



EOS Engagement Plan

2026-2028



EOS at Federated Hermes Limited is a leading stewardship service provider. Our engagement activities enable long-term institutional investors to be more active owners of their equity and fixed income assets, with the objective of enhancing long-term, enduring business performance at each company and maximising shareholder value over the long term in our clients' portfolios.

Informed by the overall goal of maximising shareholder value over the long term in our clients' portfolios, EOS' company and policy engagement objectives complement each other by aiming to enhance the performance of individual holdings whilst addressing systemic opportunities and risks to the economy which are likely to affect long-term returns for broadly diversified asset owners. The Engagement Plan is client-led. We undertake a formal consultation process¹ with multiple client touchpoints each year to ensure it is based on their individually determined long-term objectives and covers their highest-priority topics.

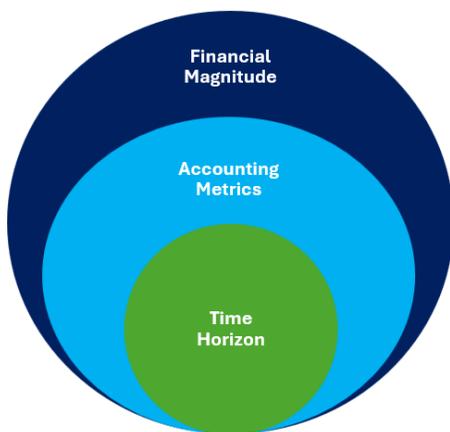
Enhancements to our Engagement Approach

Focusing on Financial Materiality

In today's complex and volatile markets, developing unique thematic insights and building an analytical research advantage is more important than ever. EOS' corporate engagement is focused on those issues with proven financial materiality to companies across different sectors. To help identify the most material topics of relevance at each company, Federated Hermes' Responsible Investing Office (RIO) has developed the Financial Connectivity™ platform — a proprietary, patent-pending analytical tool that bridges sustainability themes and financial accounting metrics with granularity and sophistication. This novel, AI-enabled platform directly connects our proprietary EOS engagement taxonomy of 36 sustainability-related themes to traditional financial

statement categories, customised for 27 different industries and calibrated for different time horizons. This innovation equips our global investment and stewardship teams with a data-driven financial compass, reinforcing our efforts for engagement in pursuit of long-term, risk-adjusted returns in line with each client's individual goals and fiduciary duties. The 2026-28 Engagement Plan now fully integrates the Financial Connectivity™ platform into the prioritisation of engagement topics for each sector, which then informs selection of engagement topics for individual companies. The platform further enhances engagement effectiveness, providing a clear financial compass to guide engagement due diligence and discussions with companies in the best direction to holistically assess risk and uncover opportunities.

Financial Connectivity™ logic assesses magnitude, accounting linkage and time horizon



What: Financial magnitude

Uses empirical data to evidence how specific industries and companies may be more (or less) financially exposed to each theme.

How: Accounting metrics

Establishes the transparent intersection of the theme with the company's industry and its balance sheet, income statement and cash flows, with detailed SCORE (Suppliers / Customers / Owners / Regulators / Employee) analysis.

When: Time horizon

Determines whether each accounting metric impact will be event-driven (short), require operational changes (medium) or be systemic (long).

The Financial Connectivity™ platform directly links sustainability and finance



¹ All collaboration with our clients is done in line with applicable rules and regulations on antitrust, conflicts of interest and acting in concert. Each party will exercise unilateral decision-making principles in deciding how to act while engaging in any collaboration.

Systemic stewardship

As explained above, EOS' corporate engagement focuses on those issues with proven financial materiality to companies across different sectors. Through engagement, we support consideration of those actions aligned with improved risk-adjusted returns at each individual company and which are intended to improve long-term systemic outcomes. Our corporate engagement also helps identify market imperfections which may limit the scope of value-creating actions aligned to positive systemic outcomes. This then informs EOS' priorities for public policy and market best practice engagement across

thematic opportunities of systemic importance to long-term returns for broadly diversified investors. The aim is over time to lead to an improved financial system which incentivises and enables companies to achieve long-term financial value for investors.

Our recent engagement work has identified that, in general, companies are becoming more conscious of the challenges of meeting ambitious business targets without advances in supportive public policy. Meanwhile, public policy has struggled to keep pace with the rapid innovation and adoption of new technologies in areas such as artificial intelligence and the energy transition.

The EOS advantage

Relationships and access – EOS has a client base of global institutional investor clients, reflecting US \$2.4 trillion of assets under advice as of 31 December 2025. The team's skills, experience, languages, connections and cultural understanding equip them with the gravitas and credibility to access and maintain constructive relationships with company boards and senior management and policymakers.

Client focus – Our engagement plan is based on clients' long-term objectives, and we consult with clients regularly. Through consultation and feedback, EOS determines the priorities of its Engagement Plan. Any collaboration is done in line with applicable rules and regulations on antitrust,

conflicts of interest and acting in concert. Each party will exercise unilateral decision-making principles in deciding how to act while engaging in any collaboration.

Tailored engagement – EOS develops engagement strategies specific to each company and policymaker, informed by a deep understanding across sectors, themes and markets and taking into account individual client objectives, fiduciary obligations and the local laws and regulations in the relevant jurisdiction (in particular for US issuers and US clients). It seeks to address the most material business and systemic economic risks and opportunities, through a long-term, constructive, objectives-driven and continuous dialogue at the board and senior executive level, which has proven to be effective over time.

Our Services

Voting

We offer a service to implement our clients' voting policies, covering listed equity holdings in all markets and indices. EOS takes an engagement-led approach, where practicable, when implementing each client's vote policy. EOS engages on issues that have potential financial impact on the company and our clients' long-long-term shareholder value. This helps ensure that vote decisions and rationales for each client's votes are well-informed and linked to the financial implications of each resolution presented on the ballot. In voting, each EOS client is acting independently and has the option to choose from voting guidelines. Each client is invited to discuss with EOS any other specific concerns or requirements to ensure they understand their voting approach. When implementing each client's votes, EOS does not have discretion to vote proxies on behalf of any client. Each client retains the power to make their own determination for each proxy vote.

Engagement

We engage with companies in our clients' portfolios using a constructive, objectives-driven and continuous dialogue with companies. Our strategies are informed by our deep knowledge across themes, sectors and regions. We seek to ensure that our engagement is tailored and focused on financially material factors with the objective of enhancing long-term, enduring business performance at each company and maximising shareholder value over the long term in our clients' portfolios.

Public Policy

We engage with legislators, regulators, industry bodies and other standard setters to shape capital markets and the environment in which companies and investors can operate. In addition, we often engage through industry collaborations such as the PRI. When participating in such collaborations, each participant is acting independently, exercising unilateral decision making in deciding how to act concerning their investments, in line with applicable jurisdictional legal requirements.

Advisory

We help our clients to meet stewardship regulations and to work with them to develop their responsible ownership policies, drawing on our extensive expertise and proprietary tools to advance their stewardship strategies.

Screening

Our quarterly screening tool monitors our clients' portfolios to identify companies that violate or are at risk of violating commonly accepted international norms and standards including the UN Global Compact Principles, Organisation for Economic Co-operation and Development Guidelines for Multinational enterprises, UN Guiding Principles on Business and Human Rights; as well as relevant involvement in controversial weapons. This enables our clients to see where there may be risks in their portfolio, and review company responses to these based on our engagement insights where possible. This information is typically used as an input into exclusion processes.

Stewardship informed by positive investment outcomes

Our engagement is focused on the themes of most importance to our clients. Our systematic and transparent approach focuses across 12 themes and 36 sub-themes.

We have introduced new approaches to ensure that our engagement is focused on achieving positive outcomes aligned to the enhancement of long-term value of investments for our clients. These include seeking to identify potential future outcomes that may result from our engagement and then monitoring this over time. Good governance sets the foundation for managing long-term risks and creating value for stakeholders. EOS seeks robust board oversight and management by companies of the most material drivers of long-term shareholder value affecting each company, as well as those systemic risks to the economy which are likely to affect returns for broadly diversified asset owners. When financially material and relevant, we believe these factors should drive improved financial performance of each individual company and help improve systemic opportunities and reduce risks to the wider economy and portfolio returns, to the benefit of investors and their end beneficiaries, consistent with each client's long-term fiduciary interests.

To help drive enhanced shareholder value over the long-term, examples of the outcomes we seek include:

- Governance:** Effective boards overseeing strategy and management to deliver responsible long-term value creation, composed of primarily independent individuals with the required range of skills and experience; the alignment of executive remuneration with the creation of long-term value while paying no more than is necessary to attract, maintain and motivate talent; developing a corporate culture that puts customers first and treats its stakeholders including employees and its supply chain fairly; and the establishment and protection of all material minority investor rights.
- Strategy, risk and communications:** The clear articulation of a company's purpose to deliver long-term value to its customers, wider stakeholders and shareholders, supported by a competitive and sustainable business model and strategy; robust risk management practices to protect long-term value; and transparent, timely disclosures of reliable information sufficient for investors and wider stakeholders to make informed decisions on long-term investment.

Engagement themes for 2026-2028



The implementation of company strategies that will promote long-term returns to investors, which can include (subject to client objectives and directions, as well as fiduciary obligations and jurisdictional legal requirements, in particular for US issuers and US clients), including the following:

- **Climate change:** Limiting greenhouse gas emissions where possible and consistent with local law and regulation, in line with the goals of the Paris Agreement to limit climate change to below 2° C and pursue efforts towards 1.5°C while building resilience to the future physical risks of climate change.
- **Natural resource stewardship:** The sustainable use, protection, preservation, and restoration of natural resources and biodiversity.
- **Circular economy and zero pollution:** Building a more circular economy that avoids waste and controlling pollution of air, land and water to below harmful levels for humans and other living organisms.
- **Human and labour rights:** Respecting all human and labour-related rights linked to a company's operations, products and supply chains.

We seek specific environmental and social outcomes aligned to the delivery of long-term value and the UN's Sustainable Development Goals.

- **Human Capital:** Promoting human capital management to achieve a healthy, skilled, and productive workforce.
- **Wider societal impacts:** Challenging companies and governments to adhere to the highest ethical standards, with zero tolerance of bribery or corruption, responsible approaches to the payment of taxes and seeking positive impacts from products and services while reducing to the extent possible any associated harms.

Achieving long-term enduring wealth creation requires investors to become active owners, fulfilling their stewardship responsibilities by:

- Monitoring companies' performance and identifying the most material issues to be escalated for action.
- Engaging companies in pursuit of meaningful objectives, measuring and reporting on outcomes.
- Exercising shareholder rights, including voting on all relevant shareholdings.
- Integrating stewardship insights into investment decisions.
- Advocating for necessary changes in public policy and market best practices (where possible and consistent with local law and regulation, in particular for US issuers and US clients).



Our engagement plan

Global context and systemic drivers of long-term value

In 2025, Artificial Intelligence (AI) moved firmly into the mainstream of business operations, with over half of global enterprises regularly using AI tools to drive valuable productivity gains. Rapid adoption introduces new risks for companies and the wider system, including rising energy demand, potential job displacement, and heightened exposure to unintended outcomes through systematic bias, data privacy breaches, and cyberattacks.

Geopolitical instability persisted, with the Russia and Ukraine war entering its fourth year and conflicts across the Middle East. Defence spending surged, and as defence equities rallied, investors re-evaluated the ethical and sustainability profile of defence investments.

In 2025, the energy transition continued across much of the world, with renewables accounting for 38% of global energy supply growth² and global EV sales reaching nearly 20% of all car sales.³ On the policy front, the EU Council approved a binding 2040 climate target to cut net GHG emissions by 90%⁴, China announced its first absolute emissions reduction target, a 7–10% cut from peak levels by 2035⁵, and the U.S. rolled back certain clean energy incentives, with state-level initiatives and corporate action left to fill the gap.

At the same time the world continued to experience extreme weather events at an unprecedented scale, reinforcing the need for companies and governments to take action to invest in climate physical risk resilience.

Over the next year, we will continue our focus on the most financially connected drivers of long-term shareholder value creation

Businesses faced a challenging tariff landscape, with average effective tariffs increasing from 2.4% to 11-12%.⁶

While in some certain markets inflationary pressures eased, real wage growth remained sluggish, sustaining a high cost-of-living burden for households.

Given the rising risks and opportunities associated with technological, environmental and societal megatrends, the importance of investor protections, strong governance, and adaptive corporate strategy is greater than ever. In 2026 EOS will continue to engage companies and their boards to navigate these business challenges in line with their fiduciary duties, while working with policymakers and standard setters to ensure risks and opportunities are well-regulated under international best practices.

Over the next year, we will continue our focus on the most financially connected drivers of long-term shareholder value creation, with a focus on four priority themes while varying our approach depending on individual client objectives, fiduciary obligations and the local legal and regulatory requirements in the relevant jurisdictions (in particular for US issuers and US clients):

- **Board effectiveness:** To enhance the quality of board performance, which is foundational to good corporate decision-making and durable financial returns, we continue to look to boards to set their risk appetite to be aligned with the company's strategic goals, including profitable growth. Whilst avoiding a box-ticking approach, we seek improvements to a board's "software" relating to how it functions, in addition to its "hardware" relating to its composition and structure. The board should continuously assess the prevailing company culture to ensure alignment with purpose, strategy and returns on capital employed.
- **The energy transition** and extreme weather: We support companies having a pragmatic approach to climate-related opportunities and risks and related targets.⁷ These actions can reshape capital allocation, seize opportunities to drive revenue growth and

² ETI 2025: How far advanced is the energy transition? | World Economic Forum

³ Key findings – Global Energy Review 2025 – Analysis – IEA

⁴ 2040 climate target: Council agrees its position on a 90% emissions reduction – Consilium

⁵ Assessing China's New Climate Commitments

⁶ Short-Run Effects of 2025 Tariffs So Far | The Budget Lab at Yale

⁷ All stewardship work on the energy transition is subject to careful consideration to ensure that it is aligned to client objectives and directions

mitigate costs associated with risks from the energy transition. Where commercially feasible and subject to local laws and regulations, we seek GHG targets aligned, so far as possible, to the long-term global goals of the Paris Agreement.⁸ We continue to evaluate the credibility of transition plans and encourage disclosure of key policies, innovation, capital expenditures and market dependencies. Specific areas of focus will include engagement with high methane emitting industries associated with the AI ecosystem and all relevant sectors to build resilience to physical climate risks.

Human and labour rights: With rising levels of conflict around the world, we continue to focus on protecting human rights in high-risk regions, helping companies to reduce liabilities and costs from operational and financial risks. We also continue our emphasis on supply chain rights with an elevated risk of forced labour, unsafe working conditions, and value chain financial vulnerabilities. We are increasing the focus on the protection of human rights and related obligations in the virtual world, such as challenges to the right to data privacy and the right to freedom of expression and protection from unfair biases, which the use of AI may amplify, in order to enhance compliance, reduce costs and improve cashflow.

Human capital: Our engagement focus on upskilling and reskilling workers remains, given the likely disruption to jobs through deployment of AI, robotics and the ongoing energy transition. Furthermore, we will maintain our focus on talent management, asking companies to achieve merit-based hiring practices that avoid discrimination and consider an expanded range of metrics of engagement and belonging, boosting productivity, agility and future-proofing of profitability. Health and safety engagement now encompasses new areas including managing heat-stress, psychological safety, and mental wellbeing as

well as actions to halt continuing incidences of sexual harassment.

Nature and biodiversity: As ecosystem degradation and deforestation risks can impair asset values and increase liabilities, we will continue to explore the opportunity for companies to take action across their products, operations and supply chains to halt and reverse biodiversity loss by 2030 in line with the Kunming-Montreal Global Biodiversity Framework⁹ in order to protect against future potential regulatory liabilities, as well as secure supplies and associated costs¹⁰. Given its high impacts and financial dependencies on biodiversity and ecosystem services, food sector retailing and production remains a priority, along with mining and agrochemicals. We will continue to establish and work with global initiatives such as the Rainforest Alliance,¹¹ SPRING¹² and NA100¹³ to bring clarity and financial evidence to engagements with affected companies.

AI and risk management: We will increase our engagement with companies to ensure board oversight of the full range of strategic risks which can influence a company's profitability, cost of capital or investor's financial forecasts and growth expectations. These risks include rising challenges across systemic megatrends including conflicts and wider geopolitical tensions, increasingly frequent and intense weather events, higher and fluctuating barriers to trade, greater risks of cyber-attacks and increased dependency on rapidly evolving technologies. This especially includes AI, where we will engage companies on their strategy to seize the revenue opportunities and manage liabilities associated with unintended consequences of AI deployment, including problematic content on social media, hallucinations and reinforcement of unintended bias, and health and safety impacts on children and youth.

The above represent priorities in the years ahead. However, we maintain a comprehensive engagement plan covering a broad range of other themes, including increasing resource efficiency through the **circular economy**, reducing waste and harmful **pollution**, and seeking positive **wider societal outcomes** in furtherance of the long-term financial interests of the company, through increased corporate responsibility, including responsible tax practices (all consistent with individual client objectives, fiduciary obligations and jurisdictional legal requirements, in particular for US issuers and US clients). While these themes vary significantly by industry, applying our Financial Connectivity™ platform provides a granular and efficient mechanism to clarify the financial accounting linkage for corporate issuers and improve stewardship outcomes. We will also be focusing more time engaging with defence industry companies, given the relative increase in value of this sector in client portfolios following its re-rating in 2025. This will include engagement around novel forms of weapons, such as drones and autonomous weapon systems, as well as technology hardware and software companies who are increasingly critical to the core defence supply chain.

as well as fiduciary obligations and jurisdictional legal requirements, in particular for US issuers and US clients

⁸ The goals of the Paris Agreement can be summarised as to limit climate change to below 2°C and pursue efforts towards 1.5°C

⁹ [Kunming-Montreal Global Biodiversity Framework | UNEP - UN Environment Programme](#)

¹⁰ All stewardship work on the nature and biodiversity is subject to careful consideration to ensure that it is aligned to client objectives and directions,

as well as fiduciary obligations and jurisdictional legal requirements, in particular for US issuers and US clients

¹¹ [Rainforest Alliance | Creating a Better World for People and Nature](#)

¹² [PRI | Spring](#)

¹³ [Nature Action 100 – Supporting greater corporate ambition and action on tackling nature and biodiversity loss](#)

Measuring progress

We seek specific environmental and social outcomes aligned to the delivery of long-term value and the UN's Sustainable Development Goals.

Our four-stage milestone progress system, which we developed in 2010, has since become widely adopted by

the industry. This allows us to track the progress of our engagement, relative to the objectives set for each company. When we set an objective, we also identify the milestones that need to be achieved. Progress is assessed regularly and evaluated against the original engagement proposal.



Consideration of International Frameworks and Goals

The UN's 2030 Agenda outlines 17 goals and 169 targets for global sustainability, adopted by all member states. These goals aim to drive prosperity, economic growth, social progress, and environmental protection. We believe business success and SDG achievement are interconnected: sustainable economies enable businesses to thrive, while businesses play a vital role in advancing the goals.

Our stewardship focuses on creating long-term value, which generally aligns with our engagement work with the SDGs where consistent with individual investment goals

and with local law and regulation (in particular for US issuers and US clients). As no universal SDG reporting standard exists, we have developed our own approach under our Engagement Plan. We link an engagement theme to an SDG when objectives directly support at least one UN target or align with the spirit of the goal, excluding indirect contributions.

We also engage with companies which have been identified as being either in breach or near to breaching international norms and standards including the United Nations Global Compact (UNGC) Principles, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs) and, where feasible, involvement in controversial weapons.



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