

Stewardship conflicts of interest policy

May 2026

Federated Hermes Limited (“FHL”) wholly owned by Federated Hermes Inc (“FHI”) acknowledges its position as a fiduciary for its clients and seeks always to act in their best interests. Accordingly, the firm takes all reasonable steps to identify actual or potential conflicts of interest and 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.

We are proud to have a strong culture of responsibility and we aspire both to maintain and further foster this client focused culture. The Federated Hermes Pledge expresses the commitment of each member of staff to always put the interests of our clients and their beneficiaries first and in so doing manage conflicts of interest fairly between all affected parties. Further we seek to align with international good practice on managing and reporting conflicts of interest.

While a commitment to being good stewards of those companies and assets in which we have invested is consistent across our investment teams, the majority of our stewardship activities are carried out by our dedicated stewardship team, EOS at Federated Hermes Limited (“EOS”). Across the firm we take all reasonable steps to identify conflicts of interest between: (1) FHL including its managers, employees and appointed representatives (including those of EOS) or any person with a relevant direct or indirect link to them and our clients as a body; or (2) any one client of Federated Hermes or its affiliates, including EOS and the wider client body.

Potential conflicts of interest

Ownership

One potential conflict which has been identified for the group relates to our ownership structure. Federated Hermes, Inc. is our owner. We have internal procedures to regulate the processes and restrict the flow of information among, and within, business units so that activities are carried out with the appropriate level of independence.

EOS is fully owned by Federated Hermes Limited and reports into FHL’s Responsibility Office. The Head of the Responsibility Office reports into the Chief Executive Officer 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.

Neither EOS nor FHL will engage with, exercise voting powers or implement votes in respect of shares issued by FHI or any FHI or FHL fund entity. For the avoidance of doubt EOS and FHL will engage in stewardship activities on behalf of investments held within such funds. In order for EOS to provide a full voting policy implementation service to its clients, if a vote is required for FHI or an FHI or FHL issued fund entity, then EOS will pass through directly to its clients the vote proposal provided by a third-party proxy provider, which service is currently provided by ISS.

Clients and prospects

Federated Hermes Limited provides services not only to Federated Hermes, Inc., but also to other institutional investors, including a number of pension funds sponsored by corporations, governments and other organisations, as well as fund manager clients. These services include voting policy implementation and engagement with companies in which clients of Federated Hermes Limited or EOS are equity shareholders and/or bond investors.

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

- We may engage with or implement our clients’ votes on 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 which 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 the FHL or FHI business and/or with clients or prospects.
- We may vote on a corporate transaction, the outcome of which would benefit one client or prospect more than another.
- We may engage with a company in which certain clients or prospects are equity holders and others are bond holders and may also have representative directors.
- 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, for example through family relationships. If this is the case, it is required to be disclosed and the engagement activity will be assigned to another engager. In the case of prior employment of an engager at a company with which we engage, we generally operate a minimum 1 year ‘cooling off’ period, after which such engagement is permissible.

All proposed transactions in listed securities of a company by an engager are required to be disclosed and approved in line with the Federated Hermes Code of Ethics that applies to all FHL staff. This Code sets forth standards of conduct and professionalism that apply to all FHL staff and reinforces the value that Federated Hermes places on ethical conduct.

Stock lending

The Federated Hermes Limited business does not engage in stock lending.

Short Selling

Whilst 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 – a singular focus

In all our activities, we seek to promote the long-term value and success of the companies in which our clients invest. As such, we engage with market regulators and other actors to influence public policy and regulation to enable this outcome.

Stewardship activities are exercised with the aim of influencing the company's behaviour – but they are not carried out with the intention to obtain non-public information nor is information obtained intended to manipulate the market. In the case that material non-public information is obtained through stewardship activities, our Compliance department is informed and an information barrier is created for 'insiders' until public dissemination of the information. During the application of the information barrier, stewardship professionals are not allowed to act upon or share the non-public material information.

While we welcome client input and suggestions for engagement, the choice of target company (unless otherwise agreed as a 'bespoke' agreement with an individual client under a specific contract) and the topic for engagement at each company are selected and pursued based on an objective assessment of the severity of the problems faced by or opportunities available to that company, the likely effect on them of public policy and regulation and the likelihood of success in achieving value-enhancing or mitigating value-destroying change. We give due regard to the value of the company to our clients and the value at risk, both at the company itself and implications for value to wider client portfolios at the systemic level, given the issues in question.

In our engagements with companies which are the sponsors of, or in the same group as, our clients, we are careful to protect and pursue the interests of all of our clients by seeking to enhance or protect the long-term value of the companies concerned. In the first instance, we make clear to all pension fund clients with corporate sponsors that we will treat their sponsoring companies in the same way as any other company. In addition, we ensure that in such situations the relevant client relationship director or manager within FHL, including EOS, is not leading the engagement or implementing the vote for clients or our investment teams. This same approach would hold true with respect to any engagement with a company with whom we, our owners or our clients, have a strong commercial relationship, including suppliers. If we become aware of potential conflicts, they are disclosed, if necessary, to the company concerned to enable them to be managed effectively.

Members of our investment teams have separate processes and management but are encouraged to join engagement meetings with their EOS colleagues and discuss the implementation of our voting policies. The engagement objectives are set out and the vote policy implementation is provided by our stewardship team in EOS in line with the EOS Engagement Plan and relevant Regional Voting Guidelines (or, where agreed, client specific policies). While joining engagements may mean investment teams have access to non-inside information before it is disseminated to our stewardship clients, we believe the benefits to clients of these joint meetings is substantial in terms of enhanced engagement focusing on the relevant and material environment, social and governance (ESG) risks and a better appreciation of ESG risk in investment decisions.

We have well-established, publicly disclosed voting principles and based upon these and the judgements reached through engagement with individual companies we provide voting policy implementation to our stewardship clients who request this service. There may be occasions where one of our stewardship clients seeks to influence the voting advice we give to other institutional clients. In such circumstances there would be director level involvement and an objective judgement reached based upon what we believe to be in the best long-term interest of our wider client body.

All stewardship clients who request to receive voting policy implementation services retain full discretion over their final voting decision.

Clients, and internal investment teams, may at times have different immediate interests in the outcome of certain corporate activities, most notably in the result of a takeover bid involving two public companies. In addressing such situations, we are open with clients about any potential conflict and disclose it where practically possible.

Additionally, as in other cases, EOS through engagement with the company and its ultimate voting policy implementation considers primarily the implications for risk and opportunity to long-term value for our wider client body, rather than being focused solely or primarily on shorter-term financial impacts.

Our internal investment teams make the final voting decision in line with their fiduciary obligations to their clients, based on the voting policy implementation proposal provided by EOS. It is expected that votes cast by our investment teams would be consistent with the votes cast our stewardship voting clients other than in limited circumstances and in such cases the rationale for divergence will be documented.

Conflicts of interest are reviewed

When any staff member recognises a potential conflict of interest with a company in which they are engaging, they must raise this with their line manager.

Recording and escalation

We maintain a register of instances of conflicts as they arise.

In those limited circumstances where a conflict over our approach to providing voting policy implementation (aside from that directed by client specific policies), voting decisions or engagement arises which is not able to be resolved in the manner set out above – the matter will be escalated to an ‘escalation group’. The escalation group is comprised of a Senior Investment representative, Responsibility, Client Relations, the Chief Regulatory Officer and Head of Government Affairs and a Managing Legal Counsel from the Legal team. The group is guided in reaching its decisions by our mission to deliver enduring wealth creation by investing responsibly, our published Engagement Plan and, voting policies and other appropriate industry endorsed guidance. If there is no majority view from the group then the CEO will make a final decision. All such instances would be documented and reported to the Risk, Compliance and Financial Crime Committee.

Annual review

We review this Stewardship Conflicts of Interest Policy annually to ensure it adequately reflects the types of conflicts that may arise so that we can ensure that they are appropriately managed and as far as is possible mitigated. The Policy is publicly available on our website.

Conflicts of interest approach in practice

Our policy on conflicts may be best understood by considering its impact in practice. The following are examples of how we have approached these issues.

Votes in relation to a client's sponsoring company

We recognised at an early stage that the AGM for a client's sponsoring company would be controversial. Our voting decisions in relation to this meeting were therefore assigned to a senior member of staff and the analysis was carried out early and comprehensively with oversight from an EOS director. After dialogue with the company, we took the view that the right decision was to vote against a board sponsored resolution at the AGM. We then communicated with the client to explain our decision.

Legal action in relation to the sponsoring company of a potential client

A stewardship client was taking a leading role in a class action against a leading public company. We provided support in relation to this class action even though we were at the same time in discussions with the pension scheme sponsored by this company about it becoming a client.

Engagement at a company where client's chair is a non-executive director

We recognised the particular sensitivities for both the client and company when the chair of a significant client also sat on the board of a public company which needed a highly active engagement. We were open and direct with the client and the company, flagging the issue but also making clear that the situation should not influence our work on behalf of all clients. This engagement included our clients voting against board sponsored resolutions at the company's AGM and asking directly for significant change to the board and to governance practice.

Federated Hermes

Federated Hermes is a leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns and, where possible, to contribute to positive outcomes that benefit the wider world.

Our investment and stewardship capabilities:

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

For more information, visit www.hermes-investment.com or connect with us on social media:

