

# **FEDERATED HERMES, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

### **STATEMENT OF GOVERNANCE**

The business and affairs of Federated Hermes, Inc. (the “Company”) occur under the direction of the Board of Directors (the “Board”). The Board has delegated to management the responsibility to manage the day-to-day operations of the Company. The primary focus of the Board is on policy and strategic direction. The Board selects, advises and monitors the Company’s management team to ensure that the Company’s business is conducted so as to promote the growth and profitability of the Company. The Board has adopted the following guidelines which ensure that Directors at all times act in the best interests of the Company and its shareholders.

#### **1. Director Qualification Standards.**

There are no firm prerequisites to qualify as a candidate for the Board, although the Board seeks candidates who possess the background, skills, expertise, characteristics and time to make a significant contribution to the Board, to the Company and its stockholders.

Nominees for directorship will be recommended to the Board by the CEO and other directors in accordance with the policies and principles in these Corporate Governance Guidelines. The invitation to join the Board should be extended by the Chief Executive Officer and the Chairman of the Board.

The number of other boards on which an individual participates (not including the boards of the individual’s company and related entities) will be considered when reviewing the qualifications of such individual. In evaluating participation on other boards, consideration shall be given to the number of audit committees on which an individual participates, and the time commitment involved in participation on those committees, particularly if it is anticipated that the individual will at any time serve on the Audit Committee of the Company.

Any Director who is considering accepting an invitation to join the board of directors of any other corporation (whether publicly or privately held) shall notify the Chief Executive Officer at least 60 days in advance of accepting such invitation so as to enable the Board to make, in a timely manner, a determination as to whether there is an ‘interlocking directorate’ issue or other conflict and to communicate such determination, and any related recommendation, to such Director.

#### **Size of Board.**

The by-laws of the Company mandate that the Board consist of not more than 15 nor less than 5 members. The number of directors on the Board shall not be so large as to prevent the Board from functioning effectively as a body.

**Tenure.**

The Board does not believe it should establish term limits.

**Retirement.**

No person, who is not an employee of the Company shall be nominated to stand for election to, nor be elected to, fill a vacancy in the Board of Directors if such election would take place after such person has attained age 75. Any non-employee Director who has attained the age of 75 shall retire at the next annual meeting following such Director's 75th birthday. Each employee of the Company who is also a Director of the Company shall resign as a Director effective as of the same date he retires from, or otherwise ceases to be an employee of, the Company.

**Leadership.**

The Company's by-laws provide that the Directors shall annually elect a Chairman from among the Directors. The Company's policy as to whether the role of the Chief Executive Officer and Chairman should be separate is to adopt the practice which best serves the Company's needs at any particular time.

**Change of Occupation/Business Association.**

Any Director who, in the future, experiences a change in his or her principal occupation or primary business affiliation from that in which the Director was engaged when last elected to the Board should promptly submit a letter notifying the Company of the change. The Board, with input from the Chief Executive Officer, will consider whether to request the resignation of such Director based on the effect such change in occupation or primary business affiliation may have on that Director's ability to serve and to be an effective Board member.

**Emeritus Membership.**

The Board may designate a retiring or resigning Director as a Director Emeritus with such duties and benefits as the Board shall determine at the time of such designation.

**Independence.**

For a Director to be considered an "Independent Director", the Board must annually determine, after review of each relationship between the Director and the Company, that he or she has no material relationship with the Company directly or as a partner, shareholder or officer of an organization which has such a relationship with the Company. The basis for the Company's determination of each Director's independence shall be set forth in the Company's annual Information Statement; provided, however that no Director shall be deemed an Independent Director if he or she, at the time of such determination, does not qualify as independent under the corporate governance listing standards of the New York Stock Exchange.

The ownership of stock in the Company by Directors is encouraged and the ownership of a substantial amount of stock is not in itself a basis for a Director to be considered as not independent, provided that it may preclude participation on the Audit Committee of the Company.

## 2. Director Responsibilities.

In addition to the duties of care and loyalty imposed by law, each Director has the following responsibilities:

Each Director will try to attend in person each Regular Board and applicable Committee meeting, except in unavoidable circumstances. Each Director will ensure that other existing and planned future commitments do not materially interfere with the Director's service as a director.

A meeting agenda and materials related to agenda items will be provided prior to all meetings, and each Director will carefully review these materials in advance of the relevant meeting.

Each Director will participate in each meeting of the Board and each applicable Committee.

Each Director will hold in confidence non-public information obtained as a director.

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of management and, in most instances, at the request of management. All questions from the press will be directed to the Company's Director of Corporate Communications.

Each Director will be familiar with, and will comply with, the terms of the Company's Code of Business Conduct and Ethics, including applicable rules regarding trading in the Company's securities. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chief Executive Officer and the Chairman of the Compliance Committee. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving any Director, the Chief Executive Officer or a member of senior management, and the Chief Executive Officer shall resolve any conflict of interest issue involving any other officer of the Company.

In addition to its general oversight of the business and affairs of the Company, the Board also performs a number of specific functions, including:

Selecting, evaluating and compensating the Chief Executive Officer, and overseeing Chief Executive Officer succession planning;

Overseeing compensation for Senior Management;

Providing counsel and oversight on the selection, evaluation, development and compensation of senior management;

Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

Assessing major risks facing the company and reviewing options for their mitigation; and

Ensuring that processes are in place for maintaining the integrity of the company, the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

**Committees.**

The by-laws provide that the Board of Directors may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of two or more directors of the Company. Applicable law and the listing standards of the New York Stock Exchange (“NYSE”) require that the Board maintain an Audit Committee. The Board currently maintains an Audit Committee, Compensation Committee, Compliance Committee and Executive Committee. The by-laws allow the Board to appoint additional committees and to disband any Committee not specifically required, and the Board may do so at any time. The following is a summary description of the committees of the Board:

Audit Committee. The Audit Committee shall consist of at least three Directors. All members of the Audit Committee shall be Independent Directors and shall comply with all qualification requirements for audit committee members under any rules of the SEC and the NYSE from time to time in force.

The duties of the Audit Committee are set forth in the Audit Committee Charter.

Compliance Committee. The Compliance Committee shall consist of at least two Directors. The duties of the Compliance Committee are set forth in the Compliance Committee Charter.

Compensation Committee. All voting members of the Compensation Committee must be Non-Employee Directors as defined by Rule 16b-3 of the Securities Exchange Act and Outside Directors as defined by the rules under Section 162 of the Internal Revenue Code.

The duties of the Compensation Committee are set forth in the Compensation Committee Charter.

Executive Committee. The Executive Committee is responsible for exercising the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session.

The Board will designate the members of and chairs of the Committees, taking into account the desires of the individual Board members, qualifications, experience, any other relevant factors and the suggestions of the Chief Executive Officer.

Each Committee of the Board is responsible to report at least annually to the Board.

**Executive Sessions of Non-Management Directors.**

The Non-Management Directors will hold regular executive sessions without management in order to promote open discussion among the Non-Management Directors. The presiding Director for such sessions will be chosen by the participants.

Interested parties may make their concerns known to the Non-Management Directors by following the procedures set forth under Corporate Governance on the Company's website.

**Board and Committee Meetings.**

The Chairman of the Board, and the Committee Chairpersons, as appropriate, determine the frequency and length of meetings of the Board, and Committees, respectively, subject to the following guidelines: the Board of Directors meets at least four times annually; the Audit Committee meets at least four times annually; the Compensation Committee meets at least once annually; and the Compliance Committee meets at least four times annually; each in regularly scheduled sessions. Executive Committee meetings are scheduled as needed. Telephonic attendance at regular and special Board and Committee meetings is permitted.

The chair of each Committee, in consultation with the appropriate members of management and staff, will develop the Committee's agenda. At the beginning of the year, each Committee will establish a schedule of agenda subjects to be discussed during the year. The schedule for each Committee will be furnished to all Directors. Each Committee member is free to suggest the inclusion of items on the agenda. Each Committee member is free to raise at any Committee meeting subjects that are not on the agenda for that meeting.

**3. Director Access to Management and Independent Advisors.**

Directors shall have full access to executive officers and key employees of the Company. While essential in order for Directors to keep abreast of Company affairs, Directors will use their discretion to ensure that access is not disruptive to the business operations of the Company. So far as appropriate any such contact will be coordinated with the Chief Executive Officer.

The Board encourages management to schedule presentations at Board meetings by managers who can provide additional insight into the items being discussed.

The Company's registered public accountants shall make periodic presentations to, and be available to consult with, the Board.

The Directors and the Independent Directors acting as a group may, where appropriate, retain independent professional advisors.

**4. Director Compensation.**

The Compensation Committee shall periodically review director compensation and make such recommendations to the Board relating thereto as the Compensation Committee determines appropriate. The following factors are to be considered in determining the amount and form of director compensation:

- compensation by comparable companies
- time commitment (including Committee service)

- Company profitability
- Board effectiveness

In discharging this duty, the Compensation Committee, in addition to other factors they deem appropriate, shall consider that (i) compensation should fairly pay directors for work required in a company of comparable size and scope; (ii) compensation should align directors' interests with the long-term interests of shareholders; and (iii) the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Compensation may consist of cash and equity, in the form of stock grants or options, as recommended by the Compensation Committee and approved by the Board.

Audit Committee members may not receive any remuneration from the Company other than compensation for Board service. Board compensation for Audit Committee members may reflect the greater time commitment involved in Audit Committee membership.

In determining compensation for Non-management Directors regard must be had to those Directors' non-management status so as to not actually or by appearance compromise the Director's independent status.

#### **5. Director Orientation and Continuing Education.**

The Company conducts orientation and continuing education programs for its Directors during each meeting. The Company is committed to providing an initial orientation to board service with the Company and a continuing education covering such operational, financial and legal issues as may be appropriate given each Board member's background, experience and education. Without limiting the foregoing, each Board member is encouraged to propose such supplemental educational activities as he or she thinks appropriate for him or herself, including visits to Company facilities, meetings with Company officers, and supplemental information regarding operational, financial and legal matters affecting the Company or his or her role as a Director. Management is committed to ensuring that supplemental activities are effected in a timely manner, either for the individual Director or, if management determines appropriate, for the full Board.

#### **6. Management Succession.**

##### **CEO Selection, Evaluation and Succession.**

The following criteria shall be employed when selecting a Chief Executive Officer:

- knowledge of the markets in which the Company operates,
- knowledge of, and clarity of vision for, the Company,
- knowledge of financial statements
- demonstration of exemplary leadership skills and ethical conduct,

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- ability to lead and develop a corporate culture committed excellence, and
- such other criteria as the Board may deem appropriate.

(a) The performance of the Chief Executive Officer will be reviewed by the Compensation Committee at least annually. Such review will follow recommendations from the Compensation Committee with respect to long and short term corporate goals and performance of the Chief Executive Officer.

(b) The Board shall approve and maintain a succession plan, including succession in the event of an emergency or crisis, for the CEO and other officers and key employees. taking into consideration the recommendations of the Chief Executive Officer.

### **7. Annual Performance Evaluation of the Board.**

The board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively.

Last revisions effective as of January 31, 2020