



DESCRIPTION:

Federated Hermes does not provide viewpoint protections for its employees but has not publicly canceled business relationships based on views or beliefs. Federated Hermes is a signatory of the Principles for Responsible Investment, incorporating ESG issues into investment analysis, decision-making, and other business practices. Federated Hermes Limited is part of the Net Zero Asset Managers Initiative, committed to carbon neutrality with its investments by 2050. Federated Hermes appears to prioritize diversity over merit in its hiring and leadership composition by establishing racial and gender targets. Federated Hermes is a signatory of the Race at Work Charter and the Change the Race Ratio. Federated Hermes actively encourages shareholders to vote for ESG and DEI proposals, describing DEI proposals as a "business imperative". However, Federated Hermes does not discriminate against charitable organizations based on views or beliefs and has not used its corporate funds or political contributions for ideological purposes. For these reasons, Federated Hermes receives a Medium Risk rating.

Corporate Weaponization

Has canceled customers, suppliers, or vendors due to their political views or religious beliefs OR corporately boycotts, divests, or sanctions regions, people groups, or industries. Medium Risk

Federated Hermes is a signatory of the Principles for Responsible Investment, incorporating ESG issues into investment analysis, decision-making, and other business practices (1)(2). According to the firm, "[Its] strategy for incorporating ESG factors into our investment process is primarily through integration – an approach in which material ESG factors are complementary and additive to the fundamental research and analysis process." (3). However, Federated Hermes has not publicly canceled customers, suppliers, or vendors based on political views or religious beliefs.

Charitable giving (including employee matching programs) policies or practices discriminate against charitable organizations based on views or religious beliefs. Lower Risk

Federated Hermes does not discriminate against charitable organizations based on views or beliefs. The company partners with select local nonprofits and encourages employees to volunteer with charities of their choice (1).

Employment policies fail to protect against viewpoint or other discrimination and/or are ideological in nature. High Risk

Federated Hermes appears to prioritize diversity over merit in its hiring and leadership composition by establishing gender targets. Federated Hermes is aiming for at least 50% women in its employment composition, board composition, and senior management (1). Federated Hermes also "set a goal to at least double the actual number of permanent black employees in our workforce by the end of

2022, and with the most senior levels of management to be held accountable to deliver on these metrics.” The company also pledged to launch an inclusion program for its leaders and managers that covers unconscious bias (2). Federated Hermes does not provide viewpoint protections for its employees (3).

Corporate Governance and Public Policy

Uses corporate reputation to support causes, organizations, or policies hostile to freedom of expression. High Risk

Federated Hermes Limited is part of the Net Zero Asset Managers Initiative, committed to carbon neutrality with its investments by 2050 (1)(2)(3)(4). Federated Hermes is a member of multiple networks that advocate for diversity and inclusion in the Asset Management industry (5). Federated Hermes supports DEI within its business practices, employing a DEI Business Partner and describing DEI as “an ethical and business imperative (6)(7). Federated Hermes is a signatory of the Race at Work Charter and the Change the Race Ratio. The company also released a statement in condemnation of “systemic racism” (8). Federated Hermes advocates for the prioritization of diversity over merit in the board composition of other corporations. From its Public Engagement Report: “We will challenge companies with an aspirational target of 50% overall diversity and consider recommending voting against the chair of the nomination and governance committee where there is not at least 40% overall diversity on the board, with a minimum of 30% women and at least one person of a racially or ethnically diverse background.” The firm also pushed for an independent racial equity audit at Apple in 2022 (9). Federated Hermes actively encourages shareholders to vote for ESG and DEI proposals (10).

Uses corporate funds to advance ideological causes, organizations, or policies hostile to freedom of expression. Lower Risk

Federated Hermes has not used corporate funds to advance ideological causes, organizations, or policies (1).

Uses corporate political actions and/or financial contributions for ideological, non-business purposes. Lower Risk

Federated Hermes has not used its PAC donations or lobbying for ideological purposes (1)(2).

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