client as defined within s761G of the

Corporations Act 2001. Walter Scott is registered as a foreign company under the Corporations Act 2001. It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 in respect of these services provided to Australian wholesale clients.

Important information for South Africa

Walter Scott is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa. FSP No. 9725.

Risk factors & important information

The statements and opinions expressed in this report are those of Walter Scott as at the date stated and do not necessarily represent the view of The Bank of New York Mellon Corporation, BNY Investments or any of their respective affiliates.

All investments have the potential for profit or loss and your capital may be at risk. Past performance is not a guide to future results and returns may increase or decrease as a result of currency fluctuations.

Investing in foreign denominated and/or domiciled securities involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

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