

# Public Engagement Report



## **ACCESS ALL AREAS**

**How Asian boards are opening up to dialogue with investors**

**Creating safer digital environments for children**

**Airlines chart a flight path to efficiency**

**Q1 2026**

Welcome to our Public Engagement Report for Q1 2026. In our cover feature this quarter, Haonan Wu and Jaime Gornsztejn examine some of the changes taking place across Asia that are helping investors gain access to independent directors.

While this practice is well established in the UK, EU and North America, it remains relatively underdeveloped in Asia. EOS has been at the forefront of efforts to help change this, through our company engagements and public policy advocacy work. In the article, we track recent developments and explore the benefits of dialogue for investors and companies alike.

In our second feature, Ross Teverson and Navishka Pandit look at growing concerns about the risks that AI and new digital technologies pose to children. With policymakers in some countries introducing or considering bans on social media apps, they explain how companies can create safer digital environments.

Finally, while regulations have sought to increase the use of sustainable aviation fuel, relying solely on this is unlikely to deliver the airline sector's climate goals. In their article, Kenny Tsang and Hannah Heuser outline other practical steps that airlines can take to reduce emissions and improve their profitability.



**Claire Milhench**

Assistant Vice President – Senior Content Creation Manager

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# Engaging on independent director access in Asia

Asian companies are beginning to recognise the value of structured dialogue between independent directors and long-term shareholders. Haonan Wu and Jaime Gornsztejn identify the factors driving this trend, and explain the benefits for all parties.

## Setting the scene

**EOS has been at the forefront of efforts to promote meaningful investor access to independent directors across Asia in recent years. While this practice is well established in governance frameworks in the UK, the EU and North America, it remains relatively underdeveloped in Asia. There, cultural norms and regulatory constraints have traditionally limited direct engagement between investors and boards.**

**This landscape is gradually changing. Corporate governance reforms, enhanced listing rules and the introduction of stewardship codes across key Asian markets are reshaping expectations and encouraging greater transparency. Through our company engagements and public policy advocacy work, we aim to establish investor access to independent directors as a standard component of effective governance. This helps investors to evaluate board oversight of key risks and opportunities beyond management’s perspective, and supports more informed and accountable decision-making.**


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**Haonan Wu**  
Theme: Investor Protection & Rights

Independent directors are expected to represent the interests of all shareholders collectively, ensuring fairness and accountability in board decision-making. One of their key roles is to serve as a bridge between the board and external stakeholders, including investors. They help to ensure that shareholder concerns are understood at board level and that constructive dialogue informs oversight of key business opportunities and risks.

Allowing investors and their representatives to speak to independent directors is critical, enabling them to assess board effectiveness on issues with direct financial implications, including business strategy and risk management. Rigorous oversight of capital allocation helps ensure that investments generate returns above the company’s cost of capital, safeguarding shareholder value. Prioritising projects with compelling return potential optimises the use of resources, minimises the risk of value-destructive capital allocation and enhances balance sheet efficiency.



**Jaime Gornsztejn**  
Theme: Board Effectiveness

The OECD identifies strengthened independent oversight as a central pillar of capital market reform across Asian economies, highlighting its role in enhancing board effectiveness and protecting shareholder interests. Direct dialogue also benefits independent directors by expanding their understanding of external expectations, while complementing internal management discussions. These conversations often lead to actionable improvements, such as enhanced governance structures or strengthened disclosure practices. Directors have welcomed investor insights, ranging from risk management to capital allocation priorities, and taken these back for board-level consideration.

Boards that engage directly with investors are better positioned to anticipate and mitigate emerging risks and seize commercial opportunities, from the energy transition and physical climate-related risk, to cybersecurity gaps. These risks are financially connected and can lead to asset impairments, regulatory penalties or reputational damage if left unaddressed. Enhanced oversight of capital allocation strengthens sustainable growth and improves shareholder returns. In essence, direct investor-director dialogue reinforces board accountability and decision-making, supporting long-term value creation.

Despite these advantages, adoption of investor-director engagement in Asia has been slow. Companies frequently argue that independent directors are “not ready” for such interactions or that direct meetings are unnecessary. Our work aims to challenge this perception by demonstrating the mutual benefits of engagement and aligning market practice with global governance standards.

## Our approach

We combine company-level engagement with public policy advocacy to improve access to independent directors. We prioritise markets where governance reforms are gaining traction, including Japan, South Korea, India and China. Over the past two years, the number of companies granting access to independent directors has significantly expanded, reflecting persistent engagement and supportive regulatory trends.



**Independent directors increasingly acknowledge the value of hearing from long-term shareholders directly.**

## Japan

Japan has undergone significant corporate governance reform in recent years, setting the pace for the broader Asian region. Updates to the corporate governance code and new prime market listing rules have strengthened board structures and encouraged companies to appoint more independent directors. As a result, independent directors have assumed a more influential role in board deliberations, consistent with the governance code expectations.

We have been actively involved in discussions with regulators and listing bodies, including through the Asian Corporate Governance Association (ACGA) Japan working group, where we advocate for constructive dialogue between independent directors and investors. In 2025, we engaged with independent directors at 11 Japanese companies, up from six in 2024.

We have worked closely with leading companies such as Sony to promote regular, meaningful dialogue between independent directors and investors. Our ongoing engagement has led to constructive discussions on board diversity, risk oversight, capital allocation and broader governance priorities. Independent directors increasingly acknowledge the value of hearing from long-term shareholders directly.

At Sony, we have maintained sustained dialogue with the board chair and audit committee chair, discussing strategic priorities and risk management. Our meeting with the audit committee chair covered governance of the spin off of Sony’s financial services arm, wider governance expectations and geopolitical risks. We welcomed progress in board independence and information security oversight while encouraging deeper independent director involvement and improved disclosures.

In 2025, we met the newly-elected board chair to discuss board effectiveness, corporate strategy, AI-related child safety, director incentives and human capital management. We acknowledged Sony's current governance foundations and encouraged greater transparency, strengthened safeguards and continued alignment with shareholder expectations.

We have also engaged with an independent director at Toyota Motor. After requesting a meeting with an independent director for several years, we had a one-to-one discussion in 2025. The director described evolving board practices, alignment of director skills with strategic challenges and improvements in board effectiveness. We communicated our views on best practice in relation to capital allocation, board independence and governance standards. While more Japanese companies are now open to investor-director meetings, securing access remains challenging in the financial sector.

 **South Korea**

Recent progress on governance reforms in South Korea has been significant, supported by regulatory reforms and a marked shift in corporate culture. Amendments to the Commercial Act expanded directors' fiduciary duties to all shareholders, reinforcing aspirations for stronger independent oversight. The government's Value Up Programme has also encouraged more shareholder-friendly practices, increasing transparency and accountability across the market.

Independent director engagement is especially important in family-controlled *chaebol* groups, where concentrated ownership heightens the need for independent oversight. This helps to ensure that directors act in the interests of all shareholders, and supports long-term value creation.

Our advocacy helped to establish regular investor-director meetings at Samsung Group, creating a structured forum for discussing governance reforms and sustainability priorities. We began by meeting the chair of Samsung Electronics in 2023 through ACGA, initiating discussions on board composition and effectiveness. We acknowledged early



improvements while encouraging greater independence and diversity as the board worked to deepen business understanding and strengthen its skillset.

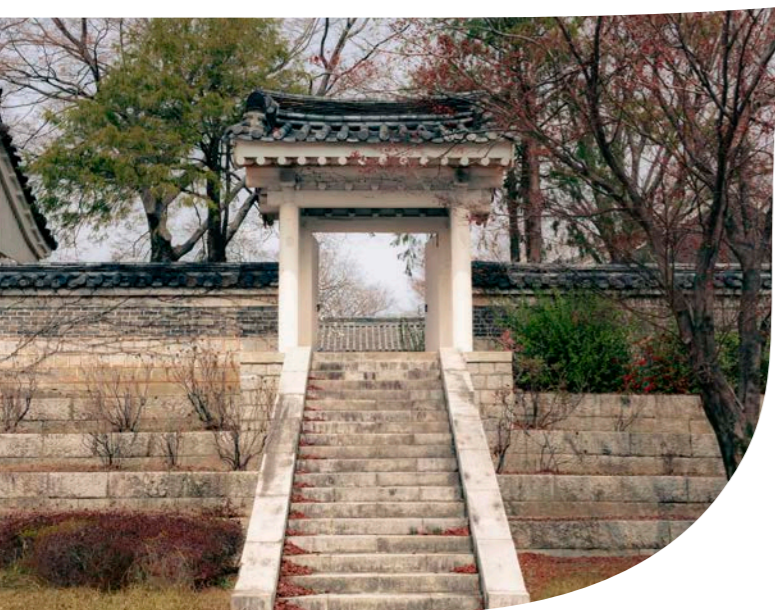
Our 2024 discussions focused on director capabilities, the role of the controlling shareholder and the board's ability to provide robust challenge. While recognising progress, we raised concerns about gaps in independent director experience and sought greater clarity on the executive chair's influence.

By 2025, discussions had expanded to include strategy, capital allocation and cultural transformation. We noted progress in the company's semiconductor turnaround and certain improvements to incentive structures, while continuing to highlight concerns about director expertise and the unclear accountability surrounding executive chair JY Lee.

Financial institutions have also embraced this governance shift. Shinhan Financial Group and KB Financial Group now invite investors to scheduled meetings with their independent chairs, signalling a significant cultural transition. At Shinhan, we met the chair to discuss board effectiveness and the company's persistent undervaluation. The chair emphasised strong board oversight but acknowledged public scepticism towards non-executive directors, outlining steps to strengthen internal controls and streamline committee responsibilities.

At KB Financial we engaged with board and executive committee members on shareholder returns, remuneration and board effectiveness. While we recognised the progress made in strategic alignment and regulatory openness, we raised concerns about the limited business experience among independent directors, and encouraged further strengthening of board capabilities.

Japan and South Korea illustrate a broader regional trend in which rising shareholder expectations and growing activism place independent directors under greater scrutiny. These developments underscore the importance of robust stewardship, accountability and meaningful engagement between boards and long-term investors.



 **China**

Progress in China remains gradual as companies continue to show caution in granting investors direct access to independent directors. Cultural sensitivities, regulatory constraints and deep-rooted governance practices continue to shape resistance. Nevertheless, incremental progress is emerging through new policy frameworks and bilateral engagement, supported by the introduction of stewardship guidelines and enhanced governance codes.

Recent regulatory reforms across the region have further reshaped expectations. Revised listing rules in mainland China significantly strengthened the responsibilities of independent directors as part of broader transparency reforms. Hong Kong's major listing rule revisions, which came into effect on 1 July 2025, increased the emphasis on governance structures and incentive clarity.

Against this evolving backdrop, we have ongoing engagements with independent directors at leading companies. In 2025, we met an independent director of one of China's large technology companies to discuss AI and data governance, regulatory fragmentation, board oversight and geopolitical risks. They described the company's approach to AI risk management, investment in board training and cross-jurisdictional regulatory challenges.

They also acknowledged concerns about AI-driven job displacement, long director tenures and the need for clearer roles among board committees. We shared best practice guidance on transparency, AI "no go" zones and the potential introduction of a lead independent director role, which they viewed as a potentially viable option.

At Hon Hai Precision Industry, we held two in-person meetings with the independent director and senior executives. We noted improved sustainability governance, planned

enhancements in board diversity, strengthened geopolitical risk management, progress on green energy sourcing and advances in AI-related cybersecurity.

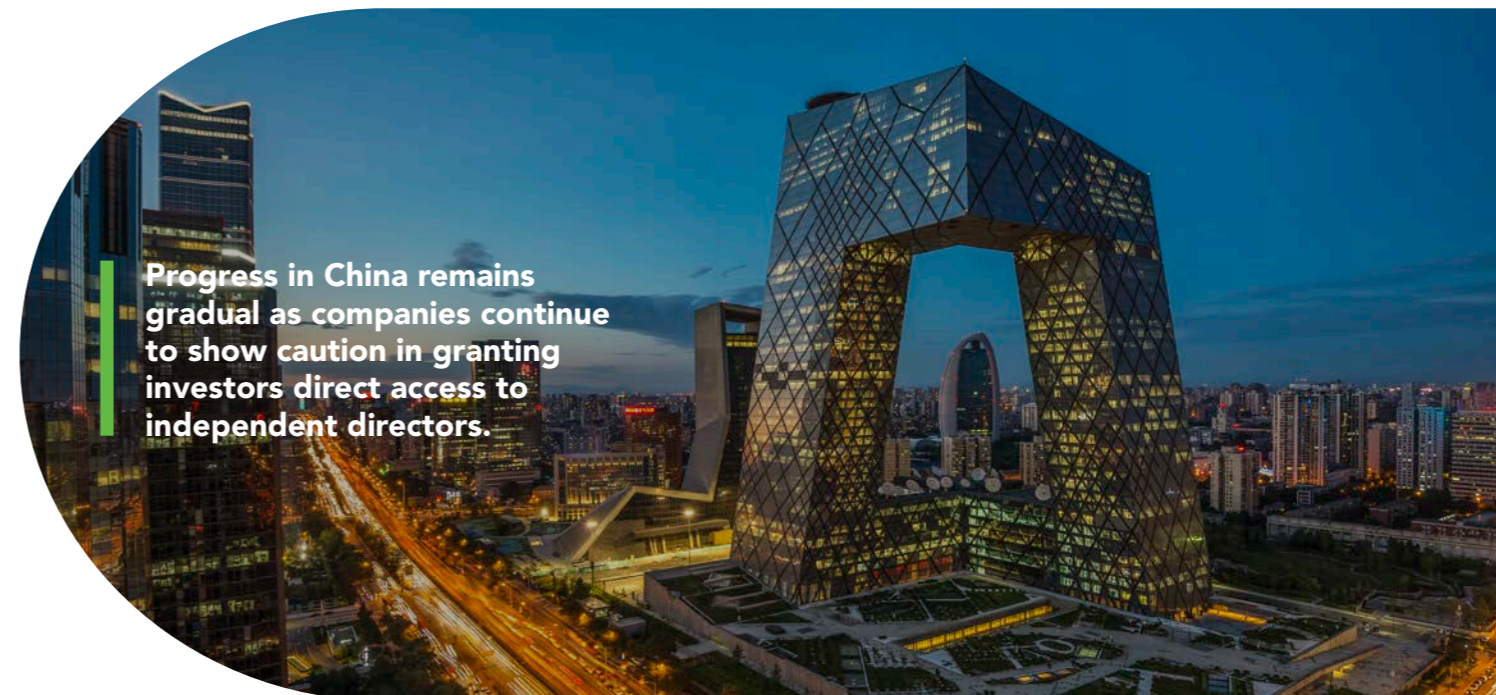
**As regulatory reforms advance and more companies embrace transparency, we expect independent director access to become a standard feature of investor stewardship in Asia.**

A subsequent discussion focused on human capital management, where we observed a shift towards workforce upskilling, strengthened human rights oversight and improved labour conditions in emerging markets. These developments are supported by broader improvements to the company's governance framework.

We have also engaged with the independent director at China BlueChemical in 2025, continuing our advocacy for wider adoption of investor-director dialogue to support transparent governance practices.

**Towards better performance outcomes**

Access to independent directors in Asia is gaining momentum, although challenges remain. Cultural norms, regulatory constraints and varying levels of director preparedness for investor engagement continue to impede adoption. We are committed to advocating for expanded access through direct company engagement and public policy dialogue, demonstrating the benefits for governance quality and financial performance. As regulatory reforms advance and more companies embrace transparency, we expect independent director access to become a standard feature of investor stewardship in Asia, enhancing outcomes for boards, shareholders and the economy as a whole.



**Progress in China remains gradual as companies continue to show caution in granting investors direct access to independent directors.**

# Mitigating AI risks to children



Artificial intelligence is being rolled out at pace, but regulators are one step behind. Children and young people are among the most vulnerable users of this new technology. Ross Teverson and Navishka Pandit outline the key risks, and ways to mitigate them.

## Setting the scene

Artificial intelligence (AI) and digital technologies are reshaping industries and societies at an unprecedented pace. Worldwide spending on AI-enabled applications, infrastructure, and related services is forecast to more than double by 2028, reaching US\$632bn.<sup>1</sup> This surge underscores the financial materiality of AI for companies across sectors. However, alongside the numerous opportunities, there are significant financial and social risks, particularly those concerning children.

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**Ross Teverson**  
Theme: Human and Labour Rights



**Navishka Pandit**  
Theme: Climate Change

Australia's recent decision to ban social media apps for under-16s reflects a growing alarm about the way digital technology has infiltrated children's lives. Globally, one in three internet users is underaged,<sup>2</sup> making children a substantial user base for digital platforms and AI-enabled services. But companies that fail to address the risks to children face reputational damage, regulatory penalties, and potential litigation.

In recent years, policymakers have attempted to grapple with these risks, with the UK's Online Safety Act and the EU's AI Act imposing stringent obligations on companies to protect minors online. In the EU, non-compliance can result in fines of up to 7% of global annual revenue,<sup>3</sup> while in the US, several lawsuits have been filed by parents against companies such as OpenAI and Character.AI, alleging that their chatbots contributed to minors' suicides and self-harm.<sup>4</sup> These developments highlight why safeguarding children in digital environments is not only a moral imperative but also a material financial issue for companies.

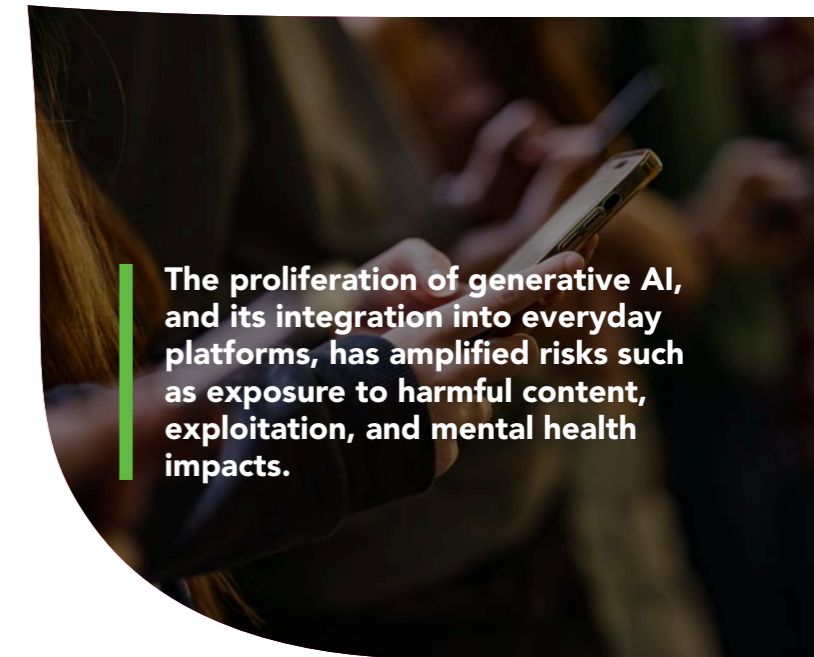
## Our engagement approach

Our guidance for how companies should develop and deploy AI and digital services is grounded in the EOS Digital Governance Principles (2025).<sup>5</sup> This document emphasises prioritising children and young people when addressing the potential negative societal impacts of technology.

The EOS Digital Governance Principles expand on earlier guidelines, which encouraged companies to adopt safety-by-design measures, including enhanced privacy protections. They also encourage limiting the collection of data, and refraining from profiling underaged users without compelling reasons and safeguards. The document stresses that companies should promote child-safe AI in the development and deployment of AI models. It also suggests that risks to child users should be tested and considered on an ongoing basis after deployment. These principles reflect growing regulatory and investor scrutiny of how companies manage risks to children in digital environments.

To strengthen our approach, EOS has collaborated with Dr Nomisha Kurian of the University of Warwick, a leading academic on child-safe AI. Dr Kurian's research highlights the "empathy gap" in large language models (LLMs) – their inability to understand real-world context, which can lead to harmful outcomes for children. Our partnership has informed engagement strategies, ensuring that companies consider child safety by design and implement robust monitoring and reporting mechanisms.

EOS has engaged on digital rights for over a decade, but during the last 12 months we have intensified our efforts on child-safe AI. The proliferation of generative AI, and its integration into everyday platforms, has amplified risks such as exposure to harmful content, exploitation, and mental health impacts. Public awareness and regulatory action have surged, making this a priority area for investors and companies alike. As part of our collaboration with Dr Kurian, we have engaged with companies in the US, China, and Japan to understand their approaches and what they consider to be good practice, while encouraging ongoing efforts to protect children online, and when interacting with AI.



The proliferation of generative AI, and its integration into everyday platforms, has amplified risks such as exposure to harmful content, exploitation, and mental health impacts.

## Apple

Apple is a global technology leader, best known for its iPhones, iPads, and App Store ecosystem. Children interact with Apple's AI-enabled features through Siri, app recommendations, and parental control tools. We have been engaging with Apple on child impacts since 2018, initially focusing on its response to concerns about device addiction and its development of measures to help users manage screen time.

In July 2025, we held a dedicated meeting with Apple's online safety counsel to discuss child safety and AI. We acknowledged its commitment to child safety by design, which prioritises safeguards in product development rather than relying solely on parental controls. The company is also innovating in technical safeguards at the device level, with classifiers and a communication safety Application Programming Interface (API) that embeds parental approvals and nudity detection into everyday tools such as FaceTime.

Engagement topic	Potential outcomes	Long-term financial impacts
<b>Content governance and moderation</b>	Safer digital environments for children, reduced exposure to harmful or age-inappropriate material	<ul style="list-style-type: none"> <li>Enhanced trust amongst policymakers, parents and child users, supporting platform engagement, brand value and long-term revenue stability</li> </ul>
<b>User consent</b>	Clear consent pathways, age-appropriate user journeys	<ul style="list-style-type: none"> <li>More likely to maintain access to younger user markets as regulations, including data protection rules, tighten</li> </ul>
<b>Privacy and data rights</b>	Protecting children's data through minimisation, strict access controls and privacy-by-default design	<ul style="list-style-type: none"> <li>Reduced exposure to costly litigation, regulatory scrutiny and compliance failures</li> </ul>
<b>Device and platform addiction risks</b>	Address dependencies created by certain design features, better mental health outcomes for young users and parental empowerment	<ul style="list-style-type: none"> <li>Reduced costs associated with rushed retrofitting or regulatory enforcement</li> </ul>

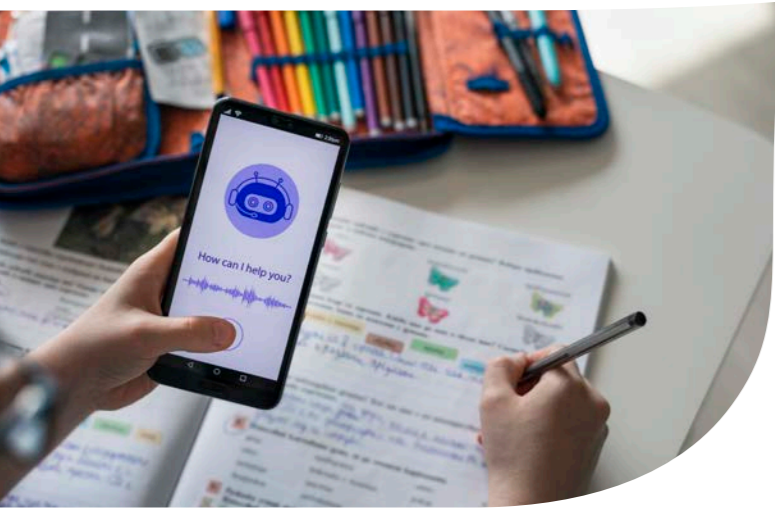
<sup>1</sup> Worldwide Spending on Artificial Intelligence Forecast to Reach \$632 Billion in 2028. According to a New IDC Spending Guide

<sup>2</sup> Creating a better Internet for kids | Shaping Europe's digital future

<sup>3</sup> Article 99: Penalties | EU Artificial Intelligence Act

<sup>4</sup> Chatbot-related harm | COUNSEL | The Magazine of the Bar of England and Wales

<sup>5</sup> <https://www.hermes-investment.com/uploads/2025/04/22447fb9628e69c9dc1c13559cf64c4f/2025-eos-digital-gov-principles.pdf>



**Meta**

Meta, the parent company of Facebook, Instagram, and WhatsApp, has a vast global user base, which includes millions of minors. AI is used as part of its content recommendation systems, advertising algorithms, and moderation tools. We have been engaging with Meta on improving practices to mitigate harms caused by social media use to vulnerable groups, including children and teens, since 2022.

In 2025, we held a constructive discussion with members of Meta’s corporate legal team on child safety and AI. The discussion focused on recent steps to mandate parental permission for setting changes and encouraged further transparency.

**Baidu**

Baidu operates China’s leading search engine and provides AI-driven services, including chatbots. These offerings are increasingly accessible to younger users. In June 2025, we spoke to Baidu’s ESG team about its approach to protecting children online. The discussion focused on Baidu’s initiatives to ensure that AI-enabled products incorporate safety-by-design principles and comply with emerging regulations. It is developing a child-friendly version of its chatbot, introducing bias reduction measures, and watermarking AI-generated videos to promote accountability. Recognising the challenges posed by generative AI, the company also offers training to schools and parents to help children identify misinformation and use AI responsibly.

**Kuaishou**

Kuaishou is a major Chinese social media and video-sharing platform, popular among younger audiences for short-form content and live streaming. Its AI-generated content (AIGC) tools, such as the Kling product, potentially raise risks for minors on the Kuaishou platform, particularly regarding the type of content they might consume. The company has taken steps to address these, providing a ‘minor mode’, which redirects children to a dedicated interface designed for younger audiences.

Our engagement with Kuaishou explored how it could build long-term trust through transparency and robust safeguards. It is already integrating operational enforcement with welfare protections, including time-of-day restrictions, location display blocking, rapid suicide-prevention escalation to police, and financial safeguards, such as refund mechanisms if children send money to content creators.

**Weibo**

Weibo is a leading Chinese social media platform, widely used by teenagers for content sharing and interaction. Its AI-driven recommendation systems and moderation tools shape user experiences. In August 2025, we followed up on measures to protect minors, welcoming actions such as debunking 140,000 pieces of misinformation and prioritising minor protection as a core user concern. The company is building systemic protections by synchronising ‘minor mode’ across devices, limiting children to only whitelisted content and accounts, and pre-empting regulatory changes with mandatory AI labelling.

**LY Corp**

LY Corp, which was formed through the merger of Line and Yahoo Japan, operates messaging and digital services, including Yahoo! Kids. In August 2025, we met the company’s ESG, AI ethics, and child-focused services teams to discuss child safety in AI deployment. LY Corp collaborates with child safety experts and engages in child-centred participatory design practices. It also leverages its long-standing child-focused platform to combine safe search and prompt filtering with forward-looking ideas such as child consultation agents. This signals a shift beyond protection to include support.

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**Emerging innovations**

Innovation	Description	Relevance to child safety
<b>AI-powered age assurance</b>	AI-driven age estimation and verification systems, including facial-analysis tools used by major platforms, are expanding. This is due to tightening global regulations such as the UK Online Safety Act, the US Kids Online Safety Act, app-store accountability laws and Australia’s under-16 social media restrictions. These systems use machine-learning models to infer age with high accuracy without storing biometric data long term.	Supports platforms in reliably distinguishing minors from adults, reducing the risk of children accessing harmful content.
<b>Principle-driven ‘constitutional’ AI alignment</b>	Instead of relying only on rule-based filters or ad hoc interventions, developers increasingly train models to reason about safety, ethics and user wellbeing. Many companies now adopt structured value frameworks that encourage honesty, empathy, caution and non-manipulation.	Helps AI models generalise safer behaviour and avoid harmful or manipulative responses to children. This is increasingly important as advanced chatbots may exhibit deceptive compliance to maximise engagement. Risks such as this strengthen the case for robust, principled alignment frameworks that reduce the risk of unsafe behaviour reaching minors.
<b>Deepfake detection and child sexual abuse material (CSAM) prevention tools</b>	Advances in forensic deepfake detection, including multimodal analysis and specialised CSAM-detection tools, respond to the surge in AI-generated abuse material. Government and research collaborations, for example the UK Home Office and Alan Turing Institute deepfake detection challenge, are accelerating scalable solutions.	UN agencies report that offenders use AI to tailor grooming strategies and create synthetic child sexual abuse content, making these detection systems critical for protecting minors.
<b>Regulator-driven age-appropriate design</b>	Binding design frameworks such as the UK Age-Appropriate Design Code, California and Maryland Kids’ Codes, Australia’s under-16 social-media restrictions and the Institute of Electrical and Electronics Engineers age-verification standards require companies to embed child-safe defaults in product design.	Ensures that children are protected at a structural level. These frameworks minimise profiling, reduce data collection, disable geolocation, enforce age segmentation and limit exposure to harmful algorithmic pathways, providing systemic protection.

**Key takeaways**

While these companies are taking steps to address risks to children, and share some common elements of safety-by-design and risk management, their approaches differ in important ways. Western firms, such as Apple, lean on technical content filtering and tend to take a privacy-first approach, while Asian firms typically embed regulatory-driven minor modes with strict age verification and segregation of child users.

Amongst Chinese companies, there appears to be strong alignment with state-level initiatives and significant stakeholder engagement with educational institutions and parents. While all these companies frame parents as gatekeepers, Chinese companies appear to go further than others in empowering them.

**Areas of focus for ongoing engagement**

We will continue encouraging companies to:

- Adopt child safety-by-design in AI development and deployment
- Conduct ongoing risk assessments for AI tools used by children
- Disclose content moderation processes and enforcement actions
- Engage with external experts and civil society, including parents, educational institutions and young users themselves, to strengthen safeguards

Additionally, we will consider whether evolving best practice in certain markets can inform our expectations for companies operating elsewhere. We are also looking at how companies might address the risks presented by the increasing role of chatbots, which is a complex, nascent, and little-understood domain, with potential benefits, but also emotional dependence and exploitation risks.

**Outlook**

It is increasingly important for companies to address AI-related child safety concerns, given the mounting risks. Not only can non-compliance with relevant laws result in severe financial penalties, but public trust is critical for platforms frequented by children. Failures can lead to brand impairment and user attrition. Conversely, companies that embed child-safe AI principles can strengthen their social licence to operate and enhance long-term value creation. EOS will continue to advocate for robust governance, transparency, and accountability, ensuring that companies prioritise the safety and wellbeing of young users in an increasingly digital world.

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# Efficiency at altitude


Relying solely on sustainable aviation fuel won't deliver the airline sector's climate goals. Hannah Heuser and Kenny Tsang outline other practical steps that airlines can take to reduce emissions and improve profitability.

## Setting the scene


Air transport demand is projected to grow by an average of 4.3% per annum over the next 20 years,<sup>1</sup> and already accounts for 2-3% of global carbon dioxide emissions.<sup>2</sup> In response, regulators are tightening emissions requirements. Airlines flying within the EU have been part of the EU's Emissions Trading Scheme (ETS) since 2012 and the ReFuelEU policy package mandates a sustainable aviation fuel (SAF) blend starting at 2% from 2025.<sup>3</sup> The UK is rolling out its own SAF requirement, Brazil has introduced domestic emissions reduction and China is requiring availability on certain routes.

The global Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) requires airlines to buy carbon credits to balance out any increase in emissions from international flights above 2020 levels. For airlines and investors, this means emissions are a core cost and compliance driver. Although the scheme is currently voluntary for participating states, it will become mandatory for nearly all International Civil Aviation Organization member states from 2027, tightening compliance obligations for airlines.

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**Hannah Heuser**  
Theme co-lead: Climate Change



**Kenny Tsang**  
Theme: Human and Labour Rights

Demand for flights bounced back sharply after the pandemic and remains on an upward trajectory, but uptake of sustainable aviation fuel (SAF) has failed to keep pace. This poses a problem for airlines under pressure to cut their carbon emissions, and for policymakers. While regulations have sought to increase SAF use, relying on SAF alone to curb carbon emissions is neither realistic nor cost-optimal.

We outlined the challenges with SAF in our article on low-emissions fuels, published in the EOS Q1 2025 *Public Engagement Report*.<sup>4</sup> These include limited infrastructure development and production capacity, lengthy and complex certification processes, feedstock availability issues, and regulatory misalignment.

<sup>1</sup> <https://www.gaa.aero/en/industry-outlook/>  
<sup>2</sup> <https://www.iea.org/energy-system/transport/aviation>  
<sup>3</sup> [https://transport.ec.europa.eu/transport-modes/air/environment/refueeu-aviation\\_en](https://transport.ec.europa.eu/transport-modes/air/environment/refueeu-aviation_en)  
<sup>4</sup> EOS Public Engagement Report

Some of these challenges were discussed at a Q4 2025 public policy engagement meeting that we attended with EU regulators, an aviation association, several international airlines and a SAF producer. Participants argued that European SAF adoption is hindered by unfair pricing, opaque surcharges, and limited infrastructure access controlled by dominant suppliers.

Airlines face significant compliance fees under the ReFuelEU policy package, and lack transparency or sustainability documentation, reducing their ability to claim SAF benefits. High costs, market distortions, and infrastructure barriers deter new suppliers and early investment. Participants saw an urgent need for policy reform, transparency, and defining standards on infrastructure access to support the development of a market for SAF.

As aviation fuel makes up 25-30% of an airline's operating costs,<sup>5</sup> every percentage point of fuel saved helps to improve operating margins, while also reducing exposure to carbon pricing under emissions trading schemes and CORSIA. There are several ways for airlines to reduce their fuel consumption, which range from the technological to the operational, all of which will help to reduce costs and ultimately increase profitability.

## Ground operations

Ground operations are a material component of total aviation sector emissions. Airlines can cut emissions and fuel costs by switching to electric ground support equipment (eGSE) and improving the way that aircraft taxi to and from the runway. Although eGSE requires higher upfront capex, its lower energy use, reduced maintenance requirements, and longer equipment lifespans make it an increasingly attractive choice for airports and airlines seeking to improve their emissions, fuel and cost efficiency.

Meanwhile, something as simple as single-engine taxiing (SET), which involves using only one engine while aircraft are on the ground, can cut fuel use and emissions by at least 7-14%.<sup>6</sup> It also reduces the wear on engines and brakes, as lower volumes of dust and debris are sucked in, and less

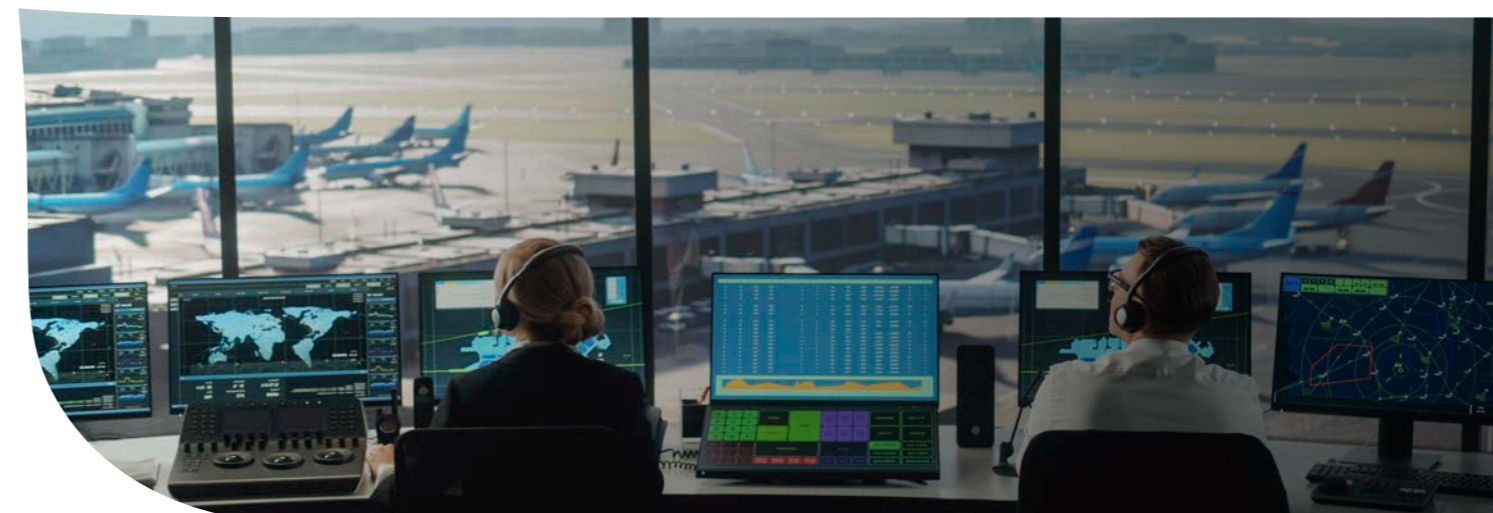


braking is required. SET is therefore a relatively simple change that can deliver environmental benefits and meaningful fuel savings.

Finally, real-time data and artificial intelligence-assisted surface management to optimise pushback times, taxi routing, and gate allocation can deliver 2-5% of fuel savings across airline operations by reducing idling time and taxiway congestion.<sup>7</sup> Financially, these methods reduce fuel operating expenses and carbon-cost outflows and extend the life of aircraft components, with paybacks that are typically shorter than airframe capex cycles.

## Engine testing

Post-maintenance engine testing is a small slice of total emissions, but advanced digital simulation and electric test rigs can trim fuel consumption, cut direct emissions and extend engine lifecycles by reducing the number of test cycles required. At fleet scale, the cumulative effect reduces fuel and maintenance costs and improves asset turnover due to reduced aircraft downtime.



<sup>5</sup> <https://www.iata.org/en/publications/newsletters/iata-knowledge-hub/fuel-efficiency-in-aviation-why-it-matters-more-than-ever/>  
<sup>6</sup> [The impact of single engine taxiing on aircraft fuel consumption and pollutant emissions | The Aeronautical Journal | Cambridge Core](https://www.aerospacemagazine.com/news/the-impact-of-single-engine-taxiing-on-aircraft-fuel-consumption-and-pollutant-emissions/)  
<sup>7</sup> [How Big Data And AI Help Reduce Airline Fuel Consumption And Lower Emissions](https://www.aerospacemagazine.com/news/how-big-data-and-ai-help-reduce-airline-fuel-consumption-and-lower-emissions/)

### Optimising flight paths

Modern flight path optimisation combines dynamic aircraft-performance models with environmental inputs such as wind speed, temperature, and airspace constraints to find the best path available. Research shows that actual routes flown across the mid-North Atlantic are typically several hundred kilometres longer than the fuel-optimised paths, with some air navigation still reliant on ground station waypoints to help air traffic control space out aircraft.<sup>8</sup> Route optimisation, leveraging satellite coverage and GPS positioning, could yield 6.7 million kg of CO<sub>2</sub> emissions savings across the winter period of each year alone.<sup>9</sup> Selecting altitudes and trajectories that exploit tailwinds and avoid headwinds could reduce global flight costs by 5%.<sup>10</sup>

The same optimisation approach can target contrail avoidance through small vertical or lateral adjustments that bypass ice-supersaturated layers. Contrails are estimated to drive 1-2% of anthropogenic warming,<sup>11</sup> and a small fraction of flights account for most contrail-related warming. For airlines making this change it means an immediate climate-impact reduction, strengthening their social licence to operate, and their resilience to tightening regulation.

**Companies should consider how their current capital allocation decisions will shape the future aviation landscape and their own longer term competitiveness.**

### Speed control

By dynamically adjusting aircraft cruising speeds based on real-time traffic and weather data, airlines can avoid inefficient holding patterns and reduce fuel burn. Slight reductions in cruising speed reduce drag, save fuel and improve schedule reliability when integrated with broader traffic-flow management. The financial effect is twofold in that less fuel is burned, and there are fewer delays disrupting crew and aircraft rotations.

### Fleet renewal

While fleet renewal investments are significant for airlines, they can help to reduce operational costs over the longer term. Modern aircraft consume up to 25%<sup>12</sup> less fuel than the models they replace, thanks to advances in aerodynamics, lighter materials, and more efficient engines. Airlines renewing 85% of their fleet have been shown to achieve a 16% reduction in CO<sub>2</sub> emissions.<sup>13</sup>



However, not all retired aircraft are then used for parts or recycled. Aeroplanes that are not immediately sold or leased may be stored in aircraft boneyards, where they are preserved for future use or sale. Older operational aircraft are typically sold to smaller or budget airlines, especially in developing markets where upfront cost is a key factor.

### Disruptive technologies

Beyond these shorter-term efficiency gains, companies should consider how their current capital allocation decisions will shape the future aviation landscape and their own longer-term competitiveness. Given the longevity of aircraft, investing in a new kerosene-powered fleet could pose a stranded asset risk as electrification and hydrogen technologies for the aviation sector develop. Chinese battery producer CATL and aerospace manufacturer Comac are investing billions in research and development annually, aiming to launch an electric plane with a range of up to 3,000km in the next three to four years.<sup>14</sup>

Finally, as regulation to curb emissions tightens, airlines should look to the future rather than rely solely on marginal advancements in legacy technologies. For example, they could collaborate with aircraft suppliers to develop new propulsion technologies and engines to exploit competitive advantages and avoid losing market share to potential new entrants.

### Our engagements

Airlines are aware of the limitations of SAF and are exploring many of the other options described above. In our engagement with the chair of Lufthansa, he reiterated the challenges with SAF and said that fuel burn is the number one

lever the airline is employing in pursuit of its environmental goals. He highlighted the role of engine producers in developing breakthrough technologies that will help the sector. In recognition of this, the board's ESG committee is being revamped as the innovation, technology, and sustainability committee. The company is also aiming to strengthen the board's AI skills and experience to reflect AI's increasing role within ground operations and flight path optimisation.

Airbus's detailed transition plan shows five levers for achieving its emissions targets, including technology improvements and fostering air traffic management efficiency improvements. The roadmap sets out its key dependencies and how the company is working to overcome these, while investments include a major project to develop a hydrogen aircraft. Delivering the transition plan will help to mitigate transition risks while aligning technology investments with the growing market demand for fuel-efficient aircraft.

At air transportation services company ANA, we engaged with the executive president and chief sustainability officer, and a pilot to understand how operational decisions are made at the point of execution. Pilots remain the ultimate decision-makers on fuel uplift, routing and other real-time choices in the cockpit. But the company has begun to embed environmental considerations in pilot evaluation processes. It is also promoting "green procedures," and using data-driven feedback to encourage adoption. We welcomed this direction and asked the company to formalise these measures within training and flight-simulation modules to drive consistent uptake. The company acknowledged that many of the manoeuvres are straightforward and currently shared as best practice.



**Airbus's detailed transition plan shows five levers for achieving its emissions targets, including technology improvements and fostering air traffic management efficiency improvements.**

### Outlook

It is increasingly important for airlines to address efficiency and emissions reduction through operational levers as demand grows and regulation tightens. Non-compliance and an overreliance on SAF could increase costs and the risk of asset stranding, eroding margins and strategic flexibility. Conversely, making some of the changes we have outlined might help to reduce emissions, and fuel and compliance costs. We will continue to advocate for robust transition plans that prioritise near-term efficiency gains, while also supporting next-generation propulsion development.

### Engagement themes for the aviation sector

Industry	Engagement theme	Drivers of long-term value <sup>15</sup>
<b>Aerospace &amp; Defence</b>	Climate Opportunities	There is potential long-term downstream demand from aircraft operators for planes that can run on SAF and electricity. This will require R&D, capex, and new supplier relationships.
<b>Aerospace &amp; Defence</b>	Greenhouse Gas Emissions	There is more immediate downstream demand from aircraft operators for more efficient aircraft. As operators turn over their fleets, the emissions and efficiency profile of aerospace products could be a critical decision point. Keeping pace with these standards will require additional R&D and capex.
<b>Transportation (Air Travel)</b>	Greenhouse Gas Emissions	Aircraft operators and airports face regulatory mandates to reduce emissions and improve the efficiency of their operating activities. Pursuing these ends will require R&D, capex, expense structure changes, and partnerships. The result will be lower operating costs and exposure to global regulatory regimes.
<b>Energy</b>	Climate Opportunities	Energy firms have regulatory and customer-driven tailwinds that are driving further production of SAF. To increase production and realise this revenue opportunity, these companies will have to incur R&D expenses, capex, and changes to operating expenses.

Source: Federated Hermes.  
Table compiled by Luke Fleisch, ESG Analyst, FHI  
<sup>15</sup> Non-company specific drivers of long-term value

<sup>8</sup> <https://www.flightradar24.com/blog/aviation-explainer-series/flight-paths-and-great-circles-why-are-great-circles-the-shortest-flight-path/#:~:text=As%20aircraft%20fly%2C%20they%20pass%20over%20ground,able%20to%20fly%20more%20direct%20flight%20paths.>

<sup>9</sup> Reducing transatlantic flight emissions by fuel-optimised routing

<sup>10</sup> journal-ok\_1\_.pdf

<sup>11</sup> How can the UK lead the way on contrail avoidance? | Aerospace Technology Institute

<sup>12</sup> <https://theflyingengineer.com/most-fuel-efficient-airlines/>

<sup>13</sup> IATA - CO2 Connect Brings Transparency to Airlines' Decarbonization Efforts

<sup>14</sup> Awaiting take-off - Carbon Tracker Initiative



# Company engagement highlights

A selection of short company case studies highlighting areas where we have completed objectives or can demonstrate significant progress.

## Overview

**Our approach to engagement is holistic and wide-ranging. Discussions range across many key business strategy and risk management areas, including environmental, social and structural governance (ESG) issues. In many cases, there is minimal external impetus for the business to change. Therefore, much of our work is focused on encouraging management to make improvements that we believe are necessary for the company to achieve improved financial performance, and long-term shareholder value.**

**Most of our successes stem from our ability to see things from the perspective of the business with which we are engaging. Presenting issues such as board effectiveness or human rights as risks to the company's strategic positioning puts things solidly into context for management. These short company case studies highlight areas where we have completed objectives or can demonstrate significant progress, following several years of engagement.**

## DZ Bank

**Engagement theme: Greenhouse gas emissions reduction**  
**Lead engager: Will Farrell**



DZ Bank is the second largest bank in Germany and serves as the central institution for about 700 cooperative banks. The bank could face emerging credit risks on its balance sheet (including impaired loans and reduced profitability) and financing opportunities as its customers, some of which are in energy-intensive sectors, navigate the energy transition.

We regularly met with the bank's sustainability, risk management, and investor relations teams between 2021 and 2025. We engaged the bank on the merits of developing a strategy to manage climate risks and capture climate opportunities, including setting a net-zero target and interim financed emissions targets.

### Changes at the company and next steps

In 2023, DZ Bank committed to aligning its loan book with 1.5°C and net zero.<sup>1</sup> Additionally, the bank stated that it would manage climate-related financial risks through Paris Agreement-aligned sector-level financed emissions targets in its core portfolio, initially addressing electricity utilities, automotives, steel, cement, and aviation.<sup>2</sup>

By 2025, the bank had expanded its targets to include commercial and residential real estate, chemicals, oil and gas, and shipping, explicitly stating that these have been

<sup>1</sup> 2022 Sustainability Report  
<sup>2</sup> Ibid.

developed to converge with a 1.5°C pathway by 2050.<sup>3</sup> Since 2023, the bank has also set annual targets on renewable energy financing, the latest being €7.9bn for 2026.<sup>4</sup>

The setting of financed emissions targets should support the bank's optimisation of credit risks associated with climate change, bolstering profitability. It should also guide the strategic development of financing solutions that capture energy transition opportunities, increasing market share and revenues. We will endeavour to monitor the company's progress against these goals and how it develops its integration of financially-material sustainability considerations within its lending decision-making.

## Inner Mongolia Yili Industrial Group

**Engagement theme: Deforestation and conversion-free commitment**  
**Lead engager: Sonya Likhtman**



Inner Mongolia Yili Industrial Group (Yili) is China's largest dairy producer, manufacturing and selling products such as liquid milk, milk powder, yoghurt, ice cream, and cheese. Since 2022, we have engaged with the company on nature and climate-related risks. Effective management of these risks could help the company avoid the higher costs associated with supply chain disruptions, and support revenue growth in markets with evolving regulatory expectations. In 2022, Yili committed to carbon neutrality by 2050. We identified deforestation and land conversion as critical risks to long-term value, particularly through the sourcing of soy-based animal feed.

In 2024, we discussed sustainability governance and supply chain oversight through Nature Action 100 and in a meeting with the sustainability team in Beijing. We emphasised the importance of a deforestation and conversion-free policy to mitigate potential reputational, regulatory and operational risks, which could affect access to international markets and financing.

In 2025, we had a productive meeting in Beijing with the sustainability lead and investor relations team, followed by a site visit to Yili's production facilities in Inner Mongolia. We explored the approach to internal engagement on deforestation, learned about the board's involvement, and discussed initial thinking about the company's implementation strategy. We suggested the need for closer involvement from the procurement team.

### Changes at the company and next steps

In 2024, Yili announced a commitment to achieving deforestation and conversion-free sourcing by 2030 and in 2025, Yili issued a corresponding sustainable palm oil responsible procurement policy. This should help to reduce exposure to nature-related risks that might lead to higher input costs if insufficiently managed, and strengthen its competitive position in global dairy markets, potentially supporting long-term revenue growth. At the meeting in Beijing in 2025, we gained reassurance about the board's involvement in oversight of the deforestation commitment.

<sup>3</sup> 2024 Sustainability Report  
<sup>4</sup> DZ Bank Group Sustainability 2025 Presentation



In the second half of 2025, we continued engaging with the company directly and through Nature Action 100, including discussing its new five-year sustainability strategy. We plan to continue engagement on the implementation of Yili's deforestation commitment, especially the company's approach to supplier engagement, traceability and monitoring frameworks, alongside other nature-related risks and opportunities.

## Telefónica

**Engagement theme: Board effectiveness**  
**Lead engager: Tsitsi Griffiths**



Telefónica is a global telecommunications operator networks provider. We began engaging on board effectiveness in 2017 when female representation on the board was at 18%. Increased diversity is a driver of innovation and competitive advantage in the telecommunications sector, which can support stronger cash flows and financial performance. The company's board had recognised this and approved a global policy on this issue.


In 2018, we had an in-person meeting with the company at its headquarters in Madrid to discuss the initiatives being undertaken to increase female representation at the board level and across the organisation. Despite the company's policy, there had been little progress at the board level, and we informed Telefónica that we would like to see a credible plan to increase female representation on the supervisory board. We met regularly with the company to discuss its progress.

### Changes at the company and next steps

In subsequent years, the company increased the number of female directors on the board, with women comprising 40% of board members in December 2023. Despite other board changes in 2025, including the appointment of a new lead independent director (LID), Telefónica has conclusively maintained its 40%<sup>5</sup> female representation at board level.

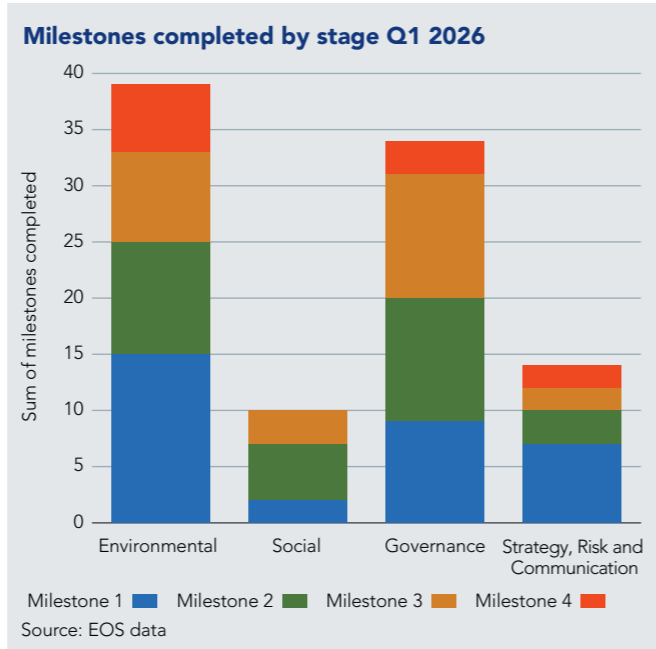
The changes should increase the variety of views at board meetings, and consequently the quality of debate. They may also support the company's financial performance, via improved revenues and profit margins by promoting better talent management across the workforce. Telefónica has said that it will next focus on increasing gender representation at the senior leadership level, and has stated that it is on track to reach its targets for 2027 and 2030. We plan to continue monitoring the company's progress on gender representation across all levels of the organisation.

**Yaoko**  
**Engagement theme: Talent management**  
**Lead engager: Shoa Hiroساتo**



Yaoko is a supermarket chain operator in Japan. Improving access to broader talent pools through enhanced gender representation in the workforce is a key concern amongst Japanese companies. We have been engaging with the company on this issue since 2018 and recognise that Yaoko has made some improvements in recent years. These include initiatives such as a newly-established talent development division, and pilots of stores where all the managers and senior staff are women.

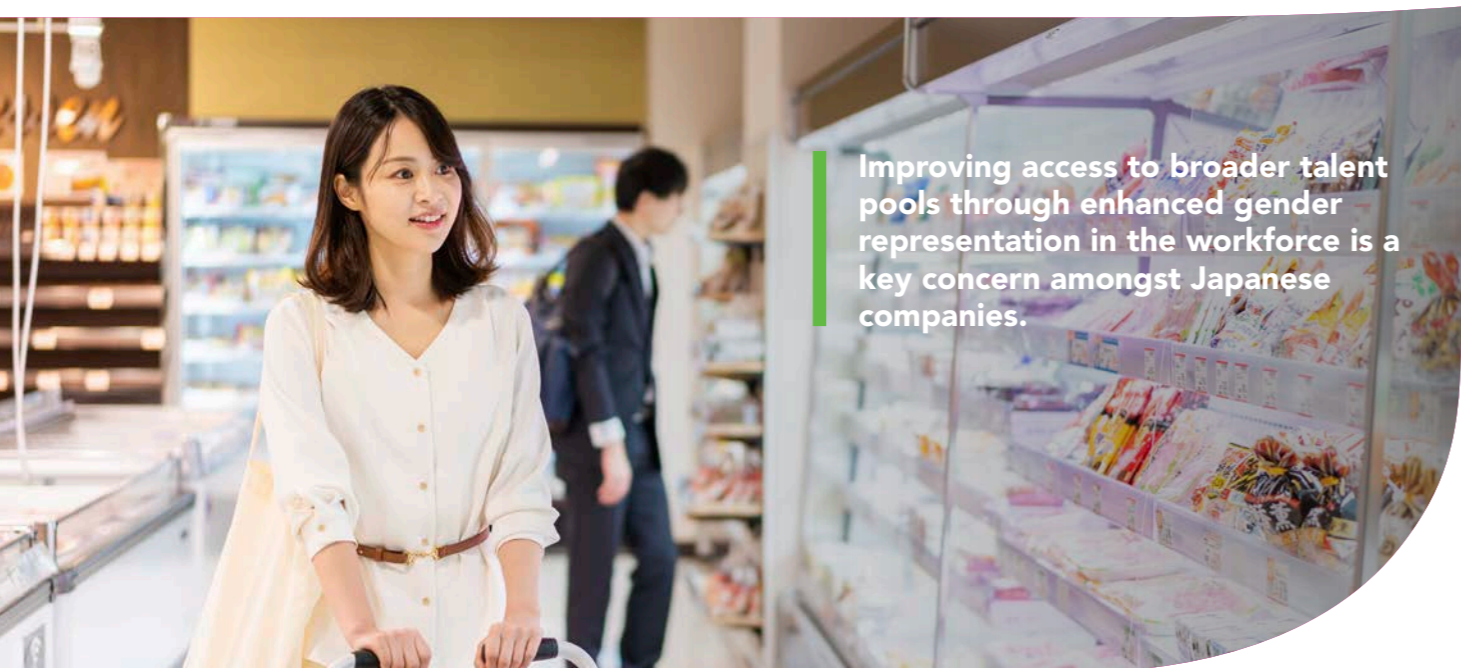
However, over the period FY2019 to FY2023 there was limited improvement in the number of female managers. After regular meetings with the investor relations team for several years, in 2024 we stepped up our engagement with a letter addressed to the board chair, in conjunction with our fund manager colleagues. We then met with a female independent director at Yaoko and discussed our concerns and expectations.



**Changes at the company and next steps**

In 2024 the company raised its 2030 targets for female managers to 20%. This is still somewhat below our preferred baseline of 30%, but it is more than double the previous target. Yaoko is also trying to increase the level of female deputy store managers and boost women's skills and confidence in store, while raising its paternity leave uptake target to 85%. The company also agreed to consider an additional female board director.

If Yaoko can improve its recruitment and retention of women, then this provides an opportunity to access deeper pools of talent and increase cognitive diversity, which could lead to improved performance overall. To recognise the company's progress, we supported the elections of all directors in 2024.




# Public policy and best practice

EOS contributes to the development of policy and best practice on corporate governance, sustainability and shareholder rights to protect and enhance the value of its clients' investments over the long term.

**Overview**

**We participate in debates on public policy matters to protect and enhance value for our clients by improving shareholder rights and boosting protection for minority shareholders.**

**This work extends across company law, which in many markets sets a basic foundation for shareholder rights; securities laws, which frame the operation of the markets and ensure that value creation is reflected for shareholders; and codes of best practice for governance and the management of key risks, as well as disclosure.**

**In addition to this work on a country specific basis, we address regulations with a global remit. Investment institutions are typically absent from public policy debates, even though they can have a profound impact on shareholder value. EOS seeks to fill this gap.**

**By playing a full role in shaping these standards, we can ensure that they work in the interests of shareholders instead of being moulded to the narrow interests of other market participants, which may differ markedly – particularly those of companies, lawyers and accounting firms, which tend to be more active than investors in these debates.**

**Global Investor Commission on Mining 2030 discussion**

**Lead engager: Tsitsi Griffiths**

We participated in the Global Investor Mining Commission 2030 discussion to explore its 10-year vision and recommendations for the mining sector. The dialogue addressed emerging challenges such as the growing demand for critical minerals. These are often located in areas with indigenous communities, sensitive ecosystems, water stress, or fragile governance structures. The Commission also talked about the implications of a dynamic geopolitical landscape, and increased expectations and scrutiny of the mining sector's impact on sustainable development.

The Commission emphasised that responsible mining practices can boost growth and attract investment. Currently, many investors and asset managers have underweighted the sector in their portfolios, perceiving elevated risks. Despite these concerns, mining remains a significant driver of economic development, and parts of the industry have made notable progress in embedding best practices.

However, barriers to investment persist, including long project lead times, high capital requirements, exposure to volatile commodity prices, and market dynamics that favour low-cost operators while offering limited premiums for responsibly sourced minerals. Historical practices also influence investor perceptions, while responsible operations are not consistently rewarded through licensing or purchasing decisions.

The Commission's 10-year vision is to foster a mining industry that meets global demand while operating to high performance standards, minimising harm and creating lasting value for communities. This vision includes strengthening local economies, improving infrastructure, and generating opportunities that extend beyond the life of various mines. To achieve this, the Commission has launched a public consultation and intends to integrate stakeholder feedback. It also plans to publish investor expectations for mining companies and others in the value chain. Its final vision and set of recommendations will be informed by consultation outcomes. We plan to participate in the consultation.

### Proposed amendments to the EU's 2035 fleet emissions regulation

#### Lead engager: Justin Bazalgette

Following the publication of draft amendments to the 2035 EU CO2 emissions regulation, we wrote to senior European Commission leaders to urge the swift adoption of the proposed EU automotive package. We emphasised its importance for long-term value creation and the resilience of the European automotive transition.

We said that investors rely on clear, credible and investable policy signals to support prudent capital allocation across the automotive value chain. We stressed that the sector's decarbonisation is essential for managing systemic climate-related financial risks, noting that road transport accounts for 19% of EU CO2 emissions. Expanding the share of zero-emission vehicles is one of the most effective levers for alignment with Europe's climate objectives.

We underlined that stable and ambitious regulation is foundational for scaling investment into clean mobility, strengthening supply chain resilience, and maintaining European competitiveness. Recent momentum in electric vehicle adoption, with EVs and plug-in hybrids representing more than 26% of EU new car registrations in 2025, demonstrates strong market traction. We welcomed the Commission's progress on stricter CO2 standards, broader model availability and the EU Grids Package, while cautioning that policy delays or dilution could undermine capital intensive investment decisions.

We encouraged legislators to enact the package without delay, particularly the proposed tailpipe CO2 reduction target of at least 90% by 2035, with updated emissions accounting methods for plug-in hybrids, and clear limits on emissions compensation mechanisms. We also supported mandatory clean corporate fleet targets, given their material influence on demand. We emphasised that these measures provide the clarity and predictability that investors require to steward companies effectively and support an economically sustainable and just transition.

We concluded by stressing that Europe's industrial competitiveness, supply chain resilience and ability to attract long-term capital depend on credible and forward-looking policy. Therefore, we urged co-legislators to reach a timely agreement and ensure robust implementation.

### Response to FAIRR annual survey

#### Lead engager: Ming Yang

We submitted our response to FAIRR's annual investor member survey, outlining our increased focus on financial connectivity and public policy engagements. We encouraged FAIRR to support this direction by tailoring engagement materials, such as research and investor letters, to highlight the financial relevance of key themes.

We provided feedback that more knowledge-sharing on climate would be valuable, particularly on methane management in the agriculture sector. We noted the importance of examining pathways to scale alternative proteins despite slowing market momentum and cultural-social complexities, and encouraged FAIRR to consider how it could amplify practical insights on transition challenges and investment implications.

We encouraged FAIRR to expand its policy work on nature and biodiversity, and increase opportunities for collaborative consultation. We also requested greater thematic expertise on oceans and stronger evidence demonstrating how regenerative agriculture transitions are delivering improved economic and environmental outcomes.

### IIGCC oil and gas working group meeting

#### Lead engager: Will Farrell

We chaired the quarter's meeting for the Institutional Investors Group on Climate Change (IIGCC) oil and gas working group. We led a discussion of the oil and gas outlook for company engagements in 2026, including reflections on key climate opportunities, such as carbon capture, the credibility of LNG forecasts, and the importance of effective board governance around final investment decisions (FID).

The Institute for Energy Economics and Financial Analysis (IEEFA) presented its latest LNG research on Europe and Asia, highlighting the EU's elevated attention on energy independence rather than LNG imports to shore up energy security. In Asia, the institute highlighted the risks it perceives to be building in companies' forecasts for significant LNG demand increases, which are used to justify FIDs.

For example, its analysis found that Asian LNG demand contracted in 2025, while a global gas turbine shortage jeopardises a large proportion of LNG-to-power assets expected to be built over the next few years. It also cited the emergence of competitor technologies, such as the demand for electric trucks in China replacing demand for LNG trucks.

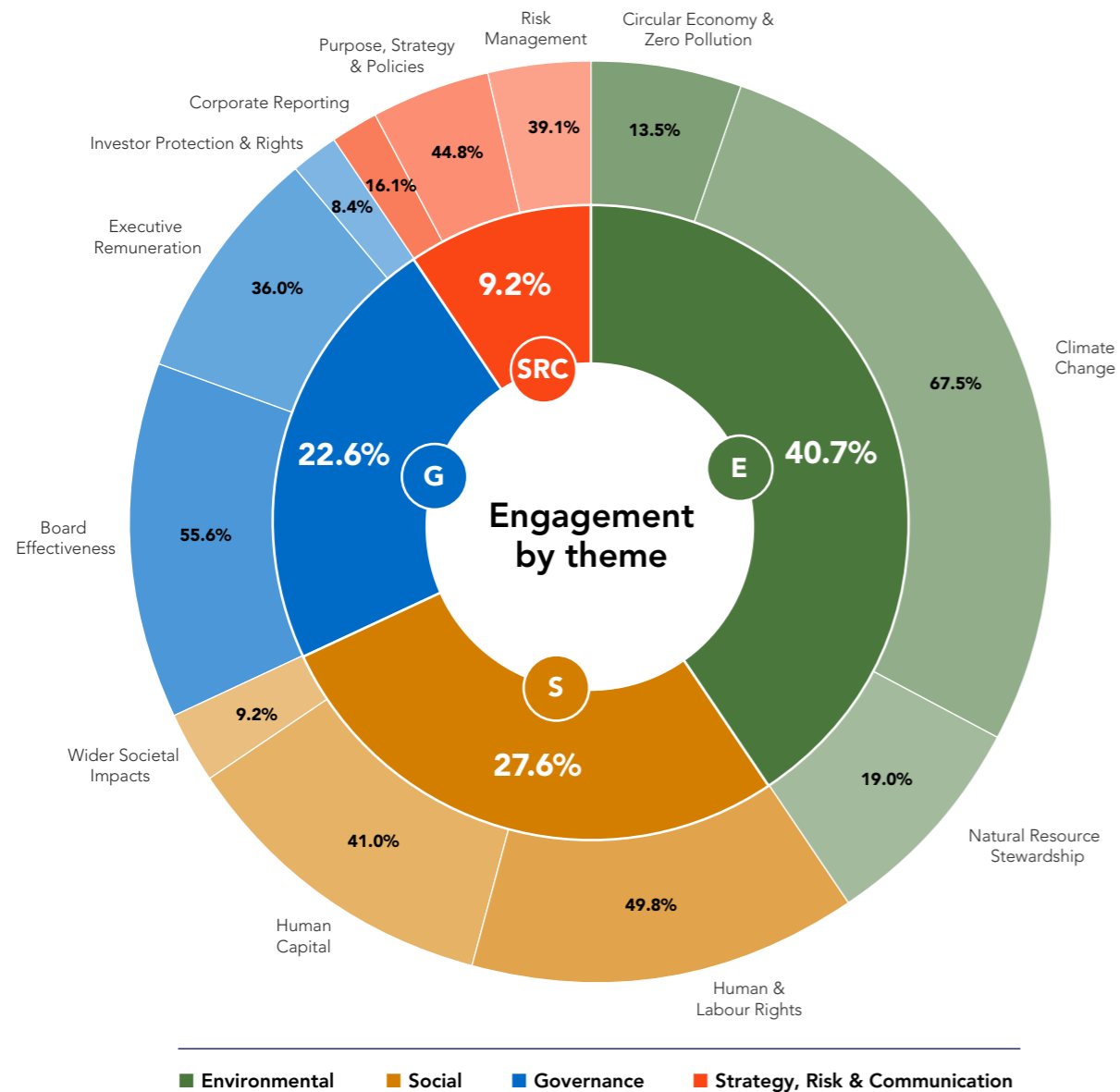
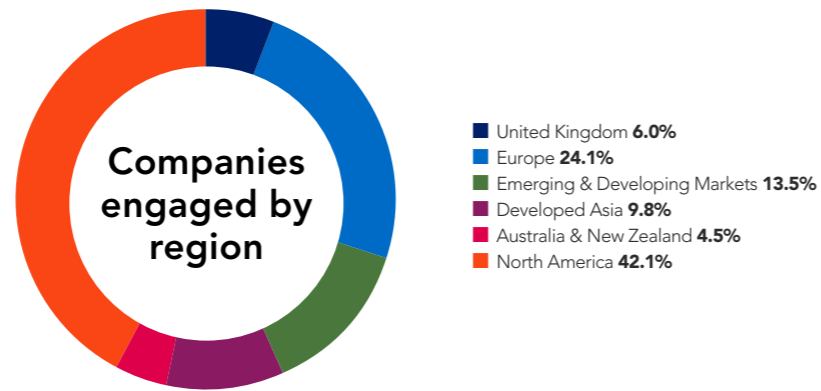


# Engagement and voting



### Engagement by region

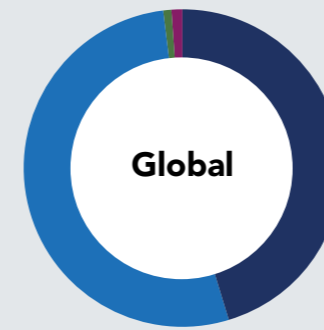
Over the last quarter we engaged with 266 companies on 947 environmental, social, governance and business strategy issues and objectives. Our holistic approach to engagement means that we typically engage with companies on more than one topic simultaneously.



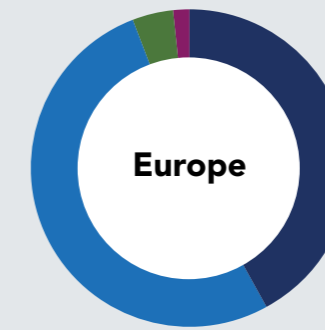
Source: EOS data.

### Voting overview

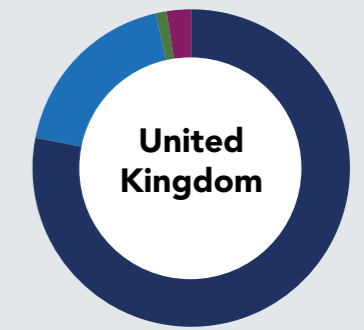
Over the last quarter we implemented our clients' vote policies at 1,686 meetings (14,810 resolutions). Votes were instructed opposing one or more resolutions at 892 meetings, supporting management by exception at 17 meetings, abstaining at 14 meetings and supporting management on all resolutions at the remaining 763 meetings.



Votes were instructed at **1,686** meetings (**14,810** resolutions) over the last quarter.



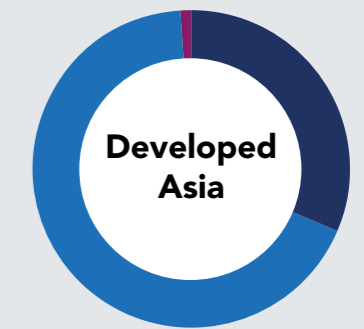
Votes were instructed at **195** meetings (**3,164** resolutions) over the last quarter.



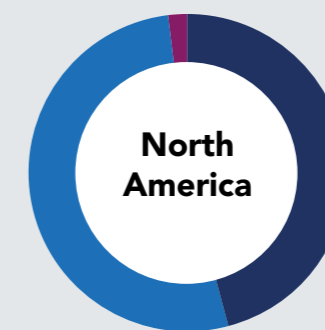
Votes were instructed at **83** meetings (**859** resolutions) over the last quarter.



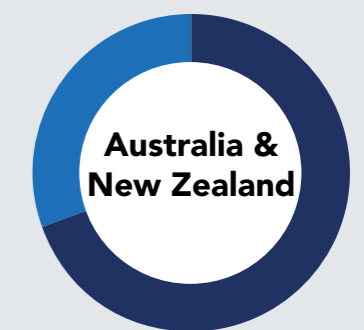
Votes were instructed at **720** meetings (**4,869** resolutions) over the last quarter.



Votes were instructed at **433** meetings (**4,158** resolutions) over the last quarter.



Votes were instructed at **222** meetings (**1,623** resolutions) over the last quarter.



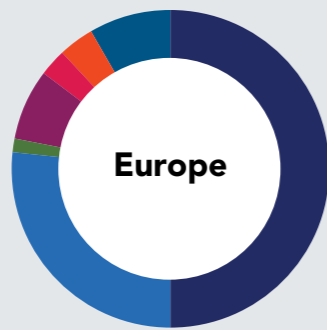
Votes were instructed at **33** meetings (**137** resolutions) over the last quarter.

The issues on which votes were instructed against management or abstaining on resolutions are shown below.



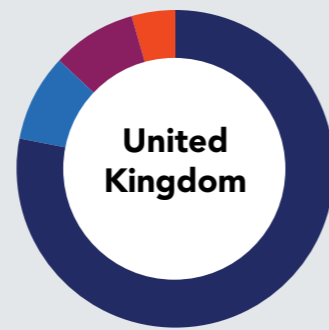
Votes were instructed against or abstaining on **2,875** resolutions over the last quarter.

- Board structure **48.4%**
- Remuneration **18.9%**
- Shareholder resolution **3.9%**
- Capital structure and dividends **4.9%**
- Amend articles **14.5%**
- Audit and accounts **4.1%**
- Investment/M&A **0.3%**
- Poison pill/Anti-takeover device **0.1%**
- Other **4.8%**



Votes were instructed against or abstaining on **597** resolutions over the last quarter.

- Board structure **50.1%**
- Remuneration **26.9%**
- Shareholder resolution **1.3%**
- Capital structure and dividends **7.2%**
- Amend articles **2.8%**
- Audit and accounts **3.6%**
- Other **8.2%**



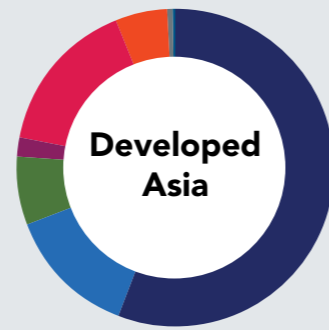
Votes were instructed against or abstaining on **28** resolutions over the last quarter.

- Board structure **78.3%**
- Remuneration **8.7%**
- Capital structure and dividends **8.7%**
- Audit and accounts **4.3%**



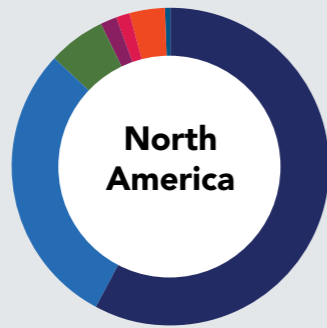
Votes were instructed against or abstaining on **1,126** resolutions over the last quarter.

- Board structure **41.6%**
- Remuneration **16.1%**
- Shareholder resolution **2.9%**
- Capital structure and dividends **6.5%**
- Amend articles **21.0%**
- Audit and accounts **3.6%**
- Investment/M&A **0.7%**
- Other **7.6%**



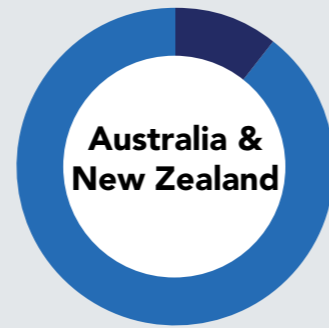
Votes were instructed against or abstaining on **731** resolutions over the last quarter.

- Board structure **56.0%**
- Remuneration **13.4%**
- Shareholder resolution **6.8%**
- Capital structure and dividends **2.2%**
- Amend articles **15.7%**
- Audit and accounts **5.4%**
- Poison pill/Anti-takeover device **0.4%**
- Other **0.1%**



Votes were instructed against or abstaining on **362** resolutions over the last quarter.

- Board structure **57.8%**
- Remuneration **29.1%**
- Shareholder resolution **6.0%**
- Capital structure and dividends **1.5%**
- Amend articles **1.5%**
- Audit and accounts **3.5%**
- Other **0.5%**



Votes were instructed against or abstaining on **31** resolutions over the last quarter.

- Board structure **10.7%**
- Remuneration **89.3%**

# The EOS approach to engagement

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 maximising shareholder value over the long term, in our clients' portfolios.

**Our company and policy engagement objectives complement each other by seeking to enhance the performance of individual holdings, whilst addressing systemic opportunities and risks to the economy that are likely to affect long-term returns for broadly diversified asset owners.**

Our Engagement Plan is client-led. We undertake a formal consultation process with multiple client touchpoints each year to ensure that the Plan is based on their long-term objectives and covers their highest-priority topics.

## Our services



## Engagement

We engage with companies in our clients' portfolios using a constructive, objectives-driven and continuous dialogue. 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.

## Voting

We offer an intelligent voting service, covering listed equity holdings in all markets and indices. Each EOS client adopts a voting policy that represents their own beliefs and supports their investment objectives. Each EOS client acts independently when exercising their voting rights. EOS takes an engagement-led approach, where possible, when implementing each client's voting policy. Votes are tailored to the individual company's circumstances, with clients retaining the ability to vote how they wish.

A dynamic three-tier framework guides the implementation of each of our clients' voting policies – country-specific policies, our EOS regional corporate governance principles, and our overarching global voting guidelines. These ensure that our clients' votes account for regional differences, cultural norms and the relevant stage of the stewardship journey, so that the rationale for each vote is understood by the company.

## Public policy and market best practice

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, more sustainably. In addition, we often contribute to industry collaborations such as the PRI, enabling us to increase the reach of our work on behalf of clients.

## 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. This enables our clients to see where risks may arise in their portfolios, and to review any company responses to these based on our engagement insights where possible.

## Advisory

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



# EOS team

## Engagement



**Leon Kamhi**  
Head of Responsibility and EOS



**Dana Barnes**  
Sectors: Chemicals, Oil & Gas, Utilities



**Justin Bazalgette**  
Sectors: Consumer Goods, Industrial & Capital Goods, Transportation



**Joanne Beatty**  
Sectors: Chemicals, Defence, Industrial & Capital Goods, Transportation



**George Clark**  
Voting and Engagement Support



**George Daghli**  
Sectors: Chemicals, Oil & Gas, Utilities



**Emily DeMasi**  
Sectors: Financial Services, Pharmaceuticals & Healthcare



**Bruce Duguid**  
Head of Stewardship, EOS



**Elissa El Moufti**  
Sectors: Financial Services, Mining & Materials, Oil & Gas



**Will Farrell**  
Sectors: Utilities, Chemicals, Financial Services



**Diana Glassman**  
Sectors: Technology, Oil & Gas, Financial Services



**Trey Goff**  
Sectors: Retail & Consumer Services, Financial Services, Technology



**Jaime Gornsztejn**  
Sector: Mining & Materials



**Tsi-tsi Griffiths**  
Sector: Chemicals, Oil & Gas



**Hannah Heuser**  
Sectors: Mining & Materials, Transport, Financial Services, Industrial & Capital Goods



**Ellie Higgins**  
Sectors: Pharmaceuticals & Healthcare, Defence, Retail & Consumer Services



**Shoa Hirotsato**  
Sectors: Transportation, Financial Services, Utilities



**Lisa Lange**  
Sector: Pharmaceuticals & Healthcare, Consumer Goods



**Sonya Likhtman**  
Sectors: Transportation, Consumer Goods, Financial Services



**Earl McKenzie**  
Voting and Engagement Support



**Claire Milhench**  
Communications & Content



**James O'Halloran**  
Director of Business Management, EOS



**Navishka Pandit**  
Sectors: Financial Services, Technology, Consumer Goods



**Xinyu Pei**  
Sectors: Oil & Gas, Utilities, Mining & Materials



**Nick Pelosi**  
Sectors: Mining & Materials, Financial Services, Technology



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



**Velika Talyarkhan**  
Sectors: Utilities, Consumer Goods, Retail & Consumer Services



**Ross Teverson**  
Sectors: Retail & Consumer Services, Technology



**Kenny Tsang**  
Sector: Consumer Goods, Retail & Consumer Services, Technology



**Judi Tseng**  
Sectors: Financial Services, Technology



**Mark Turner**  
Voting and Engagement Support



**Haonan Wu**  
Sectors: Chemicals, Transportation, Retail & Consumer Services



**Michael Yamoah**  
Sectors: Technology, Oil & Gas, Utilities, Financial Services



**Ming Yang**  
Sectors: Consumer Goods, Pharmaceuticals & Healthcare

## Client Service and Business Development



**Mike Wills**  
Head of Client Service and Business Development, EOS



**Diego Anton**  
Client Service



**Amy D'Eugenio**  
Sustainability Director



**Jonathan Lance**  
Client Service



**Alice Musto**  
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**Julia Schimmelmann**  
Client Service



**Carina Pennati**  
Client Service

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

### Our investment and stewardship capabilities:

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

### Why EOS?

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

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