

# Gender Pay Report 2023

## The Federated Hermes Pledge

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

I will act ethically, responsibly and with integrity.

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

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

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

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

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

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

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

I will manage conflicts of interest fairly between all parties.

**A message from our Chief Executive Officer**

Federated Hermes Limited was an early signatory to the Women in Finance Charter in 2016 and remains fully committed to attaining gender balance across all levels in our firm and financial services.

We have reached 40% female representation on our board, consistent with the goal set by Women in Leadership as a sign of best practice for FTSE 350 companies. This year, we doubled the number of women on our Senior Management Team from two to four so that it continues to have representation and input from key functions of our business to advise us as we discharge executive responsibilities.

We know that pay gaps are driven by our workforce profile, not pay differences, and that changes in our employee make-up can drive significant data fluctuations. As such, we are focussed on the supporting actions we have outlined in this report to meet our representation goals – notably, investing in proactively developing, engaging and retaining a diverse talent pipeline. We would expect to see further increases in our representation, and by extension, a narrowing of the gender pay gap over time.



**Saker Nusseibeh, CBE**  
CEO,  
Federated Hermes Limited



**Our pay philosophy**

Federated Hermes Limited’s approach to pay is gender neutral, with both male and female employees paid fairly for the work that they undertake. Further to this, the Company regularly evaluates its pay to ensure that all employees are compensated fairly. We are committed to rewarding employees with a focus on providing sustainable, long-term careers in an inclusive work environment.

**Defining the Gender Pay Gap**

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

**The calculations**

The mean is calculated by adding up the total pay of employees and dividing the sum by the total number of employees.

The median is the middle number in a ranking of pay from lowest to highest and gives us a view of what “typical” pay is.



**Our female board and Senior Management Team members**



**Deborah Cunningham**  
Chief Investment Officer,  
Global Liquidity Markets



**Dolores Dudiak**  
Vice President, Director,  
Human Resources



**Jane Lambesis**  
Senior Vice President,  
Regional Sales Consultant



**Kerry Wang**  
Group Finance Director



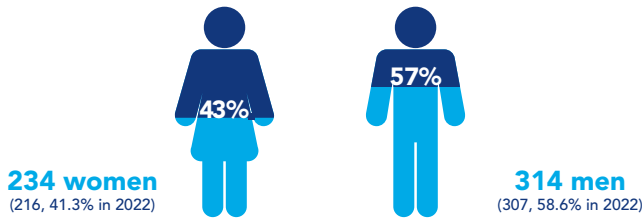
**Sylvie McLaughlin**  
Head of Office, Ireland



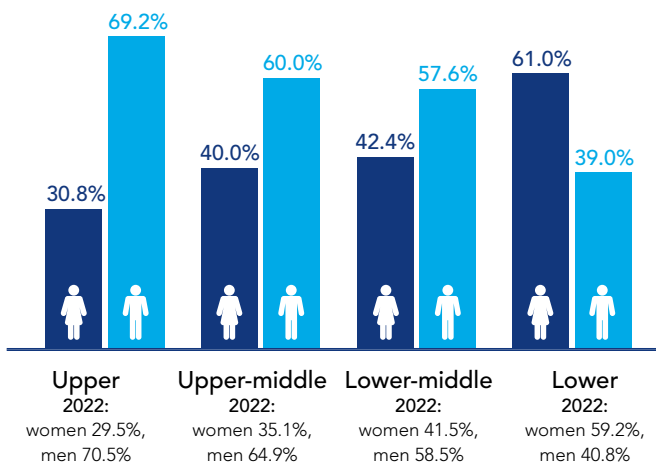
**Ursula Henry**  
Head of International  
Decision Support

## Our figures as at April 2023

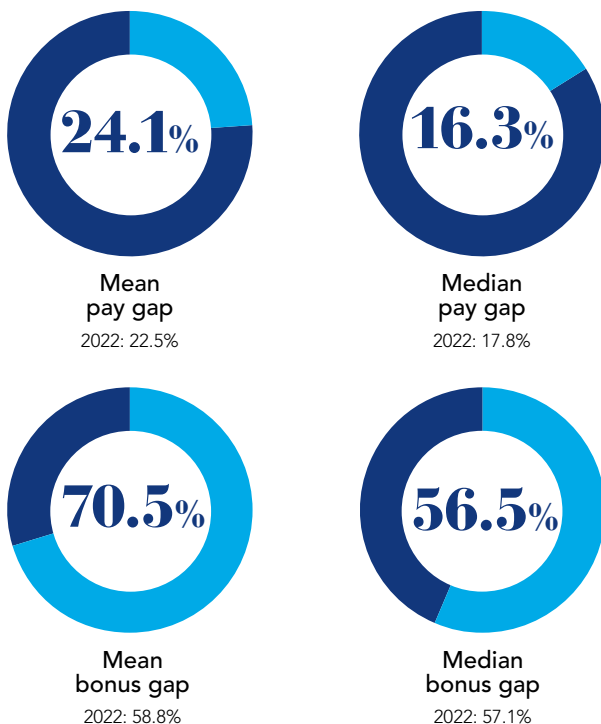
### Total workforce as at April 2023



### Proportion of women and men in each pay quartile as at April 2023



### Gender pay and bonus gaps as at April 2023



## Understanding the Gap

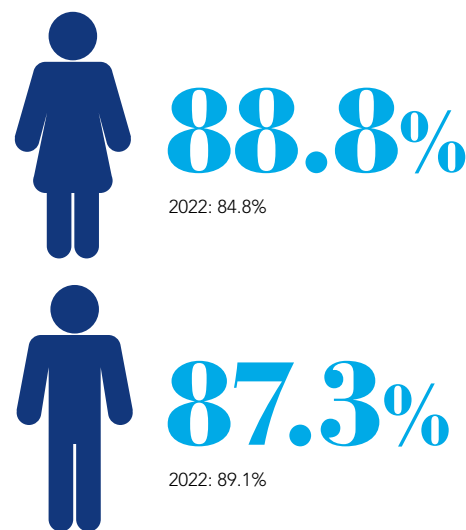
The population in scope for gender pay gap reporting is reviewed each year in line with government guidelines - those not receiving full pay are excluded from the pay calculations and those who are ineligible for bonus payments are not removed from the bonus calculations. This is important to note as it means that the population from one year to the next is not static. For instance, the female representation of full pay relevant employees has increased by 1.7% from the 2022 to 2023 reporting cycle.

Our analysis has shown that the proportion of women within the Upper Quartiles has increased within the last year (+5% of Women in the Upper Middle Quartile comparing 2023 with 2022 data and modest increases (within 2%) in the remaining quartiles).

Regrettably, we have seen some decline in our mean pay (+1.6%) and bonus gap data between 2022 and 2023 owing to some senior departures. This is not representative of our turnover more broadly and we see a lower impact on our median figures where, by contrast, modest improvements (1.5% decrease) have been made to our pay and bonus gaps in 2024 compared to the prior year.

While there is no obligation for the firm to award a discretionary performance and behaviour related bonus, we have seen the proportion of women receiving a bonus increase by 3.9% from the 2022 data, largely owing to new employees recruited in the prior year becoming eligible for bonuses. These proportions may continue to fluctuate over time due to the lag in reporting for new employees (of all genders) and their eligibility for bonuses.

### Percentage of men and women receiving a bonus as at April 2023



Note

- i. this data is based on all relevant UK employees for the reporting period 6 April 2022 to 5 April 2023
- ii. the data is focussed on binary definitions of gender as required by UK legislation. However, we will continue to also support employees who do not fit into this binary definition of gender.

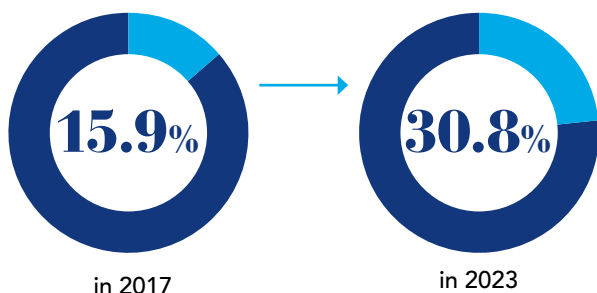
### Long Term Trends

Over the last seven years, we have seen a 9% increase in the proportion of women within our overall workforce coupled with an 8% increase in women at senior management level.

These improvements in our gender diversity are filtering through to some of our pay gap metrics when we look at the overall trend from our first 2018 report to this current 2024 report:

- a. In our pay quartiles where the proportion of women in the upper pay quartile has approximately doubled (from 15.9% to 30.8%) over this period;
- b. In our median pay gap, which has improved (decreased) by 8.1%; and
- c. In our mean pay gap, which has improved (decreased) by 6.1%.

### Increase in Women in Upper Pay Quartile



As is not uncommon within the Financial Services industry, the Gender Bonus Gap is more pronounced than the Gender Pay Gap. It has been more challenging to sustain improvements year-on-year with the Mean Bonus Gap in particular being susceptible to shifts in outliers, as demonstrated by this year’s report where the 4.3% improvement from 2018 to 2023 was set back by a spike in this data point. This underscores the importance of our continued focus on the under-representation of women in senior roles where the criticality and scarcity of skills and experience drive weighty remuneration packages across the market.

Our business has been carefully evolving since Federated Hermes, Inc. acquired a majority interest in Federated Hermes Limited in 2018 and in the last year alone, we integrated to four investment platforms (Public Markets, Private Markets, Liquidity and Responsibility). We are continuing our integration journey to ensure that we are best placed to deliver sustainable wealth creation that enriches investors, benefits society and preserves the environment. Longer-term, we anticipate that this will create new opportunities as functions and roles globalise to maximise the expertise and capabilities within our broader Federated Hermes group. In turn, this will enable us to continue our investment in talent across all of our business.

### Addressing the Gap

#### Summary of Actions Taken



#### Recruitment

Strengthened our Talent Acquisition Capabilities through the following steps:

- Appointed a dedicated and experienced Talent Acquisition Partner to focus on recruiting a diverse workforce.
- Expanded our sourcing and selection methods through a focus on direct hiring, building relationships with individuals who might be potential hires for current or future job openings and anonymised CVs for a selection of roles.
- Extended our inclusive recruitment training following our successful 2022 pilot to a broader population and create a dedicated inclusive recruitment intranet page with accredited employees to sit on interview panels.

#### Progression & Retention

- Supported all employees with hybrid and remote working opportunities tailored to their individual needs and role requirements.
- Worked with our Gender and Families/Returners network to understand which benefits are of importance and value to them and enhanced our core benefits offering as a result (including savings schemes, adding menopause support to our Private Medical Insurance offering, a wellness programme that includes access to an Osteopath).
- Developed personal development workshops open to all colleagues, encouraged our female colleagues to attend and offered every female an opportunity for mentoring and career planning support.

#### Culture & Behaviour

- Conducted half yearly employee engagement surveys to measure the culture of our organisation as experienced by different demographics, including our female population.
- Continued our My Story series started in 2022 to give colleagues an opportunity to share their full selves at work and connect with others from different backgrounds to promote greater understanding and inclusion.
- Signed the Menopause Pledge, set up a Menopause Support Group and Resource page on our Gender Employee Network intranet page and rolled out essential line manager training and a menopause toolkit.
- Supported a group of colleagues from under-represented groups (including women, those identifying as disabled or with a long-term condition and from ethnic minority backgrounds) to complete the Inclusion Ecosystem change programme alongside their managers and a sponsor to drive the development of employees within our organisation.



## Planned/Ongoing Actions



At the end of 2023, we launched a new DEI Strategic Plan for Federated Hermes Limited to ensure all employees have a place to belong within our work community and actively promote a culture of inclusion which celebrates all forms of diversity. This Strategic Plan, approved by our Senior Management Team and communicated to all employees, will guide our approach for the next three years. Here are some highlights from the Plan that align to the four key pillars from best-in-class organisations noted in the 2022 Women in Finance Charter Blueprint:

### Embedding DEI

- Hired a new Diversity, Equity and Inclusion Business Partner, responsible for leading and implementing the firm's diversity strategy and set up our DEI Office with representation from different divisions and networks to include multiple perspectives in our approach.
- Promotion of our Diversity Data Collection Campaign and development of a new reporting mechanism to utilise data to inform our efforts and monitor key DEI levers throughout the employee lifecycle on a quarterly and annual basis.
- Enhancing our brand as an inclusive employer through strategic accreditations.

### Recruitment

- Review structural and behavioural barriers that may impact recruiting - conduct analysis of the language of our job adverts to minimise gender and any other unconscious bias and extend anonymised CV pilot across all business areas and track outputs.
- Continue our inclusive recruitment training so that 10% of our employee population has been trained.
- Promote internal mobility through continuation of frequent communications on employee movements and openings.

### Progression & Retention

- Piloting a job family framework which will include a skills matrix of different job levels.
- Host focus group discussions to better understand the experience of specific demographic groups including women and identify any additional support required to address any barriers to progression.
- Introducing quarterly feedback sessions with new joiners and buddy programme for them and those going through significant life changes.

### Culture & Behaviour

- Continue our half yearly employee engagement surveys to measure culture changes and offer cultural competency training for targeted teams to enhance the experience of belonging and inclusion.
- Integrate Employee Network initiatives to increase the belonging of all employee intersectional identities with a particular emphasis on empowering women through training workshops and the promotion of role models and allyship.
- Launched "Introduction to Culture at FHL" workshops for all new joiners to raise awareness of our values, how these are connected to our performance expectations and provide an overview of opportunities to expand their network and find a space to connect with others.



**Ursula Henry,**  
Head of International  
Decision Support and  
Executive Sponsor for  
Diversity, Equity and  
Inclusion comments:

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Our employee culture survey tells us that employees feel we perform exceptionally in our diversity and inclusion efforts and that they feel extremely valued as a person at Federated Hermes. Whilst we have made good progress with our DEI agenda, we recognise that there is still more work to be done to achieve our aspirations of gender parity and become a recognised market leader. We have identified six strategic priorities, including one focussed on accelerating our gender and ethnicity charter commitments. We have representation from our senior leadership and employee network teams in this critical work and are well positioned to achieve these goals and deliver the best holistic returns for our clients.

## 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.

## Our investment and stewardship capabilities:

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

For more information, visit [www.hermes-investment.com](http://www.hermes-investment.com) or connect with us on social media:

