

Public Policy Report



Q4 2020
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Public Policy Highlights

This quarter, on behalf of our clients, we held 23 discussions with relevant regulators and participated in 16 consultations or their proactive equivalent, such as a letter.

The breakdown of these was:

| Region | Consultations or proactive equivalent | Meetings and discussions | Total |
|---|---------------------------------------|--------------------------|-----------|
|  Global | 2 | 3 | 5 |
|  Australia and New Zealand | 1 | | 1 |
|  Developed Asia | 6 | 7 | 13 |
|  Emerging Markets | | 2 | 2 |
|  Europe | | 2 | 2 |
|  North America | | 1 | 1 |
|  United Kingdom | 7 | 8 | 15 |
| Grand Total | 16 | 23 | 39 |

Highlights

Our key activities and achievements in this quarter include:

Meeting of European Corporate Programme Advisory Group

Lead engager: Bruce Duguid

We presented the work EOS has done as part of the resolutions sub-group, preparing for shareholder resolutions to be filed at companies for the 2021 season. A total of 12 companies have been identified as possible candidates. Work is ongoing with legal advisory NGO Client Earth to develop a template wording. Replies to the letters sent to each of the 46 companies in the European programme will also help to reveal whether escalation strategies are required.

There was also an initial discussion about the long-term future of Climate Action 100+ after its first five-year period is complete at the end of 2022. We noted that the corporate and public policy programmes would need to be better coordinated to ensure that policy supports action by companies to achieve sectoral net-zero pathways.

Presenting at 2020 Taiwan Sustainable Investment Global Summit

Lead engager: Christine Chow

As a presenter and moderator of the 2020 Taiwan Sustainable Investment Global Summit, we highlighted how companies should conceptualise and apply different reporting standards. We introduced the work of the Impact Management Project, which we have sponsored for the last three years. This project seeks to harmonise the reporting standards of five key standard setters including the TCFD and SASB. We also encouraged the application of the CFO Principles for Sustainable Development Goals, launched in October 2020, where we are a member of the expert panel, to encourage a deeper integration of ESG issues into the capital allocation of a company.

In the second half of the summit discussion, we congratulated Taiwanese companies for scoring on a par with their UK peers on climate metrics and targets, and climate strategy. We encouraged companies to consider improving climate governance and made recommendations on how to implement this.

Japan's Corporate Governance Code revision and collective engagement

Lead engager: Sachi Suzuki

We made several recommendations as part of the Corporate Governance Code review, which is underway. We pressed for improving board effectiveness through the separation of chair and CEO, increased diversity, more stringent criteria for independence, and director training. Although Japan's Financial Services Agency (FSA) said concerted efforts were ongoing among different government departments for the progression of women, we said it should consider adding a requirement in the Code for companies to appoint at least one female director, referring to the example of South Korea. We also said the Code should require the disclosure of key metrics relating to gender diversity in management and the workforce.

We voiced our concerns that the criteria for independence, which are set by the stock exchange and referenced in the Code, are not stringent enough. This allows companies to nominate directors from entities that have a close relationship with the company while still designating them as independent. We also emphasised the importance of director training, which should be provided by the stock exchange free of charge so that smaller companies can benefit.

We stressed the importance of investor meetings with non-executive directors and suggested strengthening the wording of the Code to standardise these. We voiced concerns that many companies appear to think they can continue to hold cross-shareholdings as long as they explain that they bring economic returns. Investors fundamentally question this, as it can lead to uncompetitive practices and obstruct governance reform. We argued that the Code should require companies to disclose their voting policy and results for the cross-shareholdings that they continue to hold.

We were somewhat disappointed that the FSA is reluctant to do anything to clarify the confusion around collaborative engagement, with many investors still hesitant to collaborate due to the 5% rule. We also discussed the controversies of missing votes and the FSA's response, as well as various issues related to annual shareholder meetings. We again referred to an example from South Korea, where the government intervened to spread out the meetings.

Feedback on PRI Plastics Working Group guidance for investor engagement

Lead engager: Lisa Lange

Building on our *Investor Expectations for Global Plastics Challenges* white paper, the PRI Plastics Working Group commissioned the first of its guidance documents on investor engagement. In 2019, the Working Group published the Plastics Landscape Series - three reports that mapped out the plastics value chain, identified the risks and opportunities that the plastics industry poses for investors, and outlined relevant legislation and policy in different geographies. In 2020, the group initiated a follow-up project together with the Ellen MacArthur Foundation to develop guidance to help investors engage with companies in the plastics packaging value chain.

We provided detailed feedback on a draft of the initial guide on fast-moving consumer goods (FMCG) companies. Subsequently, we participated in a PRI educational call and discussion of the development of the investor guide for FMCG companies. We were pleased that our suggestions and feedback were implemented.

The aim of the guide is to equip investors with the information they need to constructively engage with companies in these sectors. It provides them with guidance on the questions they might ask and a framework for assessing the performance of these companies in line with the New Plastics Economy Global Commitment framework. In addition to FMCG, the project will focus on developing engagement guides for the petrochemicals, manufacturing of containers and packaging, and waste management sectors in 2021.

Future of Corporate Reporting roundtable discussion

Lead engager: Christine Chow

The purpose of this roundtable discussion was for the UK's Financial Reporting Council (FRC) to present its plans for the future of corporate reporting and for industry participants to comment on these, highlighting any gaps and challenges. The idea is to shift corporate reporting from a paper-based format to one that recognises the content and importance of multiple media channel delivery, such as podcasts, videos, blogs, social media posts and images.

The new reporting framework encourages shorter, sharper reports covering three distinct areas and perspectives on how information is presented – financial reporting, business reports and public interest (impact) reports. This will cover a mixture of mandatory and voluntary reports with links to each other. We provided examples of how some companies have already changed to a new style of reporting with web links and an ESG data bank, which the FRC found useful.

The FRC believes technology will play a big role, allowing different information media such as images and videos to be used. We gave examples of how challenging it could be even at the data definition and classification levels when companies embark on a journey of creating their own data lakes. For example, should a bank consider an individual a customer if s/he is only a secondary card holder? A blockchain specialist highlighted the challenges of maintaining accountability as data gets extracted for multiple purposes in reporting. We were asked how companies could drive data on intangibles, and we gave an example on business purpose. We also suggested that with a quality data infrastructure, companies should be in a good position to create a compelling narrative of their holistic value creation, but a sensible mix of data needs to be used to provide context.



Oil and gas methodology consultation Lead engager: Nick Spooner

We responded to a consultation on the developing methodology for the oil and gas sector. We promoted the use of the least-cost methodology as the most relevant, in line with our engagement around capital alignment with the goals of the Paris Agreement. We noted that this does not necessarily create absolute constraints on emissions in the short term but will be effective over the medium and long term in ensuring the alignment of the sector with the Paris goals.

We indicated our preference for some degree of flexibility in the use of scenarios, so that one scenario does not become overly determinative. Nevertheless, we suggested that some limitations should be implemented based on the plausibility of the development of certain technologies, in particular, negative emissions technologies.

Panellist at the PRI's whistleblower webinar Lead engager: Tim Goodman

We participated as a panellist alongside a whistleblower from Alphabet and a leading NGO supporting whistleblowing in a webinar for the PRI's recently published whistleblowing paper, to which we had contributed. We received positive feedback for our comments on how whistleblowing provides an important insight into the culture of an organisation, how whistleblowers find the experience, what they report and so on. We also pointed out that most disclosure on the topic provides very little insight into how whistleblowing facilities work in practice. Even the best disclosures should be supplemented by engagement to glean insight into the culture, and we argued that an ethical and learning culture is the bedrock of sustained success for any company.

Comments on draft methodology for new index Lead engager: Andy Jones

We provided comments on the draft methodology for the new Dow Jones Sustainability Index corporate sustainability assessment on tax. We asked for several clarifications and tightening of the methodology, including for the policy transparency to relate to a global policy, for the definition of lower tax jurisdictions to be broadened, and for clarity and additional points to be added to the policy requirements.

Keynote speech on board diversity and inclusion Lead engager: Hanah Chang

We gave a keynote speech on board diversity and inclusion at the Women Corporate Directors (WCD) fourth anniversary forum, attended by female executives and independent directors of South Korean companies. Our conceptualisation of how boards work, describing board dynamics and effectiveness as "software", compared with the "hardware" of diversity and independence figures, resonated well with the audience. We will look to collaborate with the WCD on educating director candidates on ESG issues as South Korean companies identify and select female directors to comply with the country's recent board diversity regulation.

ICGN 2020 global virtual summit Lead engager: Christine Chow

At the November 2020 global virtual summit of the International Corporate Governance Network (ICGN), a new topic was included to cover the governance of information and big technology. We led the discussion of the breakout session: Governance of Information and Big Tech.



Australia and New Zealand

Virtual shareholder meetings in Australia Lead engager: Pauline Lecoursonnois

We participated in a consultation by the Australian Treasury on draft legislation that will allow virtual-only annual shareholder meetings under any circumstances and remove any requirement for a physical shareholder meeting. While the temporary relief measures allowing virtual-only meetings were a necessity during the pandemic, we consider this appropriate for a temporary period only, and in extreme circumstances. In our response, we explained our support for a hybrid format of physical meetings, where shareholders have the option to join via an online platform or in person, as long as all shareholder rights are protected or enhanced.



Developed Asia

Japan's National Action Plan for business and human rights

Lead engager: Masaru Arai

In October, the Inter-Ministerial Committee released Japan's National Action Plan (NAP) for business and human rights. We were invited by the Ministry of Foreign Affairs to participate in the advisory committee for the NAP. Nine members representing various stakeholders, including investors, Keidanren, the Federation of Labour Unions, the Global Compact Network Japan, the International Labour Organization, the Japan Federation of Bar Associations, the Japan Consumers Association, as well as 18 ministries, agencies and other governmental bodies, participated in the meetings. The committee had met three times since June 2019, with several other meetings with the working group.

The main issues reflected in the NAP proposed by us at the meetings included shortening the proposed five-year period for future revisions of the NAP to three years. The NAP maintained the five-year period, but the Interagency Liaison Council will meet every year, and in the fourth year will embark on a revision process based on stakeholder input.

Other issues included: emphasising the important role of investors and sending a clear message to investors to address human rights issues; mentioning the Principles for Responsible Banking and Principles for Sustainable Insurance in addition to the Principles for Responsible Investment, and emphasising the role of Japan's member organisations in this regard; adding the need for community educational programmes by regional financial institutions; identifying the ministry or agency with primary responsibility for the development of each issue; and adding language stating that human rights are important not only for international companies but also for domestic companies with foreign counterparts.

Discussion with AIGCC on Japan's energy policy

Lead engager: Sayuri Shirai

We discussed a possible collaboration with members of the Asia Investor Group on Climate Change (AIGCC) in order to influence Japan's energy policy. We all agreed to pursue this, which may involve publishing a white paper on practical ways to accelerate the energy transition in Japan and a joint public policy engagement with some ministries and the Japan Business Association. This would be supported by gathering a list of senior contacts at each institution essential to our objectives.

Meeting with ICGN adviser on Japan's corporate governance

Lead engager: Sayuri Shirai

We stressed that the Japan Exchange Group (JPX), which operates the Tokyo Stock Exchange, should introduce free, compulsory training programmes for all external and executive directors before they take up their positions. Educating directors on the essence of the corporate governance code, the board's monitoring role, and sustainability-related issues is essential to enhance the quality of directors.

The International Corporate Governance Network (ICGN) said it had originally thought about having such training programmes for external directors but received negative feedback. This was due to the existence of some training programmes, such as those offered by the Japan Association of Corporate Directors (fee-based, available for a limited number of participants) and those offered by some trust banks (low fee, offered to their clients).

In response, we said that those programmes were not comprehensive enough to cover all ESG issues and were conducted on a commercial basis excluding many listed companies. We added that we had already had several meetings with Japan's Financial Services Agency and JPX about our ideas and their reactions had been positive. We encouraged ICGN to help influence the government and JPX on this topic. The ICGN adviser promised to set up a meeting with the CEO of ICGN on collaboration.

Tokyo Stock Exchange sustainability office discussion

Lead engager: Sayuri Shirai

The sustainability office of the Tokyo Stock Exchange (TSE) said it might be possible to revise the guideline about independent directors' stockholdings in a more stringent manner. Regarding our proposal that the TSE provide free online training courses for newly-appointed external board members on the corporate governance code and sustainability issues, the TSE said that it already had some free courses for directors and auditors. However, we believe these are not adequate as they mainly focus on corporate value creation. There is also an ESG guidebook, published in March 2020. The JPX ESG Knowledge Hub targets market participants, not external board directors. The TSE said it would welcome our suggestions and involvement.

Speaking at the Japan Stewardship Forum

Lead engager: Christine Chow

Following a presentation by the CEO of SASB, we were invited to share our opinion on the importance and impact of the big five accounting and sustainability reporting standards working together. We shared an example of dynamic materiality, a concept highlighted in the Statement of Intent Paper published in September 2020. Using SASB's current consultation on content governance as an example, we shared our work and success in engaging on AI ethics and data governance over the past three years.

We also highlighted the importance of connecting sustainability strategy, investment and financing decisions with reporting and disclosure, using the UN CFO roundtable initiative as an example. Finally, we emphasised that for Japan to achieve a net-zero commitment, the alignment of reporting and financing decisions needs to be accompanied by policy changes to support the energy transition, while also ensuring energy security, plus fair and affordable access and technology enhancement.

Feedback on ICGN recommendations to Japan's FSA

Lead engager: Sayuri Shirai

The CEO of the International Corporate Governance Network (ICGN) sent us ICGN's recommendations on the forthcoming revision of Japan's corporate governance code and asked for our feedback. We agreed with almost all the recommendations, but noted that in Japan, many companies take major decisions internally. This is true even if the board becomes more diverse and seemingly independent, and when independent non-executive board members chair the board or the remuneration/appointment committees. It will be some time before the appointment committees truly make their own decisions about the selection, continuation or removal of a CEO and other executive members.

In many companies there are conflicts of interest, as non-executive members continue to be chosen by management. We believe tighter criteria for independence, clearer standards about the maximum length of tenure for non-executive board members, and training for new and existing external board members are all essential. We said that we are also engaging with the Financial Services Agency and others, so will press for an improvement of the code and the actual implementation of the code. We hope for further collaboration in the near future.

FSA meetings on sustainability disclosure and training

Lead engager: Sayuri Shirai

Japan's Financial Services Agency (FSA) said it would send comments to the International Financial Reporting Standards (IFRS) Council of Japan, in response to the IFRS Foundation Consultation Paper on Sustainability Reporting, published on 30 September 2020. In our July 2020 meeting, we had discussed the presence of too many standard setters on ESG issues, raising the burden on companies trying to meet diverse reporting requirements. We emphasised that the FSA should work on simplifying reporting requirements to reduce this burden. This time, the FSA indicated its support for the idea of delegating the standardisation of ESG disclosure methods to the IFRS Foundation, given its established record in the area of financial reporting.

In a separate meeting with the FSA's sustainability officer, the FSA agreed with our idea that e-training on ESG matters should be given to all new external board directors through free training programmes to be provided by the Tokyo Stock Exchange, possibly by making this mandatory. External board directors

should be aware that their role is one of monitoring management by understanding the spirit of the corporate governance code as well as any relevant sustainability issues. We asked the FSA to pass on this idea to the Tokyo Stock Exchange if the opportunity arose. The FSA agreed to do so.

Emerging Markets

Myanmar corporate governance requirements

Lead engager: Christine Chow

The notification on requirements for effective corporate governance in Myanmar was signed by the chair of SEC Myanmar (SECM) on 3 December 2020. It will come into effect from January 2021. Provisions on internal control systems, audit committees, related party transactions and directors' reports will take effect from 1 April 2021. These developments follow the endorsement of the corporate governance regulation by the OECD's advisory committee, of which we are a member, in February 2020.

The OECD has provided examples of draft annual reports, directors' reports and corporate governance reports to help companies with the new regulation. We recommended that corporate disclosure in Myanmar should follow international developments and standards. We said that during the consultation period between January and April 2021, seminars should focus on priority areas such as how companies define materiality, independence, and transparency of the director nomination process.

We also recommended that the newly-formed Myanmar Institute of Directors should work closely with the Yangon Stock Exchange to provide training for directors, citing our prior work with the Hong Kong Stock Exchange as an example.



Diversity and inclusion challenges in France

Lead engager: Pauline Lecoursonnois

In France the processing and collection of personal data indicating, directly or indirectly, the racial or ethnic origins of an individual is prohibited. This can make it more challenging for companies to fully address this business imperative. However, there are tools that French companies can lawfully use to measure their efforts on diversity and inclusion, and we are meeting with relevant stakeholders to better inform our engagement strategy.

The Club 21e Siècle is an organisation created in 2004 by people with diverse origins and from the political and economic arenas. Its goal is to promote diversity in the workplace and in the educational system. Some of its key initiatives include mentoring programmes and a directory of potential board directors with diverse backgrounds. It is also working with consultancy firm McKinsey to measure the level of representation and inclusion of people with diverse origins and from lower socio-economic backgrounds in senior management teams.

The study initially invites CAC40 companies to participate and covers the board, the executive committee and their direct reports. A constructive approach will be adopted, as rather than naming companies, the results will be aggregated in a final report showing trends and highlighting best practices. We will engage with companies to encourage their participation and will review the results of the study.

German remuneration best practice working group

Lead engager: Lisa Lange

As part of our objective to influence best practice for executive remuneration in Germany, we participate in a working group on best practice guidelines for simpler and sustainability-focused management board remuneration. We co-initiated and worked with the group to develop guidelines in 2018 and have worked on an updated 2020 version that is aligned with the new German Corporate Governance Code and the Shareholder Rights Directive.



EY Center for Board Matters survey

Lead engager: Tim Goodman

We participated in a survey on investor views for EY's US corporate governance and ESG service for companies. We explained our views on how companies should be responding to the pandemic and urged EY to advise its clients that the effective and compassionate balancing of different stakeholders' interests was vital during the pandemic and beyond. We said this could be assisted by developing a purpose that goes beyond marketing and is a guiding hand to strategic decision-making.



Response to consultation on illegal deforestation

Lead engager: Sachi Suzuki

In our response to the consultation by the UK's Department of Environment, Food and Rural Affairs (DEFRA), we supported the proposal to make it illegal for businesses in scope to use forest risk commodities that have not been sourced in accordance with the relevant laws in the country where they are grown. However, we highlighted that the legislation should be applicable to a wide range of companies and not just a small number of large companies, which may already have due diligence processes in place. We also emphasised the importance of going beyond legality, referencing some countries where governments are attempting to deregulate, which may accelerate deforestation.

Input to FRC's Asset Management Taskforce Stewardship Working Group

Lead engager: Bruce Duguid

We gave final input to the report of this Financial Reporting Council committee of European asset managers, which is making recommendations on the future of stewardship. We supported the recommendation that the purpose of the investment industry should go beyond merely delivering financial returns, to include ensuring positive societal outcomes and reducing harms through responsible investment. Accordingly, we recommended that instead of focusing on the concept of investment returns, the report references the purpose to "achieve returns and other outcomes from investment in line with its client's interests".

We also gave input on the section concerning the increased use of shareholder resolutions, recommending that consideration be given to the opportunity to file more advisory resolutions. This would help to avoid the concern that resolutions in some markets, including the UK, are legally binding and so can introduce legal risks of unintended consequences or litigation.

Circular economy finance roundtable

Lead engager: Lisa Lange

We participated in a circular economy finance roundtable organised by Chatham House. We contributed to the breakout session on petrochemicals and plastics discussing the risks of linear investments in the petrochemicals and plastics system, and innovative ways to finance circular solutions to the plastics pollution problem.

FRC paper on future of corporate reporting

Lead engager: Roland Bosch

The Financial Reporting Council (FRC) published a thought leadership paper on the future of corporate reporting, based on a principles-based framework. We gave input and advice to this publication as a member of the Future of Corporate Reporting advisory group. The discussion paper outlines a blueprint for a more agile approach to corporate reporting, which challenges existing thinking about how companies can more effectively meet the information needs of investors and other stakeholders. The paper considers a common criticism that annual reports are too long, and information is difficult to access.

With companies and society at large facing significant challenges, which have only been heightened by the Covid-19 pandemic, stakeholders are increasingly interested in companies' wider actions and the reporting that supports these. The proposals, which are consistent with themes in the independent Kingman and Brydon reviews, are designed to be tested with stakeholders in the next few months.

Subsequently, we presented the paper to members of the Global Institutional Governance Network (GIGN) on a call.

Investor Forum meeting on engagement escalation

Lead engager: Bruce Duguid

We exchanged best practice notes on engagement escalation with this well-regarded forum for collective engagement on corporate governance issues. The forum focuses on escalated engagement at around 15 companies a year. We agreed escalation procedures for engagement, with a focus on companies where EOS is finding it difficult to make progress; or where client holdings are relatively small, but the issues would be worthwhile engaging on.

The forum also updated us on its views on pre-emption rights, where it will recommend a reversion to normal guidelines. It believes that the process for rights issues could be reformed to ensure that these take place in a more rapid period than 21 days to avoid market disruption. We agreed topics for further focus including best practice for corporate responses in a post-Covid world.

APPCGG remuneration and share schemes committee

Lead engager: Amy Wilson

In a meeting of the All-Party Parliamentary Corporate Governance Group (APPCGG) remuneration and share schemes committee, we discussed the UK Investment Association's annual update to its principles for remuneration for listed companies. This year, there is a particular focus on guidance for companies adapting pay schemes in response to disruption caused by the coronavirus.

Launch of New Plastics Economy Global Commitment 2020 Progress Report

Lead engager: Aaron Hay

The Ellen MacArthur Foundation launched its New Plastics Economy Global Commitment 2020 Progress Report with the *Financial Times*. We participated in a panel event digging into the progress made by global plastics users in the corporate sector. To date, 118 major businesses that produce, use, and recycle large volumes of plastic packaging and 17 governments across five continents have reported on progress against public targets. Significant advances have been made in two areas: the incorporation of recycled content in plastic packaging, and the phasing out of the most commonly identified problematic categories of plastic packaging, such as PVC, undetectable carbon black, single-use plastic bags and straws.

However, there has been limited progress on increasing the recyclability of plastic packaging and on reducing the need for single-use packaging altogether. Progress on shifting towards reusable packaging is limited, and elimination efforts remain focused on a relatively small set of materials and formats. There are also significant differences in the rate of progress between signatories – while some have taken big steps forward, others have shown little to no progress against quantitative targets. The panel addressed many of these challenges in detail, and the quantitative datasets provided by this report will be key to near-term EOS engagement with consumer goods and packaging companies.

Letter to Ofgem on RIIO-2 Draft Determinations

Lead engager: Nick Spooner

We developed a letter with a group of investors within Climate Action 100+ to send to the UK power market regulator Ofgem. We raised concerns about the RIIO-2 Draft Determinations, which dictate the rate of return for utility companies and their proposed projects. This has potential implications for the investment in energy networks and electricity transmission. Such investment is vital if we are to create a reliable grid that supports distributed energy technologies. Underinvestment in transmission infrastructure may slow down the pace of the transition or hinder the ability for the UK to achieve its net-zero goals.

We noted the competing concerns that Ofgem has to consider, but believe that the urgency around climate change, coupled with the need to promote green jobs after the pandemic, creates a strong case for short-term investment in the energy system. This will reduce risks for all key stakeholders. We also promoted co-operation between network and transmission companies and the regulator to ensure that all parties are working towards the shared goal of net-zero emissions across the economy.

Corporate Governance Forum meeting

Lead engager: Amy Wilson

In a meeting of the UK Corporate Governance Forum, we discussed upcoming themes for investors for the 2021 voting season. We shared the action we intend to take on racial equity and were pleased to hear of others' plans, although these do not appear to be as immediate or as focused as ours. Other topics of discussion included companies' actions during the pandemic, including investors' views on executive pay decisions, and engagement on audit quality.

Feedback on Modern Slavery Act reporting

Lead engager: Hannah Shoemith

We took part in an interview with researchers carried out on behalf of the UK's Home Office to review the Modern Slavery Act portal currently being developed. The portal will give members of the public the opportunity to search for companies' modern slavery statements. The portal also includes written summaries of the statements that companies will be asked to supply. These summaries will provide an overview of key data from the statements, such as if the company has liaised with trade unions or employees in its due diligence work, if it carried out supply chain audits and if those audits were announced, unannounced or a combination, and if they were carried out internally or externally (or both).

Users will be able to download and search a database of key metrics associated with the statement. We gave some feedback on the usefulness of this data and the user-friendly elements of the portal and explained how we use modern slavery statements in company engagements. We suggested it would be useful to see areas of progress from one year to the next highlighted in the database.

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EOS enables institutional shareholders around the world to meet their fiduciary responsibilities and become active owners of public companies. EOS is based on the premise that companies with informed and involved shareholders are more likely to achieve superior long-term performance than those without.

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