

Quantitative Good Governance Policy

May 2025

Scope

This policy applies to investment portfolios within Federated Hermes Investment Funds Plc ("FHIF") managed by Federated MDTA LLC ("MDT Advisers", or the "Investment Manager"), which are classified as Article 8 or Article 9 under the EU Sustainable Finance Disclosure Regulation ("SFDR").

This policy is reviewed and updated annually, with oversight by the Federated Hermes Limited Sustainability Regulations and Stewardship Oversight Committee ("SRSOC").

Quantitative Assessment

The SFDR requires that the investments made by products classified as Article 8 or Article 9 follow good governance practices. The SFDR does not provide a general definition of "good governance", but refers to the concept of such in Article 2(17) as meaning "*in particular, sound management structures, employee relations, remuneration practices, and tax compliance*".

This policy describes how, in respect of their Article 8 or Article 9 Funds within FHIF, the Investment Manager determines if and when a company does not follow good governance practices, and would therefore be made ineligible for investment. The following criteria have been selected for the purposes of this assessment (the "Quantitative Assessment").

Governance practice, as per SFDR 2 (17)	Primary Indicator / Metric	Secondary Indicator / Metric
Management Structure	<p>The company has severe involvement / severe evidence of controversies pertaining to ethical violations committed by a company or its employees.</p> <p>The company has severe involvement / severe evidence of controversies pertaining to the quality and integrity of its corporate governance structures.</p> <p>The company has been identified as having material misstatements in their financial statements ("<i>Qualified Auditor Opinion</i>").</p>	The company is not in compliance with Principle 10 of the UN Global Compact (<i>Principle on Anti-Corruption</i>), and as such is on the UNGC non-compliance list.
Employee Relations	<p>The company has severe involvement / severe evidence of controversies pertaining to poor compensation or unfair working conditions that are raised by a company's own employees or their representatives, such as labour unions.</p> <p>The company has severe involvement / severe evidence of controversies pertaining to violations of the human rights of employees within a company's own operations.</p>	The company is not in compliance with Principles 3-6 of the UN Global Compact (<i>Principles on Labour</i>), and as such is on the UNGC non-compliance list.
Staff Remuneration	The company has severe involvement / severe evidence of controversies pertaining to the quality and integrity of its corporate governance structures, including the structure and oversight of its board of directors and shareholder rights and remuneration.	N/A
Compliance with Applicable Tax Rules	The company has severe involvement / severe evidence of controversies pertaining to accounting irregularities as well as efforts to reduce the amount of taxes paid through tax evasion (use of illegal means to evade taxes) or tax avoidance (the use of legal means to reduce tax liabilities).	N/A

Implementation

Third party controversy data will be used in the Quantitative Assessment, though the primary and secondary indicators need not correspond to a specific rating, category definition, or field assigned by a particular third party data provider.

Should a company be flagged to be breaching one of the listed Primary or Secondary indicators, they will be considered to not be evidencing good governance practices, and will be ineligible for investment. Should an existing company held by the Investment Manager become in breach, the position will be escalated for review to the Hermes Compliance and Responsibility teams.

For certain companies, the availability of controversy data may be limited. It has been determined that a minimum of at least one primary or secondary indicator per Governance Practice (as defined in SFDR 2(17)) is required in order to assess good governance practices under the Quantitative Assessment. Where the Investment Manager is seeking to allocate to a

company where there is insufficient data, a manual, qualitative assessment will be conducted to ensure the company is in keeping with good governance practices. Should a manual assessment of a company be conducted, this assessment will be maintained by the Investment Manager.

Should the Investment Manager consider a company flagging according to the Quantitative Assessment to in fact be demonstrating good governance practices and wish to invest, the request and rationale would be sent to the Compliance and Responsibility teams for consideration, ahead of subsequently notifying the SRSOC.

The Investment Manager's approach to good governance will be assessed periodically by the Compliance team.

The Quantitative Good Governance Policy should be read in line with the Supplement of the relevant fund and the FHIF Prospectus, alongside the other relevant policies and disclosures available on <https://www.hermes-investment.com/>

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 and infrastructure
- **Stewardship:** corporate engagement, proxy voting and policy advocacy

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