

June 24, 2025

The Honorable Paul Atkins
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E. Washington, D.C. 20549

Re: Executive Compensation Disclosure Comments, File No. 4-855

Dear Chairman Atkins:

EOS at Federated Hermes Limited is a leading stewardship provider advising on \$2.1 trillion USD of assets on behalf of global institutional investors as of March 31, 2025.¹ We provide corporate engagement services and voting recommendations with the objective of supporting our clients to be active owners, seeking to enhance long-term risk adjusted returns of issuers and create value for investors consistent with applicable fiduciary duties and client objectives. In this letter, we will address some of the questions raised on SEC remuneration disclosure requirements with this objective in mind.

We believe that well-structured remuneration can provide the opportunity for a positive influence on the delivery of business success and plays an important role in aligning the interests of management and its shareholders. In our view, this can be done most effectively using simple and transparent remuneration structures which are tailored to companies' individual contexts. However, many remuneration structures and related disclosure requirements have become increasingly complex, while often failing to illustrate the connection between pay and performance. We welcome the SEC's efforts to improve remuneration disclosure requirements to facilitate trust and more effective dialogue between companies and their shareholders about pay while lessening the burden on both parties.

Specifically, we advocate for the following:

- Reduced prescriptiveness for pay versus performance: We are supportive of requirements for companies to describe the relationship between pay and performance

¹ EOS at Federated Hermes Limited is a trade name used by Hermes Equity Ownership Services Limited, which is a wholly owned subsidiary of London-based Federated Hermes Limited. The views expressed in this letter are those of EOS at Federated Hermes Limited and may not reflect the views of its affiliated companies, including Federated Hermes, Inc., or all of EOS at Federated Hermes Limited's or its affiliates' clients.

in their remuneration disclosures. However, present-day SEC remuneration disclosure requirements are often too boilerplate in nature to reveal genuine insight or generate productive dialogue with management and at board level. Reducing prescriptiveness for how these requirements are fulfilled could provide an opportunity for both companies and shareholders, so long as transparency on underlying metrics is maintained to support comparisons over time and between peers. Allowing companies to disclose on pay versus performance in a manner more suited to their individual contexts and the nuances of their remuneration structures could help shareholders understand pay from the point of view of the compensation committee and lead to more productive dialogue. This should still be accompanied by public access to principal data so that shareholders can form their own perspectives.

- Increased flexibility for workforce considerations: The SEC requirement for disclosure of the CEO to median employee pay ratio does not appear to have played a material role in compensation committee discussions, investor decision-making, or the rapid rate of increase in executive pay relative to that of the wider workforce.² Large pay disparities between executives and the workforce could contribute to system-level risks that are more difficult for universal owners to diversify out of, so shareholders need more information to assess these disparities and associated risks. We encourage a more flexible requirement for companies to reflect how the compensation committee considers the appropriateness of executive pay relative to their employees in its own way, rather than one relying on a specified metric.
- Consolidation of related disclosure requirements: With some adjustments, there is an opportunity to consolidate related SEC remuneration disclosure requirements to improve continuity and reduce the length of proxy statements without resulting in any significant decrease in transparency. For example, compensation actually paid could be added into the summary compensation table, and combining the tables for outstanding equity awards with options exercised and stock vested could give shareholders an uninterrupted view of awards throughout their lifecycle.

In addition to these suggestions, we would like to express our support for the recent implementation of mandatory clawback provisions, as they serve to bolster leadership accountability and increase alignment with the goal of long-term value creation. We welcome

² [Economic Policy Institute](#)

the voluntary actions of companies to implement more holistic policies and encourage the SEC to continue to explore similar mechanisms in the future.

We also support continuation of the existing SEC requirements for the disclosure of perquisites. Though decisions regarding perquisites are less scrutinized by shareholders in today's market environment, there is still value in reasonable disclosure to ensure accountability and value for shareholders, particularly in cases where cost appears excessive.

We are encouraged by the commitment of companies, shareholders, and the SEC to improve remuneration disclosures and look forward to continuing this dialogue in the future.

Yours sincerely, on behalf of our clients,

Velika Talyarkhan

Director, Engagement

Ellie Higgins

Assistant Manager, Engagement