CORPORATE GOVERNANCE PRINCIPLES

Germany

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ENDORSEMENT OF GERMAN CORPORATE GOVERNANCE CODE

We generally endorse the recommendations of the German Corporate Governance Code (the Code) in its February 2017 version and encourage companies to comply with it. Any cases of non-compliance with its recommendations or suggestions should be explained in full.

However, we condone non-compliance with the Code where companies can convincingly explain that their governance and the protection of the interests of minority shareholders are improved by doing so. We expect companies to explain in detail to shareholders why they believe that a divergence from the Code is appropriate for them. Notably, the Code does not cover all the issues we regard as important. In our German Corporate Governance Principles, we therefore address additional issues, highlight certain points and set out our preferred approach to particular matters.

The following intends to assist German companies and their boards in understanding our views on these issues, while at the same time acknowledging the specific characteristics of the German two-tier board system and features of German corporate governance.

SHAREHOLDER PARTICIPATION IN CORPORATE DECISION-MAKING

We encourage German companies to involve shareholders through an appropriate forum in decisions concerning fundamental corporate changes, such as major acquisitions, dispositions or takeovers, even in situations where this is not required by German law or recommended by the Code. Companies should also ensure adequate shareholder involvement in key corporate governance decisions, such as the nomination of candidates for election to the supervisory board, and provide shareholders with the opportunity to express their views on the company's remuneration policy under the law concerning board remuneration.

SUPERVISORY BOARD

Composition and duties

It is of fundamental importance that the supervisory board is made up of members with an appropriate and diverse range of competencies, knowledge and experience to enable it to discharge its duties and responsibilities effectively. In our experience, a sufficient number of truly independent board members with the relevant competencies, knowledge and experience is required to carry out these duties effectively. It is important that supervisory board members are chosen on the basis of their ability to carry out their responsibilities in a way that ensures the long-term success of the company, including sustained value creation. To that effect, we welcome the Code's recommendation (5.5.1) and reiteration of the German Stock Corporation Act that all supervisory board members are bound by the company's best interests rather than the pursuit of their personal interests or the interests of a particular stakeholder group. This should be read in the context of the guidance provided in the Code's foreword: "[It is] the obligation of the Management Board and the Supervisory Board to ensure the continued existence of the enterprise and its sustainable creation of value in conformity with the principles of the social market economy (interest of the enterprise)." The supervisory board as a whole and each director individually must be mindful of these responsibilities in the performance of their duties. We note that any non-independent director may feel greater pressure to represent the interests of particular stakeholder groups than those of the company. The entire supervisory board must be mindful of this risk.

Shareholder communication with supervisory boards

We support the Code's suggestion that chairs of supervisory boards should be available for investor dialogue (paragraph 5.2). Our expectations of the format and content of a dialogue between supervisory boards and investors are shaped by the Guiding Principles for the Dialogue between Investors and German Supervisory Boards[1] which we developed in collaboration with key stakeholders in the German market and published in July 2016. We encourage companies to acknowledge these guiding principles, which outline the key aspects of the dialogue, such as participants, content and format.

Election/re-election of members of the supervisory board

The election and re-election of supervisory board members is the principal mechanism for shareholders to appoint their proxies and hold them to account. To ensure individual accountability, it is international best practice that members of the supervisory board are (re)elected individually. The Code's recommendation that appointments to the supervisory board should be made on an individual basis (paragraph 5.4.3) therefore needs to be followed without exception. We would welcome a recommendation in the Code to the effect that appointments of supervisory board members should normally not exceed three years. However, we recognise that occasionally there may be good reasons for longer appointment periods and will consider this issue pragmatically. We welcome the Code's recommendation (paragraph 5.4.1) that companies ought to specify a reasonable length of membership for supervisory board members. This recommendation recognises that company-specific experience, knowledge and regular refreshment are essential to the effective functioning of supervisory boards.

Consequences of a substantial vote against discharge (vote of confidence)

We believe that there should be consequences where shareholders do not strongly support the discharge of a supervisory board member. Whenever a member of the supervisory board has lost the confidence of a significant percentage of shareholders, he or she should, as a minimum, not be chair or vice chair of the supervisory board or a member of any of its committees.

[1] http://www.ey.com/Publication/vwLUAssets/ey-buiding-principles-for-the-dialogue-between-investors-and-german-supervisory-boards/$FILE/ey-buiding-principles-for-the-dialogue-between-investors-and-german-supervisory-boards.pdf
http://www.ey.com/Publication/vwLUAssets/ey-Leitsaetze-fuer-den-dialog-zwischen-investor-und-aufsichtsrat-20160705/$FILE/ey-Leitsaetze-fuer-den-dialog-zwischen-investor-und-aufsichtsrat-20160705.pdf

A supervisory board member who was not convincingly discharged during his or her tenure should generally not be proposed to shareholders for re-election. In these instances, we encourage companies to reach out to investors well in advance of the next annual general meeting to discuss the nomination process.

Removal of members of the supervisory board

The right to remove the shareholder-elected members of the supervisory board, although rarely used and rightly regarded as a last resort, acts as an important reminder to them that they are ultimately accountable to the shareholders. However, to be effective, the possibility of removal must be realistic. As such, we expect it to be possible for a simple majority of shareholders represented at a shareholder meeting to remove members of the supervisory board.

Requiring a qualified majority for the removal of members of the supervisory board, as §103 I of the German Stock Corporation Act does, may insulate members of the supervisory board from the company's shareholders and thus render them less accountable. For this reason, we encourage German companies to provide for the removal of members of the supervisory board at a shareholder meeting through a simple majority of shareholders in their articles of association. This practice should be included in the German Corporate Governance Code.

Chair of the supervisory board – Cooling-off period

It used to be widespread practice in Germany that the chair of the management board became chair of the supervisory board after retiring from day-to-day management. There may, of course, be good arguments for appointing a successful former chair of the management board to the supervisory board, not least that he or she will have an in-depth knowledge of the company. However, the roles of chair of the supervisory board and chair of the management board, as well as the competencies, knowledge and experience required for these posts, differ significantly. In addition to conflicts of interest that may arise, the two roles typically are best served by different personalities and mindsets. We therefore believe that as a general rule the chair of the management board should not become supervisory board chair and, for similar reasons, not become a member of the audit committee either. By adopting this approach, conflicts of interest are prevented which may otherwise arise where a supervisory board chair has to lead a review of decisions taken during, or issues that relate to, his or her tenure on the management board. Instead, a successful former chair of the management board could be proposed for election as an ordinary member of the supervisory board.

We generally welcome the Code's recommendation (5.4.4) that all other members of the management board should not become a supervisory board member within two years of leaving the executive office at the company. This is consistent with §100 II of the German Stock Corporation Act, according to which a member of the management team is allowed to become a member of the supervisory board only two years after his or her retirement from any management position.

However, we believe that the mandatory waiting period of two years as stipulated by law may lead to the loss of valuable experience and relevant knowledge from the supervisory board, potentially resulting in the diminishing rather than a strengthening of the board's efficiency.

The global financial crisis has shown that company-specific knowledge and sector experience are of high importance for the overall efficiency of supervisory boards. In some cases, we are therefore willing to support shareholder proposals for the election of suitable executives to the supervisory board. However, this ought to be the exception and be fully explained to shareholders well ahead of the shareholder meeting at which approval is sought.

Composition and establishment of committees

We expect companies to establish three key committees – audit, nomination and remuneration – and that these should consist of at least three members. We therefore support the Code's recommendations on supervisory board committees (5.3.1 – 5.3.3).

Audit committees

We welcome the Code's recommendations regarding the skill set of the audit committee chair. We agree that the chair of the audit committee should be independent, therefore neither a former member of the management board nor the chair of the supervisory board. (paragraph 5.3.2). We also strongly believe that the audit committee should not be chaired by a representative of a major shareholder. The chair of the audit committee should be a financial expert, with specific experience in accounting and internal control.

Given the potential for conflicts of interest, we believe that all members of the audit committee should be demonstrably independent directors with the relevant competencies, knowledge and experience.

Nomination committees

We support the Code's recommendation on nomination committees (5.3.3).

We believe that nomination committees should consist of a majority of independent members and should not be chaired by a representative of a major shareholder. We strongly encourage German companies to involve shareholders through appropriate mechanisms in key corporate governance decisions, such as the nomination of candidates for election to the supervisory board.

While we recognise the legal limits to this, there are a number of mechanisms, such as a consultation of shareholders on the criteria, which should be taken into consideration when assessing the composition of the supervisory board and which are compatible with the relevant German law.

Remuneration committees

We strongly encourage companies to establish a remuneration committee. We expect the remuneration committee to ensure that remuneration structures are relevant to the company's businesses and support the long-term creation and preservation of value. To that effect, we would like to see a provision in the Code which specifically recommends that companies set up a remuneration committee.

We believe that the majority of remuneration committee members should be demonstrably independent. In particular, the chair of the remuneration committee should be independent and not a former member of the executive management board.

Corporate governance committees

Companies which set up corporate governance or shareholder relations committees to monitor business relations and transactions between them and companies controlled or associated with their major shareholders should ensure that the purpose of these committees is reflected in their composition, terms of reference and reporting.

These committees are meant to be a corporate governance safeguard mechanism, principally for outside shareholders. They should thus be composed of demonstrably independent members and also have terms of reference that ensure that business relations and transactions with all the relevant entities related to major shareholders are monitored and reported on in a meaningful way to outside shareholders. This should be done on an annual basis, thereby assuring outside shareholders that they have not been unduly disadvantaged because of the influence of major shareholders.

Employee representation

We recognise the value that employee representatives can bring to the supervisory board through their experience and expertise, particularly if they are employees of the company concerned, as well as diversity in perspectives, including on issues such as executive remuneration.

However, employee representation at the supervisory board level is one of the reasons why supervisory boards tend to be large. This may, in some cases, reduce their efficiency. We also note that the German system of co-determination provides only employees based in Germany with the opportunity of representation at the board level and reserves a number of board seats for trade union officials also based in the country. While these practices exist in other European markets too, they are, in our view, difficult to justify as employees from other countries may be disenfranchised.

We understand that a number of publicly listed German companies that have converted their legal status to Societas Europaea have chosen to do so at least partly to address concerns related to the German system of co-determination. However, we discourage companies from doing this conversion solely on the grounds of avoiding employee representatives on the supervisory board.

Number of supervisory board positions

At present, the Code does not contain a recommendation on the number of external board appointments a supervisory board member is allowed to hold. But we view it as essential that each supervisory board member is able to dedicate sufficient time and commitment to the fulfilment of his or her role.

Therefore, we welcome the recommendation in the Code (5.4.1) that the supervisory board should ensure when proposing new board members, that the candidate will be able to dedicate sufficient time to his or her board duties. In practice, we are concerned that this recommendation does not account for the varying time requirements of board positions, which can rapidly and significantly fluctuate in line with changing company circumstances. It would be more effective to recommend a limit on supervisory board memberships, with companies providing explanations when they do not want to comply with the provision.

We therefore strongly encourage a recommendation in the Code on the number of supervisory board positions. In general, we believe that an individual should hold no more than five supervisory board or similar positions. Furthermore, we recommend that chief executives do not hold more than one chair position or two non-executive directorships in a large company.

We are of course aware that the necessary workload and time commitments for board positions, as well as the capacity of individual board members, varies significantly. We are also mindful that directors at highly complex and regulated companies may have less capacity to serve on other boards. Therefore, we are ready to consider the issue of external board appointments on a case-by-case basis.

Evaluation of the supervisory board

The Code's recommendation to regularly evaluate supervisory board efficiency (5.6) has encouraged more and better practice in this matter. We would like to see the code also suggest externally-conducted board evaluations on a regular basis and more comprehensive reporting to stakeholders on the results and actions arising from them.

Auditor appointment procedure

The audit process is vital to ensuring the integrity of company reporting on essential matters, such as the solvency of the company, its prospects for longer-term viability and its financial health. Audit committees play a critical role in overseeing this process and ensuring the quality of reporting to investors. They should therefore report on their main activities, the most important issues they have considered and how they satisfy themselves of the quality of the audit on behalf of the company's owners. This should include the assessment of the quality and independence of the lead audit partner which can be affected by working closely with the management board over time. Audit committees should pay particular attention to the reappointment of the lead audit partner after five years and discuss the quality of the audit team on an annual basis.

We support EU Regulation No 537/2014 on the specific requirements regarding the statutory audit of public interest entities. We believe that the tenure of the auditor should not exceed 10 years. On a case-by-case basis, we will decide whether it is justified to appoint or re-appoint an auditor for longer periods of time but we believe that regular retendering helps to improve the independence and quality of the audit.

We do not believe that audits should be compromised by the firms carrying them out also receiving significant non-audit fees from the entities they are auditing. Consistent with the EU regulation, we expect non-audit fees not to exceed 70% of the average of the audit fees over the previous three years. We expect companies to justify the amount of non-audit fees in the supervisory board section of the annual report. While no panacea, we believe that this will help to protect the integrity of the audit.

We encourage companies to disclose the name of the lead audit partner responsible for carrying out the audit in the supervisory board section of the annual report.

MANAGEMENT BOARD

Appointment periods and severance payments

We favour contract periods for members of the management board of significantly less than the legal maximum of five years. Five-year periods not only reduce the accountability of management board members but may also lead to significant liabilities for the company if the appointment is terminated before expiry of the contract. In this regard, we support the Code's recommendation of a severance payment cap of the lower of the value of the remaining term of the contract or two years' remuneration for premature termination of contracts for management board members (4.2.3).

We also welcome the cap that is recommended with regard to the premature termination of contracts in change of control situations, although this leaves scope for generous pay-offs. We find it difficult to support initial appointments to the management board for periods of more than three years, since they may prove costly if they need to be terminated prior to expiry.

The relevant suggestion of the Code, which states that for initial appointments the maximum period of five years should not be the rule (5.1.2), does not adequately address this issue.

Consequences of a substantial vote against discharge

There should be consequences whenever shareholders do not strongly support the discharge of a management board member. If a member of the management board has lost the confidence of a significant percentage of shareholders, the supervisory board should consider whether, as a minimum, refreshment of the management board is required.

A management board member who was not convincingly discharged during his or her tenure should not be given a new contract.

REMUNERATION

Supervisory board

Performance-related pay

We note that the Code allows members of the supervisory board to receive performance-related, as well as fixed, remuneration (5.4.6).

Participation of supervisory board members in performance-related pay or incentive plans may align their financial interests too closely with those of management board members and senior executives. However, we recognise that there are arguments in favour of medium- to long-term performance-related remuneration elements for supervisory board members. These schemes should be designed to align the longer-term interests of supervisory board members with those of shareholders and not compromise the monitoring and moderating functions of the supervisory board. Given the particular conflicts of interests that may arise, performance-related remuneration should in no case be granted for the membership of the audit, compliance and risk committees. If supervisory board members receive performance-related pay, the performance conditions should differ from those of management.

We encourage companies to explain fully the design of performance related remuneration plans for supervisory board members, in particular how they ensure that these plans do not create conflicts of interest. To encourage a significant investment by supervisory board members in shares of the company and thus ensure a clear alignment of their interests with those of shareholders, a substantial majority of the variable remuneration should be paid in shares which should be held for at least four years and at least one year after the director's departure from the supervisory board.

Management board

General considerations

We are increasingly concerned that executive remuneration structures globally are not fit for purpose, often neither serving long-term investors nor, in many cases, aligning properly with the core long-term objectives of companies. We therefore continue to hold many discussions around the world on reforming pay with remuneration committee members, executives, human resource professionals, remuneration consultants and other investors. We believe that the principles that we developed with a number of pension funds to provide high-level guidance to companies about our expectations of their pay structures and practices should be taken into account by all remuneration committees, which need to explain how they fulfil each principle disclosed within the remuneration report section of the annual report. While we acknowledge the important differences between the German two-tier board model and the Anglo-Saxon one-tier board model, we encourage German companies to consider our high-level principles when designing their remuneration policies which also apply to the German two-tier corporate governance system. The principles are:

1 Supervisory boards and remuneration committees should expect executive management to make a material long-term investment in shares of the businesses they manage.

2 Pay should be aligned to long-term success and the desired corporate culture throughout the organisation.

3 Pay schemes should be clear, understandable for both investors and executives and ensure that executive rewards reflect long-term returns to shareholders.

4 Supervisory boards should use the discretion afforded them by shareholders to ensure that awards properly reflect business performance.

5 Companies and investors should have regular discussions on strategy and long-term performance.

The full version of the remuneration principles, along with a number of other policy documents on remuneration and other topics which Hermes EOS has produced, can be found on our website at https://www.hermes-investment.com/ukw/stewardship/eos-literature/

Specifics

Remuneration packages should be designed to promote the long-term success of the company. Remuneration should therefore be structured in a way that provides senior executives with adequate incentives to maximise the company's sustainable value over the long term.

The objective of any remuneration scheme should thus be to align the interests of executives with those of shareholders by linking a substantial part of their variable remuneration to the company's performance over at least three years and to the underlying returns earned by shareholders over this period.

To ensure such an alignment, performance metrics should include market- or sector-relative measures. As part of longer-term, variable remuneration, bonus-malus systems can help in aligning effectively the interests of executives with those of shareholders.

Management board members and senior executives should be required to invest or be paid in shares and hold a significant amount of equity over the long term. Ownership of shares over the long term is the best form of alignment between executives and shareholders.

The definition of long term differs from company to company but three years, the most commonly used time period for long-term awards, is generally not long enough. In many situations, it may be appropriate for a material proportion of shares granted to be held for a longer period. The length of time should be aligned to the business cycle and strategy of the company.

Flawed remuneration policies may encourage executives to take excessive risks in order to generate short-term profits and fail to align their interests with those of shareholders over the longer term. For companies in the financial sector in particular, we will therefore look for evidence that variable incentive structures reward sustainable business models and incorporate appropriate risk metrics, including cost of capital.

Disclosure

Remuneration policies should be disclosed annually so that shareholders can assess whether the interests of senior management have been aligned with their own. Furthermore, we encourage companies to prepare and publish detailed remuneration reports. These reports allow companies to clearly and transparently articulate policies on remuneration and explain how they support strategic objectives.

They can therefore be a useful basis for constructive dialogue between the chairs of supervisory boards and shareholders.

Caps

We support the Code's recommendation to introduce a cap for overall remuneration, as well as a cap for all individual remuneration components (4.2.3). This allows an evaluation of remuneration over a variety of outcomes and ensures that payments are not unexpectedly higher than shareholders would expect, a feature that has been lacking at some companies in the past.

Standardised reporting

We welcome the recommendation to standardise disclosure of the remuneration of the management board and support the use of the model tables outlined in the appendix of the Code. From a shareholder perspective, the clarity and comparability of remuneration-related disclosure are crucial to the evaluation of the quality and application of remuneration policies. A partial standardisation of remuneration disclosure is therefore a welcome development in German corporate governance practice.

Advisory vote on remuneration policy

We have promoted advisory votes on remuneration policies in our German Corporate Governance Principles for some time, even before the corresponding legal framework was introduced. We therefore endorse the legal framework concerning the appropriateness of management board remuneration which facilitates advisory votes.

From our experience in other markets, regular constructive dialogue between the board and investors on remuneration and its role in long-term value creation is of great importance. An advisory vote can be an important part of this dialogue. It also provides shareholders with an opportunity to formally express their opinion about the design and implementation of a remuneration policy. We therefore encourage German companies to provide shareholders with the opportunity to vote on their remuneration policy, particularly if there have been significant changes to the remuneration policy or if there was a significant number of votes against the policy in the previous year.

In our view, the annual non-binding vote on remuneration provides a good mechanism for shareholders to hold supervisory boards to account for the remuneration of the management board. We therefore do not believe it to be necessary to introduce a universally binding vote on remuneration. However, the advisory vote ought to be underpinned by greater transparency, an optimised decision-making process within supervisory boards and standardised disclosure.

We also expect supervisory boards to take into account shareholder concerns, particularly where a significant percentage of shareholders voted against the advisory resolution on remuneration.

CAPITAL ISSUANCE REQUESTS

We are concerned about capital issuance requests from companies, especially requests to issue new capital without pre-emption rights for existing shareholders. We believe that pre-emption rights are an important safeguard for shareholders and their interests in the companies they invest in. Therefore, we generally do not support any proposal for capital issuance without pre-emption rights that would involve the issuance of additional capital of more than 10% of the already outstanding share capital. In general, we do not support any capital issuance proposal which involves issuing more than 20% of the outstanding share capital. On a case-by-case basis, we might deviate from these rules, against the backdrop of, for example, a large, well-justified corporate transaction, such as a takeover.

Share repurchases

We generally do not support share repurchase programmes which allow companies to buy back shares for a price which exceeds the market price of the shares at the time of issuance of the authorisation by more than 10%.

We are concerned about the authorisation of share repurchase programmes whose validity exceed 18 months and which allow companies to buy back more than 10% of the outstanding shares. On a case-by-case basis, we will evaluate whether we support such authorisations. In any case, we expect a company to provide a sound explanation for why it intends to repurchase shares over a longer period than 18 months and more than 10% of the outstanding shares.

MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND OPPORTUNITIES

Companies should effectively manage environmental and social factors that are relevant to their business, with a view to enhancing their sustainability. They also ought to regularly disclose to shareholders how they identify and efficiently manage these material risks and provide evidence that the processes in place to do so are effective. Furthermore, companies should clearly define board and senior management responsibilities for environmental and social issues. Directors of companies should be accountable to shareholders for the management of material environmental and social risks, as over the long term these will affect the value and ability of companies to do business.

We seek to enter dialogue where we judge the management of or reporting on environmental and social issues to be insufficient. Climate change and human rights risk management in particular are of increasing importance to our clients.

Bribery and corruption

We expect companies to have best practice anti-bribery and corruption policies and processes in place and robust compliance mechanisms to enforce them. However, on their own, these are not enough. We expect boards to oversee the bribery and corruption controls and – as importantly – to set the tone from the top, as well as to outline the highest ethical standards and expectations and the values of the organisation. This is to ensure that the culture does not allow corruption to thrive and has the necessary organisational measures in place to provide the best possible defence against corruption. We seek to enter dialogue where we judge the culture and values of a company to be lacking or the effective oversight, management of or reporting on bribery and corruption, company values and ethics to be insufficient.

Climate change

Uncontrollable climate change is a systemic risk to the value of the portfolios of our clients because of its economic and geopolitical consequences. We therefore support the ambition of the 2015 Paris Agreement of 195 countries to limit the increase in global temperature as a result of climate change to below 2°C.

This historic commitment was helped by the intervention of companies globally, which encouraged political action in the run-up to and during the UN climate change conference.

Because of the systemic risk to the global economy, we encourage all companies to publicly support the ambition of the Paris Agreement and to have this commitment embedded as a central tenet of their public policy and sustainability activity. To support this, boards should ensure that they have climate change on their board meeting schedules at least annually and that they expose themselves and senior management to experts who can challenge them on the strategic risks and opportunities that climate change represents. We acknowledge that climate change is more important for some companies than others. However, it is relevant to all businesses and we therefore expect to see companies thoroughly prepare for a low-carbon economy and to mitigate the likely risks of climate change in their business models and operations, as well as seek opportunities from this transition. With this long-term perspective in mind, we expect companies to voluntarily embrace the public policy initiatives required to make the transition.

Task Force on Climate-related Financial Disclosures

We welcome the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. As a representative of long-term shareholders, we expect companies to assess and report on possible future climate change risks, not just those that have already emerged. Therefore, we expect companies to respond positively to the recommendations and to report against them. For companies in sectors where the risks from climate change are most material, this should include identifying potential material issues by testing the performance of their strategies against a range of low-carbon scenarios and demonstrating that these are effectively monitored and managed.

Human rights

Licences to operate are increasingly affected by the reputation of companies, including their performance on human rights. We support the UN Guiding Principles on Business and Human Rights and the UN Global Compact. We expect companies to use the UN Guiding Principles Reporting Framework to disclose how they manage human rights issues that are salient to their business.

Sustainable Development Goals

We expect companies to assess the relevance of each UN Sustainable Development Goal (SDG) to their business and to consider how best to incorporate those which may be material into their business models and strategies. We encourage companies to report on how they support the SDGs and to engage with civil society to find out how best to respond to them.

Tax

We expect companies to:

- Comply with all tax laws and regulations in all countries of operation
- Recognise the importance of taxation to the funding of good public services on which they and their stakeholders rely and of their commitment to pay their fair contribution
- Ensure that their tax policies and practices do not damage their social licence to operate in all jurisdictions in which they have a presence
- Disclose the taxes paid by or collected by them in each country.

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HERMES INVESTMENT MANAGEMENT

We are an asset manager with a difference. We believe that, while our primary purpose is to help savers and beneficiaries by providing world class active investment management and stewardship services, our role goes further. We believe we have a duty to deliver holistic returns – outcomes for our clients that go far beyond the financial – and consider the impact our decisions have on society, the environment and the wider world.

Our goal is to help people invest better, retire better and create a better society for all.

Our investment solutions include:

Private markets
Infrastructure, private debt, private equity, commercial and residential real estate

High active share equities
Asia, global emerging markets, Europe, US, global, and small and mid cap

Credit
Absolute return, global high yield, multi strategy, global investment grade, real estate debt and direct lending

Multi asset
Multi asset inflation

Stewardship
Active engagement, advocacy, intelligent voting and sustainable development

Why Hermes EOS?

Hermes EOS enables institutional shareholders around the world to meet their fiduciary responsibilities and become active owners of public companies. Hermes 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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