

Dear Sir/Madam

EOS at Federated Hermes engages with companies around the world on behalf of global institutional investors, representing assets of US\$1.71 tn (30 September 2021). We aim to deliver sustainable wealth creation that enriches investors, benefits society and preserves the environment – for current generations and those to come. This aim informs our expectations of the companies in which we and our clients are invested.

It is our strong belief that companies can only create and preserve long-term, good quality returns for investors if they provide goods and services that sustainably solve societal needs, guided by a clear purpose that serves not only shareholders, but also other stakeholders, society and the environment. Doing this effectively requires robust governance and a healthy culture, with leadership that sets the right tone from the top and emphasises ethical values across the organisation.

### **India Corporate Governance Principles**

Our expectations are set out in more detail in our 2022 India Corporate Governance Principles, which are enclosed. We would like to highlight the following expectations for India-listed companies in 2022:

- **Climate change:** Earlier this year, the international business of Federated Hermes signed up to the Net Zero Asset Managers initiative (NZAM). This initiative now has the support of 220 signatory managers with \$57 trillion of assets under management<sup>1</sup> (55% of global AUM). Signatories to NZAM have committed to “implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with [the] ambition for all assets under management to achieve net zero emissions by 2050 or sooner.” In 2022, we will continue to hold the chair or other responsible directors accountable through our voting recommendations where we believe companies’ actions are materially misaligned with the goals of the Paris Agreement, where company disclosures or responsiveness are insufficient. We assess companies using a range of frameworks and benchmarks, including the Transition Pathway Initiative (TPI)<sup>2</sup>, the Climate Action 100+ benchmark<sup>3</sup>, Forest 500<sup>4</sup> and others. In principle, we support the emergence of so-called ‘Vote on Transition’ or ‘Say on Climate’ resolutions and will support those plans aligned to the goals of the Paris Agreement, as indicated by short, medium and long-term science-based greenhouse gas reduction targets and a clear and credible strategy to achieve these.
- **Diversity, equity and inclusion:** Many companies continue to fall short of reflecting the diversity of society on their boards, in senior management and throughout the workforce. We strongly advocate for boards of diverse composition, in its broadest sense, and for the execution of meaningful workforce-level diversity, equity and inclusion strategies. In 2022, we will continue our policy to recommend voting against resolutions at companies that we judge to be making insufficient progress on diversity. We expect at least 20%

---

<sup>1</sup> [Net Zero Asset Managers Initiative - Home](#)

<sup>2</sup> <http://www.lse.ac.uk/GranthamInstitute/tpi/the-toolkit/>

<sup>3</sup> <https://www.climateaction100.org/progress/net-zero-company-benchmark/>

<sup>4</sup> <https://forest500.org/>

of women on the board and will generally recommending voting against the chair of the nomination committee (if no one from nomination committee is up for election, we may recommend a vote against the chair of the board) which fails to demonstrate a credible plan has been put in place to meet the expectation.

- **Human and labour rights:** How a company manages its human rights strategy is of critical importance to its licence to operate, its impact on people's lives and ultimately its ability to create and preserve long-term holistic value. Starting in 2022, we will consider recommending votes against relevant proposals, including the election of directors, where a company is in clear breach of its applicable regulatory responsibilities or those outlined in the UN Guiding Principles on Business and Human Rights, and/or if there is sufficient evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to provide appropriate remedy.
- **Separation of chair and CEO roles:** in early 2020, SEBI postponed the deadline for the separation of the chair and CEO (or managing director) roles till 1 April 2022. The separation of these roles has been our strong preference for some time for all listed companies. We expect the separation to be clear in practice and on paper with disclosure about how the new roles and responsibilities are differentiated. We expect the pay packages should reflect the different roles as well. From 2022, we will consider recommending a vote against the combined chair and CEO of a listed company, even if the company is managed by a promoter. We also encourage the appointment of an independent chair.

We welcome any comments and observations on our 2022 Corporate Governance Principles and would be glad to answer any queries or concerns they may raise.

Yours sincerely,

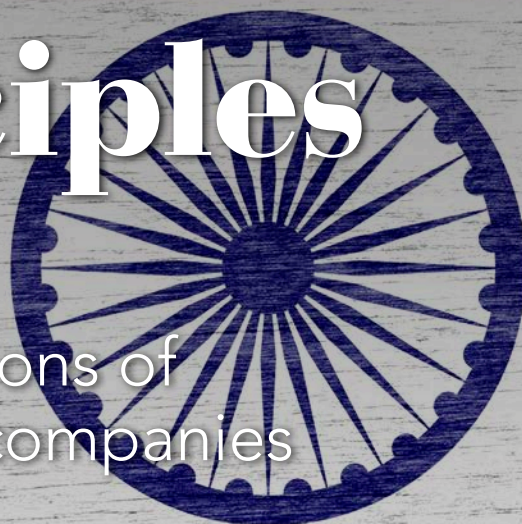


Hannah Shoesmith  
**Engagement, EOS at Federated Hermes**  
+ 44(0)207 680 4693  
hannah.shoesmith@hermes-investment.com

# Corporate Governance Principles

**India**

Our expectations of  
Indian-listed companies



**EOS at Federated Hermes  
2022**

<b>INTRODUCTION.....</b>	<b>2</b>
<b>COMPANY PURPOSE, CULTURE AND ETHICAL LEADERSHIP .....</b>	<b>2</b>
<b>STEWARDSHIP AND ENGAGEMENT.....</b>	<b>3</b>
<b>ENDORSEMENT OF LOCAL CORPORATE GOVERNANCE RECOMMENDATIONS.....</b>	<b>4</b>
<b>BOARD COMPOSITION AND EFFECTIVENESS.....</b>	<b>4</b>
<b>EFFECTIVENESS .....</b>	<b>4</b>
<b>EVALUATION .....</b>	<b>5</b>
<b>PROMOTER AND PROMOTER GROUPS.....</b>	<b>6</b>
<b>CHAIR/CEO SEPARATION.....</b>	<b>6</b>
<b>INDEPENDENCE AND TENURE .....</b>	<b>6</b>
<b>COMMITTEES .....</b>	<b>8</b>
<b>DIRECTOR ATTENDANCE AND COMMITMENT.....</b>	<b>9</b>
<b>SUCCESSION PLANNING .....</b>	<b>9</b>
<b>DIVERSITY, EQUITY AND INCLUSION.....</b>	<b>9</b>
<b>RACIAL INEQUITY .....</b>	<b>10</b>
<b>GENDER DIVERSITY .....</b>	<b>11</b>
<b>EXECUTIVE REMUNERATION.....</b>	<b>11</b>
<b>PROTECTION OF SHAREHOLDER RIGHTS.....</b>	<b>13</b>
<b>HYBRID OR VIRTUAL SHAREHOLDER MEETINGS.....</b>	<b>13</b>
<b>RELATED PARTY TRANSACTIONS.....</b>	<b>14</b>
<b>BUNDLED RESOLUTIONS.....</b>	<b>15</b>
<b>MULTIPLE CLASS SHARE STRUCTURES .....</b>	<b>15</b>
<b>SOCIAL, ETHICAL AND ENVIRONMENTAL RESPONSIBILITY.....</b>	<b>15</b>
<b>CLIMATE CHANGE .....</b>	<b>16</b>
<b>HUMAN AND LABOUR RIGHTS .....</b>	<b>18</b>
<b>TRANSPARENCY, TAX AND AUDIT .....</b>	<b>18</b>
<b>TAX.....</b>	<b>19</b>
<b>AUDIT .....</b>	<b>19</b>

## **Corporate Governance Principles: Our expectations of India publicly-listed companies**

**2022**

### **INTRODUCTION**

EOS at Federated Hermes is a stewardship service provider representing a broad range of long-term institutional investors. EOS clients seek to be active stewards of their beneficiaries' assets by being active owners of shares or debt of the companies in which they invest. EOS engages with our clients' investee companies around the world to promote long-term, sustainable returns to investors, their beneficiaries, and other stakeholders.

These Principles express our expectations of board directors and companies across a number of important strategic and governance topics, focusing on areas which will inform the policies which guide our voting recommendations for 2022.

This document is not exhaustive. More detail on our expectations, particularly on environmental and social topics, can be found in our Public Engagement Plan,<sup>1</sup> which is updated annually.

### **COMPANY PURPOSE, CULTURE AND ETHICAL LEADERSHIP**

The board must set and find effective ways to oversee the values of the organisation, that must be founded on ethical integrity. Ethical considerations must underpin every decision made by the board. For example, the board must ensure that its CEO has the highest ethical standards and must not accept any lapses in that expectation during the CEO's time in office or beforehand, performing sufficient due diligence and having strong contractual provisions to enable the board to take sufficient action, including clawing back pay and dismissal for cause, should unethical behaviour come to light.

The board must ensure that a system exists to take multiple different soundings of the culture and micro-cultures in different parts of the organisation and guarantee that both the board and management take action to improve the culture where it is not aligned with the board's expectations. This should include robust and accessible whistleblowing systems together with a demonstrable commitment to protect those that use such systems.

It is our strong belief that companies can only create and preserve long-term, good quality returns for investors if they provide goods and services that sustainably solve societal needs. To achieve this, we expect companies to be guided by a purpose that serves not only shareholders, but also other stakeholders, society and the environment. Achieving this purpose will, in turn, require a healthy culture and an emphasis on ethical values across the organisation. The pursuit of a stakeholder-inclusive purpose in support of long-term societal interests will then help protect the long-term interests of the savers and pensioners – current and future – invested in companies, who require sustainable financial returns and an economy, society and environment

---

<sup>1</sup> The latest public version of the EOS Engagement Plan can be found at: [www.hermes-investment.com/stewardship/eos-library](http://www.hermes-investment.com/stewardship/eos-library)

which can provide a secure future. This will require review of those critical ESG-related issues of concern to the company and its stakeholders, such as climate change or human rights, through an ethical lens.

A clear and meaningful business purpose should enable business leaders to identify the right things to do in the short term, in order to fulfil their purpose over the long term. This is critical in a time of crisis – such as that caused by the Covid-19 pandemic – when difficult trade-offs arise, particularly between shorter-term financial returns and maintaining strong relationships with key stakeholders, including government, the workforce, customers and supply chains.

As the effects of the pandemic continue to be felt around the world, it remains vital that boards and executive teams continue to consider their key stakeholders and their organisation's purpose, and make decisions that best support sustainable returns over the long-term. Companies need to be able to explain their decisions affecting key stakeholders. This includes the most difficult decisions, such as redundancies, but also how they allocate capital, including dividend payments and share buybacks.

We expect boards to consider and disclose capital allocation policy in the context of a company's purpose and long-term strategy. We are concerned that buybacks and similar diversions from re-investment in key stakeholders may be chosen to improve the share price or other related metrics over the short-term but are not always the best use of capital to support the creation of long-term, sustainable returns.

### **Stewardship and engagement**

Investors must act as responsible stewards and promote long-term sustainable returns on investment through constructive engagement with companies and their directors. All substantive correspondence from major institutional investors' representatives should be shared promptly with all board members to help directors fulfil their role to safeguard the interests of all shareholders. Our experience has shown that dialogue between companies and committed, long-term investors on strategy, finance, risk management and material environmental, social and governance (ESG) issues can improve the governance and performance of companies. Developing relationships of trust with long-term shareholders can be invaluable for boards, and we expect chairs and independent directors to make themselves available for investor engagement, beyond opportunities at formal shareholder meetings.

We expect companies to engage with long-term investors across a range of asset classes, including different types of corporate debt, in addition to their shareholders. Companies should now recognise that the expectations of debt investors are similar to those of long-term shareholders and substantially aligned in relation to governance, long-term strategy, capital allocation and environmental and social matters. Debt investors now expect accountability and constructive dialogue on opportunities and risks which might enhance or impair earnings and cashflow.

## ENDORSEMENT OF LOCAL CORPORATE GOVERNANCE RECOMMENDATIONS

In 2017, Securities and Exchange Board of India (SEBI) formed a committee on corporate governance (referred to as the Kotak committee) to make recommendations on how to improve corporate governance standards of listed companies in India. In March 2018, SEBI accepted many of the recommendations, including on the eligibility criteria for independent directors and the separation of the chair and CEO (or managing director) roles. The majority of these requirements were applicable from April 2018, however, in early 2020 SEBI postponed the deadline for the separation of the chair and CEO (or managing director) roles for two years. Therefore, by 1 April 2022, the top 500 listed entities by market capitalisation will have to comply with the requirement to separate the roles of chair and CEO.<sup>2</sup>

The separation of these roles has been our strong preference for some time for all listed companies. We welcome these important developments in strengthening corporate governance standards, as well as SEBI's broadening of its enforcement framework for noncompliant companies. However, on occasion our principles go further than SEBI's requirements and we encourage companies to take a proactive approach to all of these requirements and standards.

## BOARD COMPOSITION AND EFFECTIVENESS

Boards should ensure they comprise members with strong ethics and diverse skills, experience, perspectives and psychological attributes, as well as sufficient independence and strength of character to challenge, as well as advise and support executive management teams. They should ensure overall composition and individual membership of the board is frequently reviewed and refreshed, and that directors are elected and re-elected by shareholders on a regular basis to ensure accountability. Biographies for all directors should be provided to shareholders, indicating which are considered independent and the particular attributes that they bring to the board. This should be accompanied by an analysis of how the board as a whole displays the necessary skills, independence, diversity and other attributes to meet the company's evolving needs.

### Effectiveness

Disclosure of measurable aspects of boards, such as those outlined below, are important but insufficient indicators of a board's functionality.

Engagement with board directors provides a valuable opportunity for investors to sufficiently assess how well a board is functioning. Our white paper, *Guiding Principles for an Effective Board*,<sup>3</sup> highlights the factors that we consider to be most important in determining board effectiveness, focusing on the human, relational, and behavioural elements that are more difficult to assess.

---

<sup>2</sup> SEBI | Chairman's speech dated April 06, 2021 at 14th CII Corporate Governance Summit

<sup>3</sup> <https://www.hermes-investment.com/wp-content/uploads/2020/04/guiding-principles-for-an-effective-board-april-2020.pdf>

They can be summarised as follows:

- Genuine independence, diversity and inclusion support directors' ability to effectively question long-held assumptions and mitigate the risk of groupthink.
- The role of the chair should be held by an independent director to support the overall conditions for board effectiveness, which includes setting and enforcing the expectations for a board culture that is based on mutual respect, openness and trust, and encouraging diverse voices and behaviours of independent thinkers.
- How the board allocates its time spent in board meetings and between board meetings is equally important. We expect a board to maximise the time spent on strategy and other forward-looking activities during structured board meetings, committee work, site visits and engagement with stakeholders.
- The board's relationship with the CEO should ideally be characterised by transparency, trust and constructive collaboration, and the board should build relationships with the wider workforce through formal and informal channels.
- A commitment to continuous improvement should be encouraged and supported through regular board evaluations, and disclosure should strike a balance between transparency and confidentiality.

### Evaluation

We expect boards to be committed to continuous improvement and therefore to be constantly reflecting on their performance. We encourage boards across markets and corporate structures to conduct regular evaluations with the goal of enhancing board effectiveness. When conducted with this intention, and not simply as a compliance exercise, the evaluation process offers a unique opportunity for the board to pause, reflect and optimise its performance. The board should embrace the evaluation process as an opportunity to recalibrate focus, identify skills gaps on the board, highlight the need for succession, and raise concerns related to performance and culture.

Furthermore, conducting regular board evaluations signals to investors that the board is open to constructive criticism and willing to improve. We recommend that independent external board evaluations are conducted at least once every three years, with internal evaluations conducted in the interim years. The board should implement an action plan and a clear timeline for addressing the points raised in the evaluation. Disclosure should demonstrate how the board has taken the necessary steps to enhance performance and provide reassurance to investors about the quality of the board evaluation.



## Promoter and promoter groups

The 2013 Act and SEBI regulations have defined the term promoter as people who have control over a company. They include people who have enabled the flotation of the company or promote investment into the company. Promoters can be natural or legal people. They are often, but not necessarily, the drivers behind the formation of a company, commonly known as the founders. Promoters have certain obligations and rights. Importantly, they have a fiduciary duty to the company and to minority shareholders. They have the right to remuneration from the company, provided there is an agreement in place, which must be disclosed.

The 2013 Act strengthened governance in relation to promoters. For instance, independent directors can no longer be related to any of the promoters or directors in the company or its subsidiaries. Promoters and their relatives are not permitted to have any transactions with the company. To further reduce the influence of the promoter on independent directors, in the 2021 amendment, the appointment, re-appointment and removal of independent directors in a listed company will be done through a special resolution of shareholders. The number of votes in favour of the resolution should be at least three times of those against the resolution.<sup>4</sup> When we have doubts about the independence of the parties involved in what may be connected party transactions, we will challenge companies through engagement.

## Chair/CEO separation

As mentioned above, SEBI requires the separation of the chair and CEO roles for the top 500 listed entities by market capitalisation by 1 April 2022. The separation of these roles has been our strong preference for some time for all listed companies and we expect companies to develop a plan for this as soon as possible. We expect the separation to be clear in practice as well as on paper with disclosure about how the new roles and responsibilities are differentiated. From 2022, we will consider recommending a vote against the combined chair and CEO of a listed company, even if the company is managed by a promoter. We also encourage the appointment of an independent chair.

## Independence and tenure

On all boards, we expect a strong core of independent directors, including an appointed lead independent director, to ensure that stakeholder interests are protected, to exercise objective judgement and, if necessary, to act as agents for change. This group should play an important role in guiding the boards' decision-making and in the recruitment and nomination of directors. It should be empowered to meet independently, including before and after board meetings, and should do so in practice. It should be granted unfettered access to members of management, information and resources as required.

---

<sup>4</sup> [SEBI | Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Third Amendment\) Regulations, 2021](#)

The main roles and responsibilities of a lead independent director are as follows:

- Leading the group of non-executive directors and functioning as a link between them and the executive directors
- Consolidating the views of other board directors and acting as the main, constructive counter-weight to the chair, executives and major shareholders on the board
- Chairing meetings of non-executive directors
- Playing a key role in board evaluation and shareholder engagement
- Representing the interests and views of minority shareholders at board meetings
- Ensuring that all directors are sufficiently well-informed to perform their duties
- Managing government investigations (if any) as a non-executive but informed director of the company.

A suitably qualified lead independent director can introduce transparency and rigour to the governance process of companies and help set the expected cultural and behavioural tone from the top. This is important if companies are involved in related party transactions and can also help introduce or maintain effective anti-bribery and corruption systems and controls.

Ensuring sufficient levels and quality of independence is particularly important for founder-led companies, those with executive or non-independent chairs, significant shareholder representatives on the board (which we believe can be useful and justified, provided minority shareholder interests are protected) or significant management representation on the board. SEBI further requires that independent directors' relatives should not hold any key managerial roles in the company during the three immediately preceding financial years in which they are proposed to be appointed<sup>5</sup>.

We expect at least half of the board of directors to be independent in companies with an executive or promoter chair and at least one third to be independent in other cases. In their disclosures, companies should clearly state which directors they consider to be independent and the criteria by which independence is determined.

We expect a healthy mixture of tenures on boards, supported by regular board refreshment. We consider the overall composition of boards and recognise the value that long-serving directors can contribute. However, too many directors serving concurrently can increase the risk of groupthink and complacency.

The 2013 Act mandates that the tenure of independent directors be limited to two consecutive terms, with a maximum of five years for each term. We will recommend voting against any independent director whose tenure exceeds ten years. We will consider tenure against the overall composition of boards and recognise the value that long-serving directors can contribute. However, directors

---

<sup>5</sup> [SEBI | Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Third Amendment\) Regulations, 2021](#)

with long tenures serving concurrently can increase the risk of groupthink and complacency and we will recommend voting against where tenure impedes independence. We expect a healthy mixture of tenures on boards, including regular board refreshments.

In addition to not considering as independent anyone who constitutes the promoter group of a listed entity, listed companies must avoid board interlocks arising from the common practice of reciprocal directors on boards of each other's entities as this<sup>6</sup> impairs their independence. We support SEBI's requirement that independent directors must carry out a self-assessment of their independence as well as a declaration that he or she is not aware of any circumstance which could impair or impact his or her ability to function as independent. This must be confirmed and regularly assessed by the board.

### Committees

We expect larger boards (typically of eight or more directors) to have specific board committees covering audit, risk, executive remuneration and board nominations. For some companies, additional committees may be required to cover other material issues, for example a sustainability committee for environmentally-exposed companies. For those smaller boards that choose to address these matters at full board meetings, there should be clear narrative reporting to demonstrate these receive adequate time and attention.

The core committees include audit, nomination, remuneration and corporate social responsibility (CSR) committees. We expect audit and remuneration committees to comprise only independent directors and will vote against non-independent members of these committees. Nomination committees should be chaired by an independent director and be majority independent. We support SEBI's requirement that the top 1000 listed companies in India establish a risk management committee<sup>7</sup> and that cyber security specifically is covered by that committee. We welcome SEBI's requirements that the audit committee has oversight of loans and advances to subsidiaries exceeding INR100 crore (approximately US\$14m) or 10% of the asset size of the subsidiary, whichever is lower. However, the committee should also ensure that it reviews series of investments that reach this sum.

According to the 2013 Act, large companies must establish a CSR committee with a minimum of three directors, of which at least 50% are independent. The 2013 Act defines CSR as activities that contribute towards a reduction in poverty and promote education, health, environmental sustainability, gender equality and the development of vocational skills. In evaluating the performance of the CSR committee, we expect companies to enact and report on CSR activities that relate to its environmental and social performance and the wider sustainability of its business activities, beyond philanthropy.

---

<sup>6</sup> [remuneration-principles-clarifying-expectations.pdf \(hermes-investment.com\)](#)

<sup>7</sup> [SEBI | Chairman's speech dated April 06, 2021 at 14th CII Corporate Governance Summit](#)

## Director attendance and commitment

We expect board directors to be able to devote sufficient time to fulfil their duties, including to build and maintain a good understanding of the company and to fully absorb and be able to challenge the information presented to them by management. As a broad guideline, we do not support directors holding more than five directorships at public companies and, in this context, we consider a non-executive chair role to be roughly equivalent to two directorships and, at complex companies, other committee chair roles, in particular the chair of the audit and risk committee, may be considered more burdensome than a typical non-executive directorship.

Whether a director may be over-committed depends on a range of factors beyond the number of other roles they hold, including the size and complexity of the company and additional responsibilities, such as being a committee chair. We consider that certain industries such as banking (due to its business model and regulatory complexity) and businesses with large and/ or complex operations will require site visits and therefore more time commitment.

We expect companies to encourage their executives to take on a non-executive role (but not normally more than one) outside their own company to assist in their development, bring current experience to boards and to build a pipeline of future board directors.

## Succession planning

Effective succession planning at the board and senior management level is essential for safeguarding the ability of companies to deliver long-term returns. It should involve contingency planning for the sudden loss of key personnel, as well as planning for foreseeable change such as impending retirement. It should include consideration of the current and future required diversity of skills, experience and other attributes required at board and senior management level, including the need for any candidate to demonstrate the highest levels of ethical integrity. Robust succession planning also can help to counter the tendency of many boards to over-pay current executives relative to the senior executive labour market and peers.

Overseen by the board, senior management should create a pipeline of suitable candidates from within the organisation to become senior managers and executive directors.

## DIVERSITY, EQUITY AND INCLUSION

There is a growing body of evidence that supports the link between more diverse company leadership and financial performance.<sup>8</sup> We believe improving diversity, equity and inclusion performance creates enduring value by improving decision-making, attracting talent, enhancing workforce satisfaction and stimulating insight and innovation.<sup>9</sup>

---

<sup>8</sup> For example, The 30% Club has compiled a list of studies examining the benefits of gender diversity <https://30percentclub.org/initiatives/investor-group>

<sup>9</sup> For example, [Delivering growth through diversity in the workplace | McKinsey](#)

In 2022 we will continue tightening our voting policies and thresholds on diversity, as we believe most companies need to improve their diversity towards representation of all groups throughout all roles and levels. Boards should seek diverse composition in its broadest sense to support high-quality debate and decision-making, considering diversity of skills, experience, networks, psychological attributes and characteristics (including, but not limited to, race, ethnicity, gender, sexual orientation, age, disability, nationality and socioeconomic background). Boards should give careful consideration to how they can find members from outside of their typical networks and the breadth of attributes or perspectives that may be valuable to their decision-making. Where boards have made insufficient progress on critical dimensions of diversity, including racial and ethnic or gender representation at either board and senior management level, we will recommend opposing the re-appointment of relevant responsible directors.

We expect boards not only to address their own diversity, but that of the whole organisation and its impacts on stakeholders; and to provide meaningful disclosure assessing progress against complex challenges. In 2022, we will hold boards accountable for more effective oversight of inclusive culture and diversity across all levels of the company's workforce and effects on the ecosystem upon which the company's long-term health depends, including suppliers, customers and communities. When developing director voting recommendations, we will take into account a range of considerations. From a workforce perspective, these may include, but are not limited to, diversity of named executive officers, senior executive team members and talent pipeline; the existence of a thoughtful diversity, equity and inclusion strategy, targets and action plan rooted in rigorous analysis of underlying problems that incorporates employee survey data; and a board-driven process for evaluating management's inclusion performance and issues surrounding all strands of diversity across the employee lifecycle.

### Racial inequity

The definition of race and ethnic minorities is often contextual. India is arguably the most ethnically diverse country in the world. It has more than two thousand ethnic groups and every major religion is represented. Companies should:

1. Consider the inclusion of racial or ethnic minorities within their organisation in terms of ethnicity, religion and language and how this reflects their key stakeholders, namely customers, employees and suppliers. This may include urban demographics relevant to the location of the company in question.
2. Acknowledge in a diversity policy or separate statement the importance of racial and ethnic inclusion and diversity in the workforce.
3. Start collecting, as a minimum, data on the ethnic composition of the workforce by seniority. Consider publishing these and other relevant data, including pay gaps/ratios, with a narrative explanation of what the figures mean and a brief, timebound, action plan to address shortfalls. Data should be used internally to prompt further investigations so that underlying drivers can be understood and acted on. Many companies will

have a global footprint with a workforce spread over different geographies. In markets where data collection is restricted by law, companies should find alternative ways of monitoring their diversity and inclusion efforts. This could for example include anonymous staff satisfaction and engagement surveys.

### Gender diversity

The 2013 Act mandated listed companies to have at least one female director, which has resulted in India having a high percentage of companies with at least one woman on the board. In addition, SEBI in 2018 decided to adopt the Kotak committee recommendation that companies have at least one independent female director. We expect companies to go beyond these requirements and appoint at least 20% women on the board (ideally independent). Where this is not the case, we will recommend voting against the chair (or members) of the nomination committee standing for election, or the chair of the board.

### EXECUTIVE REMUNERATION

We are increasingly concerned that executive remuneration structures and practices in a number of countries are not fit for purpose, neither serving long-term investors nor aligning properly with the core long-term objectives of companies, and that poor practices are at risk of spreading to other countries where pay is more restrained.

Some of our key concerns relate to the limitations of 'pay for performance' models, which are common in countries like the US and the UK and which we see increasingly adopted in other countries. Although perhaps well-intentioned, this approach risks damaging, unintended consequences, including:

- Increasing quantum beyond the executive labour market median, and expanding pay disparities between executives and the broader workforce
- Encouraging short-termism or financial engineering, particularly in schemes which focus on share options or where large proportions of pay are subject to metrics like total shareholder return or earnings per share, which can focus executives on actions to drive up the share price in the short-term rather than on drivers of long-term strategic value. Focusing large portions of pay on incentive schemes risks strongly incentivising executives to hit targets over relatively short time frames, regardless of whether these actions are best aligned to long-term, high-quality sustainable returns to shareholders and other stakeholders.
- Obscuring meaningful assessments of performance in the context of long-term value due to the use of complex, overlapping incentive schemes.
- Undeserved windfall gains for executives which can result from share-based incentive schemes, which has occurred at many companies as a result of the market rally that followed government interventions in the wake of the Covid pandemic.

We continue to make the case for switching to simpler pay schemes aligned to long-term success and the desired culture in the organisation, based on a combination of fixed pay and long-term time-restricted stock, with an emphasis on long-term share ownership for executives.

Non-executive directors should have only fixed pay, and not participate in variable pay schemes. We also are concerned about excessive pay ratios between CEOs and employees. We encourage greater disclosure of director pay structure, and expect company to demonstrate concerted efforts to narrow the pay gap.

We expand on our views on executive pay in our paper, *Remuneration Principles: Clarifying Expectations*.<sup>10</sup>

They can be summarised as follows:

1. **Simplicity:** Pay should be simple; for example, fixed pay (mix of cash and long-term shares) plus a single incentive scheme (an annual bonus).
2. **Alignment:** Pay should be aligned to long-term strategy and the desired corporate culture, incentivising long-term value creation, including wider social and environmental outcomes. Where metrics and targets are used in incentive pay, they should reflect strategic goals, rather than focus attention on total shareholder return, stock price appreciation or earnings per share.
3. **Shareholding:** Management should become long-term stakeholders in the company's success through substantial shareholdings. Significant shareholding requirements should remain in place for at least two years following departure from the company.
4. **Accountability:** Pay outcomes should reflect outcomes for long-term investors and take account of falls in a company's performance or reputation. The board should intervene and apply discretion whenever formulaic outcomes do not achieve this. The potential pay outcomes under a policy should be rigorously scenario tested in advance, with a cap on the total possible pay published, to help reduce the risk of unintended consequences.
5. **Stewardship:** Pay outcomes should be communicable to all stakeholders, including employees and the public. Boards should take into account wider workforce pay practices and ratios when judging the appropriateness of pay opportunities and outcomes. Boards should then write to employees each year explaining the outcomes of executive pay and the alignment to long-term value, and the company's strategy and purpose. Companies and investors should regularly discuss strategy, long-term performance and the link to executive pay.

---

<sup>10</sup> <https://www.hermes-investment.com/wp-content/uploads/2018/10/remuneration-principles-clarifying-expectations.pdf>. The principles contained in this paper are global in nature, but some of the specific references to structures are more applicable to certain markets such as the UK.

While we do not automatically oppose all pay models that do not appear to align to our principles, we set various thresholds and requirements to guide our voting recommendations which are tailored to the context of each market. Through engagement with companies on these thresholds and requirements, we seek to improve market practice and encourage closer alignment with our principles.

### **PROTECTION OF SHAREHOLDER RIGHTS**

We rigorously defend shareholder rights on behalf of institutional investors, including the right to receive good quality corporate reporting and material information on a timely basis, to vote at shareholder meetings on issues such as the annual election of directors, to propose new candidates to the board or other shareholder resolutions.

We support a single share class structure, with one share one vote, and oppose any deviation from this.

### **Hybrid or virtual shareholder meetings**

Annual and other shareholder meetings are a critical part of corporate governance. As well as being the highest decision-making procedure of the company, they allow shareholders to hear directly from the company about its performance and to challenge directors on important topics, supporting strong transparency and accountability.

We believe dialogue between shareholders and the board is enhanced by the in-person meeting format of annual meetings. Although formats vary around the world, when working well, it presents the opportunity for shareholders to make points to the whole board, the ability to ask questions immediately in response to board comments and to build on the questions asked by others. Further, it is more difficult for directors to avoid challenging questions or topics; directors must provide answers in a public forum and, accordingly, be accountable for them.

However, we recognise that the restrictions brought about by the Covid-19 pandemic rendered in-person meetings unviable for many companies and that there were already valid arguments in favour of adopting alternative formats to improve shareholder access and participation, for example, in geographically dispersed countries or for companies with a global shareholder register.

Given this, we are supportive of meetings being convened in a 'hybrid' format – where shareholders have the option to join the meeting via an online platform or to join in person, provided all shareholder rights are protected or enhanced in both formats. Online participation can increase opportunities for participation, while retaining the accountability of in-person meetings.

We do not generally support 'virtual-only' meetings unless these are a temporary solution in response to restrictions on in-person gatherings, such as those prompted by the Covid-19 pandemic, or other exceptional circumstances. In those cases, we expect all shareholder rights to be protected and the meeting to be run as it should be in-person: giving ample opportunity for any shareholder to ask questions, and for these questions to be answered live by the



board. We also expect a clear commitment to return to in-person or hybrid meetings as soon as restrictions allow.

For further information please refer to our *[Principles of Annual Meeting Good Practice](#)*.<sup>11</sup>

We will generally oppose requests for the authority to hold virtual-only meetings unless we gain comfort that it is to be used in exceptional circumstances only, and that the rights and access of attending shareholders are comparable to those of in-person meetings. For smaller companies we may relax the expectation that virtual-only meetings are for exceptional circumstances.

### **Related party transactions**

Concentrated ownership and company group structures are common features of listed companies in India as most companies are held by families or the state. This typically leads to more opportunities for related party transactions (RPTs) involving controlling or other large shareholders to occur and increases the probability of abuse if they are not conducted at arm's length.

We expect companies to follow Section 188 of the 2013 Act, which prohibits interested shareholders from voting for transactions with related parties. If RPTs are conducted on a continuous basis, such as continuous financial services arrangements, there should be an annual shareholder vote to ratify them. If a majority of minority shareholders have voted against them, the company should engage with minority shareholders to understand and act on their concerns. We encourage companies to provide disclosure of RPTs in advance of the minimum required notice period ahead of a vote on them to ensure that any questions from shareholders can be adequately answered before they are voted on.

We expect to receive detailed disclosure on the rationale for the use of the RPTs, the terms of the agreement and the audit and assurance mechanisms put in place to ensure that any RPTs are conducted in a fair and transparent manner. All material transactions, be they ordinary business or mergers and acquisitions, should be put to shareholders for a vote. Financing arrangements must be related to the business of the company and be justified. For transactions involving a promoter or members of the promoter group, the transaction should be related to or necessary for the ordinary day-to-day operations of the company. Where the transaction is between a parent company and one of its subsidiaries, we generally support the transaction unless we are concerned about the possible effects on minority shareholders. If the transaction(s) between entities have overlapping directors, we expect further information on how the directors have managed these conflicts of interests. This information is crucial to our voting recommendations. If there is no disclosure on how any apparent or possible conflicts are managed, we are unlikely to support the RPT. We welcome the new requirement from SEBI that all RPTs should be cleared only by the independent directors on the audit committee.<sup>12</sup>

---

<sup>11</sup> <https://www.hermes-investment.com/ukw/wp-content/uploads/2021/03/eos-principles-of-annual-meeting-good-practice-february-2021.pdf>

<sup>12</sup> [SEBI | Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Third Amendment\) Regulations, 2021](#)

### **Bundled resolutions**

We do not support bundled proposals. Resolutions should be separated to make it possible to vote for each one, rather than bundling different proposals so that shareholders cannot accurately express their views through voting.

### **Multiple class share structures**

Multiple class share structures disenfranchise minority shareholders and often increase the power of one shareholder disproportionate to financial stake. We advocate for initial public offerings of companies with single class structures that provide a level playing field for all investors that equates voting power with financial stake. We may consider voting against a responsible director (such as the chair of the governance committee) where multiple class share structures are in place without a disclosed plan to sunset this arrangement.

## **SOCIAL, ETHICAL AND ENVIRONMENTAL RESPONSIBILITY**

Taking a responsible and long-term approach to social, environmental and ethical issues is critical to the creation and preservation of long-term sustainable returns and should be reflected in the company's values, purpose, strategy and culture. Companies must identify and disclose the most material social and environmental issues for the company and its significant stakeholders. They must seek to address the associated risks and opportunities through their core business strategy and value proposition. We expect boards and management to have oversight of material sustainability issues and to be accountable to shareholders for effectively managing the associated risks and opportunities.

We support the UN Sustainable Development Goals (SDGs) and believe that the private sector has an important role to play in achieving them by the increasingly pressing deadline of 2030. Companies should assess the relevance of each SDG, identifying those that they can make a direct contribution to, and incorporate the most material SDGs into their strategies. We encourage companies to go beyond highlighting any SDG that the company could be connected to and to be purposeful in selecting those to which it intends to make an active, direct contribution, including through the allocation of resources and setting targets. We urge companies to report on their approach to the SDGs and to engage with its shareholders and civil society on how best to contribute to the SDGs.

Further detail on our views on and expectations of companies with regards to a wide spectrum of environmental and social issues can be found in the EOS Engagement Plan.<sup>13</sup>

Below we highlight two key environmental and social topics which will inform our vote policies in 2022: climate change, and human and labour rights.

---

<sup>13</sup> The latest public version of the EOS Engagement Plan can be found at: [www.hermes-investment.com/stewardship/eos-library](http://www.hermes-investment.com/stewardship/eos-library)

## Climate change

The breakdown of the climate is a systemic risk to the value of our clients' portfolios, due to the social, economic, and political consequences of climate change.

We strongly support the goal of the 2015 Paris Agreement – to limit global warming to well below 2°C and pursue efforts to not exceed 1.5°C of warming – and we expect companies to publicly do the same, as well as ensuring that any third-party organisations they support or are members of, such as trade bodies or lobbying organisations, are aligned to this goal.

We urge companies to:

- Establish strong governance of the risks and opportunities presented by climate change and the energy transition. Boards should ensure that climate-related issues are included on the board agenda at least annually. We expect the board and senior management to engage with outside experts who can advise on strategic risks and opportunities that climate change presents, including challenging the company's approach if necessary. For those companies materially exposed to climate-related risks and opportunities, we expect the energy transition to be clearly articulated in governance documents, including board committee charters and the articles of association.
- Commit to achieving net-zero emissions by 2050 at the latest and set supporting short- and medium-term science-based targets to reduce greenhouse gas emissions in line with the goals of the Paris Agreement. This should include material Scope 3 emissions associated with a company's value chain or use of products with an explanation of why any Scope 3 emissions are not included.
- Integrate climate considerations into the forward-looking strategy for the company. Companies should consider the implications of the energy transition on their business, and what aligning to the goals of the Paris Agreement will mean for their strategy, minimising the potential risks and capitalising on the opportunities presented by climate change.
- Adopt the framework set out by the Task Force on Climate-related Financial Disclosures (TCFD) for the management and reporting of climate-related risks and opportunities. Where the risks are particularly acute (for example in energy intensive sectors), this should include conducting scenario analysis to establish the potential financial and other impacts of climate change on the business at different levels of warming. Companies should ensure that the financial risks associated with climate change and the energy transition are appropriately reflected in reports and accounts. As outlined in the Audit section below, the audit committee should be responsible for ensuring these risks are accounted for and the external auditor should be engaged to provide an opinion on this matter.
- Ensure board oversight and robust governance processes are in place to identify incidents of misalignment of views between companies and organisations of which they are members. Where issues are identified, all

available avenues to influence these third parties should be used to encourage effective action on climate policy in line with the goals of the Paris Agreement. The company should be transparent about its governance procedures by describing the actions taken to reduce or eliminate any misalignment, and any progress made, in-line with the IIGCC Investor Expectations on Corporate Lobbying on Climate Policy.<sup>14</sup> Ultimately the board should be prepared to cease membership where misalignment persists without progress. Companies should also proactively support and advocate for positive action to mitigate climate change risks in their spheres of influence.

We engage intensively with companies across different countries and sectors on climate change and reinforce this through the voting recommendations we make to our clients at shareholder meetings.

In 2022, we continue to hold the chair or other responsible directors accountable through voting recommendations where we believe companies' actions are materially misaligned with the goals of the Paris Agreement and/or where companies are not responding sufficiently to the risks and opportunities posed by climate change. We include a particular focus on companies that are involved in activities that are clearly incompatible with limiting global warming to safe levels, such as causing deforestation and the expansion of coal-fired power. We assess companies using a range of frameworks and benchmarks, including the Transition Pathway Initiative (TPI),<sup>15</sup> the Climate Action 100+ benchmark,<sup>16</sup> Forest 500<sup>17</sup> and others.

In addition to the above criteria, we may also reflect other concerns about a company's response to climate change in our vote recommendations, for example, where a company has been unresponsive to investor concerns or where we have concerns about the views held by particular directors regarding the reality and urgency of climate change.

We will consider and support on a case-by-case basis shareholder resolutions relating to climate change and may file or co-file resolutions where we believe them to be warranted.

In principle, we support the concept of having a shareholder vote on climate change transition plans (so-called 'Vote on Transition' or 'Say on Climate' resolutions). We will support climate change transition plans which are aligned to the goals of the Paris Agreement, with indicators of alignment including science-based greenhouse gas reduction targets over the short, medium and long-term, supported by a clear and credible strategy to achieve these.

---

<sup>14</sup> <https://www.iigcc.org/resource/investor-expectations-on-corporate-lobbying/>

<sup>15</sup> <http://www.lse.ac.uk/GranthamInstitute/tpi/the-toolkit/>

<sup>16</sup> <https://www.climateaction100.org/progress/net-zero-company-benchmark/>

<sup>17</sup> <https://forest500.org/>

## Human and labour rights

We believe that how a company manages its human rights strategy is of critical importance to its licence to operate, its impact on people's lives and ultimately its ability to create and preserve long-term holistic value. We endorse and expect companies to align with the UN Guiding Principles on Business and Human Rights (the UNGPs). The UNGPs framework outlines the corporate duty to respect human rights. Companies have a responsibility to disclose and act upon a policy commitment to human rights in their operations and value chains. This includes carrying out human rights due diligence to identify potential and actual human rights impacts; a plan to prevent, mitigate and account for how to address these impacts and providing or cooperating in the provision of remedy if a company has caused or contributed to adverse impacts.

Companies should have a governance structure for human rights which identifies board level oversight and executive accountability. They should report on obligations under the UNGPs, as well as under national legal requirements and relevant international frameworks.

The concept of human rights is simply the universal right to human dignity. However, we acknowledge that human rights strategies and impacts may involve complex and sensitive aspects and seek to engage with companies on these considerations. We may recommend a vote against relevant meeting items, such as re-electing a director, discharging management or approving its reporting if:

- a company is in clear breach of its applicable regulatory responsibilities related to human rights (such as the UK's Modern Slavery Act) or responsibilities outlined in the UNGPs; and/or
- there is sufficient evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to provide appropriate remedy.

## TRANSPARENCY, TAX AND AUDIT

We believe that the quality of narrative reporting reflects the board's strategic thinking, its line of sight into operations and how well it oversees the company. Boards must report openly and transparently on the performance of the company and their stewardship of it over the year, acknowledging the challenges, as well as the achievements, the state of the market and the competitive landscape. It is also fundamental that each company reports in a way that allows investors to understand the main risks that the board has identified for the business, along with how the company manages and mitigates them. This includes environmental, social and governance, as well as financial and strategic, risks.

## Tax

Companies should recognise the importance of taxation to the funding of public services on which they and their stakeholders rely, and pay their fair contribution. The Covid-19 pandemic has emphasised the importance of companies paying their fair contribution as all businesses have directly or indirectly benefitted from government action to support the economy.

Fair payment of tax, based on the intention of tax law and in proportion to the location of economic value generated, is an important pillar of a company's social licence to operate. We believe that companies that seek to aggressively minimise their tax payments will face increasing reputational and financial risks.

We expect companies to:

- Comply with the intention of tax laws and regulations in all countries of operation.
- Pay taxes in-line with where economic value is generated.
- Publish a global tax policy describing their approach to tax risk, controls and oversight, including any material variations across the entity. This should include policy on corporate structuring in low tax jurisdictions, intra-group transactions and the use of tax incentives from public authorities.
- Ensure their tax policies and practices do not damage their social licence to operate in all jurisdictions in which they have a presence.
- Disclose publicly the full extent of taxes paid or collected by them in each country. Reporting on each country should include the purpose of the local corporate entity along with comparable corporate data such as revenue, profit before tax and number of employees. We recommend use of the GRI reporting standard on tax.
- Ensure they have sufficient oversight of tax policy, risk and controls in board and board committee work.
- Avoid the use or promotion of aggressive tax avoidance strategies either for their corporate taxes or those of employees, contractors or customers.

## Audit

Shareholders in listed companies rely on the quality and robustness of the audited information those companies report to the market when making investment decisions, and when holding company management and boards to account. High quality and effective audits are vital to ensure the markets trust and have confidence in the information companies report.

Audits should provide assurance to shareholders that the financial statements present a prudent, true and fair view of the financial results, cash-flows and financial strength of a company. In recent years, we have seen a spate of business failures following poor quality audits. These high-profile cases have raised questions about the quality, relevance, professionalism and independence of audits and external audit firms, and strengthened calls for reform.

### Audit committees

Shareholders, regulators and other stakeholders have increasingly focused on the role and performance of audit committees and how they discharge their duties. Beyond the oversight of the financial reporting process and the appointment and oversight of the external auditor, audit committees have important risk and compliance oversight responsibilities, including oversight of internal audit and whistleblowing facilities, as delegated by boards or as specified by laws or regulations. Assignment of substantial non-audit-related oversight mandates to audit committees may be seen as a signal that the audit committee is overburdened, with the risk that duties are being delegated to management. A better course of action may be to set up a further committee of the board to address other material non-audit matters.

### Auditor rotation

Maintaining independent external assurance is a fundamental pillar of good stewardship and the fiduciary duty of a board of directors. Independence, and potentially audit quality, is at risk when the same assurance provider is maintained for too long – whether the audit partner or audit firm. Only by rotating the audit firm at regular intervals can auditor independence and quality be protected, in the interests of shareholders and other stakeholders. Our view is that auditor rotation can also add value as it welcomes a new firm with a different approach and a new set of subject specialists with a fresh pair of eyes, fresh challenge and opinions.

We wish to see companies establish policies of mandatory rotation of the audit firm after 20 years tenure, with an open and competitive re-tender process at the interim point of 10 years.

### Non-audit services and fees

As part of overseeing the external auditor, the audit committee must establish and enforce a policy on what non-audit services the company can procure from the external auditor. We pay close attention to these services and related fees to ensure that they do not compromise auditor independence, which could compromise the integrity of the audit. The non-audit fees should normally be substantially lower than the audit fee.

As a guideline, non-audit fees should not exceed 50% of audit fees in any given year. If this is exceeded, there should be a clear explanation as to why it was necessary for the auditor to provide these services (for example, for certain services such as reviewing interim reporting or performing due diligence on transactions) and how the independence and objectivity of the audit was assured. In these cases, we also expect the committee to take action to ensure this does not reoccur, either by tendering for a new audit firm or reallocating non-audit work to a different firm.

Companies should be able to articulate in engagement how they categorise audit and non-audit related fees and be consistent in their approach over time. If companies do not disclose the non-audit fee, we will consider voting against the appointment of auditors or approval of their remuneration.

We recognise that audit quality cannot be ensured solely through regular rotation of external auditors or reducing conflicts caused by the payment of fees for non-audit work. We expect audit committee chairs and committee members to understand the organisation, challenge management and external and internal audit teams, and to follow best practice guidance when appointing audit firms. Committee chairs and members should ensure they have sufficient time to fulfil their duties, which we expect to be significant, particularly for large, complex organisations.

As stated above, we recommend that companies have an audit committee comprising independent directors only. In general, we will recommend voting against non-independent directors sitting on the audit committee.

### Accounting practices

We are concerned that accounting standards, as applied, do not always reflect underlying company performance. We encourage companies to apply accounting standards in a manner which is prudent and provides a true and fair view. Where application of the standards does not provide such a view, we expect companies and their auditors to make this clear to investors.

As such, we expect companies to avoid aggressive accounting practices that represent the company's financial position in a flattering light. This creates a reliance on the most optimistic of outcomes transpiring in subsequent years, which can easily compound up to the point that a preventable collapse finally occurs. We expect companies to recognise liabilities in a timely fashion, and to only realise profits where there is a very high degree of confidence in their quality. We also expect a clear indication of the quality of any unrealised profits found in the company's income statement.

### Audit and climate change

Where material or potentially material we expect companies to disclose climate and other environmental and social matters in its financial statements and clearly discuss the connection between accounting assumptions and the climate change impacts based on alignment to the Paris Agreement. We expect the auditor to communicate climate and other ESG matters as critical audit matters to the audit committee where material and involving challenging, subjective and or complex auditor judgement.

To the extent a company's financial statement does not adequately consider material climate risks and there is no corresponding explanation as to why, we may recommend a vote against the audit committee chair and auditor ratification. For more information on our corporate governance expectations related to climate change, please see the Climate Change section above.



## 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 now form the international business of Federated Hermes. Our brand has evolved, but we still offer the same distinct investment propositions and pioneering responsible investment and stewardship services for which we are renowned – in addition to important new 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](http://www.hermes-investment.com) or connect with us on social media:



**For professional investors only.** This is a marketing communication. Hermes Equity Ownership Services (“EOS”) does not carry out any regulated activities. This document is for information purposes only. It pays no regard to any specific investment objectives, financial situation or particular needs of any specific recipient. EOS and Hermes Stewardship North America Inc. (“HSNA”) do not provide investment advice and no action should be taken or omitted to be taken in reliance upon information in this document. Any opinions expressed may change. This document may include a list of clients. Please note that inclusion on this list should not be construed as an endorsement of EOS’ or HSNA’s services. EOS has its registered office at Sixth Floor, 150 Cheapside, London EC2V 6ET. HSNA’s principal office is at 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. Telephone calls will be recorded for training and monitoring purposes. EOS000731 11/20