

# Policy & Context Report 2025

April 2026

**Federated  
Hermes**   
Limited

[www.hermes-investment.com](http://www.hermes-investment.com)  
For professional investors only

## Introduction

**“Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.”**  
**– UK Stewardship Code 2026, Financial Reporting Council**

Federated Hermes Limited (“FHL”) is an active asset manager and UK-based investment management business within Federated Hermes. We manage assets across a range of strategies and integrate stewardship and responsible investment into our approach, consistent with client objectives and applicable requirements. (See Section A for further information on our business, clients and assets under management.)

This document forms the Policy and Context Disclosure of Federated Hermes Limited as required by the UK Stewardship Code 2026. This Disclosure provides essential background to our annual Activities and Outcomes Report, which describes our stewardship activities undertaken during the year and their outcomes.

This report also fulfils the entity-level reporting requirements for Federated Hermes Limited – which includes its subsidiaries Hermes Investment Management Limited, Hermes GPE LLP, Hermes Fund Managers Ireland Limited and Hermes Alternative Investment Management Limited (together “FHL Entities” and each an “FHL Entity”) – under Annex C of the EU Shareholder Rights Directive and as required by the FCA Conduct of Business Sourcebook 2.2B.

Those investment portfolios managed by Hermes Fund Managers Ireland Limited (other than those of Federated Hermes Investment Funds plc) where discretionary investment management has been delegated to Federated Investment Counseling and/or Federated Global Investment Management Corp. are not in scope of this report.

For those investment portfolios managed by HFMAIL where discretionary investment management has been delegated to Federated MDTA LLC, engagement insights are not incorporated into the investment process, given their fully quantitative investment approach.

In April 2025, Federated Hermes Limited acquired a 60% majority stake in Rivington Energy Management, a UK based renewable energy project development business. Rivington does not fall within the scope of this report.

EOS at Federated Hermes Limited (EOS) will report separately under the Stewardship Code as a service provider.

This Policy and Context Disclosure (and the accompanying annual Activities and Outcomes Report) has been reviewed and approved by the Board of Federated Hermes Limited and is signed on behalf of the Board by Saker Nusseibeh, CBE on 4 April 2026.

<sup>1</sup> For purposes of this document, references to “Federated Hermes Limited”, “FHL”, “our”, “we”, “our firm” and, unless the context indicates otherwise, “firm” include Federated Hermes Limited and its consolidated subsidiaries, other than Hermes Equity Ownership Services Limited. Federated Hermes (UK) LLP is out of scope of this report. Hermes Equity Ownership Services Limited (“EOS at Federated Hermes Limited” or “EOS”) reports separately. The statements, references to officers, practices and policies, and discussions in this report pertain to Federated Hermes Limited, and not to other business engaged in by Federated Hermes, Inc. and its other consolidated subsidiaries. Certain statements in this report constitute forward-looking statements, which involve known and unknown risks, uncertainties, and other factors that may cause the actual results, activities or levels of activity, performance or achievements of FHL to be materially different from any forecast results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

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# Section A

Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

**Our goals are to help individuals invest and retire better, to help clients achieve better risk-adjusted returns and, consistent with client objectives and applicable requirements, to strive to contribute to positive outcomes in the wider world.**

## Who we are

From when our first CEO openly challenged a major UK company to improve its governance to when our current CEO Saker Nusseibeh was awarded a CBE for services to responsible business, Federated Hermes Limited (“FHL”) has always been at the forefront of responsible investing. We are guided by the conviction that responsible investing is the best way to create long-term wealth for investors.

We are an active asset manager with a difference. We were set up to manage the pension funds of British Telecommunications (BT) and the Post Office in September 1983 and have engaged with companies from the very start. In 1996, we set up a dedicated corporate governance team to engage with companies, implement voting policies and advise on all aspects of corporate governance and strategy including environmental and social considerations. In 2004, this team evolved into our stewardship business, now EOS at Federated Hermes Limited (“EOS”), in response to demand from pension funds that wanted to be more active owners of the companies in which they were invested.

Our client base has since expanded rapidly, with growth in third-party AUM and stewardship assets under advice (“AUA”). These origins have driven our purpose, investment beliefs and strategy throughout our history, from when we established our Focus Funds business in 1998, to our work challenging boards and pushing for corporate-governance reform, to when we founded EOS in 2004.

Following Federated Investors’ acquisition of a 60% stake in Hermes Fund Managers Limited in 2018, the two firms rebranded to “Federated Hermes” in 2020 (with the entity names changing to Federated Hermes, Inc. and Federated Hermes Limited, respectively), strengthening our position as a global leader in active, responsible investment.<sup>2</sup> Since the acquisition, we have been united by a shared commitment to client-centric responsible investment and long-term business growth.

In April 2025, Federated Hermes Limited acquired a 60% majority stake in Rivington Energy Management, a UK-based renewable energy project development business. The company brings specialist expertise across energy development, innovation and project management, with its Renewable Connections division having consented more than 1GW of solar and battery storage projects in the UK since 2021. Rivington does not fall within the scope of this report.

Figure 1. FHL’s investment capabilities

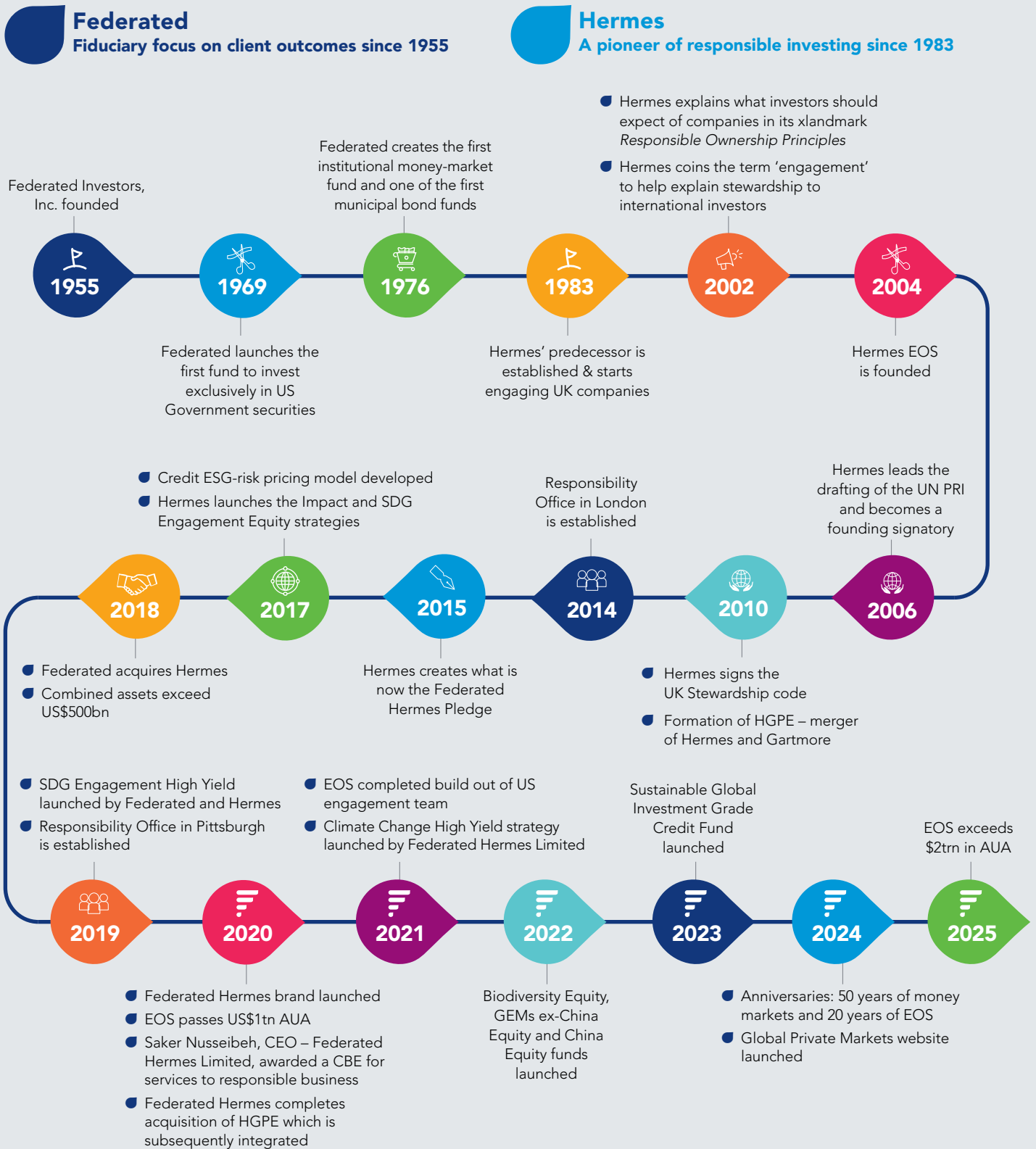


Key: Investment strategy: Strategies that contribute to Thematic investing – specialist strategies designed to meet specific SRI, ESG and Impact-related objectives.

AUM does not include assets under sub advice. Source: FHL, as at 31 December 2025.

<sup>2</sup> FHL has been a wholly owned subsidiary of Federated Hermes, Inc (“FHI”) since 1 September 2021.

Figure 2. Our history as a leading responsible investor has been decades in the making



Source: FHL, as at 31 December 2025.

## Our values

We believe that responsible investment and active ownership is the best way to sustain long-term outperformance, and contribute to beneficial outcomes for investors and companies, as well as, where possible, society and the environment.

Since our business began in 1983, we have advocated for and sought to embody a way of investing that enriches investors and companies, as well as, where possible, society and the environment. Enduring, responsible wealth creation is our way of ensuring the capital we invest generates financial outperformance and, where aligned and performance enhancing, environmental and social outcomes – not only for our clients and their investors but for the generations that will follow. We aim to create enduring wealth for investors responsibly through high active share investing, integration of all material factors including ESG considerations and stewardship.

We aim to act with integrity in everything we do. The Federated Hermes Pledge, first established by FHL in 2015 and adopted by FHI in 2018, compels us to put clients' interests first and to act responsibly. It is a clear expression of our values and reads as follows:

### I pledge to fulfil, 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.


Our fiduciary heritage and expertise in responsible investment ensure that our clients' interests come first.


## Our investment beliefs


### We believe the purpose of investment is to create enduring wealth for investors responsibly.

That's why focusing on wealth creation at the expense of the planet and society – the very future for which investors are saving – is counterproductive. Our world faces multiple challenges, including climate change, inequality and navigating the ever-pervasive growth of artificial intelligence.

We view responsibility through three lenses. Acting as a:

 **Responsible Investor** – how we integrate engagement insights and material ESG considerations including the delivery of sustainable outcomes into our investment decisions.

 **Responsible Owner** – our stewardship activities: engagement, voting, public policy and screening.

 **Responsible Firm** – ensuring we lead by example, be that our commitment to net zero, our approach to diversity and inclusion amongst colleagues and other stakeholders and our charity initiatives and programmes supporting the local community.

As responsible investors, we embrace high-active-share investing. We take a holistic approach that integrates material sustainability considerations and engagement insights into all of our investment products<sup>3</sup>, something that offers our fund managers an additional vantage point with which to assess an asset's potential to deliver enduring wealth responsibly.

### We firmly believe that our ability to mitigate sustainability risks and capture the investment opportunities arising from these considerations is essential to achieving consistent investment outperformance for our clients.

#### How this informs our approach to stewardship

Acting as responsible owners of the assets we manage on behalf of our clients, we actively engage through dialogue with companies including on sustainability issues. We believe this is essential in order to build a global financial system delivering improved long-term returns for investors, as well as, where possible, better and more responsible outcomes for society.

Through EOS we engage companies on strategic and material sustainability concerns to promote investors' long-term performance and fiduciary interests.

We have continued to develop and increase the sophistication of our approach to stewardship on themes, sectors and regions in consultation and agreement with our clients. Our clients, the companies we engage and the policymakers we seek to influence know us first and foremost as a professional voice for investors on sustainability.

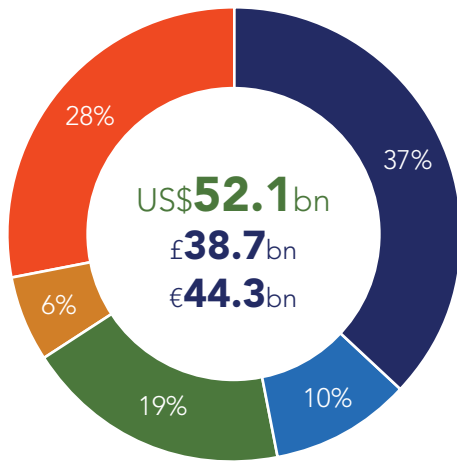
<sup>3</sup> For those investment portfolios managed by HFMI where discretionary investment management has been delegated to Federated MDTA LLC, engagement insights are not incorporated into the investment process, given their fully quantitative investment approach.

### Our business model

FHL is committed to delivering superior risk-adjusted investment returns for our clients. In addition to our financial targets, we understand that the way we achieve our investment objectives will have wider societal impacts. As such, we seek to provide both a better financial future for our ultimate stakeholders and, where possible, a more sustainable society. The pursuit of responsible, enduring wealth creation drives the execution of all of our strategies consistent with client objectives and applicable requirements.

As at 31 December 2025, our specialist, high-conviction investment teams manage £38.7bn / €44.3bn / \$52.1bn of assets across equities, fixed income, private debt, real estate, infrastructure and private equity.

**Figure 3.** A diversified platform ‘Liquidity’ in the chart above includes our money market funds.



Total AUM (Millions)	USD	GBP	EUR
Equity	19,290	14,342	16,425
Real Estate	5,302	3,942	4,514
Private Markets	9,933	7,385	8,457
Fixed Income	3,286	2,443	2,797
Liquidity	14,273	10,611	12,152

‘Liquidity’ in the chart above includes our money market funds. Source: FHL, as at 31 December 2025.

This pooling of assets increases the influence we can have with companies, which means we can have a more meaningful impact on the issues of most collective importance to our clients.

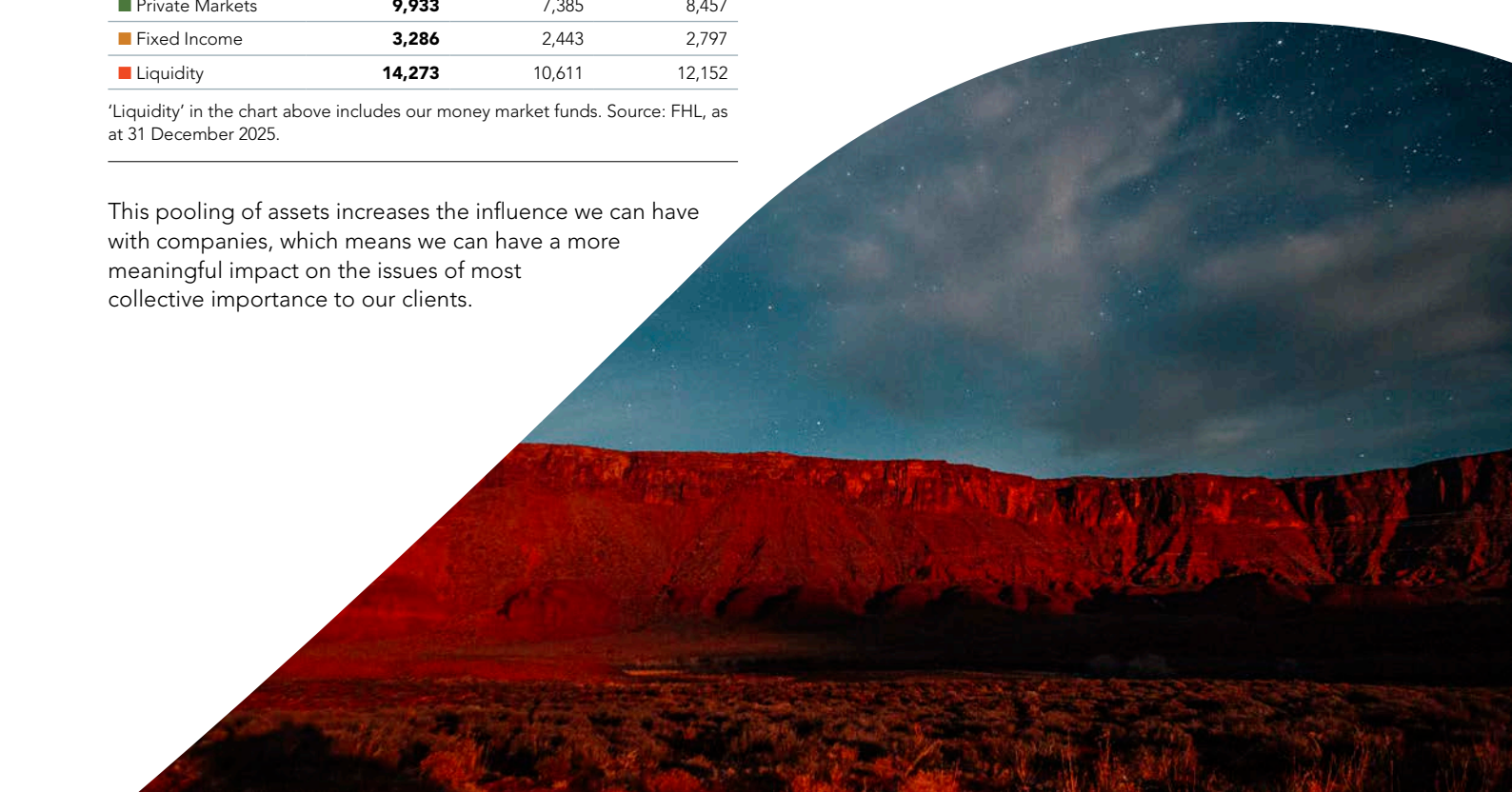
### Four platforms

In order to continue to lead and oversee the public markets teams based in Europe, to further expand the private markets offering and to drive the responsible investing agenda for our firm, the Board of FHL has resolved to establish four distinct platforms:

- **The Public Markets platform** – incorporating our Equities and Fixed Income & Multi Asset products and solutions.
- **The Private Markets platform** – incorporating Private Equity, Private Debt, Real Estate and Infrastructure.
- **The Liquidity platform** – which includes a range of sterling-, euro- and dollar-denominated short-term and standard money market funds as well as bespoke solutions for institutional investors. The funds captured within this platform are excluded from this report.
- **The Responsibility platform** – which includes EOS at Federated Hermes Limited, our responsibility policy team, research, ESG integration and some client advisory activities.

These form the basis of how we will view our commercial offering and will be supported by all the existing functions necessary to deliver a great client experience – Audit, our Client Group, Compliance, Corporate Communications, Facilities, Finance, HR, Legal, Operations, Marketing, Product, Risk, Sales, Sales Support, Tax and Technology.

As we operate now with a full integration of our investment and stewardship platforms (see above), we continue to strive to engage with our invested companies via EOS to help achieve better long term sustainable investment returns and to embed stewardship and sustainability in our investment process, while innovating better methods of being able to use this information for long term returns. Notably, we have developed the Financial Connectivity™ Framework which, we believe, gives us an edge in connecting sustainability factors that affect investment holistically.



## Strategy

Our strategy is driven by a focus on delivering enduring wealth creation for our clients and their investors responsibly. That means we aim to provide strong risk-adjusted investment performance for clients and, where possible, achieve positive outcomes for society and the environment. We seek enduring business growth and profitability, and to make a positive impact as a leader in investment and sustainability. These objectives are firmly aligned with the interests of our clients, the companies in which we invest and engage, and the societies in which they operate.

Our strategy in 2026 is to continue to grow our business substantially outside of the US, utilising our full range of solutions whether managed out of the US or the UK, and to deepen our relationship with large institutional investors, notably the Sovereign Wealth Funds by forming partnerships with them based on our leadership in the stewardship and sustainability field, which is key to them and where we have deep, long-standing experience.

## Type of clients we serve

### Our client base

Figure 4. The breakdown of our client base:

	AUM %
<b>Institutional</b>	<b>58%</b>
United Kingdom & Ireland	28%
Europe	18%
North America	6%
Asia Pacific	4%
Rest of World	2%
<b>Wholesale</b>	<b>42%</b>
Europe	20%
United Kingdom & Ireland	17%
North America	3%
Asia Pacific	2%
Rest of World	1%
<b>Grand Total</b>	<b>100.00%</b>

Source: FHL, as at 31 December 2025.

## Our investment time horizons

Our approach is to seek opportunities to deliver enduring wealth creation, responsibly for investors. It is this understanding that informs our belief that we have a duty to consider the longer-term risks and opportunities when investing. This means carrying out extra work when analysing companies to understand externalities, governance practices, environmental impacts, treatment of workforces and the influence of operations on local communities. It also means using our influence to improve the behaviour of those companies in which we have invested, the operations of the assets that we directly manage and advocating for systematic improvements to the financial system in which we participate. Some engagement initiatives will take a number of years to come to fruition.

All of our strategies adopt a long-term investment horizon. While this will vary depending on the investment strategy and the markets within which they invest, a typical time horizon adopted by our investment teams is three to five years. This aligns us with our pension-fund clients who typically invest over the long term.

## Our assets under management

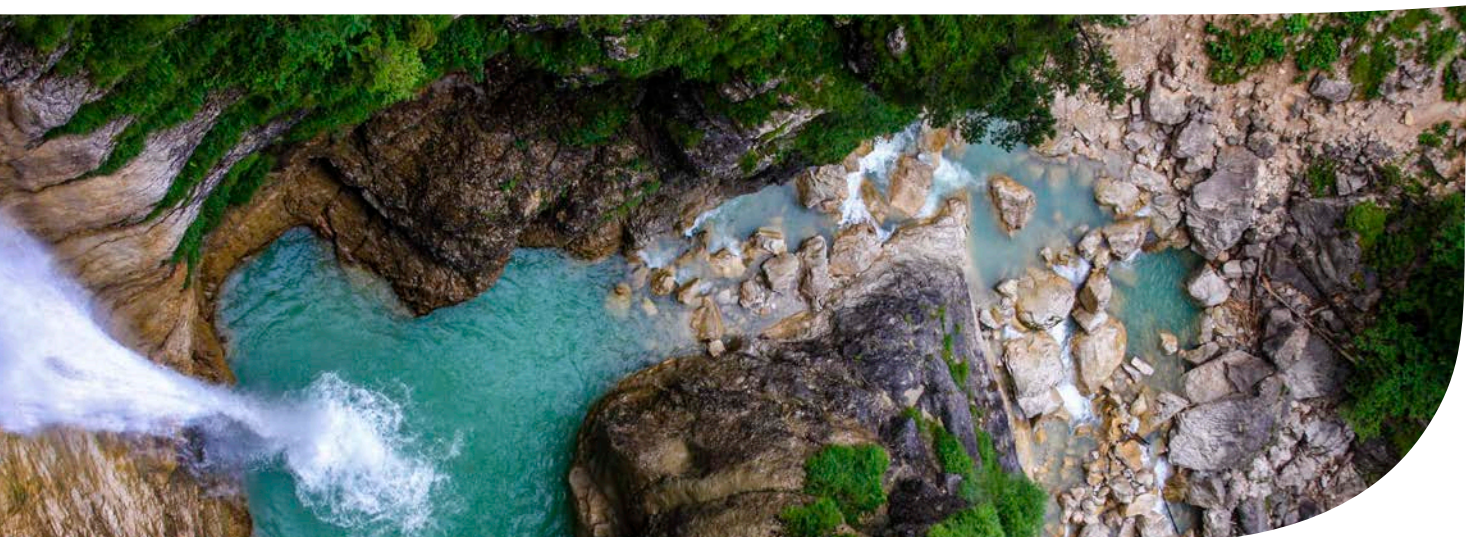
Figure 5. The breakdown of AUM by asset class and geographies:

Core Asset Class	AUM %
Equity	38%
Fixed Income	11%
Infrastructure	6%
Liquidity	24%
Multi Asset	0.09%
Private Equity	10%
Real Estate	10%
<b>Grand Total</b>	<b>100.00%</b>

### Real Estate

Region	AUM %
United Kingdom	84%
North America	16%
<b>Grand Total</b>	<b>100.00%</b>

Source: FHL, as at 31 December 2025.



## Section B

Describe how your resources enable effective stewardship.

### Our governance structures

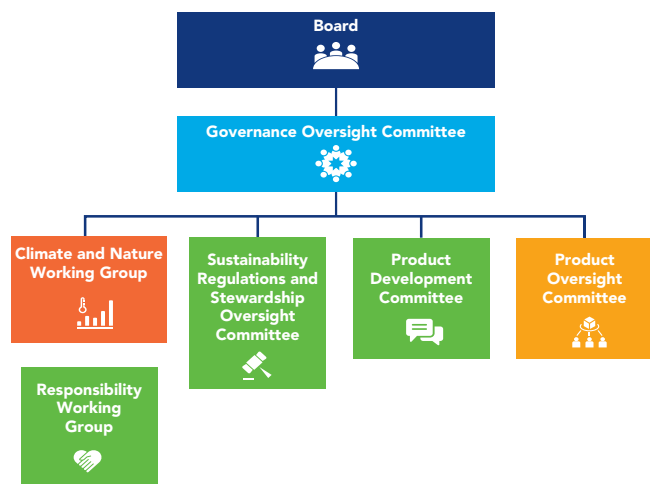
All of our staff are responsible for implementing our stewardship approach, although there are several functions within the business that play a particularly significant role.

- Responsibility Office.** Established in 2014, our dedicated Responsibility Office reports through the Head of Responsibility to FHL's CEO and acts as a hub of expertise and support to assist every employee in our business to work towards our core purpose of delivering enduring wealth creation, responsibly over the long term. The Responsibility Office houses EOS (see below), FHL's third party stewardship service provider. It coordinates and supports the integration of our responsibility approach and activities across our strategies, funds and stewardship services. This includes quarterly meetings with each of the investment teams to review their ESG and engagement integration activities, as well as asset and issuer-specific discussions related to ESG and engagement. The Responsibility Office is also responsible for leading our advocacy work, as well as holding each department accountable for ensuring that we act as a responsible company. By doing so, it keeps the interests of clients and their beneficiaries at the centre of what we do. To ensure responsibility is embedded in all of our firm's business decisions, Responsibility Office colleagues are members of our firm's key committees (the key committees which oversee our stewardship approach are described in further detail later in this section). The Head of Responsibility is a member of FHL's Senior Management Team (SMT).
  - Portfolio managers and investment analysts.** Each of our investment teams have formulated their own approach to responsible investing that explain how, in the context of their particular strategy and investment universe, they incorporate ESG factors and engagement into their investment process. Each team is responsible for undertaking its own fundamental ESG research and the team members are accountable through the performance appraisal system for their part in delivering on our mission.
  - EOS.** EOS at Federated Hermes Limited is the stewardship service provided by Hermes Equity Ownership Services Limited, a company incorporated in England & Wales and wholly owned by FHL. Its activities and direction are overseen by a board of directors, comprising members of FHL's SMT and a member of FHL's Executive Committee (aka. Executive Staff). Day-to-day operations are directed by the Head of Responsibility as Chair of EOS, and managed by the Head of Stewardship, and directors of the client and business development team and operational management. EOS also has a Client Advisory Board (CAB) which contains client representatives who provide insight, advice and guidance on EOS' business strategy and service offering to ensure that the EOS service is and remains a client-focused offering. The EOS team boasts one of the largest stewardship resources of any fund manager in the world.
- The team is composed of individuals with a diverse mix of backgrounds, skills and perspectives and has been at the forefront of the development and evolution of responsible investment practices globally. The EOS team leads our public markets engagement activity.
- Risk.** The Risk team provides independent oversight and challenge to our approach to corporate sustainability and responsible business management – and provides regular reports to the Risk, Compliance and Financial Crime Committee. The team also works closely with both the Compliance team and Responsibility Office to oversee work to ensure that our business continues to authentically and accurately, report on our sustainability objectives and activities.
  - Compliance.** Alongside the Risk team, the Compliance team is part of our second line of defence, including in relation to regulatory risk. Within the Compliance team, the compliance advisory function performs regulatory and best-practice horizon scanning using regulatory tracking tools as well as gathering insights through involvement in industry initiatives. Following identification of new or updated regulation, the compliance advisory function communicates this information to the relevant parts of the business and co-ordinates appropriate implementation. The compliance monitoring function assesses ongoing compliance with regulations following implementation.
  - Internal audit function.** The Internal Audit team's primary role is to help the Board and executive management to protect the assets, reputation and sustainability of the organisation. The function is responsible for providing independent, objective assurance to management through a systematic and disciplined risk-based audit approach and assessment of the internal control framework. More information is available under Section C below.





Figure 6. The internal structure of key stewardship oversight functions of FHL<sup>4</sup>



Source: FHL, as at 31 December 2025.

We have extensive oversight of our responsible investment and stewardship processes, activities and outcomes across our firm – something that is indicative of their importance to our business and how they form a core part of our approach. Accountability for delivering effective stewardship across asset classes is integrated at every level of our governance, including:

- Board.** We have a well-established governance structure led by the Board of FHL. The Board is responsible for the governance of the organisation and ensuring its effective operation. It also endeavours to consider all stakeholders when establishing objectives and policies. Among the Board’s responsibilities is the implementation of the strategy set by our parent company, FHL. The Board is also responsible for overseeing our approach to climate change.
- Governance Oversight Committee (GOC).** The GOC is the formal oversight committee appointed by FHL to oversee key business matters, and report, as appropriate, on material matters. The members of the GOC include FHL’s General Counsel (chair), Head of Executive Business Management, Chief Regulatory Officer, Chief Compliance Officer, Head of Risk, Head of Office – Ireland, Managing Director – Private Markets, and Head of Product. The GOC receives an annual update on the activities of the SRSOC (see below), whose role includes ensuring material climate-related matters are escalated. The SRSOC is also able to report any urgent matters of escalation to the GOC at its monthly meeting or via email.
- Responsibility Working Group (RWG).** Meeting every quarter, the RWG is made up of senior representatives from across the business and is chaired by our Head of Responsibility. This group discusses a comprehensive range of topics that relate to the delivery of enduring wealth creation, responsibly for our clients and beneficiaries and shares best practice across the organisation.
- Climate and Nature Working Group (CNWG).** The CNWG reports to the RWG and meets every quarter. With authorisation from the Board or SMT as appropriate, its aim is to inform the development and implementation of a formal business-wide climate-change and nature strategy and risk-management approach. This includes overseeing progress in meeting our commitments as a member of the Net Zero Asset Managers’ Initiative and Finance for Biodiversity Foundation. The CNWG is also a formal Task Force on Climate-related Financial Disclosures (TCFD) Working Group.
- Sustainability Regulations and Stewardship Oversight Committee (SRSOC).** Replacing the Governance Oversight Committee, the SRSOC is an oversight committee responsible for overseeing the formulation and delivery of our engagement, voting and climate policy. The committee was established by, and is accountable and reports to, the GOC (see below). The members of the SRSOC include the Head of Responsibility (chair), Senior Public and Private Markets Investment Representatives, and representatives from each of our Risk, Compliance and Legal teams.
- Product Development Committee (PDC).** The PDC meets monthly and is responsible for considering proposals for new products and modifications to or closure of existing products. In assessing proposals, its members consider how desirable and suitable a product is from a commercial, customer and portfolio-management perspective. This includes consideration of how responsible investment techniques and active ownership are included within any new product. The committee is also responsible for assessing proposals in relation to the fees and pricing of products. The Head of Responsibility is a member of the PDC.

<sup>4</sup> This chart covers key functions overseeing stewardship and is not an exhaustive representation of the internal governance structure of Federated Hermes Limited.

- Product Oversight Committee (POC).** The POC meets quarterly and supports product governance through reviewing and assessing existing products to ensure they continue to deliver good customer outcomes on an ongoing basis and have continued commercial viability. Each product is viewed holistically, with data collated across the business. Information collated for the quarterly reviews includes performance figures, client demand and peer-group comparison analysis. Good product governance is aligned with our focus on responsible investment management, and we aim to put the customer at the heart of product design and management. The POC makes use of a customer-centric view when reviewing investment products and considering our obligations to investors (both directly and indirectly via distributors). Customer feedback may be obtained by a third-party market research agency or directly through the sales and client teams, and this feedback will be considered as part of the review. The group operates a dashboard approach to reviewing products at each meeting with detailed information provided to allow topics on individual funds to be explored in greater detail, this includes looking at how the fund integrates ESG-related considerations and its engagement progress. Any products or strategies that have not met marketed performance targets, do not continue to meet a customer need, or have failed to attract assets will be flagged with the PDC for consideration. One-off or ad-hoc reviews may also be conducted in response to market events to ensure the product range remains appropriate within the context of our broader investment and corporate strategy.
- Senior Management Team (SMT).** The Senior Management Team is responsible for the day-to-day management of the business and ensuring the objectives agreed with the Board are met. Our CEO leads the development and implementation of our mission and responsibility goals. We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large – tasks that our CEO actively leads and contributes to. In particular, our CEO is the founder of the 300 Club, an independent forum that challenges the orthodoxy of the investment industry and puts forward approaches to align the industry more closely to the goals of beneficiaries. He is also a founding member of the FCA-PRA Climate Financial Risk Forum, and a member of the Sustainable Markets Initiative and the Integrated Reporting and Connectivity Council (previously the International Integrated Reporting Council).
- Real Estate ESG Oversight.** The real estate team have steering groups for Climate Resilience and Social Impact with relevant representatives from the business to ensure the decision-making process is inclusive and transparent.
- Infrastructure Oversight.** The identification, consideration and mitigation of sustainability matters at an operational level within Infrastructure are the responsibility of the Head of Infrastructure and the Infrastructure Investment Committee (IIC). Any material sustainability matters are escalated to the HGPE Governing Body which is ultimately accountable for overseeing the governance and operational performance of Infrastructure and Private Equity in the Private Markets platform.

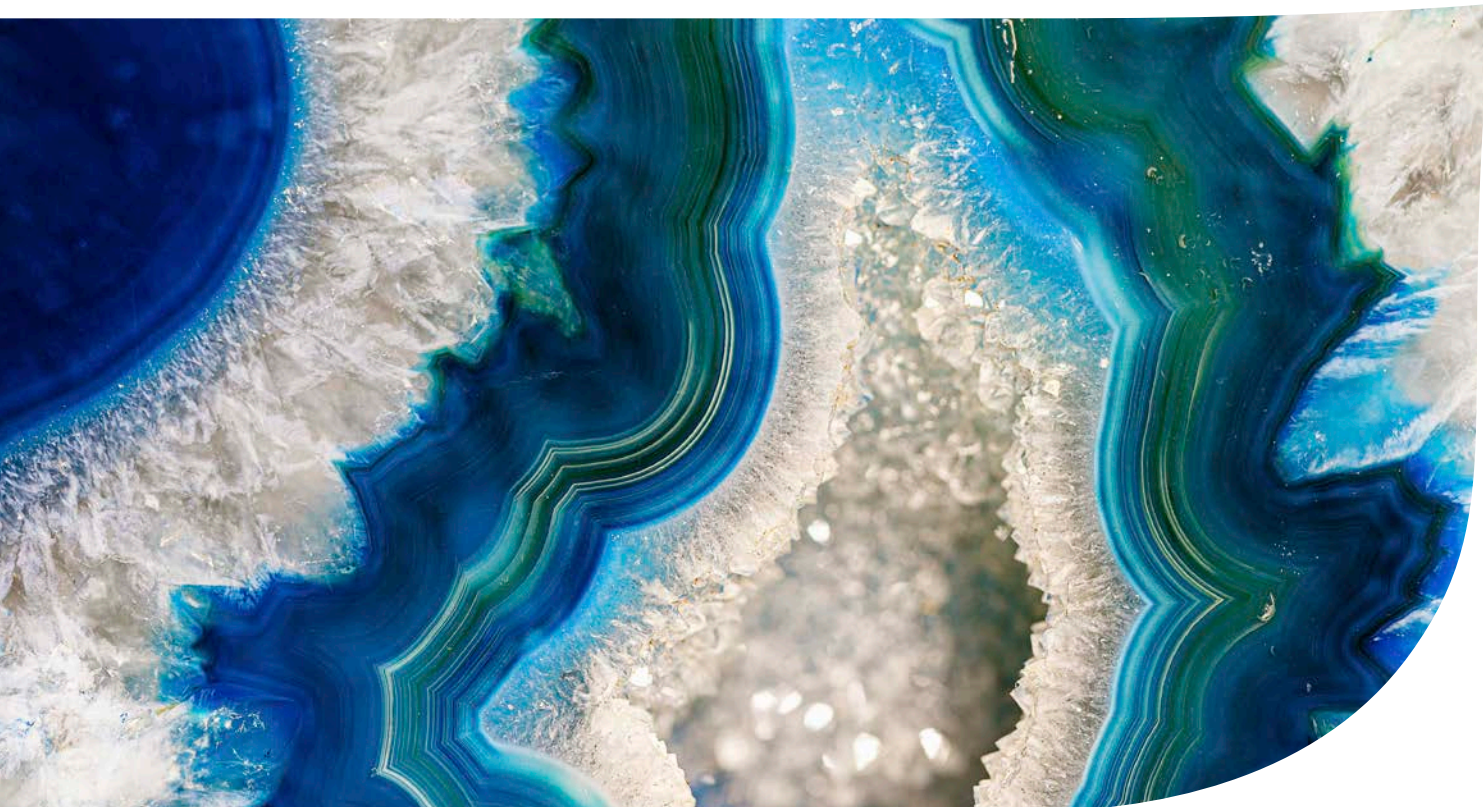


- Private Equity Oversight.** In the private equity team, the Private Equity Investment Committee (IC) is responsible for oversight and risk management, including all relevant climate- and nature-related risks. The IC is supported by a dedicated Sustainability Function within the private equity Portfolio Strategy and Solutions Group as well as by the Portfolio Review Group (PRG), a feedback forum covering client outcome delivery as well as risk monitoring across portfolios focused on advising the IC and the SMT.

Accountability for delivering effective responsible investment and ownership outcomes for all clients resides with the investment management/fund advisory companies within the FHL group. While the investment management/fund advisory companies of FHL and our parent company, FHI, are also clients of EOS, we have clear policies in place to identify, manage and mitigate potential conflicts of interest as described under Section D.

Details of the specific governance we have around managing climate-related risks and opportunities are available in our [Climate- and Nature-related Financial Disclosures report](#).

As well as formal governance structures, we have a structured approach to ensuring that we carry out effective engagement and integrate stewardship into our investment processes. This is evidenced in our reporting against Principles 1 to 3 in our Activities & Outcome Report, particularly through our ESG and engagement integration approach, engagement selection process and milestone engagement tracking system.



## Resourcing stewardship

All analysts and portfolio managers are responsible for ESG and engagement integration, and a meaningful amount of engagement takes place across all our funds.<sup>5</sup> Whilst we are actively involved in policy and market best practice engagement by both EOS and the RO, we currently do not systematically or formally engage with our sovereign investments. Our investment teams may engage in dialogue with sovereigns if deemed appropriate and/or necessary. The Responsibility Office plays an oversight and support role in ensuring the investment teams have access to the right resources to efficiently integrate material sustainability factors and engagement (in conjunction with EOS for public markets).

While the above is the standard process across all of our strategies, we do have specific strategies which engage with all investee companies and where successful engagement is explicitly part of the ex-ante investment proposition. Given these strategies' additional focus on engagement, we have dedicated engagers who focus solely on these strategies and work closely with EOS to ensure a consistent approach. More information on these strategies is available under Principles 1 and 2 in our Activities & Outcomes Report.

We use a number of third-party data providers which support our efforts to integrate sustainability and also inform our stewardship activities. We are also actively engaging with other data providers to ensure our teams have access to the latest and most relevant data for our investment approaches. We also use the services of proxy advisor, more details on our use of these can be found under Principle 6 of our Activities & Outcomes Report.

## Training

Our investment teams and engagers attend regular education presentations and roundtables provided by EOS engagers, portfolio managers and external experts on ESG risks and opportunities in the context of sectors, themes or country. They are also provided with training on sustainability tools and analytics, as required.

Training sessions provided during 2025 included:

- A number of deep-dive sessions to support the investment teams in their integration of sustainability factors, including on biodiversity and human rights. The Sustainability Investment Centre is an internal forum open to colleagues from across the firm that meets on a monthly basis to discuss various topics related to sustainability. Recent examples include deep dive sessions on the impact of physical climate risks, the climate transition on the autos sectors; deep-dive into how nature-related impacts and dependencies can be considered in the investment process; and a debrief of the COP30 climate summit. These are discussed with participants across the investment teams, business development and EOS.
- Tutorials continued to be run by the Responsible Investing Office (RIO), an FHI team, for EOS engagers to help build understanding of how investors analyse a company's financial statements.
- Dedicated thematic webinars are run for the investment teams by our EOS engagers. Topics in 2025 included wind energy, plastics & PFAS chemicals, electric vehicles, human rights, energy storage, AI & energy, and stewardship in India. EOS engagers also performed a large number of internal thematic training sessions for other members of EOS and the Responsibility Office over 2025.

<sup>5</sup> For those investment portfolios managed by HFML where discretionary investment management has been delegated to Federated MDTA LLC, engagement takes place, but insights are not incorporated into the investment process, given their fully quantitative investment approach.

- A number of training sessions held by third-party data providers on their products and methodology, focusing on climate risk and nature.
- The Real Estate ESG team held training sessions on a range of different topics, which were open to all Real Estate employees. The sessions were delivered by the in-house team or expert consultants.

The most effective training in responsible investment and ownership in our view is 'on the job'. Portfolio managers and engagers regularly get together to discuss particular investments and often meet companies together. This benefits the engagement service as it can make the engagement more relevant and material. At the same time, the portfolio manager benefits by getting a deeper understanding of relevant engagement (including, but not only, sustainability) issues to consider in a company's risk assessment and value opportunities.

### Stewardship resources – public markets

We have a large, dedicated stewardship resource, in the form of our public markets' engagement team, EOS. EOS also draws on the expertise of the Responsibility Office of FHL and others within our firm, a number of whom have had direct engagement experience having previously worked within EOS. There are policies, processes, and controls in place to ensure the management of conflicts of interest, as described under Section D.

**EOS has intentionally built a diverse, international team of experienced voting and engagement professionals who have the expertise, language skills and cultural knowledge to deliver real beneficial change within companies.**

As at 31 December 2025, our engagers come from a range of backgrounds including – but are not limited to – banking, law, sciences, academia, climate change, corporate governance, corporate strategy, NGOs and human rights. EOS' gender balance is 63% female /37% male for permanent staff as at 31 December 2025. Engagers are fluent in 17 languages.

The combination of our ability to engage in the local language and our understanding of local culture and business practice are critical to the success of our engagement work. The EOS team is well placed to draw upon and, where

appropriate, conduct additional research. It is also well placed to make judgments about the degree to which companies can reasonably comply with local best practice and where exceptions are appropriate. On a regular basis we update our public voting guidelines and regional corporate governance principles to reflect best practice. More information on any recent updates to our voting policies can be found under Principle 4.

The team's skills, experience, languages, connections, and cultural understanding equip them with the gravitas and credibility to access and maintain constructive relationships with company boards. The depth and breadth of this resource reflect our philosophy that stewardship activities require an integration of a range of relevant skills and experiences. Escalation and intervention at senior management and board director level should be carried out by individuals with the right skills, experience, and credibility.

Our EOS engagement professionals are divided into designated teams covering sustainability and strategy-related themes, sectors and regions. This ensures we have experts who can educate the wider team on developments and best practice in their respective areas. Each engager is responsible for engagement, voting policy implementation and sustainability analysis, focusing on the combination of regions, sectors and themes that they have been appointed to cover.

The team is based in the UK and the US. London (UK) staff cover engagement in Europe, Asia and emerging markets and staff in Pittsburgh (US) cover engagement in North America. Our professionals frequently travel to undertake engagements in person where possible at company headquarters and on-site visits to view operations and general conditions, as we believe this is most effective to fully understand company context as well as progress against milestones. EOS also has a number of senior advisers who provide additional resource and expertise specific to some local markets including Japan, the Netherlands and the UK.

Given that the EOS engagement resource operates across our funds, it is critical that engagers integrate effectively with fund managers. Our approach to ensure this is described further under Principle 1 of our Activities & Outcomes Report.



### Stewardship resources – private markets

The **real estate** business follows an integrated approach in stewardship using tools and procedures that allow investment and fund managers to supervise and effectively manage Federated Hermes' real estate portfolio. With regards to sustainability, the team contains a four-person ESG team, overseen by the Chief Operating Officer of Private Markets, who work closely with both internal and external stakeholders, including investment managers, external delivery counterparts for technical expertise, property managers and facility managers. The team ensure ongoing engagement with investment managers, property managers, occupiers, and contractors to deliver the sustainability plans successfully. The team collaborate with a number of industry working groups such as the Better Buildings Partnership (BBP), the UK Green Building Council, and Institutional Investors Group on Climate Change to ensure they remain aware and contribute to industry trends, best practice and innovation. The team recognise the importance of collecting and sharing sustainability information among the various organisational levels of our investment and asset-management process. As a result, the team have developed and integrated a series of sustainability tools and procedures that link our strategic investment targets for portfolio strategies and the management of a property's technical characteristics and operational performance.

Our **infrastructure** team takes a fully integrated approach to sustainability and stewardship, with each member of the team having a duty to ensure a responsible approach is applied to all activities. The team is supported by central sustainability resource in our Investor Relations function which provides the strategic framework and expertise to support engagement and investment analysis. Infrastructure also leverages the extensive internal expertise of FHL.

Our **private equity** team includes one sustainability specialist who supports the investment team, which is responsible for assessing sustainability risks and opportunities, and ensuring proper process is followed. Our private equity team co-invest both directly in a selection of companies alongside other General Partners (GPs) and indirectly through fund investments. Typically, we are a minority investor for direct co-investments. For a small proportion of our assets where our team have some control and/or the ability to influence company decisions directly, we seek to work closely with investee companies to monitor, challenge and improve sustainability performance. However, in almost all cases our team has limited control and/or ability to influence decisions directly (whether for direct or indirect co-investments). In these instances, the team will work closely with the lead GPs to assess, monitor, and seek to improve sustainability performance of the underlying investee companies. As private equity investors, we have a long history of investing in growing businesses across the world. We believe building better business not only translates into better financial performance, but also positive outcomes for individuals, communities, and societies as a whole.

Our **private debt** team directly engages with the sponsor and management team to remedy any ESG issues that arise during the life of a loan. This engagement is frequently conducted in collaboration with EOS to strive to ensure that the engagement is outcomes-focused and impactful. Where a sustainability issue is identified during the due diligence process for a potential borrower, and where remediable and appropriate, the private debt team will seek to incorporate undertakings in the loan documentation. This ensures explicit actions are taken by the borrower within a specific timeframe to mitigate the sustainability issues identified. While improving the risk profile of the borrower, it also enhances the value of the borrower, on which the loan is secured against.



## Diversity and inclusion

As outlined above, all our employees are in some way responsible for implementing our stewardship approach. Our firm-wide diversity and inclusion (D&I) approach is therefore of relevance to the diversity of those involved in our stewardship activities. We have a long-standing commitment to increasing diversity and inclusion in our business and acknowledge that we need to make further progress. We aim to foster and promote a culture of inclusion which celebrates all forms of diversity. We aim to appeal to, and retain, a diverse workforce. We encourage innovation and creativity, with a view to helping our employees maximise their potential.

In 2025, the SMT continued to focus on the D&I Strategy's six core objectives (see below), led by the D&I Office with the support of the Community for All employee resource groups. We maintained our mission to foster and promote a culture of inclusion which celebrates all forms of diversity. We aim to appeal to, and retain, a diverse workforce. Our D&I Strategy's core objectives are:

- **Employee Engagement Project**
- **Mental Wellness Project**
- **Baseline Demographic Project**
- **External Charters Project**
- **Disability Project**
- **Menopause Project Team**

In support of promoting an inclusive environment we launched several initiatives, in addition to other previously established programmes and initiatives. In 2025, these included:

- In support of promoting an inclusive environment, held cultural and heritage celebrations such as celebrating World Day of Culture, Lunar New Year, Rosh Hashanah, South Asian Heritage Month, and Ramadan Iftar, alongside awareness campaigns for LGBTQ+ History Month, launched our first PRIDE newsletter, celebrated Black History Month, and International Women and Men's Day. Our Families & Returners Network launched a Family Summer newsletter and ran a financial literacy session for families.
- The "Did You Know" series was launched addressing women and men's health, menopause and andropause, metabolic health, diabetes, and environmental toxins, and hosted impactful events such as Disability in the Workplace, fireside chats for the International Day of Persons with Disabilities and World Autism Month and introduced its first peer support group for autism awareness. These initiatives reflect a holistic approach to fostering belonging and driving meaningful conversations on health, disability, and inclusion.
- We provided employee support in specific areas such as financial wellbeing sessions; pension talks for younger employees and ran a Workplace Adjustment Policy Lunch & Learn session.

We have continued to collaborate with specialist organisations – including, 10,000 Black Interns, GAIN, and Change 100 – to provide internship opportunities for



individuals from underrepresented communities. In the summer of 2025, we launched our intern programme for university undergraduates to gain work experience and exposure of the industry, with a long-term view of building up an early career talent pipeline. Twenty colleagues participated as mentors in Envision, an external mentoring program of structured activity for students aged 14-18 who are often under-represented in the world of work to develop the essential skills and confidence they need to succeed.

Throughout our organisation, leaders see the value of D&I as a driver for growth and innovation. As a result, leaders promote an inclusive and performance-led culture that supports the FHL vision statement and mirrors the FHL Pledge and the Behaviour Framework. Leaders act as the champion of change within the organisation and actively sponsor the firm's D&I-related commitments.

We are committed to having the best talent. This means attracting, developing, and retaining individuals from all backgrounds. We continued to run the following Initiatives in 2025: quarterly Introduction to Culture workshops for all new employees, providing secondment opportunities, promoting internal and external mentoring schemes.

We continue to commit to voluntary UK charters and pledges including the Women in Finance Charter (WIFC); Menopause Workplace Pledge and Accreditation; and being a Disability Confident Level 2 employer.

We remain fully committed to supporting the Women in Finance Charter and its objective of attaining gender balance across all levels of financial services.



In the past year, we have seen a slight decrease in the proportion of women at both firm-wide and senior management levels: Firm-wide female representation is now 44% (down from 45% in 2025), senior management female representation is now 31% (down from 34%). Board-level female representation remains steady at 40%, maintaining the progress achieved in 2023.

Looking forward, we are working to the following updated goals by 30 June 2030:

- Increase our senior management female representation to within a 40-50% range
- Increase or maintain our board female representation within a 40-50% range
- Increase or maintain our overall firm-wide female representation within a 40-50% range

We feel that these new goals better align with the market and societal conditions in which we operate and the flows of talent into and across our industry. We continue to work with our external partnerships to address these shared challenges and opportunities.

**Figure 8.** Employed women across FHL

Population	2025	2024	2023	2022	2021	2020
Firm-wide	44%	45%	43%	42%	41%	44%
Board	40%	40%	40%	25%	31%	31%
Senior Management	31%	34%	32%	33%	29%	33%

Source: FHL, as at 31 December 2025.

### External service providers

We rely on ISS to provide research on all companies for which EOS provides its voting service. EOS leverages and builds on ISS research and infrastructure (including the ISS ProxyExchange platform) and seeks to add value primarily by selectively escalating the most important or difficult voting decisions (based on the materiality of holdings and the nature of the issues under consideration), engaging with companies and operating voting policies and approaches that more closely align to our views than ISS’s benchmark policy.

More information on how we monitor our stewardship service providers can be found under Principle 6 of our Activities & Outcomes Report.

Salesforce software is tailored and used by our team of engagement professionals to log our engagement activities. These entries are then fed into a proprietary online platform for our clients to reference live via the user interface and are given the facility to generate bespoke reports based on their portfolios.

We receive controversial company screening data from Sustainalytics, and a host of other external data providers such as Bloomberg and FactSet keep our data pool healthy and up-to-date, and our engagers well informed ahead of their corporate or public policy engagements.

Alongside Co-Pilot which is embedded into the MS software suite and used by many for a range of general tasks are a growing number of proprietary AI tools built specifically to aid engager tasks. The team’s ethos is to collaborate, so the extent to which AI will be a part of all our daily duties will inevitably grow and evolve over time.

## Section C

Describe your stewardship policies and processes, and how you review them.

### Our policies and procedures, and the review process

We have several policies which relate to stewardship. The latest versions of our policies are available on our [Policies and Disclosures webpage](#). We regularly review our policies to ensure they remain effective. The process for doing so depends on the specific policy:

Our **Conflicts of Interest Policy** is reviewed annually.

Our **Stewardship Conflicts of Interest Policy** is reviewed annually by the SRSOC to ensure it adequately reflects the types of conflicts that may arise. This means we can ensure that they are appropriately managed and as far as possible, mitigated.<sup>6</sup>

Our **Engagement Policy** and **Sustainability Risks Policy** for FHL are reviewed annually by the SRSOC. The Engagement Policy fulfils our requirements under the Shareholder Rights Directive II (SRDII) to have an engagement policy covering our public equity engagement approach and the Sustainability Risks Policy fulfils our requirements under the EU Sustainable Finance Disclosure Regulations.<sup>7</sup>

Our **Responsible Investment (RI) Policy**, introduced in 2024, is annually reviewed and approved by the SRSOC. This Policy collated existing content from the Sustainability Risks Policy, Human Rights Policy Statement, and Deforestation Policy Statement, and included a new section – Climate Change Policy Statement. Our Approach to Controversial Activities is also contained in this Policy.

**EOS' Engagement Plan** is a key policy for public-markets engagement and covers the next three years. It is updated on an annual basis using a structured horizon scanning exercise which considers extensive feedback from our investment teams and EOS third-party clients, as well as an external scan of industry issues. This ensures that we consider fresh perspectives and continue to identify the key themes which cover our clients' priority areas, ensuring we carry out effective stewardship.

**EOS' Global Voting Guidelines** act as a policy which inform EOS' voting service implementation to our investment teams, as well to EOS clients who request to receive voting services. The **FHL Global Voting Policy and Guidelines**, which are aligned with EOS' Global Voting Guidelines, inform the voting decisions made by our investment teams. The Guidelines are informed by a hierarchy of external and internally developed global and regional best-practice guidelines. The most important of these are the EOS-developed regional voting guidelines and Corporate Governance Principles, which are available on our website. The three regional voting guideline groupings are 1) UK, Europe and Australia, 2) North America,

and 3) Asia and Global Emerging Markets. The policy development cycle for the voting guidelines runs annually, in conjunction with the policy review process at ISS, which informs its benchmark research. EOS considers changes made at ISS in view of resolution-level data for past voting seasons in order to consider what additional changes are warranted. This includes integrating feedback from clients and evolving best practice in each market.

EOS' Engagement Plan provides further input and identifies thematic priorities for engagement. This can often be boosted by enhanced vigilance and, potentially, escalation through the voting services. EOS completes its major policy changes before the main voting season in each market. Once changes are applied, the policy is monitored to ensure it is having the desired effect and is adjusted further, where appropriate. Our Global Voting Policy and Guidelines are approved annually by the SRSOC. The regional voting guidelines are approved by the Head of Stewardship and regional team leads and noted by the SRSOC.

**Voting decisions:** While it is difficult to provide a general description, EOS will typically apply a vote against management when it considers that a vote with management would not serve the best long-term interests of shareholders. For example, this may be either with respect to a proposed remuneration policy or when EOS believes the board does not have the skills to govern the company effectively. There may also be specific instances when a vote in favour of management would be actively detrimental to the company – for example, in the case of a proposed merger or acquisition that does not look to be in the long-term interests of the firm.

EOS uses ISS to provide research on all the companies for which it implements our vote policy, which comes to over 13,500 meetings a year. The instructions that our investment teams and EOS third-party clients receive are, in the first instance, based on ISS's research using our voting guidelines. This is then overlaid with our intelligent voting approach.

EOS has a value-add and cost-effective mix of automated and manual voting instructions, which focuses resources on key topics and companies with significant holdings and/or contentious issues or ongoing engagement objectives. Engagers add insight and value to a specific subset of these meetings – those on EOS' watchlist – by considering the voting approach in light of the specific company context and the engagement. A shortlist of high priority equity holdings is added to the EOS watchlist each year, based on size of holding and insight into the potential level of complexity of vote. EOS' implementation of our vote policy is applied to FHL's remaining equity holdings and if the investment teams disagree with the proposed instruction, then EOS will manually review this. EOS endeavours to engage around the

<sup>6</sup> As HGPE does not hold listed equity of any length of time it is not in scope of the Stewardship Conflicts of Interest Policy.

<sup>7</sup> HGPE are not currently in scope of the FHL Engagement Policy and have a separate Sustainability and ESG Risks Policy which is reviewed by the governing body of HGPE and updated when required.

vote with all companies on the watchlist for which it is considering instructing a vote against – this comprises 900 companies, including around 307 in the core engagement programme. EOS will also discuss such cases with the relevant portfolio manager. We receive research from ISS but also have access to our own information on our electronic platform, which captures meeting notes and documentation relevant to the company's engagement history and objectives.

EOS will also engage to identify any further relevant information that might inform the implementation of our policy and has regular conversations with our investment teams about the reasons for their views on particular votes. We will vote 'for, by exception' to our voting policy when we judge that we will further the engagement and likely achieve beneficial change by doing so.

Votes are escalated when especially important for the company or particularly complex, or when a disagreement or potential conflict of interest arises with the instruction received from EOS. For our investment teams, the voting instruction of our policy by EOS will inform their assessment, but they will make their final judgement independently. On the rare occasion that there are disagreements between investment teams and/or EOS on the appropriate application of our voting policy, the matter is logged and escalated for consensus to be reached at the director level. We expect votes cast by our investment teams to be consistent with the voting implementation of our stewardship clients' policy. In such cases, the rationale for divergence will be documented. As described under Section D, we have escalation processes in place when there are different views between EOS and our investment teams, or when conflicts of interest arise in the course of fulfilling our commitment to acting as good stewards of those companies in which we invest.

Clients with segregated mandates have the option to carry out the voting themselves, or to benefit from the instructions and decisions of the relevant investment team, based on the implementation of their vote policy. Underlying clients of our pooled funds are not able to override the investment team's vote or to vote their share separately.

**Securities lending:** We do not, as a matter of course, participate in securities lending transactions. We endorse best practice principles, such as the Securities Lending Code of Best Practice issued by the ICGN.

Originally launched in 2021 for development and asset managers, our **Design Innovation Standard (DIS)** ensures that sustainability principles are embedded throughout our developments and that our ambitious targets are met. In 2025, the standard was comprehensively updated to reflect new legislation, industry standards and team feedback. The latest version merges our original DIS and Refurbishment Guide into a single, dynamic platform. Designed for practical use across all project types from new builds to tenant fit outs, the DIS tracks sustainability commitments and targets, alongside clear deliverables and responsibilities. The standard ensures strong governance and risk management. By standardising sustainability tracking across developments, the DIS enhances confidence in data quality, making it easier to compare and evaluate performance.

### External assurance

Our external assurance providers now assess us on a rolling two-year basis. We will refer to their latest limited assurance engagement on the information disclosed as part of the sustainability reporting of FHL in the period from end of June 2023 to July 2024 (inclusive). The limited assurance engagement in phase one related to our EOS Voting, EOS Public Policy and FHL Real Estate. FHL Public Equities, FHL Public Credit, FHL Infrastructure and EOS Engagement will comprise phase two and will be issued in 2026.

The latest assurer's report will be made available on our [Policy & Disclosures page](#) of our website.

The Real Estate ESG team completes Global Real Estate Sustainability Benchmark (GRESB) reporting to benchmark our real estate assets against their peers. In 2025, ten real estate funds were submitted for certification continuing our commitment to the benchmark which dates back to 2011.

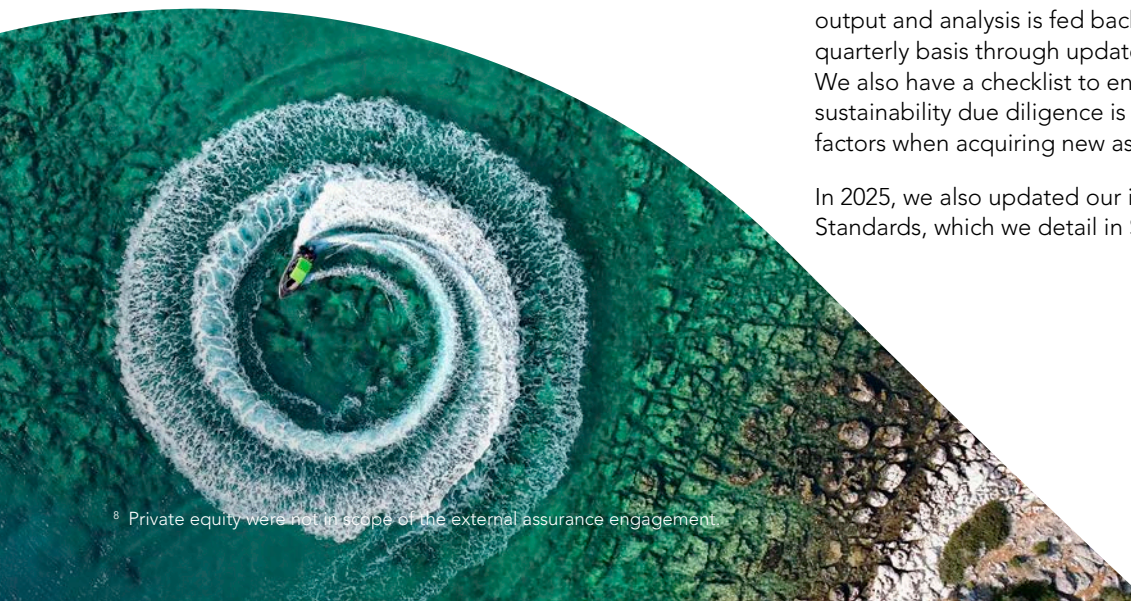
Building on the foundation for the updated GRESB benchmark methodology in 2024, the 2025 submissions increased data coverage and there was continual improvement in utility efficiency. We also focussed on management and risk which increased the scores.

More information on GRESB can be found under Principle 3 of our Activities & Outcomes Report.

All data is managed and verified by a qualified third party and is submitted to the relevant certification scheme. This data output and analysis is fed back to the internal teams on a quarterly basis through update reports by property managers. We also have a checklist to ensure the appropriate sustainability due diligence is carried out on all sustainability factors when acquiring new assets.

In 2025, we also updated our internal Design Innovation Standards, which we detail in Section B.

<sup>8</sup> Private equity were not in scope of the external assurance engagement.



## Section D

Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.

Our public **Conflicts of Interest Policy** sets out our commitment to act professionally at all times. We commit to keeping the best interests of our clients and their beneficiaries in mind and to take appropriate steps to identify circumstances that may give rise to conflicts of interest with a risk of damage to our clients' interests. It includes examples of conflicts of interest – such as the receipt of confidential information, conflicts of interest between clients, personal conflicts and conflicts between our business and clients – and the procedures we have established to manage any conflicts of interest identified and to prevent damage to client interests.

Due to the importance of stewardship to our business, we have also developed a specific **Stewardship Conflicts of Interest Policy**. We acknowledge our position as a fiduciary for our clients and their beneficiaries and seek always to act in their best interests. Accordingly, we take all reasonable steps to identify actual or potential stewardship-related conflicts of interest, and we maintain and operate arrangements to minimise the possibility of such conflicts giving rise to a material risk of damage to the interests of our clients.

FHL employees are also subject to the **Federated Hermes Code of Business Conduct and Ethics**.

Across the firm we take all reasonable steps to identify conflicts of interest between:

- FHL, including its managers, employees and appointed representatives or any person with a relevant direct or indirect link to them – and our clients; and
- any one client of Federated Hermes and other clients.

We have summarised key aspects of our policy below and the full version is publicly available [online](#). In addition, we have identified a set of conflicts of interest that are likely to arise in connection with engagement activities and have put in place controls to manage such instances.

### Potential conflicts of interest

#### Ownership

EOS is fully owned by FHL and the Head of Responsibility who leads EOS reports to the CEO of FHL. Any conflict which may arise between clients of the EOS service and other clients of FHL will be addressed in a similar way to conflicts between any of our clients.

In the instance of EOS clients having the right to vote at an FHI meeting, EOS would not implement the vote, but rather would alert EOS clients of the conflict, provide the ISS policy recommendation and enable the client to make their own decision in this circumstance.

#### Clients and prospects

FHL sub-advises a number of FHI products, but also provides services to other institutional investors, including a number of pension funds sponsored by corporations, governments and other organisations, and fund-manager clients. These services include voting policy implementation and engagement with companies in which FHL's clients are equity shareholders and/or bond investors.

As a result, the following real or perceived conflicts may arise:

- We may engage with or vote the shares of, or EOS may provide voting policy implementation to a voting services client to vote the shares of a company which is the sponsor of one of our pension-fund clients or is a company within the same group as one of our clients or prospects.
- We may engage with a government or government body that is the sponsor or associate of the sponsor of one of our clients or prospects.
- We may engage with a company which is a tenant of our Real Estate division's property investments.
- We may engage with a company which has a strong commercial relationship, including as a service provider, with FHL and/or with clients or prospects.
- We may vote, or EOS may implement the voting policy for a voting services client, on a corporate transaction, the outcome of which would benefit one client or prospect more than another.
- We may engage with a company where certain clients or prospects are equity holders and others are bond holders.
- We may hold meetings with companies for the dual purpose of delivering both our fund management and engagement services.
- We may otherwise act on behalf of clients who have differing interests in the outcome of our activities.

#### Individuals

At the individual level, engagers may have a personal relationship with senior staff members in a company in the stewardship programme. If this is the case the engagement activity will be assigned to another engager.

If an engager personally owns securities of a company within the programme, they must seek approval from both their line manager and Compliance to ensure there is no conflict of interests with the interests of our clients.

#### Stock lending

FHL does not engage in stock lending.

### Short selling

Although FHL's investment teams do not generally hold short positions, those teams which regularly have short positions are prohibited from being involved in any engagement activities for companies where they hold a short position.

### Managing and monitoring potential conflicts

Stewardship activities are exercised with the aim of influencing the company's behaviour in line with the long-term interests of clients and their investors. However, these activities are not carried out with the intention of obtaining non-public information, nor is information obtained intended to manipulate the market.

In the event that material non-public information is obtained through stewardship activities, our compliance department is informed, and an information barrier is created for 'insiders' until the information is publicly disseminated. Staff are not allowed to act upon or share the non-public material information.

### Recording and escalation

We maintain a register of potential conflicts of interest and the controls to mitigate them. In those limited circumstances where a conflict over our approach to providing voting policy implementation (aside from that directed by EOS third-party client-specific policies) or engagement arises which is not able to be resolved, the matter is referred to an escalation group, which comprises the Head of Responsibility, Senior Public and Private Markets Investment Representatives, and representatives from each of our Risk, Compliance and Legal teams. If there is no majority view in the group, the CEO of FHL will make a final decision. All such instances are documented and reported to the Risk, Compliance & Financial Crime Executive.

### Real estate

Our real estate business has formal procedures to deal with conflicts of interest. There is a potential for conflict in the allocation of real estate investments between client portfolios. However, each portfolio has its own geographical and structural bias and specific investment objectives in terms of risk, income profiles, hold periods and target lot size. This separation is also compounded by the different timings in liquidity between the various client portfolios. As not all are in the market for new products at any given time, in practice this is rarely an issue.

Investments are allocated on a first-past-the-post basis. If the property fits into more than one portfolio managed by that Fund Manager or Director, then they will allocate the property on a principle of rotation. Where there is any doubt, the allocation decision will be approved by the CEO of our real estate business and the rationale for the allocation set out in the papers presented to the investment executive for formal approval. Any other type of potential conflict of interest would be reported to and dealt with by our real estate Board.

### Our conflicts-of-interest approach in practice

Our policy on conflicts may be best understood by considering its impact in practice.

Our EOS conflicts of interest register contains a description of stewardship conflicts, what mitigation procedure and controls were put in place, whether it was then reported to the escalation group if necessary and any follow-up actions and conclusions. It is reviewed by senior management on a regular basis. The following is an example of a potential stewardship conflict which we identified and managed in 2025:

- A parent-company conflict arose as a company's CEO sits on the FHL board during a proxy contest. After escalation for independent oversight and client notification, we recommended against incumbents and for dissident nominees. The decision reflected sustained underperformance, weak post-acquisition execution, and insufficient board refreshment - particularly around energy-storage expertise - demonstrating independent judgement despite the corporate link.



## Section E

Describe how you maintain a dialogue with clients and/or beneficiaries.

### How we share information about our stewardship activities and gather feedback from clients and beneficiaries

We are committed to being open and transparent. As noted earlier, the [Federated Hermes Pledge](#) underpins our firm-wide commitment to always put clients first and to act responsibly. Reporting is critical to demonstrate our activity on our clients' behalf. We therefore continue to build out our suite of high-quality, activity-based, qualitative and quantitative communications to support internal and external stakeholder communications.

We continue to regularly [publish](#) detailed case studies and periodic reports that cover a range of asset classes, alongside long-form thought pieces, blogs and podcasts on topical and emerging ESG issues. In 2025, topics covered included the battle for critical minerals, stewardship priorities in India, alternative fuels, antimicrobial resistance, the High Seas Treaty, and COP30 among others. We also make [publicly available](#) a quarterly EOS engagement and voting report covering thematic sustainability topics and EOS' annual report, which includes statistics, case studies and public-policy information.

We publish our annual [Climate-related Financial Disclosures \(TCFD\) report](#), where we lay out our approach to identifying and managing climate-related risks and seizing opportunities as a business. These include how we are involved at the policy level in developing climate-related initiatives and how we ensure that everyone in the business factors the financial risk and opportunity of climate change into the work that they do.

We continue to improve our reporting on sustainability so that our clients can fully understand our approach to responsible investment and plan to roll out further enhancements on sustainability reporting as tools and technologies evolve. For our equity funds, we aim to provide clients with carbon performance and high-level engagement and voting information relevant to the portfolio on at least a quarterly basis. Our ambition to roll out equivalent reporting on carbon performance and engagement to our public fixed income reporting remains a priority.<sup>9</sup> We also continue to report on our water and waste performance for our Global Sustainable Equity Strategy with an objective to outperform the benchmark on these factors. We provide detailed quarterly and half-year reporting on both sustainability and engagement information to the clients of our Global SMID Equity Engagement and Global High Yield Credit Engagement strategies.<sup>10</sup>

Investment teams hold regular webinars for our clients across our strategies to apprise them of market trends, portfolio performance and attribution, as well as our outlook and resulting positioning. Furthermore, we held regular client conferences and seminars including our Academy.

Our real estate team publishes an annual ESG report, which publicly discloses environmental and social outcomes for our real estate funds. We have also published several reports to measure the social and economic outcomes of our real estate placemaking initiatives.

Our infrastructure team have issued an annual Sustainability and Stewardship Report for clients since 2019 and issued their first public report in 2022. The client-facing annual report provides detailed data-driven analysis of sustainability performance at portfolio and individual investee company level. Summaries of material sustainability matters at individual companies as well as performance against engagement objectives are included in the quarterly investor reports. In 2024, the team also published a public TCFD report detailing their approach to climate-related risks and opportunities as an infrastructure manager; this disclosure is intended to be refreshed on a periodic (approximately every 2-3 years) basis.



<sup>9</sup> All engagement on carbon performance is subject to careful consideration to ensure that it is aligned to client objectives and directions, as well as fiduciary obligations and jurisdictional legal requirements, in particular for US issuers and US clients.

<sup>10</sup> Formerly the SDG Engagement Equity Fund and SDG Engagement High Yield Credit Fund.

Our private equity team have issued a Sustainability Report for some of our latest funds with the support of a third-party provider since 2022 and produces proactively a TCFD report for each of our funds.

EOS also offers clients annual meetings at which the client director and portfolio manager review the portfolio and provide insight into sustainability activities undertaken. However, we aim to meet the needs of each client and can be available to meet at more frequent intervals or via conference calls as required. This allows clients to provide feedback on our communications.

EOS undertakes a formal survey of its client base annually to identify their priority areas for engagement, so that we can align our activities with their interests. The FHL investment teams also feed into this survey to represent the view of the FHL clients.

EOS actively gathers feedback from clients throughout the year via multiple touchpoints, including quarterly catchups, client visits and regular relationship reviews, as well as through a Client Advisory Council and board meetings. EOS presents draft ideas and collects feedback, and mixed client roundtables hosted jointly by Client Relationship Managers (CRMs) and engagers encourage broad input. EOS ensures that meetings held with multiple clients are carried out in compliance with relevant law and regulation, and there is no exchange of material non-public information, and each client is acting independently, exercising unilateral decision-making in deciding how to act concerning their investments, in line with applicable rules on antitrust, conflicts of interest and acting in concert. Clients are also welcome to share feedback at any time outside structured touchpoints.

### How feedback is used to inform our stewardship approach

Feedback from our ongoing client interactions helps refine our understanding of emerging issues, shifting priorities and opportunities to improve our approach. Any input we gather from client engagement helps us understand client context, tailor communications, and can inform aspects of product design and reporting emphasis.

For EOS clients, we undertake a formal survey on an annual basis. This includes questions on ranking topics of importance, interest in or suggestions for new engagement topics, areas that should be de-prioritised and preferences for depth versus breadth in engagement activities, as well as membership of stewardship forums and any associated commitments. The FHL investment teams also feed into this survey results and to represent the view of FHL clients.

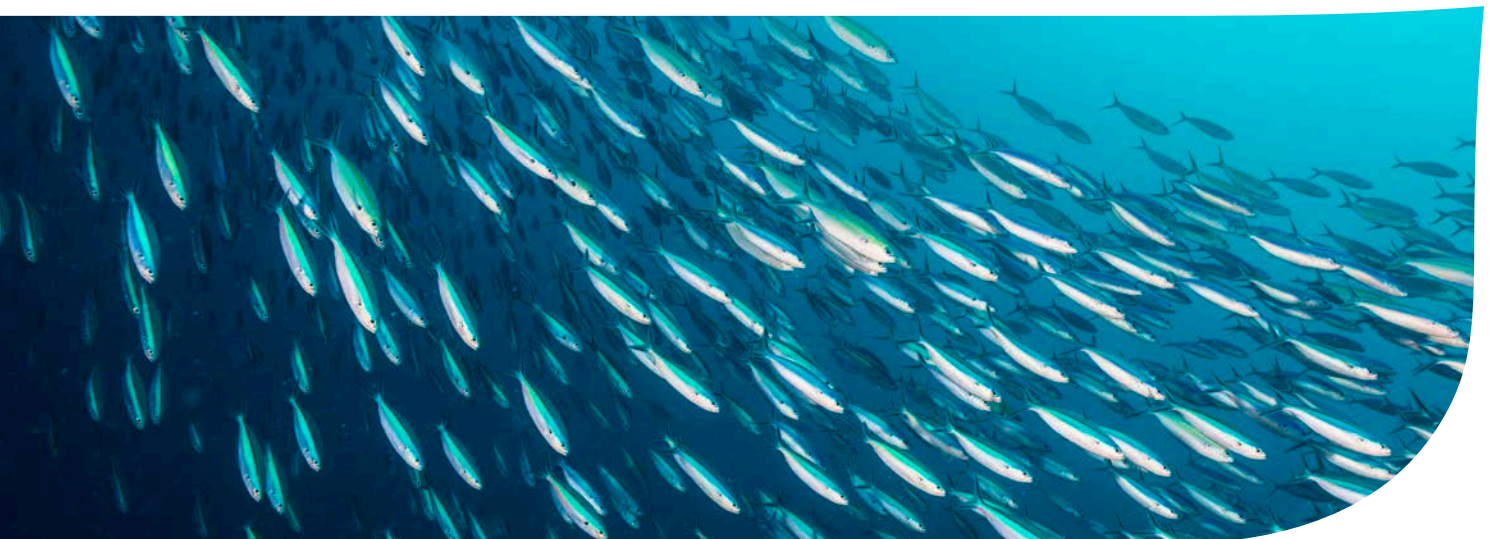
Feedback is gathered by CRMs, the Head of EOS Client Service, the Sustainability Director and engagers, and is passed to the Head of Stewardship. During the formal Engagement Plan cycle, feedback is reviewed by the Engagement Plan team for integration into the next plan. Outside the cycle, feedback is reviewed by regional team leads, who may consider adapting elements of the existing Engagement Plan.

Feedback is evaluated against a range of considerations to determine its relevance and priority, including financial materiality, past client touchpoints to determine which engagement themes to focus on, feedback, in-house expertise, third-party insights, gap analysis, forecast trends, relevance across the client base, and opportunity cost and resource availability.

Central to this is updating our Engagement Plan on an annual basis. The Engagement Plan outlines objectives for a three-year period and reflects client-driven priorities alongside market and sector developments, and changes in global regulatory environments.

Previously, client feedback had wanted us to demonstrate the impact of our engagement more succinctly, thereby demonstrating effective stewardship on their behalf. In response, we developed the four-stage milestone system, which tracks the progress of the changes we are seeking.

Information on the Engagement Plan's priority themes can be found on under Principle 2 of our Activities and Outcomes Report.



## Appendix

### Alignment with the Japanese Stewardship Code (2025 revision)

This table maps Federated Hermes Limited's UK Stewardship Code submission (Policy & Context Disclosure and annual Activities & Outcomes Report, read together as a combined submission) to the principles of Japan's Stewardship Code (FSA).

<p><b>Principle 1:</b> Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities and publicly disclose it.</p>	<p><b>Policy &amp; Context Disclosure:</b> Introduction; Section A (Organisation, beliefs &amp; stewardship); Section C (Policies &amp; review)</p> <p><b>Activities &amp; Outcomes Report:</b> Introduction; Principle 1 (Integrate stewardship &amp; investment).</p>
<p><b>Principle 2:</b> Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section C (Conflict of Interest policies review); Section D (Conflicts of Interest).</p>
<p><b>Principle 3:</b> Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section A (Time horizons &amp; material factors); Section B (Resources &amp; oversight); Section C (Engagement Plan &amp; milestones).</p> <p><b>Activities &amp; Outcomes Report:</b> Principle 1 (Monitoring tools); Principle 3 (Engagement selection, objectives &amp; milestones).</p>
<p><b>Principle 4:</b> Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section A (Stewardship approach/ EOS model); Section C (Engagement Policy &amp; Plan).</p> <p><b>Activities &amp; Outcomes Report:</b> Principle 2 (Systemic risk engagement examples/case studies); Principle 3 (Engagement methods).</p>
<p><b>Principle 5:</b> Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section B (Proxy research/provider); Section C (Voting framework).</p> <p><b>Activities &amp; Outcomes Report:</b> Principle 2 (Voting as escalation in thematic sections); Principle 3 (Escalation incl. voting).</p>
<p><b>Principle 6:</b> Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section E (Client dialogue &amp; feedback loop).</p> <p><b>Activities &amp; Outcomes Report:</b> Reporting throughout Principles 1–3 (case studies, statistics &amp; disclosures).</p>
<p><b>Principle 7:</b> To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.</p>	<p><b>Policy &amp; Context Disclosure:</b> Section B (Governance, people &amp; training).</p> <p><b>Activities &amp; Outcomes Report:</b> Principle 1 (Tools/integration support); Principle 3 (Board-level engagement skillset).</p>
<p><b>Principle 8:</b> Service providers for institutional investors should endeavour to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.</p>	<p><b>Policy &amp; Context Disclosure:</b> Introduction; Section B (Service providers &amp; oversight; systems/technology).</p> <p><b>Activities &amp; Outcomes Report:</b> Principle 1 (Third-party data/ scenario analysis/external advisers); Principle 3 (Proxy research where relevant), Principle 6 (Proxy advisers).</p>

**The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed.**

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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.

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- **Active equities:** global and regional
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- **Liquidity:** solutions driven by five decades of experience
- **Private markets:** private equity, private credit, real estate and infrastructure
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