

Gender Pay Report 2020

March 2021

**Federated
Hermes** 
International

www.hermes-investment.com
For professional investors only

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.

I am delighted to say that despite the challenges 2020 threw at us we were able to stay on course in our efforts to close the gender pay gap.

As we have stated regularly, one of the most important ways to address this is through the attraction, retention and development of women at the international business of Federated Hermes. If we can achieve this successfully, we will start to see it reflected in the narrowing of the gender pay gap.

In 2018, we set new targets for female representation, having achieved those we set previously. Our firm-wide target for 2021 is to have 45% of our permanent work force made up of women. In 2020, we are at 44% up from 42% in 2019 and 34% when we signed up to the charter in 2016. For women at a senior management level we are aiming for 35% and this year we stand at 33%, up from 31% last year and 24% in 2016.

So, we continue to make good progress – something I am very proud of – and we can see changes also taking place in closing the pay gap, as you can see in this report. While progress is incremental, I feel very confident that the step-change we all want to see will become apparent sooner rather than later.

The increased representation and development of women in our firm remains a fundamental priority to us, as is the promotion more broadly of a diverse community of colleagues that can serve the wide-ranging needs of our clients.

Saker Nusseibeh, CBE
CEO, International at
Federated Hermes



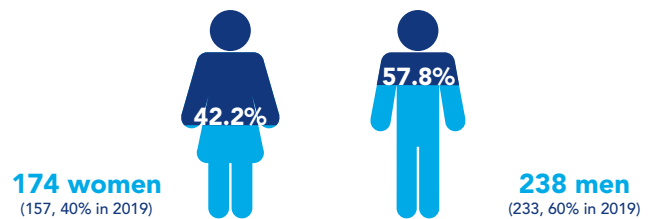
Our figures

International business of Federated Hermes' 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.

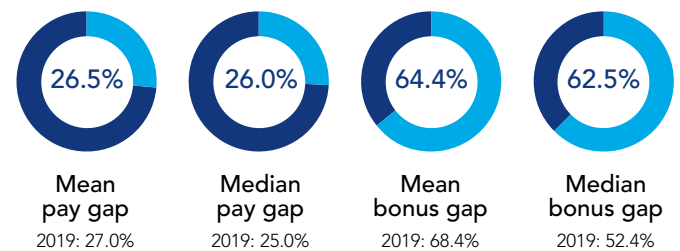
Defining the Gender Pay Gap

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.

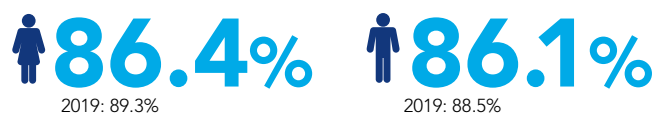
Total workforce as at April 2020



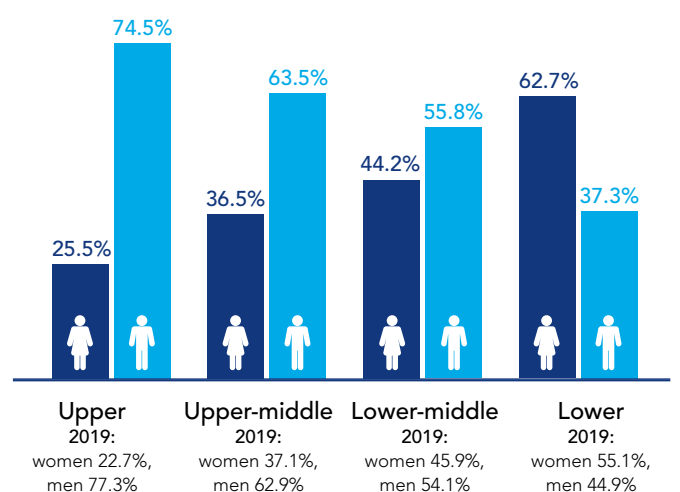
Gender pay and bonus gaps



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.
- **The effect of part-time working** – The regulations require bonus (but not pay) calculations to be based on the actual hours worked, without taking into account pro-rating for part-time working. A greater percentage of our part-time workforce are women (70%), and while we absolutely welcome part-time and all forms of flexible working through our Agile Working Policy, we know this means we need to do more to encourage men to take advantage of the policy and promote a family-friendly and flexible culture for all.

Our Plan

Our mission is to continue to foster, develop and promote a culture of inclusion which celebrates all forms of diversity, enables our employees to maximise their potential, and encourages innovation and creativity, to ensure we are an employer of choice, support our wider Responsibility aims, and deliver the best holistic returns for our clients and wider society.

We are committed to treating everyone fairly and with dignity and respect. This includes all our employees (past, present and future) together with all other stakeholders, clients and service providers.

Progress

In addition to our ongoing and business as usual work supporting diversity in all forms, over the past year we have made progress across the following three pillars:

Attract

- **Investment trainee programme** – Designed a two-year trainee programme in partnership with Investment20/20 to encourage more diversity and junior talent into the investment industry.
- **Women in Finance Charter targets** – Federated Hermes is fully committed to supporting the Women in Finance Charter and its objective of attaining gender balance across all levels of financial services. Having achieved our 2020 targets which we set in 2016, we are now aiming for our 2021 targets as detailed below.

Population	2021 Target	2020	2019	2018	2017	2016
Firm-wide	45%	44%	42%	40%	39%	34%
Board	35%	31%	31%	31%	29%	37%
Senior management	35%	33%	31%	28%	23%	24%

Retain

- **Employee engagement** – Conducted an employee pulse survey to measure our progress against our 2019 employee engagement survey and understand our strengths and areas for development.

- **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.
- **Behaviour framework** – Re-designed our performance and behaviour framework to link more closely to our Pledge and inclusive behaviours and provide more clarity around progression.
- **Unity workstreams** – Our internal diversity & inclusion group, Unity, have recruited new members and set up specific workstreams focussing on gender, wellbeing, ethnicity, LGBT and families. They have hosted various webinars, drop-in sessions and podcasts to provide support to our employees.

Develop and Promote

- **Mindfulness training** – Re-launched weekly mindfulness sessions for all staff to provide greater support throughout the COVID-19 lockdown and introduced 'mindfulness for children' to provide support to families during a challenging time.
- **Respect training** – Rolled out positive communications training to all staff to improve our working culture through increasing awareness and understanding of different personality and working styles.
- **4 Habits training** – Partnered with Soulmates Academy to launch relationship building training to give employees the tools to improve and enhance their working and personal relationships.
- **Talent builder training** – Launched performance management training for line managers and individuals to focus on career building skills and development to harness our existing talent.

Next steps

Having spoken to staff across the business and listened to their feedback on what is important to them, over the next year; and with our Head of Inclusion to have joined us in Q1 of 2021 and working in close collaboration with the Inclusion Committee, Unity and with the full support of the Executive, we plan on focusing on the following actions and initiatives:

- Implementing new WIFC targets, Inclusion Committee have agreed to 50% across all 3 groups by 2025, and this was supported by Board and ExCo
- Completing the work with the external specialist consultancy in racial equality and leveraging best practice outcomes across all under-represented groups in our business
- Investing in Technology to further advance our Agile Working practices to support post-pandemic changes in working patterns; and
- Driving forward with our talent pipeline and mid-career mentoring programmes to strengthen internal progression and succession planning opportunities.



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.

All activities previously carried out by Hermes now form the international business of Federated Hermes. Our brand has evolved, but we still offer the same distinct investment propositions and pioneering responsible investment and stewardship services for which we are renowned – in addition to important new strategies from the entire group.

Our investment and stewardship capabilities:

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

For more information, visit www.hermes-investment.com or connect with us on social media:

