ANNUAL REPORT AND FINANCIAL STATEMENTS

HERMES INVESTMENT MANAGEMENT LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2022

Registered No. 2466043

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

Hermes Investment Management Limited (the "Company") is a wholly-owned subsidiary of Federated Hermes Limited ("FHL") and operates as part of the Federated Hermes Group (the "Group"). Federated Hermes, Inc. is the Group's ultimate parent undertaking and controlling party. The Company is regulated by the Financial Conduct Authority ("FCA").

The Company's principal activity is investment management. The directors expect the principal activities of the Company to remain unchanged for the foreseeable future.

The Company receives a significant proportion of its revenue for the investment advisory services it provides to Hermes Fund Managers Ireland Limited ("HFMIL") and to a far lesser extent, Hermes Alternative Investment Management Limited ("HAIML"); both fellow Group companies. Advisory fee revenues are determined as a fixed percentage of total revenues generated. For the year ended 31 December 2022, the Company recognised 95.5% (2021: 95.5%) of management fee revenue generated by HFMIL and 95% of management fee revenues generated by HAIML (2021: 95%). The Company continues to act as investment manager to a range of segregated mandates.

As shown in the profit and loss account, the Company's gross turnover has decreased by 10% to £150,973,166 in the year (2021: £167,103,506). The decrease in turnover is due to two key factors: first, a 19% decrease in assets under management in the year to £27.7bn (2021: £34.0bn); partly driven by net outflows of £3.2bn and negative market performance of £3.1bn. Additionally, there was a 10% fall in revenues generated through sub-advisory agreements with fellow Group companies, as noted above. The decrease in gross turnover was compounded by administrative expenses remaining broadly in line with prior year at £127,221,768 (2021: £128,723,756). Despite a more challenging investment environment, the Company recorded a profit before tax of £15,404,539 (2021: £22,563,181) in 2022; this profit was driven by foreign exchange gains on the translation of non-GBP assets.

The Company did not pay a dividend during the year (2021: £nil). The directors do not recommend the payment of a final dividend with respect to the year ended 31 December 2022.

The directors consider the results of the Company to be satisfactory and that the Company is well placed to take advantage of future opportunities. The balance sheet shows that the Company maintains a strong net asset position of £95,648,472 (2021: £51,359,155) with the increase largely attributable to a £30m share issuance and profit after tax contributing to the remainder.

The Group manages its operations on a group basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the FHL Annual Report which does not form part of this report, but is publicly available online at the following web address: https://www.hermes-investment.com/uki/.

The Company manages capital adequacy with reference to the Internal Capital Adequacy and Risk Assessment ("ICARA") as required by the FCA. Further details of the Company's approach to capital adequacy are disclosed in the MIFIDPRU 8 Disclosures, which can be found at the following website address:
https://www.hermes-investment.com/uki/policies-and-disclosures/

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The Company is part of a group that has a comprehensive risk governance structure, group-wide policies and procedures, management reporting and controls in place to identify, mitigate and control risks. The FHL Board has documented and approved its risk appetite which contains both qualitative and quantitative measures. The FHL Board is responsible for the oversight of risk management within its subsidiary operating companies and for setting the risk strategy and periodically reviewing operational risk, counterparty credit risk and investment risk aspects. The FHL Board has delegated oversight of day-to-day risk and control matters primarily to the FHL Risk and Compliance Executive and FHL Senior Management Team. Group risks are discussed in FHL's Annual Report which does not form part of this report.

As a result of the factors above, the risks to which the Company is exposed are managed from a Group perspective rather than on an individual entity basis. The overall risks of the Group and the Group's response to these risks are disclosed in the Group's Annual Report and Accounts. The processes adopted for the management of these risks are also applicable to the Company.

Therefore, the risk assessment below considers those risks that are directly relevant to the Company. Each of the first four risks identified below has been considered in the context of the potential decrease in the Company's revenues that may result from a deterioration of assets under management in the event that any of these risks are crystallised.

The principal risks and uncertainties facing the Company are as follows:

- Loss of clients – competitive pressure in the investment management market is a continuing risk for the Company, which could result in it losing key clients. The Company manages this risk by seeking to provide added value services to its customers and being responsive to customer needs and queries in order to maintain strong relationships with customers.

- Investment and performance risk – the Company provides a number of different products and services for clients and is responsible for achieving levels of performance set by those clients. Client dissatisfaction relating to performance not being in line with expectations or being poor overall, may lead to difficulties in the retention and attraction of clients. As a result, investment strategy follows clients' pre-determined written objectives and constraints and is regularly monitored.

- Market risk – market movements may result in unexpected changes to the value of positions or composition of portfolios managed on behalf of clients and could result in unexpected losses or imbalances in client portfolios. To mitigate the risk of portfolio value loss, clients set clear objectives and constraints together with risk tolerances for each portfolio which are regularly reviewed. Also, regular checks are carried out for any variances arising and to initiate any rebalancing required.

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- Client or product concentration risk - in the event that the Company has a high degree of dependence on a single investment product or client through a concentration of overall assets held on behalf of one client or in relation to one investment strategy, there is a risk that the loss of that client or product may have a significant impact on the Company's overall revenues. The Company seeks to diversify its product base and client base (including those held indirectly through HFMIL) in order to mitigate this risk and reduce exposure to any individual client or product. The directors note that the Company generated revenues of £12.8m (2021: £18.4m) from its largest third party client during the year, which represents less than 8.5% of total revenues.

- Financial risks - the Company has financial assets and liabilities including debtors, creditors and cash. These mostly arise from the Company's operations. The Company has policies for identifying and controlling the risks associated with such instruments. These risks include credit risk, foreign exchange risk, liquidity risk and interest rate risk. Bearing in mind the nature of the exposure to financial instruments within the Company and the limited risks associated with them, the directors are satisfied that there is adequate control of the risks.

- Operational risk – this represents the risk of loss or unintended gain arising from inadequate or failed internal processes, or from personnel and systems, or from external events. The Company has a robust risk management framework, established risk governance arrangements and effective risk management processes to ensure appropriate challenge and oversight of operational risk exposures and continued effectiveness of controls in the context of risk appetite.

Outlook

In our baseline scenario, global growth will continue to slow in 2023, reflecting a continuation of the themes that dominated 2022, notably; high levels of inflation and the resulting tightening of monetary policy, and the Russian invasion of Ukraine, which will weigh heavily on the economic outlook for years to come, particularly in Europe. The faster-than-expected reopening of the Chinese economy is expected to improve Asian markets, benefiting two of our key strategies: Global Emerging Markets and Asia ex-Japan.

Despite the continued pressure on global markets, the Company has witnessed a positive start to 2023. At the end of February 2023, assets under management had increased by £1.6bn since 31 December 2022, with net inflows accounting for £0.6bn of this increase. As an active investment manager, we are well placed to navigate this challenging investment environment and create sustainable wealth for our clients.

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group's policies, which are described in the FHL Annual Report, which does not form part of this Report. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

SECTION 172 STATEMENT – STAKEHOLDER ENGAGEMENT

Section 172 of the Companies Act 2006 requires Directors to act in a way that they believe in good faith promotes the success of the Company for the benefit of its members. In doing so, Directors should have regard to the likely consequences of decisions in the long term, the interest of employees, the need to foster relationship with suppliers, customers and other stakeholders, the impact of the entity's operations on the community and the environment, while maintaining a reputation for high standards of business conduct.

The Directors have considered each of the requirements under Section 172 and believe them to be consistent with our commitment to treat all stakeholders fairly. HIML's goal is to deliver sustainable wealth creation: investments that enrich investors, society, and the environment for the long term. Among the Board's responsibilities is the formulation of our business purpose, including helping clients achieve better risk-adjusted returns and, where possible, contribute to positive societal and environmental outcomes in the wider world. Naturally this includes consideration of how the decisions we make as a business impact all of our stakeholders.

Stakeholders	Why they are important to us and how we engage	Key topics of engagement and outcomes in 2022
Clients and beneficiaries	As a responsible investment firm, we have an obligation to lead the field in demonstrating that we provide clients with value for money by acting with integrity as skilled investors and good stewards of capital. We aim to create sustainable wealth for our investors. This requires us to understand and put the needs of our clients and their beneficiaries first. It informs our investment processes, stewardship activities and public-policy work. To do this we build close relationships with clients to better understand their financial needs and broader objectives and concerns.	HIML through its parent company, FHL, and the wider Group published multiple thought pieces on investment and sustainability, including: UK sustainable finance regulation; the continuing impact of the pandemic on companies; and the impact of climate change on particular sectors and market trends. The Group held regular webinars for our clients across all our key strategies to apprise them of market trends, portfolio performance and attribution, as well as our outlook and resulting positioning. Furthermore, the Group held regular client conferences and seminars, including the EOS' biannual Client Advisory Council. During 2022, the upgraded Federated Hermes website was launched, which migrated and merged the legacy

	Fair treatment of clients is central to our approach, and a key consideration for our governance bodies, including the oversight of the creation and lifecycle of our investment products. A robust policy framework supports this work, including a conflicts of interest policy and product development and review procedures.	Hermes websites and the sustainability hub to an improved and combined Federated Hermes web platform. We established the Federated Hermes Academy, an education hub developed by our experts for our clients and prospective clients seeking to understand responsible investing and how the integration of environmental, social and governance and stewardship can help create long-term wealth sustainably. We ran three CPD accredited seminars in 2022 as part of our Academy.
Suppliers	Like many businesses, we use external service providers and suppliers to supplement our own infrastructure and operations. This enables us to provide a higher quality of service to our clients and meet regulatory requirements. The Firm retains responsibility for the performance of our third-party suppliers. We are committed to observance of all laws and regulations, including the Modern Slavery Act, and to the pursuit of honest and fair corporate activities that conform to the norms accepted by society. It is essential for all product and service providers to adhere to our Supplier Code of Conduct so that we can live up to this commitment.	We have continued to maintain high standards of due diligence for our suppliers. We have also continued to work closely with a number of IT suppliers to enhance our remote working environment. Our suppliers are tiered into four categories. The four categories are: (1) material outsourcing, (2) key and critical providers, (3) business essential and (4) one-off and non-critical suppliers. This enables us to prioritise resources for the management of our category 1 and 2 suppliers. These suppliers are managed and overseen by a subgroup of the FHL Risk and Compliance function that includes Procurement, Risk and Legal that provide a proactive approach to supplier management. We have continued to maintain high standards of due diligence for our suppliers both on inception and monitoring risks. An update to the FHL supplier code of conduct has been implemented to include detailed wording on environment and social obligations. In 2022, the average number of days for the Group to settle supplier invoices was 37; this exceeded our standard payment terms of 30 days. We shall endeavour to improve this metric in 2023.
People	Our people's wellbeing and development are central to	In 2022, the development of the DEI agenda continued to be a priority for

	the ongoing success of our business. Staff are aligned to our mission of delivering sustainable wealth creation for clients and beneficiaries in a number of ways, including: receiving market-aligned remuneration and benefits; receiving ongoing training and development support; and being encouraged to be collaborative and innovative through behavioural criteria in our performance management framework. We recognise that diversity, equity and inclusion ("DEI") are key to developing a wide-ranging outlook to meet client needs. DEI initiatives are promoted through the staff Employee Resource Group (UNITY) and supported by the seven Employee Networks and the Inclusion Committee which reports into SMT. Moreover, we have talent development initiatives such as mentoring; coaching; unconscious bias training; mindfulness and financial wellbeing education.	the business, in addition to providing support and resources that focused on employee wellbeing. Some of the initiatives in 2022 included: Employee engagement survey We continued to run the Workday Peakon employee engagement surveys quarterly, which enables employee feedback to be converted into insights that leaders can put to work, to create more responsive, fulfilling, and productive workplaces. **Employee Network Groups** The Group now have seven Employee Network Groups, which are employee-led and are critical in driving the DEI agenda. They cover a range of topics in relation to the DEI Strategy and Action Plans, notably raising awareness of Mental Health and Wellness, Gender issues (both male and female), and Disability awareness. Collectively, these help to promote a culture of belonging. **Investment Trainee programme** Following the success of our Investment Trainee programme, we had new intake of trainees in September 2022. The scheme encourages school and college leavers from under-represented communities to explore employment opportunities within the asset management industry. Over the next 12 months they will rotate around the teams and will be completing their CFA exams. With the successful interns starting an 18-month apprenticeship whilst studying the Investment Advice Diploma qualification. We have committed again this year to support #10,000BlackInterns. We have also expanded our internship offering further this year to now support Change 100, through Leonard Cheshire, who aim to kickstart careers of disabled university students and graduates. Other initiatives that ran through the year included events that focused on

		men's and women's health, International Women's/Men's Week, Disability Awareness, the Winter Wellness Programme, and the Positive Action Programme.
Society and the environment	As a Group, we strive to make a difference by delivering sustainable wealth creation enriching investors, society and the environment. We aim to achieve this through our unique approach: a fusion of high-active-share investment, best-in-class ESG analysis and effective stewardship, with integration overseen by our Responsibility Office. Focusing on our own actions as a business, we seek to minimise the environmental impact of our operations, positively impact the communities in which we are based and benefit wider society. Pursuing these aims, we work with several environmental and community organisations and charities.	Through its parent company and the wider Group, we have continued our stewardship and ESG integration across asset classes, and policy advocacy to promote responsible investment practices and business conduct on a range of environmental and social issues this year. Highlights of our community engagement activities and charitable donations included: • For our Charity of the Year we partnered with The Childhood Trust, a charity that is dedicated to alleviating the impact of poverty on children and young people living in London. Our donation support has generated over £80,000 funded projects for the Trust. Funded projects include The Baytree Centre, Spring Community Hub, Be Enriched Elements and Shepherds Bush Children's Centre. • For our longer-term response to the COVID-19 challenges, we are supporting and committing to a three-year partnership with the East End Community Life Chances Campaign. The Life Chances Campaign aims to create a £5m Life Chances Fund for grassroots organisations supporting the most vulnerable to recover from the pandemic crisis and create lasting change. Our involvement started in October 2021. • In response to the Black Lives Matter movement, we have continued with a second-year donation to Urban Synergy, an early intervention mentoring charity that helps hundreds of young people between 11-18 years of age reach their full potential. With

		FHL's support, Urban Synergy has reached a record high of over 6,500 young people this year and offered more than 3,200 hours of work experience to them. • We also donated to 'Treedom' for the second year. With this donation, Treedom has assigned 1,680 trees to be planted across the world on our behalf. • Staff members took part in volunteering days; we increased the frequency of the employability workshops for young adults, technology sessions for the elderly and gardening and tree planting projects.
Regulators and policy makers	Regulators have a legitimate interest in how we treat our clients and run our business. We believe that our clients' interests are best served when we engage constructively with regulators. Proactive engagement on regulation and policy governing responsible approaches to investment is also key to delivering sustainable wealth creation. FHL's Head of Policy & Advocacy works with staff across the firm to ensure these engagements are well informed, relevant and impactful. Using the skills and experience within our business to work constructively with policymakers, we aim to lead rather than follow policy debates. We engage with regulators and policymakers through a variety of means – bilaterally, alongside fellow investors and through collective initiatives. Day-to-day regulatory and legal activities are managed by the Group's	We have engaged with a wide range of regulators and policy makers this year, including: the Financial Conduct Authority ("FCA") regarding our views on UK sustainable finance regulation and our involvement in the UK Climate Financial Risk Forum; the UK Transition Plan Taskforce on just transition elements of net zero strategies; the US State Department and First Mover Coalition on decarbonising heavy industry and scaling new technology; the Commonwealth Heads of Government Meeting ("CHOGM") leaders on carbon markets, blended finance and attracting more capital for developing economies; and the UK Department for Business, Energy and Industrial Strategy ("BEIS") on climate-related topics.

	Compliance and Legal teams.	
Shareholder	We rely on the support and engagement of our shareholder in order to deliver sustainable wealth creation for clients and beneficiaries, and to achieve our strategic objectives and growth plans.	Our majority shareholder Federated Hermes Limited is represented on our Board. Saker Nusseibeh CBE, is a member of the HIML Board and Federated Hermes Limited Board.

This report was approved by the Board of Directors and signed on behalf of the Board by:

S Nusseibeh
Director

4 April 2023

HERMES INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

Directors:	S Nusseibeh	
	I Kennedy	
	E Murray	
	H Steel	(Resigned 6 December 2022)
	C Taylor	
	K Davies	(Resigned 21 September 2022)
	G Dulski	(Appointed 16 January 2023)

With the exception of those directors noted above, each of the above directors served for the full year ended 31 December 2022 and up to the date of this report.

Secretary: Hermes Secretariat Limited

Registered Office: Sixth Floor, 150 Cheapside, London, England, EC2V 6ET

Registered Number: 2466043

Going Concern

The future profitability of the Company is dependent on maintaining a stable level of assets under management from which to generate future revenues and cash flows. Whilst the level of Company's assets under management is subject to market conditions and investor redemptions, the directors consider that the Company has a diverse underlying client base (either directly or through the investment advisory contract held through HFMIL), which mitigate the effects of investor redemptions on the Company's future revenue generating potential.

As part of their enquiries, HIML's directors have reviewed the adequacy of the Company's own funds and liquidity positions. At 31 December 2022, the Company held own funds of £95.6m, with a requirement of £29.0m. The surplus equates to 330% of the Company's requirement. The Company also held cash and cash equivalents of £66.0m (2021: £20.5m), a year-on-year increase of 222%. The directors remain cautious to external market forces. Firstly, the directors are assessing the potential of prolonged market deterioration resulting from the ongoing crisis in the Ukraine. Secondly, the continuation of the inflation-induced recession. These factors create a risk to both the Company's short-term profitability and working capital position. Further details can be found in the Outlook section of the Strategic Report.

As part of the ICARA process, the Directors reviewed the adequacy of the own funds and solvency position under five severe yet plausible scenarios. In addition, reverse stress testing analysis was conducted to determine the levels to which the assets under management would need to fall in order for the surplus own funds and cash liquidity to be exhausted.

Following this review, whilst certain of the more severe stressed scenarios considered by the Directors may impact the Company's profitability in the short term, the Group's existing significant own funds surplus and cash positions provide the Directors with a high degree of confidence that the Group will be able to continue to meet its liabilities for at least 12 months from the date the financial statements are approved.

Going Concern (continued)

In the event that the Company has insufficient liquidity to meet its financial obligations, Federated Hermes, Inc. ("FHI"), the Company's ultimate parent company, has committed to provide financial support to the Company for at least 12 months from the date of approval of this annual report.

With this in mind, having made all reasonable enquiries and having respect to the nature of the Company and the commitment of support from FHI, the directors are satisfied at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the approval of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' Indemnities

Qualifying third-party indemnity provisions, which were in force throughout the year for the benefit of the Company's directors, remain in force at the date of this report.

Employees

The Company has no employees as all staff are contractually employed by FHL. The salary costs associated with the services that FHL employees provide to the Company are recharged from FHL to the Company. The Group has policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

Subsequent Events

On 16 January 2023, G Dulski was appointed to the Board of the Company.

There were no other subsequent events material to the financial statements of the Company from the balance sheet date, 31 December 2022, to the date of approval of the financial statements, 4 April 2023.

HERMES INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)

Statement on disclosure of Information to Auditor

The directors, having made enquiries to fellow directors, can confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all reasonable steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on behalf of the Board by:

S Nusseibeh
Director

4 April 2023

HERMES INVESTMENT MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES INVESTMENT MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Hermes Investment Management Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES INVESTMENT MANAGEMENT LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES INVESTMENT MANAGEMENT LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that related to the reporting framework, United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland', the Companies Act 2006 and the relevant tax compliance regulations.

- We understood how the company is complying with those frameworks by making enquiries of management, including the Head of Legal, Group Finance Director, Head of Financial Crime Compliance and Internal Audit. We corroborated our understanding through our review of board minutes, and correspondence received from regulatory bodies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with directors and management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by directors and management.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES INVESTMENT MANAGEMENT LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

We identified fraud and management override risks in relation to revenue recognition (including rebates). In response to this risk we have: understood the movement of revenue and the drivers, such as the change in number of funds, market performance, and fee rates; tested the effectiveness of the controls operated by management in order to prevent errors in the calculation of the revenue; and on a sample basis validated that fees have been correctly calculated by reperforming calculations including testing inputs into fee calculations to external support.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management; and focused substantive testing.

A further description of our responsibilities for the audit of the financial statements is located on the
Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Sarah Langston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
4 April 2023

HERMES INVESTMENT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
TURNOVER	3	150,973,166	167,103,506
Fee and commission expenses	3	(25,640,338)	(17,397,272)
NET TURNOVER		125,332,828	149,706,234
Administrative expenses	4	(127,221,768)	(128,723,756)
OPERATING (LOSS)/PROFIT		(1,888,940)	20,982,478
Net gain on foreign exchange	5	16,946,360	1,578,321
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		15,057,420	22,560,799
Investment Income		347,119	2,382
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	15,404,539	22,563,181
Tax charge on profit on ordinary activities	9	(2,678,420)	(3,602,629)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12,726,119	18,960,552

There is no other comprehensive income for the periods disclosed above. Accordingly, no statement of comprehensive income is presented.

All of the results are derived from continuing operations.

The notes on pages 21 to 34 form an integral part of these financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
NON-CURRENT ASSETS			
Debtors - amounts after one year	10	4,146,128	4,545,635
CURRENT ASSETS			
Debtors - amounts falling due within one year	10	127,217,166	105,783,699
Cash at bank		65,963,137	20,494,505
		193,180,303	126,278,204
CREDITORS – amounts falling due within one year	11	(95,522,375)	(72,984,059)
NET CURRENT ASSETS		97,657,928	53,294,145
CREDITORS - amounts falling due after more than one year	11	(6,155,584)	(6,480,625)
NET ASSETS		95,648,472	51,359,155
CAPITAL AND RESERVES			
Called up share capital	12	35,000,000	5,000,000
Profit and loss account		50,995,112	38,268,993
Other reserves		9,653,360	8,090,162
SHAREHOLDER'S FUNDS		95,648,472	51,359,155

These financial statements were approved by the Board of Directors and authorised for issue on 4 April 2023.

The notes on pages 21 to 34 form an integral part of these financial statements.

These financial statements have been signed on behalf of the Board of Directors by:

S Nusseibeh
Director

Registered Company number: 2466043

HERMES INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 1 January 2021	5,000,000	4,987,705	19,308,441	29,296,146
Profit for the year	-	-	18,960,552	18,960,552
Costs attributable to awards made under the Group's long-term incentive plan	-	3,102,457	-	3,102,457
At 31 December 2021	5,000,000	8,090,162	38,268,993	51,359,155
Proceeds from shares issued	30,000,000	-	-	30,000,000
Profit for the year	-	-	12,726,119	12,726,119
Costs attributable to awards made under the Group's long-term incentive plan	-	1,563,198	-	1,563,198
At 31 December 2022	35,000,000	9,653,360	50,995,112	95,648,472

The notes on pages 21 to 34 form an integral part of these financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards. The principal accounting policies are summarised below. All policies have been applied consistently throughout the year and the preceding year.

a) Accounting convention

The financial statements have been prepared on the going concern basis, as described in the Directors' Report and policy k. The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is given on page 5. The nature of the Company's operations and its principal activities and risks are set out in the Strategic Report on pages 1 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 as it is fully consolidated into the accounts of the Group and these are publicly available. The Company has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to the disclosure of risk management information relating to the Company's financial instruments, presentation of a cash flow statement, disclosure of transactions between entities under common control as related parties and remuneration of key management personnel.

b) Turnover

Turnover is recognised on an accruals basis. Turnover from the supply of investment management services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable (net of VAT and rebates).

Turnover for investment management services includes performance fees based upon rolling performance periods of up to three-years. These are recognised in the year the performance period ends and the associated fee crystallises.

To the extent that fees receivable are recognised in advance of billing they are included as accrued income. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2022 (continued)

1. ACCOUNTING POLICIES (continued)

b) Turnover (continued)

Fee and commission expenses are paid to other entities within the Group under sub-delegation agreements and to third parties for ongoing services under distribution agreements, and are charged to the profit and loss account on an accruals basis over the period in which the services are expected to be provided.

c) Consolidation

The financial statements contain information about Hermes Investment Management Limited as an individual entity and do not contain consolidated financial information. The Company is exempt under the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is itself a subsidiary undertaking and included in the consolidated statements of FHL.

d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received and, in the case of receivables, net of impairment.

Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss account as described below.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is assessed to determine whether a reversal can be objectively related to an event occurring after the impairment was recognised. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1. ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Debtor and creditor balances are classified as basic financial instruments and initially recognised at the transaction price and subsequently measured at amortised cost less provision for impairment.

e) Cash and cash equivalents

Cash and cash equivalents are comprised of deposits held with banks and other short-term highly liquid investments, notably investments in money market funds.

f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g) Administrative expenses and intra-group cost allocation

The majority of the costs of the Company are borne by its immediate parent, FHL. FHL acts as the paying agent for the Group's expenditure. The costs are allocated between the relevant entities in the Group in line with the Group's transfer pricing policy. The cost allocation to the Company and any other administrative expenses of the Company are recognised on an accruals basis.

h) Bonus costs

Employee bonuses are recognised on an accruals basis in the financial statements where the bonus award is attributable to employee service and performance delivered prior to the year end. Where bonuses are deferred for payment in the future (subject to each employee's continued compliance with pre-defined vesting conditions), the value of these deferred amounts is recognised as an expense on a straight-line accrual basis over the vesting period and adjusted for any forfeitures.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

1. ACCOUNTING POLICIES (continued)

h) Bonus costs (continued)

Where deferred awards are subject to co-investment arrangements, the incremental increase (or decrease) in the value of the award is recognised each year through the profit and loss account.

The Company has no employees as all employees are contractually employed by FHL (the Company's parent undertaking). However, where an employee is deemed to provide services directly to the Company, all employee costs (including bonus costs) relating to the provision of these services are allocated to the Company by FHL. As a result, salary bonus costs are recognised in administrative expenses within the Company's profit and loss account.

i) Share based payments

The long-term incentive plan ("LTIP") awards Class B Common Stock of the Company's ultimate parent, FHI, to senior management and is designed to encourage profitable growth. The LTIP is an equity-settled share-based payment scheme. The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. As FHI is listed on the New York Stock Exchange, a fair value of the award exists at the grant date. In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to the price of the shares of FHI (market conditions) and non-vesting conditions.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and FHL management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. No expense is recognised for awards that are not expected to vest.

j) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenditure denominated in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences are taken to the profit and loss account.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

1. ACCOUNTING POLICIES (continued)

k) Going concern

The future profitability of the Company is dependent on maintaining a stable level of assets under management from which to generate future revenues and cash flows. Whilst the level of Company's assets under management is subject to market conditions and investor redemptions, the directors consider that the Company has a diverse underlying client base (either directly or through the investment advisory contract held through HFMIL), which mitigate the effects of investor redemptions on the Company's future revenue generating potential.

As part of their enquiries, HIML's directors have reviewed the adequacy of the Company's own funds and liquidity positions. At 31 December 2022, the Company held own funds of £95.6m, with a requirement of £29.0m. The surplus equates to 330% of the Company's requirement. The Company also held cash and cash equivalents of £66.0m (2021: £20.5m), a year on year increase of 222%. The directors remain cautious to external market forces. Firstly, the directors are assessing the potential of prolonged market deterioration resulting from the ongoing crisis in the Ukraine. Secondly, the continuation of the inflation-induced recession. These factors create a risk to both the Company's short-term profitability and working capital position. Further details can be found in the Outlook section of the Strategic Report.

As part of the ICARA process, the Directors reviewed the adequacy of the own funds and solvency position under five severe yet plausible scenarios. In addition, reverse stress testing analysis was conducted to determine the levels to which the assets under management would need to fall in order for the surplus own funds and cash liquidity to be exhausted.

Following this review, whilst certain of the more severe stressed scenarios considered by the Directors may impact the Company's profitability in the short term, the Group's existing significant own funds surplus and cash positions provide the Directors with a high degree of confidence that the Group will be able to continue to meet its liabilities for at least 12 months from the date the financial statements are approved.

In the event that the Company has insufficient liquidity to meet its financial obligations, Federated Hermes, Inc. ("FHI"), the Company's ultimate parent company, has committed to provide financial support to the Company for at least 12 months from the date of approval of this annual report.

With this in mind, having made all reasonable enquiries and having respect to the nature of the Company and the commitment of support from FHI, the directors are satisfied at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the approval of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK Company law requires the directors, in preparing the financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable. The preparation of these financial statements is in line with the policies adopted in the preparation of the financial statements of the Group. The estimates and assumptions made in the preparation of these financial statements are based on historical experience and expectation of future events and are reviewed periodically. The actual outcome may be materially different from that anticipated.

The key sources of estimation uncertainty at the year-end that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(i) Deferred tax asset

The ability of the Company to recognise a deferred tax asset in relation to taxable losses brought forward from prior years is limited to the extent that it is probable that the Company will generate sufficient taxable profits in the future against which these losses can be offset. The directors have prepared a profit forecast that provides their best estimate of the extent of profits that will be generated by the Group in the foreseeable future. The forecast adopts management's best estimate of the revenue and cost drivers that will impact the Group's future profitability. This estimation drives the size of the deferred tax asset recognised by the Company in respect of carried forward losses.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

3. TURNOVER

Turnover comprises the value of services supplied in the UK by the Company and is exclusive of value added tax. Turnover, all of which is derived from investment management services carried out in the UK, is analysed as follows:

	2022	2021
Investment management services:	£	£
- Management fees	38,263,547	51,547,695
- Advisory fees	101,084,896	112,923,428
- Performance fees	-	2,346,005
- Other revenue	11,624,723	286,378
	150,973,166	167,103,506

The advisory fees include fees generated under the sub-delegation agreement with HFMIL and HAIML. Other revenue in 2022 primarily consists of income generated in the distribution of funds managed by HFMIL. From 1 January 2022, the Company acts as the distribution agent for a number of HFMIL funds and receives a cost plus 5% mark up as remuneration for this service.

Fee and commission expenses represent amounts payable to both other entities within the Group under sub-delegation agreements for the provision of investment advisory services and to third parties for ongoing services under distribution agreements. In 2022, the amount for fees and commissions recognised in the profit and loss account were £25,640,338 (2021: £17,397,272); this is split out below. A significant proportion of the increase in third-party fees in 2022 relates to the HFMIL funds noted above.

	2022	2021
Fees and commission payable to:	£	£
- Group entities	8,566,949	7,402,952
- Third parties	17,073,389	9,994,320
	25,640,338	17,397,272

4. ADMINISTRATIVE EXPENSES

Administrative expenses are analysed as follows:

	2022	2021
	£	£
Group cost allocation	81,405,093	81,444,942
Employee costs	31,693,363	35,034,651
Other administrative expenses	10,241,674	8,503,123
Fund administration costs	3,881,638	3,741,040
	127,221,768	128,723,756

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

4. ADMINISTRATIVE EXPENSES (continued)

Where costs incurred by the Group are directly attributable to services provided by the Company (including salary costs, fund administration expenses and other administrative costs), these costs are recognised directly as an expense of the Company. In addition to these costs, the Group cost allocation expense represents the proportion of the Group's central overhead costs that have been allocated to the Company (based on the directors' best estimate of the Company's consumption of these costs in the delivery of its services relative to other entities in the Group).

5. NET GAIN ON FOREIGN EXCHANGE

	2022	**2021**
	£'000	**£'000**
Net gain on foreign exchange	16,946,360	1,578,321
	16,946,360	1,578,321

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation of the Company is stated after charging:

	2022	**2021**
	£	**£**
Fees payable to the Company's auditor in respect of audit services	60,000	60,000
Fees payable to the Company's auditor in respect of audit related assurance services	65,000	65,000

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

All six of the directors (2021: six) that served the Company during the year were employed by and provided services to other entities in the Group (in addition to the services that they provided as directors of the Company). Their total emoluments during the year were £6,098,235 (2021: £6,493,356). However, it is not considered practicable to allocate a proportion of these overall emoluments to services provided as a Director of the Company (relative to the services provided to the Group as a whole). As a result, none of these remuneration costs have been allocated to the Company.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

7. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

Therefore, the directors' remuneration disclosures shown below represent amounts paid to the directors by Federated Hermes Limited in respect of services provided to the Group as a whole. These costs have not been borne directly by the Company and, therefore, are not included within the Company's profit and loss account.

	2022	**2021**
	£	**£**
Directors' remuneration		
Salaries and related benefits	5,991,233	6,379,542
Contributions to money purchase pension schemes	107,002	113,814
	6,098,235	6,493,356

The Group operates a bonus deferral scheme whereby a portion of the bonuses awarded to the directors during the year have been deferred. The full value of the deferred awards granted to directors in respect of the year was £1,200,000 (2021: £1,604,000). The full value of this deferred award has been included as a component of the "Salaries and related benefits" section of the table above. However, the awards will only become payable after the directors satisfy future service conditions and, therefore, the cost of these awards to the Group is recognised over the vesting period.

During the year, the Group made defined contribution pension scheme contributions on behalf of directors of £107,002 (2021: £113,814), of which £17,970 (2021: £18,060) was on behalf of the highest paid director.

	2022	**2021**
The number of directors who:		
Are members of a money purchase pension scheme	4	6

	2022	**2021**
	£	**£**
Remuneration of highest paid director		
Emoluments	1,974,469	1,700,363
Contributions to money purchase pension scheme	17,970	18,060
	1,992,439	1,718,423

An amount of £660,000 (2021: £349,000) is included in the "Emoluments" balance shown above and relates to amounts payable to the director under the Group's bonus deferral scheme. This balance represents the full value of the award and is deferred over a period of up to three years.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

8. INFORMATION REGARDING EMPLOYEES

The average number of employees excluding directors employed by the Company during the year was nil (2021: nil) as all staff of the Group are contractually employed by FHL. Costs associated with the services provided by the employees of the Group to the Company are recharged to the Company and included in administrative expenses.

Employee costs allocated to the Company in this manner were as follows:

	2022	**2021**
	£	**£**
Wages and salaries	26,541,031	29,801,487
Social security costs	3,661,080	4,096,963
Pension costs	1,130,710	1,062,701
Redundancy payments	360,542	73,500
	31,693,363	35,034,651

9. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2022	**2021**
	£	**£**
a) Analysis of tax charged in the year		
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	-	1,554,506
Group relief payable/(receivable)	2,208,898	1,696,878
Adjustment in respect to prior periods	70,015	(149,110)
Total current tax charge/(credit)	2,278,913	3,102,274
Deferred tax:		
Origination and reversal of timing differences	576,041	1,050,243
Adjustment in respect to prior periods	(70,569)	306,896
Effect of tax rate change	(105,965)	(856,784)
Total deferred tax charge	399,507	500,355
Total tax charge	2,678,420	3,602,629

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

9. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

b) The tax charge in the year differs from that resulting from applying the average standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

	2022	**2021**
	£	**£**
Profit on ordinary activities before tax	15,404,539	22,563,181
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19.00%)	2,926,862	4,287,005
Non-taxable income	-	-
Amounts transferred in from other subsidiaries	-	-
Non-deductible expenses	1,512	14,622
Amounts credited directly to profit and loss	1,028	-
Additional deduction for share-based payment	(144,463)	-
Adjustments in respect of prior periods	(554)	157,786
Effect of difference to deferred tax rates	(105,965)	(856,784)
	2,678,420	3,602,629

c) Deferred tax

	Provided 2022	**Provided 2021**
	£	**£**
Fixed asset timing differences	1,481	1,702
Bonus and share based payment timing differences	4,144,647	4,543,933
Tax losses	-	-
	4,146,128	4,545,635

The Company expects to utilise £0.7m of its deferred tax assets within the next 12 months.

Deferred tax assets of £4,146,128 (2021: £4,545,635) have been recognised as at 31 December 2022 as it is expected that there will be sufficient taxable profits within the Company or the Group against which the future reversal of the underlying timing differences can be offset.

During the year, legislation was enacted such that the main UK corporation tax rate will increase from 19% to 25% from 1 April 2023. As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 19% and 25% rate. This resulted in an increase in the deferred tax asset by £105,965.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

10. DEBTORS - amounts falling due within one year

	2022	2021
	£	£
Trade debtors	1,408,186	1,438,314
Amounts owed by Group undertakings	119,542,613	94,456,135
Prepayments and accrued income	6,028,752	9,138,343
Other debtors	237,615	750,907
	127,217,166	105,783,699

The fair value of trade and other debtors held at amortised cost approximates their carrying value.

DEBTORS - amounts falling due after more than one year

	2022	2021
	£	£
Deferred tax asset	4,146,128	4,545,635
	4,146,128	4,545,635

This amount relates to deferred tax assets on timing differences.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2022 (continued)

11. CREDITORS – amounts falling due within one year

	2022	2021
	£	£
Amounts owed to Group undertakings	68,682,455	46,064,712
Accruals	23,109,941	24,032,433
Corporation tax payable	3,563,286	2,712,104
Other creditors	166,693	174,810
	95,522,375	72,984,059

Creditors are non-interest bearing and the carrying amount is at amortised cost which approximates their fair value

CREDITORS - amounts falling due after more than one year

	2022	2021
	£	£
Accruals	6,155,584	6,480,625
	6,155,584	6,480,625

This amount relates to bonuses deferred over a period of up to three years.

12. SHARE CAPITAL

	2022	2021
	£	£
Authorised:		
40,000,000 (2021: 10,000,000) ordinary shares of £1 each	40,000,000	10,000,000
Allotted and fully paid:		
35,000,000 (2021: 5,000,000) ordinary shares of £1 each	35,000,000	5,000,000

During the year the Company issued 30,000,000 fully authorised, allotted and paid at par value, £1 per share.

13. RELATED PARTIES

The Company is exempt from disclosing related party transactions with members of the Group under FRS 102 Section 33 Related Party Disclosures, if it is a wholly-owned subsidiary of the Group and the other subsidiary undertakings with which the Company has transacted during the year are also wholly-owned by a member of the Group.

There were no material related party transactions other than those within the Group.

14. CONTROLLING PARTY

The immediate parent undertaking of the Company is Federated Hermes Limited. Federated Hermes Limited is the parent of the smallest group which includes the Company and for which consolidated financial statements are prepared.

Federated Hermes, Inc. is the Group's ultimate parent undertaking and controlling party, it is also the parent of the largest group for which consolidated financial statements are prepared.

The accounts of Federated Hermes, Inc. can be obtained at its Registered Office at 1001 Liberty Avenue, Pittsburgh, PA 15222, United States of America.

The accounts of Federated Hermes Limited can be obtained at its Registered Office, Sixth Floor, 150 Cheapside, London, England, EC2V 6ET.

15. SUBSEQUENT EVENTS

On 16 January 2023, G Dulski was appointed to the Board of the Company.

There were no other subsequent events material to the financial statements of the Company from the balance sheet date, 31 December 2022, to the date of approval of the financial statements, 4 April 2023.

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Signer Events	Signature	Timestamp
Ernst & Young LLP slangston@uk.ey.com EY Security Level: Email, Account Authentication (None)	DocuSigned by: Ernst & Young LLP 24C833B96348446... Signature Adoption: Uploaded Signature Image Using IP Address: 86.3.163.236	Sent: 4/4/2023 10:01:15 PM Viewed: 4/4/2023 10:01:50 PM Signed: 4/4/2023 10:02:14 PM

Electronic Record and Signature Disclosure:
Accepted: 2/16/2022 9:40:13 PM
ID: c422cd4f-dea7-4ca2-84ae-daf565142237
Company Name: EY

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
Jessica Partridge jpartridge2@uk.ey.com EY Security Level: Email, Account Authentication (None)	COPIED	Sent: 4/4/2023 10:02:16 PM Resent: 4/4/2023 10:02:19 PM Viewed: 4/4/2023 10:08:27 PM

Electronic Record and Signature Disclosure:
Accepted: 10/18/2021 7:55:05 PM
ID: 97a8dddf-5bff-42b6-aba1-d2e79bb87b96
Company Name: EY

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	4/4/2023 10:01:15 PM
Certified Delivered	Security Checked	4/4/2023 10:01:50 PM
Signing Complete	Security Checked	4/4/2023 10:02:14 PM

Envelope Summary Events	Status	Timestamps
Completed	Security Checked	4/4/2023 10:02:16 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, EY (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact EY:

You may contact the sender of your envelope to let them know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically.

To advise EY of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to the envelope sender and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from EY

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, please contact the envelope sender and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with EY

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

1. decline to sign a document from within your signing session, and on the subsequent page, select the checkbox indicating you wish to withdraw your consent, or you may;
2. send us an email to docusign@ey.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:
You can access and read this Electronic Record and Signature Disclosure; and

You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and

Until or unless you notify EY as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by EY during the course of your relationship with EY.

Privacy Notice – DocuSign

1. Introduction

This Privacy Notice is intended to describe the practices EY follows in relation to the DocuSign ("Tool") with respect to the privacy of all individuals whose personal data is processed and stored in the Tool.

2. Who manages the Tool?

"EY" refers to one or more of the member firms of Ernst & Young Global Limited ("EYG"), each of which is a separate legal entity and can act as a data controller in its own right. The entity that is acting as data controller by providing this Tool on which your personal data will be processed and stored is EY Global Services Limited. EY Global Services Limited licenses the Tool from DocuSign, Inc., 221 Main Street, Suite 1000, San Francisco, CA 94105.

The personal data you provide in the Tool is shared by EY Global Services Limited with one or more member firms of EY (see "Who can access your information" section below).

The Tool is hosted externally by the vendor, DocuSign, in data centers (referred to by DocuSign as data center “rings”) in North America, Canada, Germany, France and Netherlands and Australia. Documents/envelopes will be hosted in the applicable ring where they are initiated from. When an envelope is initiated for signature in a different ring to the intended recipient, a link to the envelope is written in the inbox of the recipient and when they click the link they are taken to a web server in the ring where the envelope has been initiated. Account administrators select either the NA, CA, EU or AU for an account user’s data center ring when an account is initiated depending on the data transfer requirements and restrictions in the account user’s jurisdiction. Japan has selected the EU as its data center ring. If no data centre ring is selected by the account administrator, hosting will default to the North America ring.

3. Why do we need your information?

The Tool is a vendor product which will allows electronic signature of internal and external documents. The Tool provides a global standard for an electronic signature that increases efficiency of e-Signature for the enterprise, improve document signing process for internal and external clients and allow for integrations with other 3rd party tools. The intention is for the tool to be used across all service lines within EY with the aim to ultimately replace physical signatures with electronic signatures.

Your personal data processed in the Tool is used as follows:

- You will log into the Tool by going to the DocuSign website and using Single Sign-On. Once you have logged into the Tool, you can create an envelope which contains the relevant documents. In order to create an envelope, your first name, last name and email address is used. The EY signatory uses DocuSign to sign the document (which involves the processing of their first name, last name and signature) and this is then sent to the counterparty (i.e. future employee, vendor, client etc.) to provide any requested information and signature.

EY relies on the following basis to legitimize the processing of your personal data in the Tool:

- Processing is necessary for the purposes of the legitimate interests pursued by the data controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data. The specific legitimate interest(s) pursued is to streamline and speed up the signature process to ensure timely executions of documents.

The provision of your personal data to EY is optional. However, if you do not provide all or part of your personal data, we may be unable to carry out the purposes for processing.

Processing of your personal data is necessary for the purposes of the legitimate interests pursued by the data controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data. The specific legitimate interest is to streamline and speed up the signature process to ensure timely executions of documents.

4. What type of personal data is processed in the Tool?

The Tool processes these personal data categories:

- First and last name;
- Email address; and
- Signature.

This data is sourced from:

- Directly from you;
- Directly from any other EY partner, employee and/or contractor, former EY partner, employee and/or contractor;
- directly from clients and former clients;
- directly from vendors and former vendors; and
- directly from any other third parties who will be a party to the document which is being signed.

5. Sensitive Personal Data

Sensitive personal data reveals your racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, data concerning health or data concerning sex life or sexual orientation.

EY does not intentionally collect any sensitive personal data from you via the Tool. The Tool's intention is not to process such information.

6. Who can access your information?

Your personal data is accessed in the Tool by the following persons/teams:

- DocuSign Organisation Administrator;
- DocuSign Account Administrator;
- DocuSign Sender;
- DocuSign Viewer; and
- DocuSign support.

Role	Where are they located?	What is the purpose for which they need access?	Level of access rights
DocuSign Organisation Administrator	This is limited to members of the EY DocuSign Centre of Excellence (COE).	Overall admin of EY DocuSign Organization. Control	Full Admin control, with oversight of all accounts within the EY DocuSign Organization.

		Organization-wide settings and access. Act as Account Admin on all Accounts for setup and escalation purposes.	
DocuSign Account Administrator	Multiple administrators although limited to only those who need and have been authorised to have admin rights.	To admin the account including setting up users in the system to create envelopes, reporting etc.	Admin rights to change account settings, add users but can't access envelopes unless they are given permission by envelope creator.
DocuSign Sender	Globally.	Create envelopes.	Only to their envelopes.
DocuSign support	DocuSign support is located in US and Europe.	All on the understanding that it would only be to perform support services as requested by IT.	All on the understanding that it would only be to perform support services as requested by IT.

The access rights detailed above involves transferring personal data in various jurisdictions (including jurisdictions outside the European Union) in which EY operates (EY office locations are listed at www.ey.com/ourlocations). EY will process your personal data in the Tool in accordance with applicable law and professional regulations in your jurisdiction. Transfers of personal data within the EY network are governed by EY's Binding Corporate Rules (https://www.ey.com/en_gl/data-protection-binding-corporate-rules-program).

7. Data retention

Our policy is to retain personal data only for as long as it is needed for the purposes described in the section "Why do we need your personal data". Retention periods vary in different jurisdictions and are set in accordance with local regulatory and professional retention requirements.

In order to meet our professional and legal requirements, to establish, exercise or defend our legal rights and for archiving and historical purposes, we need to retain information for significant periods of time.

The policies and/or procedures for the retention of personal data in the Tool are in accordance with EY Records Retention Global Policy and applicable EY Global, Area, Region or Country Retention Schedule. For more information on the retention period applicable to your personal data, please contact your usual EY representative. However, the account managers for each envelope can set their own retention periods, which can be anything between one day and seven years. If the account managers do not set a customized retention period for their envelopes, then the EY Records Retention Global Policy retention period shall apply.

Your personal data will be retained in compliance with privacy laws and regulations.

After the end of the data retention period, your personal data will be deleted.

8. Security

EY protects the confidentiality and security of information it obtains in the course of its business. Access to such information is limited, and policies and procedures are in place that are designed to safeguard the information from loss, misuse and improper disclosure. Additional information regarding our approach to data protection and information security is available in our Protecting your data brochure.

9. Controlling your personal data

EY will not transfer your personal data to third parties (other than any external parties referred to in section 6 above) unless we have your permission or are required by law to do so.

You are legally entitled to request details of EY's personal data about you.

To confirm whether your personal data is processed in the Tool or to access your personal data in the Tool or (where applicable) to withdraw your consent, contact your usual EY representative or email your request to global.data.protection@ey.com.

10. Rectification, erasure, restriction of processing or data portability

You can confirm your personal data is accurate and current. You can request rectification, erasure, restriction of processing or a readily portable copy of your personal data by contacting your usual EY representative or by sending an e-mail to global.data.protection@ey.com.

11. Complaints

If you are concerned about an alleged breach of privacy law or any other regulation, contact EY's Global Privacy Leader, Office of the General Counsel, 6 More London Place, London, SE1 2DA, United Kingdom or via email at global.data.protection@ey.com or via your usual EY representative. An EY Privacy Leader will investigate your complaint and provide information about how it will be handled and resolved.

If you are not satisfied with how EY resolved your complaint, you have the right to complain to your country's data protection authority. You can also refer the matter to a court of competent jurisdiction.

Certain EY member firms in countries outside the European Union (EU) have appointed a representative in the EU to act on their behalf if, and when, they undertake data processing activities to which the EU General Data Protection Regulation (GDPR) applies. Further information and the contact details of these representatives are available here.

12. Contact us

If you have additional questions or concerns, contact your usual EY representative or email global.data.protection@ey.com.