ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Federated Hermes Global Small Cap Equity Fund
Legal entity identifier: 549300Z154S624IFBU03

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 33.67% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

Source: Federated Hermes as at 31 December 2022.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Fund promoted investment in companies exhibiting the following characteristics:

- *Reduced ESG risks;*
- *A willingness to engage on any material ESG issues; and*
- *Limited to revenue generated from excluded sectors.*

No specific index was designated as a reference benchmark for the purpose of attaining the above characteristics.

The objective of the sustainable investments was either to: (i) further the attainment of one of the 17 UN SDGs (for example SDG 6, clean water, and sanitation); or (ii) positively contribute to reducing the environmental and social impacts of products sold through processes which mitigated impacts to the environment or to stakeholders including employees, communities, supply chain employees or customers.

The investments underlying this Fund did not take into account the EU criteria for environmentally sustainable economic activities, as defined under the Taxonomy Regulation (EU) 2020/852. However, while there was no commitment to make EU Taxonomy-aligned investments, the Fund had exposure to the Climate Change mitigation objective outlined in the EU Taxonomy. Data for the other objectives was unavailable at the time of reporting.

Derivatives were not used in the period and, as such, did not contribute to the attainment of the Fund's environmental or social characteristics.

- ***How did the sustainability indicators perform?***

Please see below:

Environmental Indicators:

Indicator	*Metric*	*Fund*	*Benchmark*
GHG Emissions	*Total Scope 1+2 (tCO2eq)*	*2182.07*	*5197.30*
Carbon Footprint	*Total Scope 1+2 (tCO2eq/EURm)*	*47.41*	*105.45*
Exposure to Fossil Fuels	*% involved*	*1.35*	*5.39*
Energy Production from Non-Renewables	*Non-Renewable Energy Production %*	*0.00*	*19.89*
Energy Consumption Intensity (GWH/EURm)	*Agriculture, Forestry & Fishing*	-	*4.70*
	Construction	-	*0.40*
	Electricity, Gas, Steam and Air Conditioning Supply	-	*6.80*
	Manufacturing	*0.25*	*346.79*
	Mining & Quarrying	*1.02*	*4.22*
	Real Estate Activities	*0.20*	*2.19*

Indicator	*Metric*	*Fund*	*Benchmark*
	Transportation & Storage	*1.78*	*3.71*
	Water Supply, Sewerage, Waste Management & Remediation	*-*	*0.28*
	Wholesale & Retails Trade & Repair of Motor Vehicles & Motorcycles	*0.02*	*495.44*
Water Intensity	*m/$mn revenue (direct)*	*1.1k*	*13.8k*
Waste intensity	*Tonnes/$mn revenue (Landfill, Incinerated, Nuclear)*	*4.1*	*10.7*

Social Indicators

Indicator	*Metric*	*Fund*	*Benchmark*
Violation of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	*(%)*	*0.00*	*0.10*
Board Gender Diversity	*(%)*	*32.69*	*28.36*
Employee turnover (FY 2021)	*(%)*	*16.17*	*16.38*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sources: Sustainalytics, Trucost, Federated Hermes and Bloomberg

Engagement Activity

As a % of the AUM in the portfolio and as a % of progress made against the objective milestones set by the Investment Team and EOS:

- *Engagement as a % of AUM: 85%*
- *Engagement of objectives with progress: 37%*

...and compared to previous periods?

Not applicable.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

As mentioned in the previous response, the objective of the sustainable investments was either to: (i) further the attainment of one of the 17 UN SDGs (for example SDG 6, clean water, and sanitation); or (ii) positively contribute to reducing the environmental and social impacts of products sold through processes which mitigated impacts to the environment or to stakeholders including employees, communities, supply chain employees or customers.

Sustainable investments contributed via:

- *Providing products or services that have a goal of solving environmental or social challenges we face as a society;*

  AND/OR

- *Investing in reducing their environmental and social impacts and/or re-positioning their business to a more sustainable model. E.g., Investing in clean technology, divesting from fossil fuels to invest more in renewables, improving corporate practices.*

As noted above, the Fund had exposure to the climate change mitigation objective outlined in the EU Taxonomy. Data for the other objectives was unavailable at the time of reporting.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The assessment of sustainable investments to identify where companies may have caused significant harm included:

(i) Taking into account all adverse impact indicators and other relevant ESG indicators through the Investment Manager's proprietary ESG scoring model (see further detail below) to identify if a company had any sustainability risks;
(ii) Screening for contraventions of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as detailed below; and
(iii) Identification, through the use of third party data, of any severe controversies and that, at the time of investment, the company was taking remedial action to prevent the event occurring in the future .

The Investment Manager also carried out a more detailed assessment of any company which operated in an industry or sector (for example, the Energy sector) that could be considered more harmful with a view to ensuring that either the practices the company had in place limited the amount of harm or that the company was being engaged on that topic.

Where a company was deemed to do significant harm to any sustainable objective, the investment in the issuer was not considered a sustainable investment.

How were the indicators for adverse impacts on sustainability factors taken into account?

All mandatory principal adverse impact indicators and those indicators which were deemed relevant to the Fund were taken into account in the Investment Manager's proprietary ESG Scoring Model (see further detail below), in order to determine current and potential adverse impacts on sustainability factors and to avoid investment in companies deemed to do significant harm.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Yes. Using a mix of qualitative and quantitative assessments based on available data, the Investment Manager sought to identify any companies which were in contravention of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (including the ILO Declaration Fundamental Principles and Rights at Work, the eight Fundamental conventions of the ILO and the International Bill of Human Rights). This enabled the Investment Manager to avoid investment in these companies.

How did this financial product consider principal adverse impacts on sustainability factors?

The Investment Manager considered whether companies exhibited any principal adverse impacts on sustainability factors by evaluating the results from the ESG Scoring Model, as well as, the underlying principal adverse impacts on sustainability factors and other sustainability indicators used within the ESG Scoring Model.

The Investment Manager reviewed both the output and the inputs to the ESG Scoring Model to ensure that all relevant information was accurately captured and that the portfolio was not exposed to any sustainability risks not otherwise identified by the outputs.

The Investment Manager used a range of sources to consider the principal adverse impacts on sustainability factors including proprietary analysis from EOS at Federated Hermes ("EOS") and third party providers such as ISS, CDP, MSCI, Sustainalytics and Trucost.

Where sustainability risks were identified, the Investment Manager either elected not to continue with the investment, or identified the company as a candidate for engagement to encourage companies to act responsibly and improve sustainability.

The relevant principal adverse impact indicators on sustainability factors are disclosed within the sustainability indicators detailed earlier.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 December 2022

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

What were the top investments of this financial product?

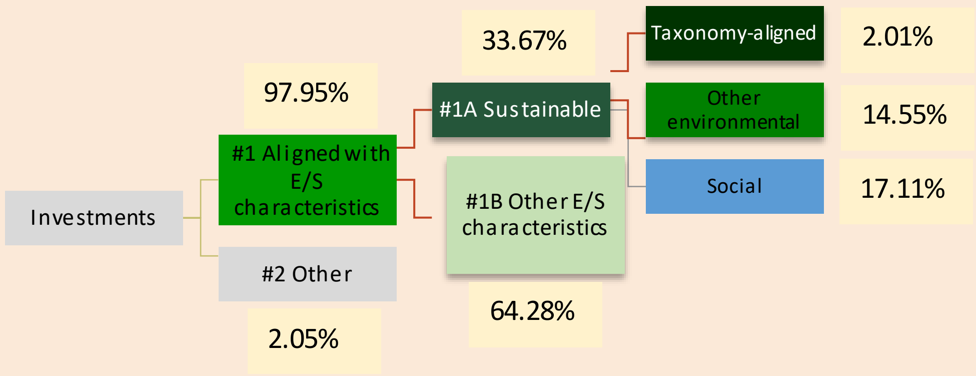
Largest investments	***Sector***	***% Assets***	***Country***
Wintrust Financial	*Financials*	*2.86*	*United States*
Wex	*Information Technology*	*2.67*	*United States*

Largest investments	*Sector*	*% Assets*	*Country*
AMN Healthcare	*Health Care*	*2.67*	*United States*
Yaoko	*Consumer Staples*	*2.57*	*Japan*
Burckhardt	*Industrials*	*2.51*	*Switzerland*
Axon Enterprise	*Industrials*	*2.46*	*United States*
Brunswick	*Consumer Discretionary*	*2.35*	*United States*
Silicon Laboratories	*Information Technology*	*2.27*	*United States*
Clean Harbors	*Industrials*	*2.23*	*United States*
Trelleborg	*Industrials*	*2.22*	*Sweden*
Power Integrations	*Information Technology*	*2.11*	*United States*
Community Bank	*Financials*	*2.07*	*United States*
RPM	*Materials*	*2.04*	*United States*
Eagle Materials	*Materials*	*2.02*	*United States*
WD 40	*Consumer Staples*	*1.94*	*United States*

What was the proportion of sustainability-related investments?

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



***#1 Aligned with E/S characteristics** included the committed minimum of the Fund's investments in companies that met the characteristics promoted by the Fund and could evidence good governance practices in accordance with the Investment Manager's policy on good governance.*

***#2Other** included the remaining investments of the Fund, that could be held for efficient portfolio management and cash management purposes. These investments included cash.*

*The category **#1 Aligned with E/S characteristics** covers:*
*- The sub-category **#1A Sustainable** covered sustainable investments with environmental or social objectives.*
*- The sub-category **#1B Other E/S characteristics** covered the remainder of this category, which were investments aligned with the environmental or social characteristics but did not qualify as sustainable investments.*

In which economic sectors were the investments made?

Sector	*Weight (%)*
Communication Services	*2.44*
Consumer Discretionary	*10.47*
Consumer Staples	*6.66*
Energy	*0.00*
Financials	*13.58*

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Sector	***Weight (%)***
Health Care	*14.25*
Industrials	*20.54*
Information Technology	*13.83*
Materials	*11.30*
Real Estate	*4.89*
Utilities	*0.00*

Source: Federated Hermes as at 31 December 2022.

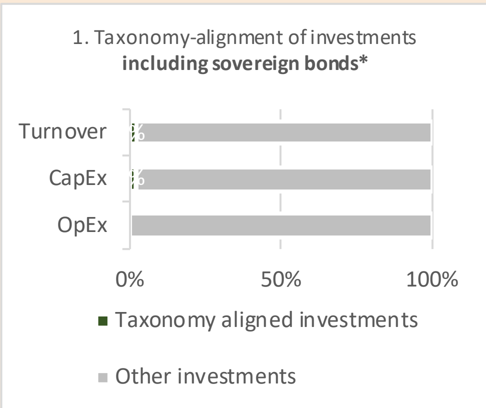
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

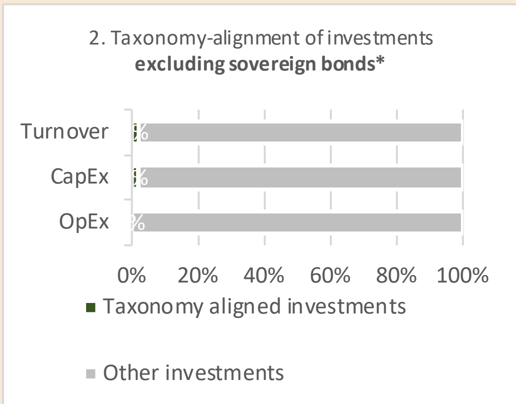
While the Fund did not commit to a minimum amount of sustainable investments with an environmental objective aligned with the EU Taxonomy, 2.01% of the Fund was EU Taxonomy-aligned during the reference period.

These investments' compliance with the requirements laid down under the EU Taxonomy have not been subject to an assurance or review provided by an auditor or third party. Alignment has been obtained through a combination of third-party data and investment research.

An explanation of the reasons for investing in sustainable investments other than those with an environmental objective aligned with the EU Taxonomy is detailed in a separate section below.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What was the share of investments made in transitional and enabling activities?

While the Fund did not commit to a minimum amount of sustainable investments in transitional or enabling activities, 0.16% (based on turnover) of the Fund was invested in such activities during the reference period.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

14.55%.

What was the share of socially sustainable investments?

17.11%.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The portfolio held 2.05% in cash at the end of the period. Although derivatives can be held for efficient portfolio management purposes, there were no investments in derivatives during the period and no other holdings are classified as "other". As such, there were no minimum environmental or social safeguards.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Investment Manager identified companies it believed would generate long-term capital appreciation. To achieve this, the Investment Manager identified high quality small and mid-capitalisation companies in US Markets, that traded at attractive valuations. In selecting the investments for the Fund, the Investment Manager incorporated ESG factors aimed at the promotion of the environmental and social characteristic, through the following processes:

ESG Integration: The Investment Manager incorporated analysis that assessed the ESG characteristics of a company into its investment process. To achieve this the Investment Manager conducted an assessment of the ESG characteristics of a company using its ESG Scoring Model which resulted in an ESG score being assigned to each company considered for investment. The score is measured on a scale of 0 to 30 and is comprised of a weighted combination of three distinct pillars: E & S factors, impact and governance. E&S factors include but were not limited to such metrics as carbon intensity (tonnes of scope 1 and 2 GHG per $m revenue) along with employee turnover rates and accident rates and employee pay. Impact was measured by the proportion of revenue derived from positively impactful products and services, while governance factors included but were not limited to board independence, diversity and executive compensation and adherence with the Investment Manager's policy on good governance practices, outlined further below. The aggregate weighted score needed to be at least 18 out of 30 to be immediately eligible for investment. The assessment resulted in promotion of companies with reduced sustainability risks. Where a company scored below the threshold they were only considered for investment if they had shown a desire to improve their ESG practices and/or a willingness to engage on those identified lagging ESG practices.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

All investments in the portfolio went through the above process

<u>Engagement</u>: The Investment Manager leveraged quantitative and qualitative engagement insights generated by its own research and from EOS through its range of active ownership services. Where sustainability risks were identified, the Investment Manager could undertake direct engagement with the company or work with EOS to engage with companies to address those risks. Engagement occurred through meetings with company boards and management and through exercising voting rights. Engagement sought to identify measurable objectives to deliver positive change within set time periods. Where there was engagement with a company, a four-step milestone approach was implemented to: (i) raise the issue at the appropriate level within the company; (ii) confirm that the company accepts that the issue must be addressed; (iii) develop a plan to address the issue; and (iv) implement the plan satisfactorily. The engagement activity of the Fund was measured by the percentage of engagement progress (e.g. the percentage of engagement objectives which have achieved engagement objective milestones) and the effectiveness measured by monitoring changes over a rolling 3-year basis, in the specific sustainability indicators relevant to that engagement objective (for example a company's carbon intensity). Where a company was not receptive to engagement on sustainability risks, or made insufficient progress in addressing them over time, it could have resulted in divestment from that company.

Engagement stats as at December 2022

- *Engagement as a % of AUM: 85%*
- *% of AUM engaged by Theme*
    - *Governance: 85%*
    - *Social and Ethical: 58%*
    - *Environmental: 55%*
    - *Strategy, Risk and Communication: 49%*
- *Engagement Objectives Progress by Theme*
    - *Governance: 52%*
    - *Environmental: 45%*
    - *Social and Ethical: 23%*
    - *Strategy, Risk and Communication: 24%*
- *Engagement Objectives Progress: 37%*

Engagement example: AptarGroup

AptarGroup employs 13,000 people across 18 countries. A core engagement objective of the Global Small Cap Equity Fund is to ensure wages of (direct and indirect) employees equate to at least living wages in each country of operation in support of SDG 1.2 which calls for us to: "reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Following ongoing engagement, the company confirmed in its 2021 sustainability report that it has undertaken and completed a living wage assessment. In discussion with the company, we learned that this assessment was undertaken in partnership with the Fair Wage Network - an organisation we had previously signposted to the company. The assessment identified modest gaps in three markets - the US, Brazil and Mexico. Further data is being obtained in Q3 2022 and no commitments have been made as yet as to if, how or when to close these gaps, however, the company accepts that this gap is likely contributing to their ongoing labour challenges in North America and more straightforwardly they would not have commissioned such an assessment if they were not inclined to take action on the gaps identified.

<u>Exclusions</u>: The Investment Manager did not invest in companies in specified activities where those activities contributed to company revenues above prescribed revenue thresholds (see below for further details

information). Excluded activities include fossil fuels, controversial weapons, Conventional Weapons, nuclear power, tobacco, gambling, adult entertainment, alcohol, GMO crop production and companies in contravention of the UN Global Compact.

The Investment Manager excluded investments in companies involved in the following activities (based in information available to the Investment Manager on these companies);

- *Companies that generated over 5% of their revenues from the extraction or exploration of fossil fuels or from the use of fossil fuels for electricity generation;*
- *Companies that generated revenue from the production of Controversial Weapons (which includes anti-personnel mines, cluster munitions, depleted uranium, nuclear weapons, white phosphorous and chemical & biological weapons) and companies that generate over 5% of their revenues from production of conventional weapons;*
- *Companies that generated over 5% of their revenues from nuclear power;*
- *Companies that generated revenues from the production of tobacco products and companies that receive over 5% of their revenues from tobacco distribution;*
- *Companies that generated over 5% of their revenues from gambling products;*
- *Companies that generated over 5% of their revenues from adult entertainment products;*
- *Companies that generated over 5% of their revenues from GMO crop production; or*
- *Companies that are in contravention of the principles of the UN Global Compact*

The Fund has not invested in any companies that violated or breached the exclusions list

How did this financial product perform compared to the reference benchmark?

How does the reference benchmark differ from a broad market index?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable.

How did this financial product perform compared with the reference benchmark?

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.