

Gender Pay Report 2021

The Federated Hermes Pledge

I pledge to fulfill, to the best of my ability and judgment and in accordance with my role, this covenant:

I will act ethically, responsibly and with integrity.

I will put the interests of our clients first, consistent with our fiduciary responsibilities.

I will encourage responsible behaviour in the firms in which we invest and on which we engage.

I will act with consideration for our community and the environment both now and in the future. I will encourage others to do the same.

I will work with industry colleagues and other key stakeholders to develop and improve our industry's contribution to society.

I will treat my clients, my colleagues and all other stakeholders with dignity and respect and as I would wish to be treated.

I will deal with our regulators in an open, co-operative and timely way.

I will communicate clearly and honestly with all parties inside and outside our firm.

I will manage conflicts of interest fairly between all parties.

Introducing this Gender Pay Report, I am struck with conflicting emotions. The bare numbers in the report make for less than satisfactory reading with our gender pay gap numbers widening.

However, this belies a lot of hard work and progress during 2020 and throughout 2021, of which I am very proud, to address both our gender pay gap and females representation in the firm.

I have written previously in these reports that the only way we will achieve meaningful positive change is by having structures in place that really address how we attract, retain and develop our women. To that end, and as you can read in this report, a lot of work has gone into doing just that.

Sadly, there is no short-term fix, but I am very optimistic that the foundations we have in place now will bring about the change we all want in bringing greater equality for women in the workplace.

Saker Nusseibeh, CBE
CEO, Hermes Fund
Managers Limited



Our figures

Our approach to pay is gender neutral, with both male and female staff paid fairly for the work that they undertake. Further to this, the Company regularly evaluates its pay to ensure that all staff are compensated fairly.

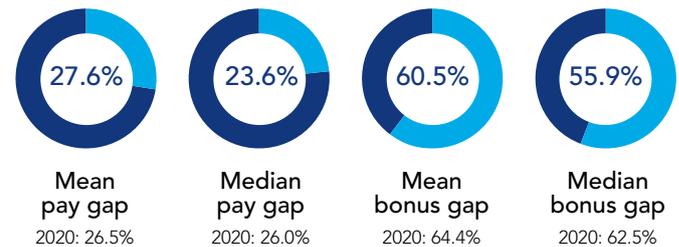
Defining the Gender Pay Gap

The Gender Pay Gap measures the difference in average pay between men and women’s earnings across an organisation by expressing women’s pay as a percentage of men’s pay. This is not the same as equal pay which refers to men and women receiving equal pay for equal work.

Total workforce as at April 2021



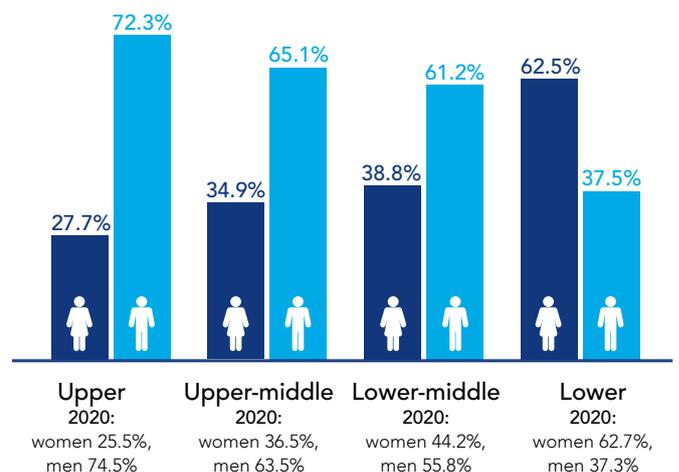
Gender pay and bonus gaps



Percentage of men and women receiving a bonus



Proportion of women and men in each pay quartile



Causes

Our analysis has shown that our pay and bonus gaps are largely driven by the following factors:

- **Under-representation of women in senior roles** – We know and can see evidence from our pay quartiles that we have more men in our senior and, therefore, more highly paid roles. While this is an industry-wide issue, it shows we need to do more to attract and develop our female talent into more senior roles.
- **Caring responsibilities and part-time roles are shared unequally** – We have a greater number of women in part-time roles compared to our male population. Our part-time positions tend not to be senior roles and therefore pay levels are lower. Whilst we welcome part-time working and all forms of flexible working, we will review our Agile Working Policy as we know we need to do more to encourage men to take advantage of the policy and promote a family-friendly and flexible culture for all.
- **Promotions – men vs women** – We are aware, due to the lack of women at middle management and senior management levels, there are a greater number of men applying for internal jobs and securing these roles.
- **Increased number of women leaving the organisation** – During the past twelve months we have seen an increase in the number of women leaving the organisation, compared to the number of men, both at senior and junior levels. Whilst we have filled these vacancies from internal and external hires, a small majority of roles previously held by women have been filled by men.

Progress and next steps

The Executives and senior leadership team are fully supportive and understand change needs to happen. It is vital our efforts are focused on driving forward the gender agenda, to close the gender pay gap between men and women within the organisation. We plan to focus on two core areas: **Attract** and **Retain**.

Attract – continue doing

- **Investment trainee programme** – Last year we designed a two-year trainee programme in partnership with Investment 20/20 to encourage more diversity and junior talent into the investment industry. In September 2021, five trainees commenced their employment.
- **Women in Finance Charter targets** – Federated Hermes Limited is fully committed to supporting the Women in Finance Charter, the HM Treasury initiative to drive gender balance across all financial services firms in the UK. We recognise that we need to be even bolder and more courageous in our approach so we have set new, stretching targets, that will help the business to focus its efforts on reaching complete gender parity by the end of 2025.

Population	Target 2025	2021	2020	2019	2018	2017	2016
Firm-wide	50%	41%	44%	42%	40%	39%	34%
Board	50%	31%	31%	31%	31%	29%	37%
Senior management	50%	29%	33%	31%	28%	23%	24%

- **Review our recruitment process and set recruitment partners a target** to increase the number of female candidates put forward for all roles advertised.
- **Review the existing management recruitment guide** introducing mandatory recruitment and selection training for all line managers and employees involved in the recruitment process.

Retain – continue doing

- **Diversity data**, launched a self-service data campaign to allow all employees to record their demographic information via our HR system so we can better understand our workforce composition and have a clearer picture of intersectionality.
- **Launch our Inclusion Ecosystem change programme**, the programme is designed to drive culture change in the development of employees within our organisation to help meet our targets.
- **Focus on ensuring all women have a development plan**, realistic development and succession plans and access to a mentor and/or a coach.

Retain – start doing

- **Partnered with a new survey provider** to help us measure our progress and understand our strengths and areas for development.
- **Review our Agile Working Policy** to ensure it is fit for purpose when responding to current challenges.
- **The Head of Inclusion and HR to start monitoring and tracking female hires and promotions** vs male hires and promotions, reporting to the Executive Committee on a quarterly basis, who will, as necessary, mandate changes to recruiting and promotions aligning to its commitments regarding gender pay and balance.
- **Participate in the Target Gender Equality Programme organised by the United Nations Global Compact.** The purpose of the programme is to support companies in setting and meeting ambitious targets to advance Gender Equality. Using the Women Empowerment Principles Analysis tool (WEPs) to help identify strengths, gaps and opportunities to improve performance on gender equality.
- **Develop quarterly listening circles** to understand the issues and concerns of our female colleagues and provide an anonymous quarterly report to the Inclusion Committee and Executive Committee. The leadership team to ensure that action is taken to address issues raised.
- **4 Habits training** – all senior leaders within the business to attend the 4 Habits Modelling and Understanding Inclusive Leaders workshops.



Saker Nusseibeh
Chief Executive Officer

Federated Hermes

Federated Hermes is a global leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

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

Our investment and stewardship capabilities:

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

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