

Brunswick Corp:

engagement commentary



Federated Hermes SDG Engagement Equity
Q1 2023

**Federated
Hermes** 
Limited

www.hermes-investment.com
For professional investors only



ENGAGEMENT COMMENTARY: Brunswick Corp

In a nutshell

Brunswick is a global leader in marine recreation, manufacturing engine, boats, parts and accessories – one out of every two boats is powered by its Mercury Marine brand outboard engine¹.

~US\$5.5bn

market
capitalisation



~18,500

employees of which
27% are female



Headline progress

The company further advanced its industry leadership credentials in 2022 with the launch of the Avator engine concept – electric boat engines built with components that are recyclable or reusable. In the same year, the company launched the prototype of its first fully recyclable fibreglass vessel. Such initiatives could facilitate significant progress in tackling waste generation and end-of-life pollution in the boat industry.

Investment case

- High-quality industry leader with increasingly diversified revenue mix – earnings are more diversified and notably less cyclical today than the preceding decade.
- The company has 10 million registered boats around the world and sells about 200,000 new boats annually. Brunswick is a visible leader in the industry and it is continuing to secure market share – the group expects Mercury Marine's share of the US outboard market to exceed 50% by 2025.

Theory of change

At the present time, Brunswick's business is inherently polluting. However, as the industry leader it has the potential to lead efforts to reduce the negative impacts caused by recreational boating and, in doing so, significantly drive-up standards across the industry. Moreover, as an employer of more than 18,500 people, it has the ability to meaningfully improve the livelihoods of its workers through the provision of decent employment.

Product-related emissions

Boat engines inherently produce pollution, which contributes to ocean acidification, harming species of sea life and promoting the overabundance of other organisms.

Internal combustion engine-powered boats pollute the marine environment through the emission of gases and carbon dioxide. Poor engine maintenance can cause oil and gas pollution in recreational vessels. Additionally, gasoline-power motors can discharge non-burned fuel, which ends up in the oceans (Older two-stroke engines, for example, can emit 20-30% of the non-burned fuel into the water).

While electric motors are now commonplace in cars, the replication of this technology in a boat engine is tricky.

While electric motors are now commonplace in cars, the replication of this technology in a boat engine is tricky. Water is 600x as dense as air and therefore requires a significantly larger amount of power.

As a leader in the recreational marine industry, the company is well positioned to develop further engine and boat offerings that are more eco-friendly and develop a more explicit green product suite, particularly with regard to electric propulsion innovations.

Such developments would result in an enhanced reputation for the company, helping further its position as a brand of choice while also reducing the industry's impact on the marine environment.

¹ Brunswick, 2022 investor presentation.



End-of-life

Human-made marine debris is a growing environmental problem, which is exacerbated by issues around the end-of-life disposal and dismantling of fiberglass vessels because of the low intrinsic value of the material.

Vessels are typically dumped, which can become navigational hazards, and causing pollutants, such as disintegrating plastic and paint fragments, to enter the ecosystem.

With more than 10 million registered boats and 200,000 new vessels sold annually; incorporating end-of-life considerations into Brunswick's product-development process and working with value-chain partners to develop recycling procedures, should help embed circular-economy principles that can help mitigate these problems.

Direct operations: resource efficiency and decent work

As at the end of 2021, Brunswick employed 18,500 people across its operations. While the company provides a median pay of US\$51,391 (FY 2021 proxy) and has indicated to us that it pays at or above a living wage to all direct employees, there is nonetheless scope for the levelling of standards across the company. In doing so it ensures that workers are afforded a safe working environment with pay and benefits that provide for a decent standard of living.

The company's manufacturing processes, while vertically integrated, are nonetheless energy intensive. As a result, there is clear potential to reduce operational emissions through increased sourcing of renewable energy.

Practice of change

Since the inception of the SDG Engagement Equity Strategy, we have had more than 20 engagement interactions with the company. These interactions have spanned calls, correspondence, in-person meetings at our offices and, most instructively, visits to the company's own premises.

Mercury Marine, via its principal production facility in Fond Du Lac, Wisconsin, has been at the forefront of resource-efficient manufacturing for a decade. Indeed, Mercury launched its sustainability initiatives in 2010 and subsequently has received numerous awards. We visited the Fond Du Lac facility ourselves in 2018 and were impressed by many things, not least the culture on the production floor.

Since the inception of the SDG Engagement Equity Strategy, we have had more than

20 engagement interactions with the company.



Product-related emissions

The company estimates that approximately 96% of its total carbon footprint is comprised of Scope 3 greenhouse gas emissions, the bulk of which (approx. 3/4) relates to downstream product usage.

The company's 2018 product range launch featured V6 and V8 engines that set high sustainability standards with regards to reduced raw material input. The engines are also lighter in terms of weight (100lbs lighter than predecessors and peers) leading to greater fuel efficiency (V6s are 12-16% more efficient than peers; V8s are 8-10% more so).

The company established a Sustainability Scorecard as an integral component of the process for new product development.

The company established a Sustainability Scorecard as an integral component of the process for new product development. Positive scores are awarded for how well a product promotes an engine's fuel economy and emissions controls and how well they contribute to the longevity of an engine. In essence, Brunswick is committed to developing engines with lower emissions and greater efficiency. Indeed, the company is committed to all new product launches being more fuel efficient than legacy products and to realising an 80% reduction in outboard engine emissions by 2025 (vs. 2007).

A further example of progress was illustrated by the 2020 launch of a new 600-horsepower engine which is 20% more fuel efficient than combining two legacy 300-horsepower engines.

The company has committed to installing

15,000



battery-powered generators by 2024, replacing existing diesel-powered systems.

The company has also committed to installing 15,000 battery-powered generators by 2024, replacing existing diesel-powered systems. It estimates this initiative should result in approximately 12,500 tonnes of avoided emissions.

Having discussed the potential of electrification with the company on numerous occasions, Brunswick confirmed in 2021 that it would develop five new electric propulsion products to be launched by the end of 2023. In 2022, the company showcased the first such product – its Avator electric outboard engine – to be released in 2023. This engine, and its new boat brand Veer, are significant steps forward.

More pertinently, the group is working on a methodology for monitoring and measuring its Scope 3 emissions, including those associated with boat usage. One element is the testing and modelling of the impact of electrification of different aspects, including replacing the still common diesel generators.

More pertinently, the group is working on a methodology for monitoring and measuring its Scope 3 emissions, including those associated with boat usage.

End-of-life

During 2018-19, the BC Foundation has been supporting (with funding and people) the Rhode Island Fibreglass Vessel Recycling Pilot Project initiated by the Rhode Island Marine Trades Association. The project involved exploring solutions for the sustainable disposal of fibreglass boats. This involves the dismantling of and re-processing of fibreglass hulls into alternative materials or as a potential high energy fuel source. This provides an alternative to landfill and a reduction in the use of fossil fuels.

In February 2022 the company announced an expansion of its partnership with French specialty chemical maker Arkema, to develop a fully recyclable fibreglass boat. This integrates Arkema's liquid thermoplastic resin into all the vessel's composite parts, core, and adhesives. This is expected to allow for hull and structural components to be fully recycled at the end-of-life stage and reintroduced into production processes, reducing the amount of disposable material and sourcing of virgin raw materials.

The first prototype of this fully recyclable fibreglass vessel was showcased in 2022 and will be developed in conjunction with its boat brand Boston Whaler.

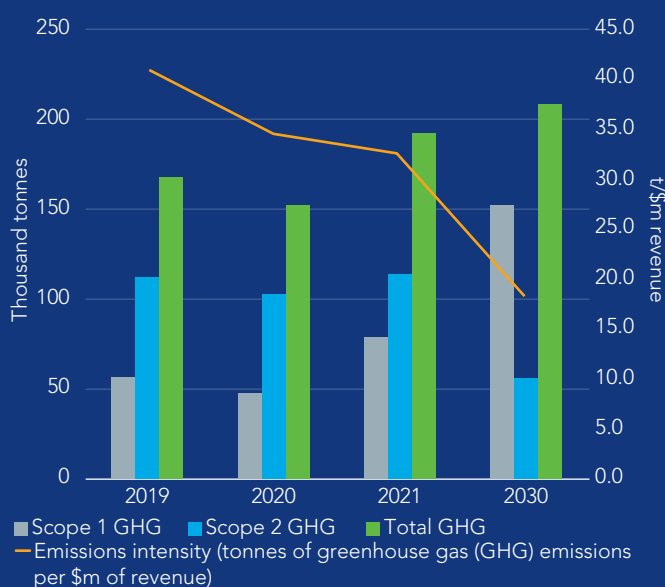
This is a promising initiative that is suggestive of a potential scenario whereby new boats sold may no longer contribute to the end-of-life challenges described above. However, this is separate from and supplementary to resolving the issues associated with the existing boat stock.

Direct operations: resource efficiency and decent work

In 2020 Brunswick made a commitment to source 50% of its electricity from renewables by 2030. In 2021 it advanced its ambitions, targeting net-zero Scope 2 emissions by 2035. As a result, we estimate that by 2030 the company's emissions intensity will have improved 44% vs. 2021.

The company's Scope 1 emissions relate to: a) natural gas usage at its smelting foundry; b) fuel usage across the business, including across its members-only boat club (Freedom Boat Club). The adoption of more electric boats at its boat clubs will reduce emissions and the company is continuing to pilot and test alternative fuels.

Figure 1: Brunswick Corp emissions



Source: company reports.

In 2020 Brunswick made a commitment to source

50% of its electricity from renewables by 2030.



Operating in the US Midwest and away from the primary urban conurbations there is competition for talent and evidently Brunswick is doing well in this respect. The company achieved a top 15% ranking in the Forbes World's Best Employers 2022 list and top 20% ranking in the Forbes America's Best Large Employers 2022 list.

The company confirmed to us in April 2020 that it had analysed its pay practices pertaining to both its direct employees and towards its Tier-1 suppliers and was able to confirm that it pays at least a living wage. This high level of employee treatment is further borne out by above-average Glassdoor ratings.

More pertinently, the company is driving down its accident rates with a 38% reduction across the period 2018-21.

There remains, however, a marked divergence between Mercury and the wider group with regards to diversity and turnover levels – although the benefit packages are identical across the businesses. Mercury's global workforce is approximately one-third female, and that number has been trending up over the last few years. The increase in female representation among the hourly workforce is representative of the investment the company has made in the use of lifting devices and robotics within its production line – particularly in areas where previously heavy lifting was necessary. These are practices that may now be replicated across the group. Across Brunswick more widely, women represent 27% of the workforce. In addition, 19% are 'racially diverse' which is an area for future improvement as recognised by the company.



Next steps

We intend to continue to engage with Brunswick on the issues identified.

While there has been much progress on emissions reductions, we continue to press for establishment of both an absolute Scope 1 emissions reduction target and a Scope 3 emissions intensity target. Similarly, whilst we are welcoming of the partnership with Arkema to develop a fully-recyclable fibreglass boat, we continue to be interested in how the industry, and in particular Brunswick, as the industry leader, can play a larger role in supporting solutions for the end-of-life management of the existing fibreglass boat stock.

This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. It should be noted that any investments overseas may be affected by currency exchange rates. Investing in smaller/medium sized companies may carry higher risks than investing in larger companies. The strategy has environmental and/or social characteristics and so may perform differently to other strategies, as its exposures reflect its sustainability criteria. Past performance is not a reliable indicator of future results and targets are not guaranteed.

For professional investors only. This is a marketing communication. It does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Federated Hermes. All performance includes reinvestment of dividends and other earnings. Please consider all strategy characteristics when investing and not just ESG characteristics.

Federated Hermes refers to Federated Hermes Limited ("Federated Hermes"). The main entities operating under Federated Hermes are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFMI"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Services Limited ("EOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA"), Hermes GPE (Singapore) Pte. Ltd ("HGPE Singapore"), Federated Investors Australia Services Pty Ltd. ("FIAS") and Federated Hermes Japan Ltd ("FHJL"). HIML, HAIML and Hermes GPE are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. HIML, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC") and HAIML and HFMI are each an exempt reporting adviser. HGPE Singapore is regulated by the Monetary Authority of Singapore. FHJL is regulated by Japan Financial Services Agency. FIAS holds an Australian Financial Services Licence. HFMI is authorised and regulated by the Central Bank of Ireland. HREIML, EOS and HSNA are unregulated and do not engage in regulated activity.

In the European Economic Area ("EEA") this document is distributed by HFMI. Contracts with potential investors based in the EEA for a segregated account will be contracted with HFMI.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls may be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Australia: This Strategy Document relates to potential offer of financial products or investment opportunities in Australia (Investment opportunities). Both Hermes Investment Management Ltd (HIML) and Federated Investors Australia Services Ltd. ACN 161 230 637 (FIAS) are the distributors of the Investment opportunities. HIML does not hold an Australian financial services licence (AFS licence) under the Corporations Act 2001 (Cth) ("Corporations Act"). HIML operates under the relevant class order relief from the Australian Securities and Investments Commission (ASIC) while FIAS holds an AFS licence (Licence Number - 433831).

The offer of Investment opportunities only made in circumstances under which no disclosure is required under Chapter 6D and Part 7.9 of the Corporations Act. Nothing in this Strategy Document is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D or Part 7.9 of the Corporations Act.

This Strategy Document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This Strategy Document has not been and will not be lodged with ASIC and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Strategy Document in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered managed investment scheme, as defined in the Corporations Act.

This Strategy Document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Strategy Document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products.

This Strategy Document has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

In Argentina: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

In Bahrain: This document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In Brazil: The strategies may not be offered or sold to the public in Brazil. Accordingly, the strategies have not been nor will be registered with the Brazilian Securities Commission - CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the strategies, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of strategies is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

In Brunei: This document is intended for distribution only to specific classes of investors as specified in the Order and must not, therefore, be delivered to, or relied on by, a retail client. The Autoriti Monetari Brunei Darussalam is not responsible for reviewing any documents in connection with these strategies. Prospective purchasers of the strategy should conduct their own due diligence.

In Canada: HIML is not registered in Canada as a dealer, adviser or investment fund manager under applicable Canadian securities laws. Except for the provinces of Alberta, British Columbia, Ontario, Quebec and Nova Scotia, HIML does not engage in the business of, and none of its activities should be construed as holding itself out as engaging in the business of, advising anyone in any Canadian jurisdiction with respect to investing in, buying or selling securities. In the provinces of Alberta, British Columbia, Ontario, Quebec and Nova Scotia, HIML relies on the international adviser registration exemption pursuant to section 8.26 of National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations. Prior to carrying on any investment advisory or portfolio management services for a client located in a Canadian jurisdiction other than Alberta, British Columbia, Ontario, Quebec or Nova Scotia, HIML will first need to take certain steps to either obtain the appropriate registration or rely on an available exemption from registration.

In Chile: Federated Hermes is not registered or licensed in Chile to provide managed account services and is not subject to the supervision of the Comisión para el Mercado Financiero of Chile (“CMF”). The managed account services may not be publicly offered or sold in Chile.

In China: This document does not constitute a public offer of the strategies in the People’s Republic of China (the “PRC”). The strategies are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the strategies or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

In Colombia: This document does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by Federated Hermes (“investment adviser”) to Colombian residents. The investment adviser’s products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. The investment adviser has not received authorisation of licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell its financial products or services in Colombia. By receiving this document, each recipient resident in Colombia acknowledges and agrees that such recipient has contacted the investment adviser at its own initiative and not as a result of any promotion or publicity by the investment adviser or any of its representatives. Colombian residents acknowledge and represent that (1) the receipt of this presentation does not constitute a solicitation from the investment adviser for its financial products and/or services, and (2) they are not receiving from the investment adviser any direct or indirect promotion or marketing of financial products and/or services.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The strategies are not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Israel: This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law”), as applicable. The strategies are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, (“Sophisticated Investors”) namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing strategies for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing strategies for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing strategies for themselves), members of the Tel-Aviv Stock Exchange (purchasing strategies for themselves or for clients who are Sophisticated Investors), underwriters (purchasing strategies for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, (other than formed for the specific purpose of an acquisition pursuant to an offer), with a shareholder’s equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases strategies is purchasing such strategies for its own benefit and account and not with the aim or intention of distributing or offering such strategies to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing strategies for another party which is a Sophisticated Investor). Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this document a recipient may be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing strategies for its own account or, where applicable, for other Sophisticated Investors. This document does not constitute an offer to sell or solicitation of an offer to buy any securities other than the strategies offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

In Japan: Federated Hermes Japan Ltd is registered as a Financial Instruments Business Operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3327), and conducting the Investment Advisory and Agency Business as defined in Article 28 (3) of the Financial Instruments and Exchange Act (“FIEA”). Federated Hermes Japan Ltd is acting as agent or intermediary between affiliated companies within the Federated Hermes group and Japanese licensed discretionary investment managers, trust banks and other Japanese financial institutions. Federated Hermes Japan Ltd is a member of Japan Investment Advisers Association (JIAA).

In Kuwait: This document is not for general circulation to the public in Kuwait. The strategies have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the strategies in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the strategies is being made in Kuwait, and no agreement relating to the sale of the strategies will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the strategies in Kuwait.

In The Sultanate of Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

In Peru: All content in this presentation is for information or general use only. The information contained in this presentation is referential and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision. This presentation has been prepared on the basis of public information that is subject to change. This information may not be construed as services provided by Federated Hermes, Inc. within Peru without having the corresponding banking or similar license according to the applicable regulation.

In South Africa: This document is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest. This document is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly, this document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

In South Korea: Hermes Investment Management Limited is not making any representation with respect to the eligibility of any recipients of this document to acquire the strategies therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The strategies have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the strategies may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Spain: This document is issued by Hermes Fund Managers Ireland Limited, Branch in Spain, with Fiscal Identity Number W0074815B, registered in the Mercantile Registry of Madrid, - Volume 40448, Book 0, Sheet 16, Section 8, Page M-718259, first registration, with domicile at Paseo de la Castellana 18, 7º planta, 28046 Madrid - Spain, and registered in the Comisión Nacional del Mercado de Valores with official registration number 36.

In Thailand: The document has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In United Arab Emirates (Excluding Dubai International Financial Centre and Abu Dhabi Global Market): This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The strategies are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such strategies, and (b) upon their specific request. The strategies have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the strategies should be made to Hermes Investment Management Limited in London.

In Uruguay: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

BD011534 0014755 03/23

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, where possible, to contribute to positive outcomes that benefit the wider world.

All activities previously carried out by Hermes Investment Management are now undertaken by Federated Hermes Limited (or one of its subsidiaries). We still offer the same distinct investment propositions and pioneering responsible investment and stewardship services for which we are renowned – in addition to important 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:

