

The EMF has a positive outlook on this treaty because it analyses the lifecycle of plastics, and its legally binding aspect will have an impact. In our engagements, we will continue to expect clear strategies from companies on plastic, monitor plastic reporting, and push for companies to replace flexible packaging with more sustainable materials.

Drafting of oil and gas methane metrics letter

Lead engager: Diana Glassman

We worked closely with the Environmental Defense Fund (EDF) to draft and edit a letter to the International Financial Reporting Standards (IFRS) Foundation. This was a response to the International Sustainability Standards Board's (ISSB's) draft IFRS Climate-related Disclosures for oil and gas exploration and production companies, midstream operators, and electricity and gas utilities and distributors.

The letter laid out some specific methane-related disclosure enhancements for ISSB's consideration. EDF also obtained input from the UN Environment Programme. The final version of the letter was ultimately distributed through Ceres, the Institutional Investors Group on Climate Change and Climate Action 100+ for investor signatories. Potential investors were privately told that EOS was involved in drafting the letter. We were pleased that the letter ultimately attracted support from signatories with over US\$4tn in assets under management and advice.

Council of Institutional Investors voting season webinar

Lead engager: Laura Jernegan

We participated in the voting season wrap-up webinar hosted by the Council of Institutional Investors (CII). We provided our perspective on the highlights from the 2022 season and our expectations for the 2023 voting season. The highlights included vote results from the climate reporting shareholder proposal that EOS co-sponsored at Berkshire Hathaway, where non-insider support increased from 60% to 61%, while many other resubmitted climate-related shareholder proposals encountered reduced support.

There was an increase in climate-related proposals overall, including shareholder proposals targeting no new fossil fuels at major North American financial institutions and annual say-on-climate or say-on-transition votes. We noted that some boards supported these shareholder proposals. We also highlighted the vote results from our exempt solicitation encouraging shareholders to oppose the chair of the sustainability and public policy committee at ConocoPhillips for its failure to act on a majority-supported shareholder proposal.

Other highlights included the statements we gave at the big five Canadian banks addressing gaps in their just transition strategies and our general support for racial equity and inclusion audits. For 2023, we said that we want to see more stewardship action taken around social issues, including pushing for a just transition, living wages, indigenous rights, worker rights, and other social topics, where these are material.

IIGCC Banks Working Group meeting

Lead engager: Miguel CuUnjieng

As a part of our co-chair responsibilities for the Institutional Investors Group on Climate Change (IIGCC) Banks Working Group, we co-facilitated the IIGCC catch up with investors to discuss successes, failures, and upcoming priorities for the collaborative. Multiple investors noted the increasing expertise required to assess the banks' medium-term financed emissions reduction targets, and to compare the relative robustness of peer approaches.

We underscored the utility of the Transition Pathway Initiative and the IIGCC Net Zero Assessment Framework to assess bank climate strategies. We also encouraged further engagement with banks on the transaction-level tactics and practices that enable a bank to make progress against its climate ambitions.

Survey response on UK food policy

Lead engager: Zoe de Spoelberch

As part of our work with the Food Foundation, we responded to an investor survey on the UK's food policy. We demonstrated our support and alignment with the goal of the coalition to ensure mandatory reporting against a wide set of metrics, such as the sales of foods high in fat, sugar or salt, the sales of fruit and vegetables, and the sales of protein by type.

In addition to pushing for mandatory reporting and addressing marketing legislation on unhealthy and unsustainable foods, we proposed that we engage with the UK government for more work to be done around incentivising the production and consumption of alternative, plant-based proteins.

We signalled our interest in being directly involved in the group's engagements with the Food Data Transparency Partnership, which has been launched to consult on mandatory public reporting against health metrics. We also showed support for the proposed structure of the Investor Coalition on UK Food Policy and expressed our interest in being part of the advisory and working groups.

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Engagement and voting

The following pages contain an overview of our engagement activity by region and theme, and our voting recommendations for the last quarter.

EOS makes voting recommendations for shareholder meetings wherever practicable. We base our recommendations on annual report disclosures, discussions with the company and independent analyses. At larger companies and those where clients have a significant interest, we seek a dialogue before recommending a vote against or an abstention on any resolution.

In most cases where we recommend a vote against at a company in which our clients have a significant holding or interest, we follow up with a letter explaining the concerns of our clients. We maintain records of voting and contact with companies, and we include the company in our main engagement programme if we believe further intervention is merited.

Engagement by region

Over the last quarter we engaged with 228 companies on 777 environmental, social, governance and business strategy issues and objectives. Our holistic approach to engagement means that we typically engage with companies on more than one topic simultaneously.



We engaged with 228 companies over the last quarter.

- Environmental 39.3%
- Social and Ethical 27.3%
- Governance 19.3%
- Strategy, Risk and Communication 14.2%



We engaged with 51 companies over the last quarter.

- Environmental 42.1%
- Social and Ethical 26.9%
- Governance 11.7%
- Strategy, Risk and Communication 19.3%



We engaged with 25 companies over the last quarter.

- Environmental 34.2%
- Social and Ethical 29.1%
- Governance 35.4%
- Strategy, Risk and Communication 1.3%



We engaged with 40 companies over the last quarter.

- Environmental 36.2%
- Social and Ethical 21.3%
- Governance 28.7%
- Strategy, Risk and Communication 13.8%



We engaged with 17 companies over the last quarter.

- Environmental 40.7%
- Social and Ethical 11.9%
- Governance 30.5%
- Strategy, Risk and Communication 16.9%



We engaged with 91 companies over the last quarter.

- Environmental 40.7%
- Social and Ethical 30.1%
- Governance 15.2%
- Strategy, Risk and Communication 14.0%



We engaged with 4 companies over the last quarter.

- Environmental 15.8%
- Social and Ethical 52.6%
- Governance 21.1%
- Strategy, Risk and Communication 10.5%

Engagement by theme

A summary of the 777 issues and objectives on which we engaged with companies over the last quarter is shown below.



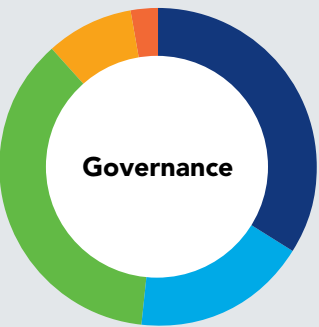
Environmental topics featured in 39% of our engagements over the last quarter.

- Climate Change 75.7%
- Forestry and Land Use 5.6%
- Pollution and Waste Management 12.8%
- Supply Chain Management 2.0%
- Water 3.9%



Social and Ethical topics featured in 27% of our engagements over the last quarter.

- Bribery and Corruption 1.4%
- Conduct and Culture 8.5%
- Diversity 17.9%
- Human Capital Management 21.2%
- Human Rights 42.5%
- Labour Rights 7.1%
- Tax 1.4%



Governance topics featured in 19% of our engagements over the last quarter.

- Board Diversity, Skills and Experience 34.0%
- Board Independence 18.0%
- Executive Remuneration 36.7%
- Shareholder Protection and Rights 8.7%
- Succession Planning 2.7%

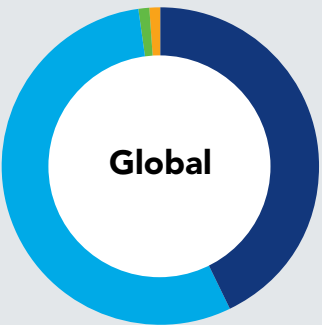


Strategy, Risk and Communication topics featured in 14% of our engagements over the last quarter.

- Audit and Accounting 5.5%
- Business Strategy 32.7%
- Cyber Security 2.7%
- Integrated Reporting and Other Disclosure 28.2%
- Risk Management 30.9%

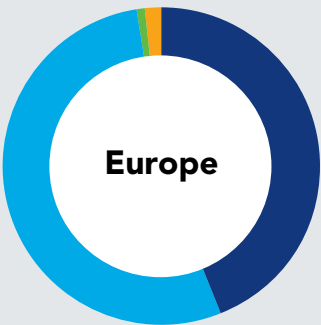
Voting overview

Over the last quarter we made voting recommendations at 1,826 meetings (14,580 resolutions). At 1,007 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at 19 meetings and abstaining at 19 meetings. We supported management on all resolutions at the remaining 781 meetings.



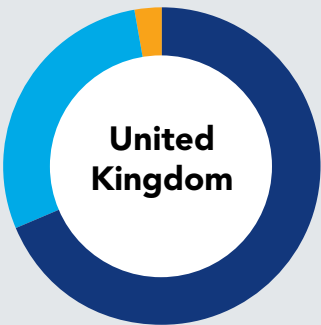
We made voting recommendations at **1,826** meetings (**14,580** resolutions) over the last quarter.

- Total meetings in favour **42.8%**
- Meetings against (or against AND abstain) **55.1%**
- Meetings abstained **1.0%**
- Meetings with management by exception **1.0%**



We made voting recommendations at **123** meetings (**1,393** resolutions) over the last quarter.

- Total meetings in favour **43.9%**
- Meetings against (or against AND abstain) **53.7%**
- Meetings abstained **0.8%**
- Meetings with management by exception **1.6%**



We made voting recommendations at **192** meetings (**2,620** resolutions) over the last quarter.

- Total meetings in favour **68.8%**
- Meetings against (or against AND abstain) **28.6%**
- Meetings with management by exception **2.6%**



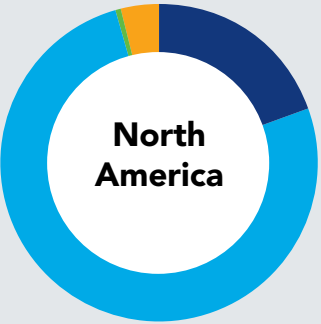
We made voting recommendations at **1,189** meetings (**7,988** resolutions) over the last quarter.

- Total meetings in favour **41.7%**
- Meetings against (or against AND abstain) **56.6%**
- Meetings abstained **1.3%**
- Meetings with management by exception **0.3%**



We made voting recommendations at **92** meetings (**644** resolutions) over the last quarter.

- Total meetings in favour **47.8%**
- Meetings against (or against AND abstain) **52.2%**



We made voting recommendations at **184** meetings (**1,653** resolutions) over the last quarter.

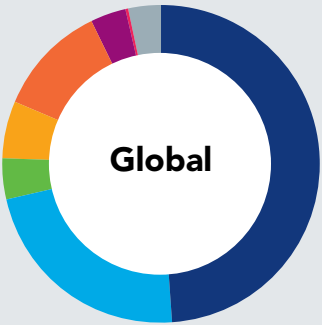
- Total meetings in favour **19.6%**
- Meetings against (or against AND abstain) **76.1%**
- Meetings abstained **0.5%**
- Meetings with management by exception **3.8%**



We made voting recommendations at **46** meetings (**282** resolutions) over the last quarter.

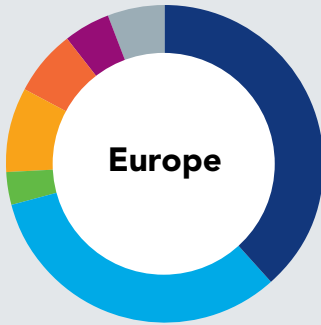
- Total meetings in favour **41.3%**
- Meetings against (or against AND abstain) **54.3%**
- Meetings abstained **2.2%**
- Meetings with management by exception **2.2%**

The issues on which we recommended voting against management or abstaining on resolutions are shown below.



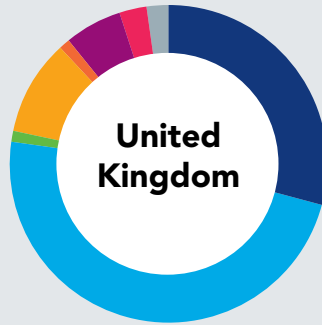
We recommended voting against or abstaining on **2,985** resolutions over the last quarter.

- Board structure **48.9%**
- Remuneration **22.7%**
- Shareholder resolution **4.2%**
- Capital structure and dividends **5.8%**
- Amend Articles **11.2%**
- Audit and Accounts **3.6%**
- Investment/MandA **0.1%**
- Poison Pill/Anti-Takeover Device **0.2%**
- Other **3.3%**



We recommended voting against or abstaining on **252** resolutions over the last quarter.

- Board structure **38.5%**
- Remuneration **32.5%**
- Shareholder resolution **3.2%**
- Capital structure and dividends **8.7%**
- Amend Articles **6.7%**
- Audit and Accounts **4.8%**
- Other **5.6%**



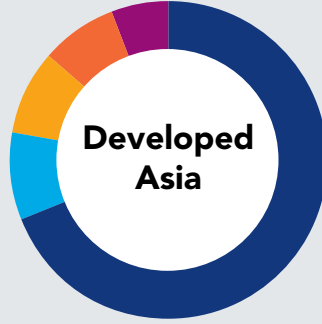
We recommended voting against or abstaining on **102** resolutions over the last quarter.

- Board structure **29.4%**
- Remuneration **48.0%**
- Shareholder resolution **1.0%**
- Capital structure and dividends **9.8%**
- Amend Articles **1.0%**
- Audit and Accounts **5.9%**
- Poison Pill/Anti-Takeover Device **2.9%**
- Other **2.0%**



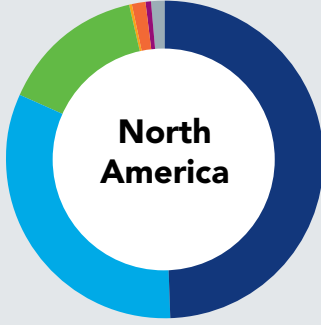
We recommended voting against or abstaining on **2,071** resolutions over the last quarter.

- Board structure **50.1%**
- Remuneration **18.5%**
- Shareholder resolution **3.0%**
- Capital structure and dividends **6.3%**
- Amend Articles **14.2%**
- Audit and Accounts **4.0%**
- Investment/MandA **0.1%**
- Other **3.8%**



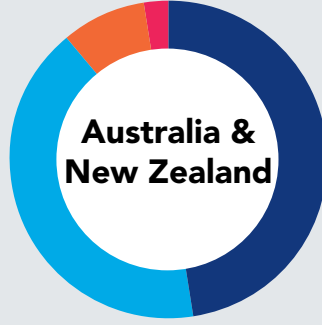
We recommended voting against or abstaining on **104** resolutions over the last quarter.

- Board structure **69.2%**
- Remuneration **8.7%**
- Capital structure and dividends **8.7%**
- Amend Articles **7.7%**
- Audit and Accounts **5.8%**



We recommended voting against or abstaining on **374** resolutions over the last quarter.

- Board structure **49.5%**
- Remuneration **32.4%**
- Shareholder resolution **14.7%**
- Capital structure and dividends **0.3%**
- Amend Articles **1.3%**
- Audit and Accounts **0.5%**
- Other **1.3%**



We recommended voting against or abstaining on **82** resolutions over the last quarter.

- Board structure **47.6%**
- Remuneration **41.5%**
- Amend Articles **8.5%**
- Poison Pill/Anti-Takeover Device **2.4%**

The EOS approach to engagement

EOS at Federated Hermes is a leading stewardship service provider. Our engagement activities enable long-term institutional investors to be more active owners of their assets, through dialogue with companies on environmental, social and governance issues.

We believe this is essential to build a global financial system that delivers improved long-term returns for investors, as well as better, more sustainable outcomes for society.

Our Engagement Plan is client-led – we undertake a formal consultation process with multiple client touchpoints each year to ensure it is based on their long-term objectives, covering their highest priority topics.

Our services



Engagement

We engage with companies that form part of the public equity and corporate fixed income holdings of our clients to seek positive change for our clients, the companies and the societies in which they operate.

Public policy

Engaging with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and investors can operate more sustainably.

Voting

We make recommendations that are, where practicable, engagement-led and involve communicating with company management and boards around the vote. This ensures that our rationale is understood by the company and that the recommendations are well-informed and lead to change where necessary.

Screening

We help our clients to fulfil their stewardship obligations by monitoring their portfolios to regularly identify companies that are in breach of, or near to breaching, international norms and conventions.

Advisory

We work with our clients to develop their responsible ownership policies, drawing on our extensive experience and expertise to advance their stewardship strategies.

The EOS advantage

- Relationships and access** – Companies understand that EOS is working on behalf of pension funds and other large institutional investors, so it has significant leverage – representing assets under advice of US\$1.5trn as at 30 June 2022. The team's skills, experience, languages, connections and cultural understanding equip them with the gravitas and credibility to access and maintain constructive relationships with company boards.
- Client focus** – EOS pools the priorities of like-minded investors, and through consultation and feedback, determines the priorities of its Engagement Plan.
- Tailored engagement** – EOS develops engagement strategies specific to each company, informed by its deep understanding across sectors, themes and markets. It seeks to address the most material ESG risks and opportunities, through a long-term, constructive, objectives-driven and continuous dialogue at the board and senior executive level, which has proven to be effective over time.

EOS team

Engagement



Leon Kamhi
Head of Responsibility



Dana Barnes
Theme: Wider Societal Impacts



Justin Bazalgette
Sectors: Financial Services, Industrial & Capital Goods



Joanne Beatty
Sector lead: Chemicals



George Clark
Voting and Engagement Support



Miguel CuUnjieng
Sector lead: Financial Services



Emily DeMasi
Sector lead: Pharmaceuticals & Healthcare



Zoe de Spoelberch
Sector co-lead: Retail & Consumer Services



Bruce Duguid
Head of Stewardship, EOS



Diana Glassman
Sector lead: Oil & Gas
Sector co-lead: Technology



Jaime Gornstzejn
Sector co-lead: Mining & Materials



Younes Hassar
Voting and Engagement Support



Shoa Hirosato
Sectors: Financial Services, Transportation, Utilities



Laura Jernegan
Sectors: Financial Services, Pharmaceuticals & Healthcare



Lisa Lange
Sector lead: Transportation



Pauline Lecoursonnois
Sector co-lead: Consumer Goods



Sonya Likhtman
Sectors: Transportation, Consumer Goods, Financial Services



Emma Ledoux
Sectors: Consumer Goods, Retail & Consumer Services, Technology



Earl McKenzie
Voting and Engagement Support



Claire Milhench
Communications & Content



James O'Halloran
Director of Business Management, EOS



Navishka Pandit
Themes: Climate Action, Risk Management



Nick Pelosi
Sector co-lead: Mining & Materials



Jaagrit Randhawa
Theme: Human Capital



Howard Risby
Sectors: Financial Services, Mining & Materials, Oil & Gas



Sarah Swartz
Sectors: Chemicals, Consumer Goods, Retail & Consumer Services, Utilities



Velika Talyarkhan
Sector lead: Utilities



Kenny Tsang
Sector co-lead: Consumer Goods



Mark Turner
Voting and Engagement Support



Owen Tutt
Sectors: Chemicals, Oil & Gas, Utilities



Amy Wilson
Sector co-lead: Retail and Consumer Services



Haonan Wu
Sectors: Transportation, Chemicals, Retail & Consumer Services, Technology, Utilities



Michael Yamoah
Sector co-lead: Technology

Client Service and Business Development



Alexandra Danielsson
Head of Client Service and Business Development, EOS



Diego Anton
Client Service



Amy D'Eugenio
Sustainability Director



Andrew Glynne-Percy
Communications and Marketing



William Morgan
Client Service



Alice Musto
Client Service



Sofia Tsarouchi
Client Service



Mike Wills
Client Service

Federated Hermes

Federated Hermes is a global leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns, and to contribute to positive outcomes that benefit the wider world.

All activities previously carried out by Hermes Investment Management are now undertaken by Federated Hermes Limited (or one of its subsidiaries). We still offer the same distinct investment propositions and pioneering responsible investment and stewardship services for which we are renowned – in addition to important strategies from the entire group.

Our investment and stewardship capabilities:

- **Active equities:** global and regional
- **Fixed income:** across regions, sectors and the yield curve
- **Liquidity:** solutions driven by four decades of experience
- **Private markets:** real estate, infrastructure, private equity and debt
- **Stewardship:** corporate engagement, proxy voting, policy advocacy

Why EOS?

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.

For more information, visit www.hermes-investment.com or connect with us on social media:



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