

Federated Hermes Limited

Conflicts of Interest Policy

May 2024

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Document Control

Version Control

Date	Version	Amended by	Change	Committee approved (Y/N)
01/05/2023	1.0	B Flack	Annual review. New policy template. Two new example COI added. One regarding sweeping cash into MMFs. Second regarding Japan office communications	Y
01/05/2024	1.1	B Flack	Annual review. Minor changes to reflect an information barrier between private and public market teams. Section on bonus payments amended to reflect the removal of the FHL Remuneration Committee.	Y

Document information

Document	Details
Title	Conflicts of Interest Policy
Document Type	Internal Policy
Location	Staff Intranet
Prepared by	Compliance
Next review	01/5/2025

Roles and Responsibilities

Role	Responsibility
Owner	D Fitzharris
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Policy Approval Body	Risk, Compliance and Financial Crime Compliance Executive (RCFE).
Reviewers	Compliance

1. Introduction

1.1 Background

At Federated Hermes, the mission is to help beneficiaries retire better and to put our clients' interests at the forefront of everything we do. To achieve this, we aim to be a world leading provider of long-term holistic returns for savers and creating value for all stakeholders in the financial system. At the heart of Federated Hermes is a deeply held belief that we have a duty to generate outcomes for savers and beneficiaries that go beyond investment performance to include the impact on companies, individuals, and society as a whole. This belief permeates everything that we do as a business and is reflected in the Federated Hermes Pledge – a commitment to always put clients first, and to act responsibly and transparently.

The Federated Hermes Limited (FHL) Conflicts of Interest Policy (the Policy) is part of a set of firm-wide Compliance policies that address the risks to which FHL is exposed.

FHL endeavours at all times to act professionally with its clients and their beneficiaries best interests in mind, and take appropriate steps to identify circumstances that may give rise to conflicts of interest entailing a risk of damage to our clients' interests.

FHL has established appropriate procedures to manage any conflicts of interest identified to prevent damage to client interests.

What is a "Conflict of Interest"?

A conflict of interest may arise between FHL and its clients or between one client and another, or between an FHL employee and a client. Examples of conflicts include where FHL or one of its employees:-

- is likely to make a financial gain (or avoid a loss) at a client's expense;
- is interested in the outcome of the service provided to a client where its interests are distinct from the clients' interests;
- has a financial or other incentive to favour the interests of one client over another;
- receives or will receive from a person an inducement in relation to a service provided to the client, in the form of money, goods or services from a third party in relation to services provided to a client other than standard fees or commissions.

1.2 Policy Objectives

The objective of this Policy is to identify, record and manage any potential conflicts of interest that may arise where there is a risk of damage to the interest of one or more clients.

1.3 Scope of Application

This policy applies to all permanent employees, contractors and temporary workers within the Federated Hermes Limited Group including but not limited to Hermes GPE LLP, and Hermes Fund

Managers Ireland Limited. For the avoidance of doubt this policy does not apply to Federated Hermes UK LLP as they continue to operate under Federated Hermes Inc group policies.

Federated Hermes Limited ("FHL") contains companies authorised and regulated by the Financial Conduct Authority ("FCA"). The policy set out in this document complies with applicable FCA rules and requirements.

Companies within the FHL group are regulated by a number of different regulators around the world. Where Regulator rules diverge from the FCA, FHL applies the higher standard for those jurisdictions affected. Our Regulators include the Financial Services Agency in Japan, the Australian Securities & Investment Commission, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany, Central Bank of Ireland, Comisión Nacional del Mercado de Valores (CNMV) in Spain, the Danish Financial Supervisory Authority, Commissione Nazionale per le Società e la Borsa (CONSOB) in Italy, the Monetary Authority of Singapore, the Securities Exchange Commission in the US, and the Swiss Financial Market Supervisory Authority FINMA.

1.4 Policy ownership and review

This policy is owned by the Chief Compliance Officer. The Compliance team maintains the Policy on their behalf, taking advice from relevant business functions before approval by the Risk, Compliance and Financial Crime Compliance Executive (RCFE).

The Chief Compliance Officer will review the scope and workings of the policy on at least an annual basis to ensure it remains fit for purpose taking into consideration internal and external factors that may impact FHL and this policy.

1.5 Risk Appetite

FHL has no appetite for any decisions, processes or behaviours that knowingly will result in regulatory conduct breaches, and action will be taken accordingly. It is recognised in the normal course of business there could be instances of regulatory breaches, and if so - we have no appetite for failing to implement, monitor and develop appropriate controls to prevent reoccurrence.

2. Policy

2.1 Policy Framework

FHL is committed to maintaining the highest standards of governance, ethics and compliance with all applicable laws and regulations and imposes specific obligations on FHL and staff to act with integrity and honesty at all times and to safeguard the clients' and corporate assets for which they are responsible. All permanent FHL employees, all contractors & temporary employees that are employed by FHL are covered by this Policy.

2.2 Policy standards

Receipt of confidential information

Different parts of FHL may receive confidential or sensitive information in relation to the services they provide to clients. This information is generally provided for a specific purpose e.g. financial monitoring of a business to which the Direct Lending team has made a loan. In some cases the information could be price sensitive information under Market Abuse Rules. It is important that confidential information is used for the purpose for which it was provided and not disseminated to other groups where it could adversely affect their ability to act independently and in the interests of clients.

Management/Prevention

FHL has adopted an information barrier policy designed to prevent the free flow of confidential information from one part of the business to another. An information barrier (enforced through systems, procedures and reporting lines) is established between private markets and public markets investment teams. This is designed to enable all individuals within FHL to act in the best interests of their clients without having their ability to act affected by confidential information provided to another group.

Conflicts of Interest between clients

These conflicts can arise in a number of ways.

For example, conflicts can arise between clients who receive the same investment service from FHL. An example would be the method of allocation of an active equity trade between investors in the same strategy where there is a shortfall in the number of shares.

Another example relates to the interests of investors in the same investment fund. There could be an information advantage if one group of investors receive early/detailed disclosure in relation to other unitholders.

Another example would be a FHL fund or managed account that investing in another FHL or FHI fund. This could occur where cash held in one FHL fund/segregated account is swept into a FHL or FHI Money Market Fund, as part of cash management where the investment restrictions allow and both funds have an annual management charge. In this case the cash is swept into zero charge management fee class.

Conflicts Arising from the Business in Japan: Federated Hermes Japan (FHJ) operates agency business only between other affiliated companies in FHL and their clients. As such, the types of conflict of interest might be limited as FHJ does not directly handle the trading or investment management. However, in most cases, one of the parties in the agreement in which FHJ is acting as an agency is a member of FHL and the other party is a third party client. As such, there is always conflict of interest between FHL's clients. For example, FHJ might have incentive not to disclose necessary information such as negative performance to the third party client.

Management/Prevention

FHL has adopted policies and procedures designed to prevent these conflicts damaging client interests.

In the case of allocation of trades this is usually done on a pro-rata basis. Where this is not the case, there are procedures to validate that the reasons are justifiable.

FHL has established a number of procedures to ensure that we do not give differential/preferential information to any of the investors in our Funds. In particular, information about proposed changes to funds would be communicated to all investors at the same time.

Where a FHL fund or segregated account invests in another FHL or FHI fund as an investment, such as a Money Market Fund, there will be no double charging of management fees. The FHL or FHI Money Market Fund will not charge a management fee for the investment made by the FHL fund/FHL managed account.

In Japan, FHJ has the Policy on Representation of Advertisement, in accordance with the Financial Instruments and Exchange Act ("FIEA") and the JIAA's Self-Regulations on Advertisement and Solicitation. Compliance reviews (by utilizing a professional firm) the documents (not limited to the advertisement but also other documents such as a contracts) shared with third party clients (including prospective clients) so that necessary information is provided.

Personal Conflicts

FHL have a number of measures in place to prevent personal conflicts of its staff damaging the interests of clients.

Examples of where such conflicts might arise could include an employee receiving a formulaic bonus for selling certain products or services to clients for whom they are not suitable.

Another area which could give rise to personal conflicts relates to securities transactions undertaken by staff e.g. a member of staff trading ahead of client orders.

Inducements provided to an individual member of staff such as extravagant entertainment from a counterparty could influence that member of staff to use the services of the counterparty where it would damage the interests of clients.

Management/Prevention

FHL has a Code of Ethics which is designed to prevent personal conflicts damaging the interests of clients. Detailed policies and procedures supplement the Code with the intention of appropriately managing personal conflicts.

FHL ensures that it does not remunerate or assess the performance of its staff in a way that conflicts with its duty to act in the best interests of its clients. In particular, a FHL does not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive for staff to recommend a particular product to a client. Remuneration is designed in such a way so as not to create a conflict of interest or incentive that may lead participants to favour their own interests or the firm's interests to the potential detriment of any client. Individual awards consider a wide set of measures including behaviours and are fully discretionary.

FHL has a PA dealing policy which is designed to manage conflicts of interest between staff and clients. All PA trades must be pre-cleared through Compliance and there is a minimum holding period to prevent short term trading.

In addition FHL has a Gifts & Entertainment Policy designed to prevent damage to client interests. This requires gifts and entertainment to be signed off by an individual's line manager and Compliance.

Conflict of Interest Log

FHL maintains a log of individual conflicts of interest and the measures taken to prevent or manage those conflicts, including assigning responsibility.

The log is regularly updated and reviewed by senior management at the Risk, Compliance and Financial Crime Executive. The management of conflicts are discussed and recommendations for improvements are made if required.

Reporting to Compliance

Any member of staff who becomes aware of a new conflict of interest must report this to Compliance.

Disclosure/Declining to Act

FHL is confident in the policies and procedures it has in place to manage conflicts and prevent them from damaging client interests. However, if in a particular situation FHL did not feel sufficiently confident that a conflict could be appropriately managed, we would disclose full details to the client concerned before conducting business. In some circumstances this could result in FHL being unable to act on behalf of that client.

2.3 Policy Compliance:

Any conduct breaches are subject to the Risk Adjustment Policy.

2.3.1 Policy Monitoring

As part of our second line of defence the Compliance Monitoring team will review this policy as part of their risk based approach monitoring plan.

2.3.2 Reporting

Any member of staff who becomes aware of a breach of this policy must report this to Compliance.

2.3.3 Breaches

Mistaken and purposeful non-compliance of this policy will be considered to be a serious disciplinary offence and a breach of the terms of that person's employment or contractual engagement.

Appendix

A. Related policies and other documents.

Document Name	Scope	Location
External COI Policy	FHL	FHL External website

B. Glossary of Abbreviations and Terms

Term / Abbreviation	Definition
SMT	Senior Management Team
FHI	Federated Hermes Inc
