

Hermes GPE LLP

# **MIFIDPRU 8 DISCLOSURES REPORT 2026**

Reporting Period: 01 January 2025 to 31 December 2025

Based on Financial Data as of 31 December 2025

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# 1. Overview

## 1.1 Introduction

Hermes GPE LLP ("HGPE" or "the Firm") is a specialist investor in global private markets and manages capital for leading global pension funds and institutional investors. The HGPE platform comprises two distinct businesses, one investing in private equity and the other in infrastructure. Both the private equity and infrastructure businesses are headquartered in London with the private equity business having additional offices in New York and Singapore. There has been no significant change in the LLP's principal activities during the year.

Federated Hermes, Inc. ("Federated Hermes"), a leading investment manager that is publicly listed on the New York Stock Exchange, is the ultimate parent undertaking of HGPE. Federated Hermes is also the ultimate parent undertaking of Federated Hermes Limited ("FHL") of which HGPE is a subsidiary (together with other relevant subsidiaries of FHL, comprising "FHL Group").

HGPE is authorised and regulated by the Financial Conduct Authority ("FCA") and is subject to rules made by the FCA (the "FCA Rules"). The FCA Rules require firms to ensure they maintain adequate financial resources and to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems. Those principles are supplemented by detailed requirements, which for HGPE include those under the Investment Firms Prudential Regime ("IFPR").

## 1.2 Purpose and Frequency of Disclosure

This document discloses certain information regarding the Firm's financial resources, risk exposures, and related processes and arrangements. These disclosures are required by the FCA's Investment Firms Prudential Regime ("IFPR") as set out in the Prudential sourcebook for MiFID Investment Firms within the FCA Rules ("MIFIDPRU").

This IFPR report sets out the disclosures for HGPE, a "MIFIDPRU investment firm" that is a non-small and non-interconnected ('Non-SNI'), based on financial data as of 31 December 2025. Unless otherwise stated, the financial information and related disclosures are based on financial data as at, and for the year ending, 31 December 2025 and on the Internal Capital Adequacy and Risk Assessment ("ICARA") based on financial data as at and for the year ending 31 December 2024, which was finalised as of September 2025. It has also been produced solely for the purposes of satisfying the IFPR disclosure requirements. The disclosures are not subject to audit and do not constitute any form of audited financial statement. Therefore, the information set out should not be relied upon in making judgments about the Firm.

### Frequency of Disclosure

The Firm will review and publish the IFPR disclosures annually on the date on which it publishes its annual financial statements for the prior financial year<sup>1</sup> and will consider making more frequent public disclosures where particular circumstances warrant it. This may apply in the event that a major change to HGPE's business model has taken place. Each year's financial statements are drawn up in respect of the period to the prior 31 December.

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<sup>1</sup> In line with MiFIDPRU 8.1.10R

**This document can be accessed on the Firm's website under Policies & Disclosures:**  
<https://www.hermes-investment.com>

### **1.3 UK Consolidation Group**

HGPE is part of a larger group of companies that are required to be treated as a consolidated group for the purposes of prudential supervision under MIFIDPRU (the "UK Consolidation Group"). The UK Consolidation Group consists of several regulated and non-regulated entities that are structured under a parent undertaking, Federated Holdings (UK) II Limited. The parent undertaking is a private limited company incorporated under the laws of England and Wales. The disclosures set out in this report are made on a solo basis for HGPE.

### **1.4 Recent Significant Changes**

As of the 01 January 2026, HGPE was appointed the Alternative Investment Fund Manager for the Hermes Global Investment Fund, a public markets alternative investment fund previously managed by Hermes Alternative Investment Management Limited which is in wind down.

## 2. Governance Arrangements

### 2.1 Governing Body of HGPE

The HGPE Governing Body Has ultimate responsibility for the management of HGPE. Its responsibilities include, amongst other things, strategy, business planning, risk management and control, oversight and monitoring of investment performance, and overseeing delegated functions. The HGPE Governing Body meets on a quarterly basis. The HGPE Governing Body will also review and approve, at least annually, the ICARA process and the disclosures as set out herein.

The table below details the members of the HGPE Governing Body and their role within the wider Federated Hermes Group, as well as the directorships held. It excludes directorships held in organisations which do not pursue predominantly commercial objectives (e.g. charitable organisations) and directorships of entities within Federated Hermes.

<b>HGPE Governing Body members</b>	<b>Number of directorships</b> <i>(Excluding excepted appointments)</i>	<b>Directorships of Federated Hermes funds</b>
Saker Nusseibeh, CBE, Chief Executive and FHL Director	0	0
Greg Dulski, FHL Chief Regulatory Officer and Head of Government Affairs	0	10
Steve McGoohan. Managing Director, Private Markets	0	0
Ted Zierden, Head of Corporate Strategy & Implementation	0	0

#### Changes to the HGPE Governing Body members

<b>HGPE Governing Body members</b>
None

### 2.2 Governance Committees

HGPE (as well as FHL and certain other subsidiaries within the FHL Group) have delegated authority to the Governance Oversight Committee (a committee of FHL), which in turn has established a series of sub-committees. The committees supporting the Governing Body of HGPE include the following:

- *Governance Oversight Committee* - This Federated Hermes committee is authorised to oversee the key business activities of HGPE including overseeing the work of HGPE's departments, business units and senior personnel, and overseeing HGPE's compliance with applicable law and regulation. The Governance Oversight Committee refers or escalates material matters and decisions to the Governing Body.
- *Remuneration Assurance Committee* - The remit of this Federated Hermes committee is to ensure remuneration arrangements and decisions for HGPE are consistent with the approach to remuneration across the Federated Hermes group, to oversee the remuneration arrangements of HGPE, and to provide assistance to the Governing Body to enable it to satisfy applicable regulatory requirements under the FCA Rules.
- *Risk, Compliance and Financial Crime Committee* - Federated Hermes has established this committee and sub-committees to support the wider group, including HGPE. Together, they have an active role in ensuring that risks are managed in accordance with the Firm's Risk Management Policy.
- *Product Oversight Committee* - This Federated Hermes committee is authorised to oversee HGPE's compliance with regulatory requirements relating to its products, focussed on product and distribution governance. This includes undertaking periodic reviews of products on an ongoing basis, overseeing regular assessments of value of the UK authorised funds managed by HGPE, and supporting compliance with regulatory product and distribution oversight obligations. The Product Oversight Committee will escalate relevant product and distribution matters to the Governance Oversight Committee and Governing Body as appropriate.
- *Private Equity Valuation Committee* - This Hermes GPE LLP committee is authorised to ensure that all valuations are compliant with the International Private Equity Valuation ("IPEV") Guidelines and that HGPE is up to date on the latest IPEV guidelines as well as any industry updates relevant to the business.
- *Infrastructure Valuation Committee* - The Infrastructure-ValCo is a Committee of HGPE. Its responsibilities include supporting the Infrastructure team to fulfil its responsibility to investors, in particular to ensure that the Valuation Policy has been applied properly and consistently; to satisfy itself that the direct investment valuations provided by external parties are acceptable estimates of fair value as at the relevant reporting date; and to satisfy itself that the fund investment valuations provided by Fund Managers, and any adjustments applied by the Investment Manager, are acceptable estimations of fair value as at the relevant reporting date. Membership of the Committee includes appropriately qualified and experienced individuals, a majority of which will be independent third parties. The Committee shall meet at least twice a year to approve all valuations.
- *Private Equity Investment Committee* - The PEIC is a Committee of HGPE comprising the Chief Investment Officer (Chair), Co-Head EMEA, Global Investment Partner, and the Head of Asia. Responsibilities include Investment-related decisions, including disposal decisions pursuant to management agreements, mandates or similar, allocation of investment opportunities in accordance with the relevant private equity Allocation Policies, and such other responsibilities as may be delegated by the Governing Body from time to time. The

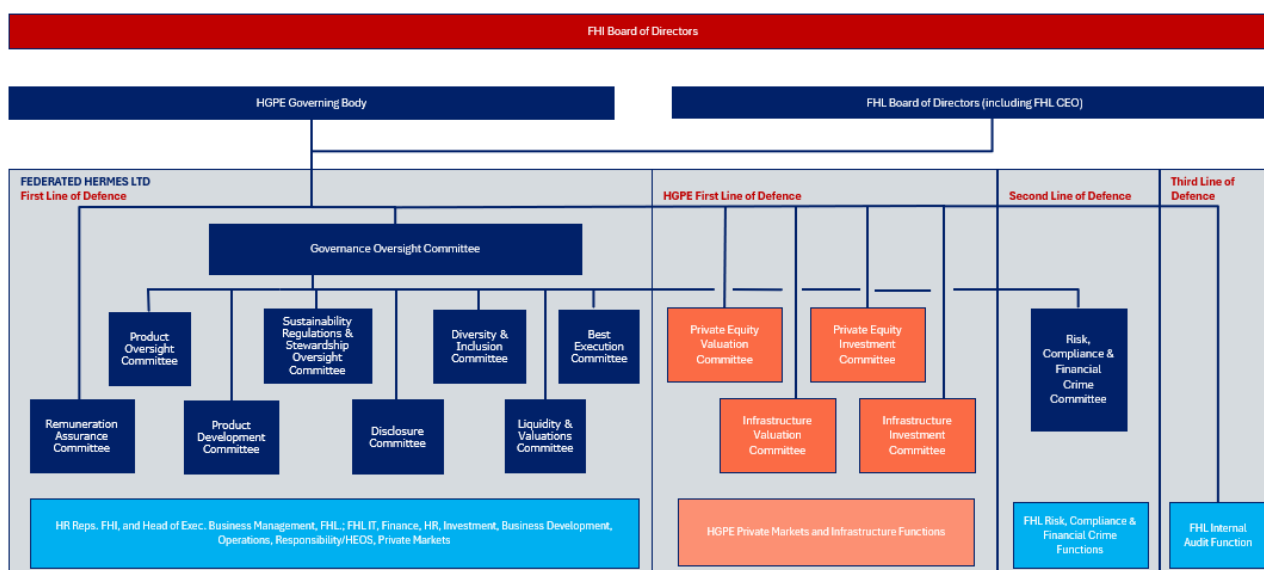
PEIC meets as required and decisions are taken by a simple majority. Tie votes are deemed no decision.

- Infrastructure Investment Committee** – This is a committee comprising a Senior Managing Director (Chair) and two Managing Directors including the Head of Infrastructure. Responsibilities include considering and, if deemed appropriate, approving investments and divestments being made on behalf of the Infrastructure Portfolio, oversight of the existing portfolio, and ensuring appropriate governance arrangements and compliance requirements are met. The Governing Body and committees are supported by other functions within the Federated Hermes group. These include four units whose purpose is to assist the Governing Body in carrying out its oversight duties. These units are:

  - Legal** - Responsible for overseeing legal and regulatory matters for funds and business and the primary liaison with outside counsel.
  - Compliance** - Responsible for monitoring all investment activities, for compliance with fund investment policies, legal regulations, corporate policies and procedures and for liaising with regulators.
  - Internal Audit** - Responsible for evaluating and testing the effectiveness of internal controls, and the business process adherence to corporate policies and procedures.
  - Risk** - Responsible for identifying and monitoring risk and overseeing risk mitigation.

These units each report regularly to the Governing Body regarding matters within their responsibility. Any material breaches or significant issues are promptly brought to the attention of the Governing Body.

The table below shows the FHL governance committee structure.



## 2.3 Culture and Diversity

Culture is a strategic priority of the FHL Group, including HGE, which recognizes its importance in the way that the FHL Group does business. It shapes the firm-wide values (as reflected in [Federated Hermes Pledge](#)) that are used to prioritize risk management awareness, behaviours and practices. Risk culture is a subset of the broader organizational culture of the FHL Group and is reflected in the values and behaviours the business displays when managing risk. These include a series of guiding principles that govern the day-to-day conduct of all its people and organisations acting on its behalf, supported by specific risk related policies which require the FHL Group to act in a responsible manner.

### Diversity Statement

FHL has a statement relating to diversity on its Board. The statement's objectives are both to satisfy the legal and regulatory requirements relevant to issues of diversity, and to demonstrate FHL's commitment to promoting Board diversity. The statement recognises that diversity leads to a broader range of experience, knowledge, skills, and values, and that this will help to enhance the functioning of the Board and reduce risks from 'groupthink', facilitating constructive challenge and sound decision making. The statement also states that the Board will ensure that individuals are selected, promoted, and otherwise treated according to their relevant individual abilities and merits. The statement notes that one of the factors that FHL designated members and its Board take into account when considering appointments is whether the Board is diverse with respect to education, professional background, socio-economic background and the Equality Act 2010 Protected Characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation) There are no numerical targets in the statement relating to diverse Board members for subsidiary Boards, however, targets do exist for the FHL Board.

Further information regarding FHL's Diversity and Inclusion approach can be found on FHL's website at [Diversity](#) and [Inclusion](#).

## 3. Risk Management Framework

### 3.1 System of Risk Governance

The FHL Risk Management Framework ("RMF"), details the risk governance, risk management processes and risk appetite that apply to FHL and its FCA regulated subsidiaries including HGPE. The HGPE Governing Body has adopted the relevant RMF processes and procedures as summarised herein.

Effective risk management is fundamental in the execution of FHL's strategy. The firm's approach to risk management must be both well embedded and rigorous; and, as the economic and political environment in which FHL operates continues to change, should be sufficiently broad and dynamic to respond to these changes.

FHL has in place a system of governance that promotes and embeds:

- 1) clear ownership of risk;
- 2) processes that link risk management to business objectives; and
- 3) proactive subsidiary boards/governing bodies, governance committees and a Senior Management Team (SMT) who provide oversight of risks.

Mechanisms and methodologies to review, discuss and communicate risks are in place together with risk policies and operating standards to enable risks to FHL and its subsidiaries to be identified, measured and assessed, managed and controlled, monitored and reported. Material risks are retained selectively when it is considered that there is value in doing so, and where it is consistent with the FHL Group and the relevant subsidiary (including HGPE) risk appetite and approach towards risk-taking.

FHL's risk governance arrangements are based on the 'three lines of defence' ("LOD") model, comprising business unit risk taking and management (1LOD), risk control and oversight (2LOD), and independent assurance (3LOD). The aggregate FHL Group-level exposure to its key risk drivers is monitored and managed by FHL's Risk, Compliance and Financial Crime function, which is responsible for reviewing, assessing, providing oversight and reporting on FHL's, and its subsidiaries, risk exposure and risk appetite positions.

Primary responsibility of ensuring the control and monitoring of risk lies with the first line business units.

### 3.2 Risk Management Framework

#### Risk Management Principles

The risk management principles defining the risk and control governance within the FHL Group (including HGPE) are as follows:

- *Organisational structure* – FHL maintains an appropriate and transparent organisational structure with clear allocation of responsibilities and delegated authorities.
- *Three Lines of Defence Model* – FHL's approach to risk management is consistent with the 'three lines of defence' model, which aims to ensure that the appropriate segregation of duties, oversight and challenge occurs on material decision making.

- **Risk Appetite Framework** – Following approvals from the Governance Oversight Committee (“GOC”) and Risk, Compliance and Financial Crime Committee (“RCFC”), the HGPE Governing Body will review and approve the Risk Appetite Framework (including the risk appetite trigger limits). This is discussed further in Section 4.
- **Risk Management Cycle** – FHL operates an effective risk management cycle to identify, measure, manage, respond, monitor and report on risks on an on-going basis.
- **Policies and Procedures** – FHL maintains policies and procedures to facilitate the implementation and monitoring of the requirements in the RMF and meet internal, legal and regulatory requirements for risk management across the business.
- **Risk Culture** – FHL has a risk culture that promotes appropriate conduct and deploys adequate and appropriate training, skills and resources in respect of risk management.

### **Risk and Harms Identification**

FHL’s Risk Taxonomy<sup>2</sup> applies to FHL and its subsidiaries (including HGPE) and is aligned with the parent company’s (Federated Hermes, Inc.) taxonomy incorporated into the FHI RMF. The taxonomy comprises a list of the principal risks the business faces, categorised into specific risk categories. It is the foundation of FHL’s RMF - as it facilitates the consistent and comprehensive identification, management and reporting of risks across the business, and supports the aggregation of risks and identification of common risk trends (e.g. in the recording and assessment of risk events). It also forms the consistent structure to which risk appetite frameworks and risk policies are set and developed. Based on the foundation of the Risk Taxonomy, FHL’s risk and harm identification comprises three key processes:

1. **Top-Down Risk Identification:** FHL’s risk identification takes place throughout the year and includes processes such as the ICARA and the horizon-scanning performed as part of FHL’s emerging risk management process.
2. **Bottom-Up Risk and Harm Identification:** Risks inherent in daily operations and strategic pursuits are identified as part of the Risk and Control Self-Assessment (“RCSA”) process, which provides the bottom-up foundation for risk identification and assessment in all areas of the business. Risk exposures and the effectiveness of mitigating controls are periodically assessed and any material risk issues arising are regularly examined and reported through risk reporting and management information. The bottom-up process of risk identification is performed by the business functions annually who identify, assess and document risks, with appropriate coordination and challenge from the FHL Risk function.

Themes, risks and issues identified bottom up through business function level RCSAs have an escalation route up (via Risk MI reporting produced for the RCFC and the GOC) in order to provide visibility of potential newly emerging threats or connected risks that may require consideration and management action.

Furthermore, the risk and harms assessment (which is a core input into the ICARA process for HGPE) considers sources of harm identified for HGPE. The harms assessment will develop in line with the risk identification and RCSA processes in order to ensure consistency and

<sup>2</sup> Last updated in 2025 to more accurately reflect the risks that the business currently faces and to align with FHI’s Global Risk Framework

inform management's approach to determining the own funds and liquidity required to mitigate the risk of harm.

3. **Emerging Risk Identification:** In order to reinforce the identification of risks and harms posed by FHL, the identification of risks benefits from horizon scanning to identify emerging risks. Whilst the impact and potential likelihood of such risks impacting FHL may be difficult to quantify due to their emerging nature, it is important to consider them and determine whether these need to be monitored and whether mitigation measures potentially need to be prepared.

## **Material Risk and Harms**

### **Financial Risks: Market, Credit and Liquidity**

**Market risk** is the risk of losses arising from fluctuations in the value of assets or liabilities as a result of movements in factors such as market prices, interest rates and foreign exchange ("FX") rates, or an issuer's credit worthiness. HGPE does not trade on its own account, and therefore does not have significant market risk exposure. The potential for harm includes HGPE's exposure to market risk from changes in FX rates where income and/or expenses are denominated in a foreign currency. HGPE is also indirectly exposed because the income it earns is dependent on the value of assets under management, which is subject to market fluctuations.

**Credit risk** (also known as default risk) is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. It may arise from a counterparty failing to settle an open or unsettled transaction (counterparty credit risk) or where the entity issuing an instrument defaults on repayment (issuer credit risk). The potential for harm arises principally from the possibility that a credit event or settlement issue may negatively impact the value of clients' portfolios, which could result in the loss of clients, difficulties in attracting new clients and reputational damage.

In relation to HGPE (rather than portfolios under management), **liquidity risk** is the risk that the Firm may be unable to meet short-term financial demands. Liquidity issues may impact the ability to conduct day-to-day operations. This is not considered to give rise to a material potential for harm in relation to HGPE as its financial position is healthy and its anticipated requirement for liquid resources, even in a wind-down scenario, is more than covered by cash held and revenues that would continue to be received.

### **Non-Financial Risks: Operational and Regulatory**

As an asset manager, HGPE is exposed to operational risk. **Operational risk** is the risk of loss resulting from inadequate or failed internal processes or information technology systems, or from people or service providers, or from external events. The potential for harm is that operational risk may impact the ability of HGPE to carry on its business and may ultimately lead to the loss of clients.

**Concentration risk** refers to the risk that may arise where the business of a firm is exposed to dependencies that are not diversified. The potential for harm is that where there is concentration, there may be a risk of contagion if an issue arises (e.g. a product whose client base is concentrated in a small number of large clients may be susceptible to disruption if one or more clients redeem). To mitigate this risk, the activities of large clients invested in particular investment strategies managed by HGPE is monitored on a continuous basis.

**Business risk** is the risk that HGPE will have lower than anticipated profits or experience losses. The potential for harm is that business risk may impact the long-term viability of the business.

In relation to the business risks associated with investment decisions, the Firm mitigates business risk by ensuring investment decisions are taken by experienced investment professionals within a systems and controls environment addressing risk, compliance and other matters, and subject to oversight by control functions, senior management and ultimately the HGPE Governing Body. Significant redemptions are escalated to senior management and relevant functions, as are any complaints and material feedback from clients and counterparties. Senior management directly oversee the Firm's business and are empowered to take action if required.

The FHL RCSA process currently identifies risks and ties them into the risk taxonomy from which the related risk appetite statements are driven along with an assessment of how those risks may manifest themselves in terms of harm to the FHL Group, clients and the market. The key sources of operational, regulatory and reputational risks affecting HGPE, which currently form the basis of the non-financial risk and harm scenario capital calculations include:

- Inadequate or failed internal and external processes IT/systems issues or human error (e.g., trading/FX and pricing errors, data protection breaches, third-party disruption, inadequate change management);
- Significant regulatory or governance breaches (e.g., failure of Financial Crime and Fraud Controls);
- Reputational impacts driven by actions, communication or behaviours which are not aligned to our corporate values (i.e., the Federated Hermes Pledge) or our approach to sustainability (e.g., not acting in accordance with public sustainability disclosures).

## **Arrangements to Mitigate Material Risks and Harms**

### **Financial risk mitigants**

As noted above, the main source of **market risk** for HGPE is its exposure to market risk from changes in FX rates where income and/or expenses are denominated in a foreign currency, and the indirect exposure to market fluctuations. To mitigate this, HGPE has robust systems and controls in place to monitor market risk. Investment portfolios are closely monitored and reviewed, with appropriate escalation procedures in place.

Regarding **credit risk**, HGPE has in place a prudent internal credit quality assessment procedure. Issuers and counterparties are subject to initial and ongoing reviews, and HGPE ensures that there is no mechanistic reliance on external credit ratings. FHL Group and the Firm manage and control credit risk exposures according to the FHL Group's counterparty risk appetite.

In relation to **liquidity risk**, HGPE closely monitors the liquidity of its capital resources, as well as operational performance and fee revenues and expenses in order to anticipate requirements for liquid assets. The Firm has procedures in place to ensure it has sufficient liquid resources, including for a wind-down scenario.

### **Non-financial risk mitigants**

In mitigating **operational risk**, HGPE has in place robust policies and procedures. The operating infrastructure is subject to ongoing oversight by control functions, including the Risk, and Internal Audit functions, and ultimately by the HGPE Governing Body. HGPE carefully monitors its operating environment, including the activities of outsourced services providers.

For **concentration risk** the activities of large clients invested in particular investment strategies managed by HGPE is monitored on a continuous basis.

In relation to the **business risks** associated with investment decisions, the Firm mitigates business risk by ensuring investment decisions are taken by experienced investment professionals within a systems and controls environment addressing risk, compliance and other matters, and subject to oversight by control functions, senior management and ultimately the HGPE Governing Body. Significant redemptions are escalated to senior management and relevant functions, as are any complaints and material feedback from clients and counterparties. Senior management directly oversee the Firm’s business and are empowered to take action if required.

The table below summarises the main non-financial risks and associated risk mitigants in place within the business:

Level 1 Risks	Level 2 Risks	Level 3 Risks	Mitigants
Operational Risk	Technology / Information Security Risk	Technology Risk	<p>The Firm relies on robust technology and skilled professionals to maintain its infrastructure, complemented by IT investments. Regularly tested disaster recovery plans, contingency plans and cyber penetration testing contribute to this resilience. For enhanced technological and information security control, the Firm maintains service level agreements with relevant third-party providers.</p> <p>A global data governance framework is established and extended across all critical data domains. Comprehensive training, a network of stewards, and data owners ensure efficient oversight. Iterative improvements have been identified through annual data maturity assessments and are demonstrating a year-on-year increase in maturity levels.</p>
		Information Security & Data Security Risk	
		Data Quality Risk	
	Operating Model Risk	Supply Chain Risk	<p>The Firm conducts thorough due diligence on third parties, including sanction and media screening, before entering into arrangements. A Supplier Review Group, chaired by the Head of Risk, oversees supplier performance and risks arising from suppliers.</p>
		Internal Process Risk	<p>Standardised process documentation (e.g. policies, procedures and operating standards) is implemented across the business where appropriate. Along with regular process monitoring and automation where required. Training of employees and leveraging technology ensures adherence to best practices and enhances operational resilience.</p>
		Resiliency Risk	<p>The Firm maintains a robust resiliency framework through the implementation of business continuity standards and the oversight from an Incident Management Team of senior managers. A business continuity platform aids the conducting of comprehensive business impact assessments and acts as a repository for all business continuity plans for all the Firm’s office locations. Employee contact details are</p>

Level 1 Risks	Level 2 Risks	Level 3 Risks	Mitigants
			recorded to facilitate critical communication during disruption via a specific communication platform, reinforcing the Firm's ability to swiftly respond and ensure safety. Annual cycle of disaster and recovery testing, testing of contingency plans, building evacuations, communication tests and a Health & Safety committee, led by Facilities, which oversees adherence to protocols to operational continuity and employee safety.
		Transformation / Change Risk	The Firm employs a structured change management process that emphasises the need from strong project management governance, communication, stakeholder engagement and impact assessments. Monitoring, reporting mechanisms, and cross-functional collaboration ensures alignment and minimises disruption. Strong leadership oversight and FHL Risk engagement in material programmes guarantees that transformation efforts are guided by well-defined strategies, reducing potential negative impacts and enhancing the success of change initiatives.
Regulatory, Legal & Governance Risk	Regulatory, Legal & Governance Risk	Regulatory Conduct Risk	<p>The compliance function has an Advisory team which has regular updates with the business to be able to identify business changes which could have a regulatory impact and monitors regulatory developments to ensure regulatory change affecting the business is appropriately captured.</p> <p>The Compliance monitoring team look to test either on a periodic basis or thematically that the business is meeting its regulatory obligations. Either of these could identify conduct risk. A comprehensive regulatory conduct risk policy strengthens the identification of conduct risk. As part of the framework, we have a Product Oversight Committee responsible for overseeing the products including Product Governance, Consumer Duty compliance and distribution oversight obligations to ensure we are meeting client outcomes. This Committee provides management information to the RCFC and ultimately up to the governing bodies.</p> <p>Cross-functional collaboration among Risk, Compliance, Finance (including a dedicated Tax Team) and Legal teams ensures vigilance in identifying and monitoring legal and regulatory changes, bolstering adherence to requirements.</p>
		Product Governance Risk	
		Legal, Governance & Tax Risk	
		Other Regulatory Risk	
	Financial Crime Risk	External Financial Crime Risk	Internal fraud controls are robust and involve the segregation of roles, payment oversight, independent

Level 1 Risks	Level 2 Risks	Level 3 Risks	Mitigants
		Internal Financial Crime Risk	approvals and senior management vigilance. Automated and manual pre-trade and post-trade checks are conducted. Effective processes manage and mitigate internal and external crime risks. The fraud management risk assessment process has seen further development within the financial crime business risk assessment, and where risk events have been identified their control effectiveness has been assessed. Additionally, there is a standalone Fraud Management Policy which articulates the Fraud Control Framework.
Brand & Corporate Sustainability Risk	Reputational & Sustainability Risk	Reputational risk	As a recognised leader in investor stewardship and responsible investment, the Firm acknowledges that authenticity profoundly shapes its reputation and long-term value. The Responsibility Office champions the Firm’s commitment to responsible business practices, ensuring clients and their beneficiaries remain the focal point. The Firm has implemented UK SDR and EU SFDR, including compliance processes for ongoing monitoring to ensure any operational and reputation risks associated with non-compliance with sustainability regulation are identified and mitigated. Moreover, the Firm is committed to actively addressing climate risk and broader sustainability concerns in its investment, stewardship and its other business activities. Comprehensive assessments are conducted of individual investment desks, including the consideration of how climate and other sustainability risks and opportunities are integrated into investment decisions and stewardship activity. Collaborative efforts between the Responsibility Office, Investment, Risk, Compliance, Legal and Client teams and the Sustainability Regulations & Stewardship Oversight Committee ensure the Firm proactively identifies, addresses and mitigates potential risks, thus safeguarding its reputation as a responsible Firm.
	Climate Risk	Climate Risk	
	ESG risk	ESG risk	
Human Resource Risk	People Resource Risk	Key Person Risk	The Firm maintains competitive remuneration and retention policies, including deferred benefits for key employees, while emphasising succession planning and tailored development plans for future talent. Career growth, accountability and learning resources support all employees.
		Culture & Wellbeing Risk	Employee Network Groups are voluntary, employee-led groups which support our aim to foster a diverse, equitable and inclusive workplace.

## 4. Approach to Setting Risk Appetite

Central to FHL's risk management strategy is the Risk Appetite Framework ("RAF"), which is a core set of statements that outline how much risk a firm is willing to take to achieve its strategic objectives. This approach recognizes that effective risk management extends beyond mitigating risks and threats, it leverages calculated risk taking to seize opportunities and drive growth, while staying resilient in a changing business environment.

The RAF maintains a common structure and principles that are consistently applied across relevant entities within the FHL Group. By establishing a shared foundation FHL can ensure each FHL Group entity, including HGPE, adheres to the same risk culture, share a common understanding of risk tolerances, and collaborate effectively in managing risks. This aims to ensure a robust risk governance model that includes:

- **Common sources of risk** that are relevant to each FHL Group entity, ensures a comprehensive view of potential risks faced by the FHL Group as a whole. This shared understanding will enable the relevant Boards or Governing Bodies to take a proactive approach towards risk identification, assessment, and mitigation.
- **Consistent tolerance levels** (low, limited, or moderate appetite) **and definitions of Limits, Triggers and Key Risk Indicators** will streamline FHL Risk's risk monitoring and reporting processes. By utilizing a uniform language and approach, FHL Risk will enhance transparency and facilitate effective communication at all levels of the FHL Group, enabling timely action when risk thresholds are exceeded.
- **Common qualitative risk appetite statements** is a critical element of this approach. These statements express the relevant Boards' or Governing Bodies' willingness to take on specific risk types in pursuit of their strategic objectives and fosters a consistent risk culture across each FHL Group entity. The shared understanding of risk tolerances will enable the Boards/Governing Bodies to make well-informed decisions within established risk boundaries.
- **Aligned key risk indicators for shared business services** will allow for a standardized assessment of risk exposure in these critical areas. By monitoring and reporting on these indicators consistently across each relevant FHL Group entity, we will enhance risk oversight and identify potential interdependencies more effectively.

Overall, the implementation of a common risk appetite framework represents an essential milestone in our journey towards holistic risk governance. By embracing this approach, we cultivate a culture of risk awareness, collaboration, and responsibility, empowering our subsidiaries to navigate uncertainties and pursue growth with confidence.

In addition to standardizing the approach for shared business services, our approach encompasses the flexibility to set specific KRIs tailored to the unique strategies and risk profiles of relevant entities within the FHL Group. Recognizing that entities operate in distinct markets and pursue different business objectives, aligning KRIs with their strategic and commercial priorities is imperative. This tailored approach ensures that risk indicators are meaningful, relevant, and impactful, enabling the relevant Board/Governing Body to effectively address the Firm's specific risk landscape.

## 5. Capital Adequacy

### 5.1 Own Funds Resources

The figures in this section are based on the Firm's most recent audited financial position as of 31 December 2025.

As of 31 December 2025, the Firm held own funds of £13.7m, entirely made up of Common Equity Tier 1 ('CET 1') capital and includes members' capital and audited profit and loss reserves, satisfying all criteria for a CET 1 instrument in accordance with IFPR. As of 31 December 2025, the Firm's own funds requirement is £5.7m with an own funds surplus of £8m. The Governing Body has concluded that the Firm is well capitalised and holds significant levels of liquidity.

The composition and features of the Firm's own funds are described in the table below, which also provides a reconciliation with the balance sheet in the Firm's audited financial statements as of 31 December 2025.

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (£'000)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	<b>13,682</b>	Total Members' Interest
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>13,682</b>	Total Members' Interest
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>13,682</b>	Total Members' Interest
<b>4</b>	Fully paid up capital instruments	5,000	Members' capital classified as equity
<b>5</b>	Share premium	-	n/a
<b>6</b>	Retained earnings	8,682	Members' other interest – reserves classified as equity
<b>7</b>	Accumulated other comprehensive income	-	n/a
<b>8</b>	Other reserves	-	Members' other interest – reserves classified as equity
<b>9</b>	Adjustments to CET1 due to prudential filters	-	n/a
<b>10</b>	Other funds	-	n/a

<b>11</b>	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	n/a
<b>19</b>	CET1: Other capital elements, deductions and adjustments	-	n/a
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	n/a
<b>21</b>	Fully paid up, directly issued capital instruments	-	n/a
<b>22</b>	Share premium	-	n/a
<b>23</b>	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	n/a
<b>24</b>	Additional Tier 1: Other capital elements, deductions and adjustments	-	n/a
<b>25</b>	<b>TIER 2 CAPITAL</b>	-	n/a
<b>26</b>	Fully paid up, directly issued capital instruments	-	n/a
<b>27</b>	Share premium	-	n/a
<b>28</b>	(-) TOTAL DEDUCTIONS FROM TIER 2	-	n/a
<b>29</b>	Tier 2: Other capital elements, deductions and adjustments	-	n/a

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		a	b	c
		<b>Balance sheet as in published /audited financial statements. £'000</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
		<b>As at period end</b>	<b>As at period end</b>	

<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
<b>1</b>	Investments in subsidiaries	207	n/a	
<b>2</b>	Debtors falling due within one year	6,902	n/a	
<b>3</b>	Cash and cash equivalents	26,384	n/a	
<b>4</b>	<b>Total Assets</b>	<b>33,493</b>	n/a	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
<b>6</b>	Creditors falling due within one year	18,116	n/a	
<b>7</b>	Creditors falling due after more than one year	1,695	n/a	
<b>8</b>	<b>Total Liabilities</b>	<b>19,811</b>	n/a	
<b>Members' Interests</b>				
<b>9</b>	Members' capital classified as equity	5,000	n/a	<b>Item 4</b>
<b>10</b>	Member' other interests - reserves classified as equity	8,682	n/a	<b>Item 6</b>
<b>11</b>	<b>Total Members' interests</b>	<b>13,682</b>	n/a	<b>Item 1</b>
<p>Own Funds: main features of own instruments issued by the firm Members capital classified as equity. The capital in the Capital Account of each of the Economic Members of the LLP is intended by the Members to be treated by the FCA as regulatory own funds and as eligible capital instruments. No Member shall be entitled at any time to withdraw or shall be repaid their capital contribution unless: a new or existing Member contributes an amount in aggregate which shall ensure that the LLP can satisfy the relevant FCA minimum regulatory own funds requirement; the LLP is wound up or placed into liquidation; or the LLP ceases to be authorised by the FCA. Based on the above, members' capital is classified as equity.</p>				

## 5.2 Own Funds Requirements

It is HGPE's policy to maintain sufficient own funds to meet its own funds requirement and ongoing working capital requirements. This enables the Firm to mitigate potential future risk exposures that may arise in pursuit of achieving its strategic objectives.

Under the Overall Financial Adequacy Rule, the Firm is required to maintain own funds in excess of the higher of:

1. Its permanent minimum capital requirement.
2. The higher of its fixed overheads requirement and the amount required to effect an orderly wind down of the Firm; and
3. Its K-factor requirement plus any amounts required to mitigate the risk of harm arising as a result of the Firm's ongoing operations.

HGPE's financial position as of 31 December 2025 results in an own funds requirement of £5.7m.

HGPE's fixed overhead requirement, as of 31 December 2025, was £5.7m.

HGPE's K-factor requirement is the sum of all applicable individual K-factors. However, as at the reference date, 31 December 2025, the only applicable K-factor was K-AUM, which was calculated as £0.8m.

Own Funds requirement on 31 December 2025	Total £'000
<b>K-AUM, K-CMH and K-ASA</b>	773
<b>K-DTF and K-COH</b>	-
<b>K-NPR, K-CMG, K-TCD and K-CON</b>	-
<b>Total K-factor requirement</b>	773
<b>Fixed overhead requirement</b>	5,697
<b>Own Funds requirement on 31 December 2025</b>	5,697

## 5.3 Internal Capital Adequacy and Risk Assessment

The Governing Body has, through the ICARA process, considered the level of own funds and liquid resources that the Firm needs to hold to remain financially viable throughout the economic cycle and be able to:

- Address any material potential harm that may result from ongoing activities, and
- Ensure that the Firm's business could be wound down in an orderly manner, minimising harm to clients and to other market participants. This is known as the overall financial adequacy rule.

In addressing this rule, the Firm has considered what the residual harm is, when severe financial and non-financial scenarios posing harm crystallise, by assessing how effective the mitigating controls are likely to be in reducing or eradicating the inherent harm. Subsequently,

management and the Governing Body confirmed that the identified scenarios were reflective of the activities of the Firm, and that they provided a suitably robust assessment of relevant harms in connection with the overall financial adequacy rule.

As part of the complete assessment of potential harms, the Firm also separately identified potential financial/balance sheet harms resulting from market risk (i.e., the risk that the value of assets and liabilities will fluctuate, for example as a result of changes in foreign exchange rates) and credit risk (i.e., the risk of loss arising from the default of a counterparty).

The Firm assessed in detail the cost of an orderly wind down of its operations and cancellation of its regulatory permissions as part of its ICARA. For this purpose, the Firm has assumed that the event that causes the firm to wind down is severe, and that it would take a period of 18 months to undertake an orderly wind down given the organisational structure and client base at HGPE, and as such that the impact on the Firm's cash flow would be over an 18-month period. Impact on the Firm's cash flow has been assessed based on anticipated revenues, cost savings, incurred costs of winding down the business and other costs. Assumptions have been made for the purpose of calculating the wind-down costs. These include an expectation that all revenue streams would be heavily impacted from the first month, whilst all expenses would continue to be paid in that month and would remain broadly unchanged during months two and three but would decline after that to a point where only fixed costs were being met and discretionary expenditure ceases. The Firm's assessment also assumes that fund-related expenditure would decline in line with fund income as redemption requests are satisfied, and that fixed costs would be further reduced after month three as some contracts could be terminated at that stage.

The ICARA is a business-as-usual process within the Firm, with the Governing Body involved in ongoing discussions and challenge. The Firm will formally review its ICARA process on an annual basis, or more frequently should a material change in the Firm's business model or operating model arise.

## 6. Remuneration Policies and Practices

### 6.1 Summary of the Firm's Approach to Remuneration for all Staff

Participation in any incentive plan is discretionary and individual participation is based on their contribution to both financial and non-financial measures. Financial measures include profitability, liquidity, capital adequacy and margin. Non-financial measures include demonstration of corporate behaviours, and successfully delivering agreed objectives which are used to adjust the overall discretionary bonus awarded up or down. In addition to individual contribution, consideration is given to group performance, compliance with regulatory requirements, team performance and market factors. Variable compensation driven by financial performance is reviewed against behaviours (conduct, risk, and compliance) and non-financial criteria (both current and future) to assess whether these remain appropriate.

Our Federated Hermes Core Behaviours define the expected actions and attitudes that align to the Federated Hermes Pledge – a commitment underpinning Federated Hermes' values. During the annual performance review cycle, all staff are assessed in accordance with the Behaviour Framework. The framework assesses staff against six Core Behaviours: Relationships, Delivery, Drive, Communication, Adaptability, and Leadership.

Staff are assigned a Behaviour rating for each of the six Core Behaviours. The four Behaviour ratings are: Strong, Capable, Developing, and Does Not Demonstrate.

A rigorous review is undertaken to ensure a strong correlation between positive assessments and positive remuneration outcomes, and negative assessments and negative remuneration outcomes.

Throughout the different remuneration processes, there are layers of signoff and review with HR and the HGPE Governing Body. The elements of compensation support the objectives – balancing risk with reward; and these discussions are underpinned by a robust assessment process; which is done on an individual, team and company-wide basis.

In relation to compliance with the applicable regulatory requirements on remuneration ("Remuneration Requirements"), this Policy details how the FHL Group applies Remuneration Requirements for certain categories of staff whose professional activities have or may have a material impact on the risk profile of the relevant entities and the assets they manage.

### 6.2 Summary of the Objectives of the Firm's Financial Incentives

HGPE ensures that remuneration policies are in line with business strategy, objectives, values, and long-term interests on the following basis:

- To encourage employees to deliver on the business' purpose of sustainable wealth creation that enriches investors, society, and the environment.
- To be aligned with business strategy, objectives, values and the long-term interests of the LLP and its clients as reflected in the FHL Pledge.
- To provide competitive total remuneration potential, designed to attract, retain, motivate, and reward employees to deliver outstanding long-term performance and corporate behaviours.
- To promote sound and effective risk management.

- To ensure remuneration is linked to investment, business and personal performance and corporate behaviours for all employees, and where appropriate measured over the short, medium, and long term.
- To differentiate and reward strong performance and demonstration of behaviours and to proactively manage poor performance and behaviours not aligned to our values.
- To deliver reward programmes which are transparent, simple to administer and affordable; and
- To deliver compensation and benefit strategies which have the oversight and approval of the HGPE Governing Body.

Employees are eligible to receive remuneration in the following methods:

### **Fixed Remuneration**

Fixed remuneration applies to all employees and includes salary, retirement, and other benefits. The LLP aims to provide competitive fixed pay at a level that reflects market compensation for the role and supports the recruitment and retention of talented people required to deliver the business strategy. Retirement and other corporate benefits apply to all employees.

### **Variable Remuneration**

**Discretionary Annual Cash Bonus:** The aim of the discretionary bonus scheme is to focus participants (all employees employed by 1 October in the given performance year, unless previously agreed) on the in-year results that need to be achieved to meet the business annual objectives in the context of the agreed strategy and demonstration of corporate behaviours.

**Long-Term Incentive Plan (LTIP):** The Long Term Incentive Plan offers selected employees the chance to acquire beneficial ownership of ordinary shares in Federated Hermes. The aim of the LTIP is to align these employees with the long-term interest of our clients and shareholder and incentivise the delivery of Federated Hermes, Inc's long-term strategy. Awards under this scheme fully vest after five years and pay-out in full after a further 3 years. LTIP awards are subject to malus and clawback.

**Carried Interest:** There are funds/products managed by the LLP which incorporate carried interest plans. These arrangements allow for the LLP and individual employees to participate in the financial gain of an underlying fund or product based on financial metrics documented in the relevant fund agreements. Such plans are present to increase the long term alignment between the fund investor, the LLP, and the individuals responsible for the management of the fund.

### **Other Forms of Remuneration**

The following components of remuneration, all variable in nature, are awarded only in particular, circumstances:

**Guaranteed Variable Remuneration:** In limited and exceptional circumstances and only in the first year of employment, reliant on the LLP having a sound capital base and, where permitted under MIFIDPRU, the LLP may agree to make an award of guaranteed variable remuneration in line with the Code.

**Replacement awards:** Replacement awards (or buy-outs) are not the LLP's standard compensation practice; however, on the occasions where a replacement award is considered, the LLP will take steps to determine an appropriate amount. Replacement awards have the same

and no more generous terms (including in relation to the amounts and vesting schedule) than the previous employer and they are subject to malus and clawback.

**Retention awards:** Retention awards are used in limited and exceptional circumstances, reliant on the LLP having a sound capital base and, where permitted by the Code. Retention awards are paid at a specified time, as agreed prior to the issue of any award, and are subject to meeting the specified retention criteria and are subject to malus and clawback.

**Severance pay:** If any individual's employment contract is terminated early, when making any payment in severance of that contract, the HGPE Governing Body is mindful that such payment reflects performance achieved over time and that it does not reward failure or misconduct. Any payments in the event of termination takes account of the individual circumstances, including the reason for termination, any contractual obligations (notice period) and the rules of the applicable incentive plan and pension scheme rules. Benefits may also be provided in connection with termination of employment and may include but are not limited to, outplacement and legal fees and payments in respect of accrued holiday. The HGPE Governing Body retains discretion to alter the provisions contained in the relevant plan rules on a case-by-case basis, following a review of the circumstances to ensure fairness. Under certain circumstances, it may be appropriate to enter into a legally binding agreement when an individual's employment is terminated.

The HGPE Governing Body has oversight over all other forms of remuneration in accordance with its Terms of Reference.

### **6.3 Summary of the Decision-Making Procedures and Governance Surrounding the Development of the Remuneration Policies and Practices**

The Governing Body is formed of members of the Senior Management, one of whom acts as the chair.

### **6.4 Types of Staff Identified as Material Risk Takers**

Material Risk Takers ("MRTs") may be employed by or considered employees of other entities, including other entities within the Group.

HGPE maintains a framework for the identification of MRTs which is reviewed annually by Compliance. Broadly MRTs can be interpreted to mean:

- Members of the Governing Body and Senior Management
- Employees responsible for risk management and compliance functions
- Employees whose professional activities can exert material influence on the risk profile of the LLP.

HGPE has undertaken a comprehensive review to identify those persons which it considers to be MRTs for the purposes of the Code. In doing so, consideration has been given to all employees who have a material impact on HGPE's risk profile, including any employee who performs a significant influence function, or a Senior Manager Function under the Senior Managers & Certification Regime ("SMCR") for HGPE, senior managers, and other risk takers. In seeking to identify MRTs, consideration has also been given to those employees that might exercise

significant influence in relation to any material risks identified in HGPE's ICARA. This includes voting members of key risk and investment committees.

Once the list is established, it is reviewed by the Chief Regulatory Officer & Head of Government Affairs following which it is presented to the HGPE Governing Body for approval showing changes to the previous year. 22 MRTS and Senior Management employees were identified and notified of their status in 2025.

## 6.5 Key Characteristics of HGPE's Remuneration Policies and Practices

We ensure that remuneration decisions take into account the implications for risk and risk management of the firm, on the following basis.

The Heads of Legal, Risk & Compliance and Internal Audit provide the Risk, Compliance & Financial Crime Executive with regular updates on any errors or breaches that may have occurred throughout the performance period. At the end of the period, the Control Functions are re-engaged by HR to ensure that any errors or breaches have been considered for making remuneration decisions. Where appropriate, a report of errors or breaches is provided to the HGPE Governing Body for consideration in remuneration proposals. Variable pay awards (excluding carried interest) are conditional on the LLP achieving sustainable and risk-adjusted (including ex-ante and ex-post adjustments) performance and therefore are subject to forfeiture or reduction at the LLP's discretion. Carried interest is inherently aligned to the risk profile and performance of the relevant fund and outcomes for investors and is subject to malus and clawback where it is awarded to MRTs.

The HGPE Governing Body has the ability to apply discretion to adjust the bonus pool and any individual payments including those paid out in individual incentive schemes. The HGPE Governing Body challenges bonus recommendations and is empowered and charged to approve or not approve recommendations put before them.

Malus and clawback apply to all variable pay awards including carried interest and guaranteed variable remuneration. The HGPE Governing Body will consider the application of malus and / or clawback in situations where the individual has:

- i) participated in or was responsible for conduct which resulted in significant losses to the firm; and/or
- ii) failed to meet appropriate standards of fitness and propriety.

Malus will be applied when, as a minimum:

- There is reasonable evidence of employee misbehaviour or material error.
- The firm or the relevant business unit suffers a material downturn in its financial performance; or
- The firm or the relevant business unit suffers a material failure of risk management.

Clawback will be applied in cases of fraud or other conduct with intent or gross negligence which lead to significant losses. Clawback or malus (as appropriate) applies for a minimum of 3 years from the date the award is granted or the HGPE Governing Body becomes aware of any conduct or circumstances that the HGPE Governing Body determines make it appropriate to make an adjustment to an award.

**Prescribed quantitative disclosures under MiFIDPRU8.6.8R**

Certain quantitative information regarding remuneration paid to HGPE's employees in respect of the performance year from 1 January 2025 to 31 December 2025 is set out below.

All amounts are in pounds sterling.

As of 31 December 2025, HGPE had four MRTs and 18 Senior Managers, assessed on an individual firm basis, as identified pursuant to SYSC 19G.5 for the purposes of applicable remuneration rules.

**Table 1 - Quantitative disclosure under MiFIDPRU8.6.8R (2)**

<b>Total amount remuneration paid to the entire staff of HGPE</b>	<b>GBP 18,978,996</b>
<b>Of which:</b>	
<b>Total fixed remuneration</b>	GBP 9,861,551
<b>Total variable remuneration</b>	GBP 9,117,446

**Table 2 – Quantitative disclosure under MiFIDPRU8.6.8R (4)**

<b>I</b>	<b>Total amount of remuneration paid to senior management</b>	<b>GBP 2,181,144</b>
	Of which:	
	Total fixed remuneration	GBP 477,706
	Total variable remuneration	GBP 1,703,438
<b>II</b>	<b>Total amount of remuneration paid to other MRTs</b>	<b>GBP 6,383,478</b>
	Of which:	
	Total fixed remuneration	GBP 2,813,549
	Total variable remuneration	GBP 3,569,929
<b>III</b>	<b>Total amount of remuneration paid to other staff</b>	<b>GBP 10,414,375</b>
	Of which:	
	Total fixed remuneration	GBP 6,570,295
	Total variable remuneration	GBP 3,844,079

**Table 3 - Quantitative disclosure under MiFIDPRU8.6.8R (5)**

<b>I</b>	<b>Total amount of guaranteed variable remuneration paid to:</b>	<b>GBP 0</b>
	Senior management	GBP 0
	Other MRTs	GBP 0
	Other staff	GBP 0
	Number of beneficiaries	0
<b>II</b>	<b>Total amount of severance payments paid to:</b>	<b>GBP 438,718</b>
	Senior management	GBP 0
	Other MRTs	GBP 410,000
	Other staff	GBP 28,718
	Number of beneficiaries	2
<b>III</b>	<b>Amount of the highest severance payment paid to an individual MRT</b>	<b>GBP 410,000</b>

One severance payment was made to an MRT of HGPE during the 2025 performance year.