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 SDG Engagement Equity Fund
Legal entity identifier: 213800QNCO5K1J86UB22

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 37.82% 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 that exhibited the following characteristics:

- *the potential to be receptive to, and benefit from, active corporate engagement that would be aligned and contributed to at least one or more of the United Nations’ Sustainable Development Goals (the “UN SDGs”); and*
- *limited to no revenue generated from excluded sectors*

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

The objective of the sustainable investment was either to: (i) further the attainment of at least one or more of the 17 UN SDGs; or (ii) contribute to reducing the environmental and social impacts of the products/services that the company provides through processes which mitigated impacts to the environment or to stakeholders including employees, communities, supply chain employees or customers.

The underlying investments in the 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?

The following sustainability indicators were used for the purpose of measuring the attainment of the environmental or social characteristics promoted by the Fund:

Environmental Indicators:

Indicator	*Metric (Unit)*	*Fund*	*Benchmark*
MWH renewable energy generated		*19,001,086*	*-*
Metric T CO2 avoided		*37,478,773*	*-*
M3 water saved		*2,709*	*-*
GHG Emissions (tCO2eq)	*Scope 1*	*56877.37*	*90502.67*
GHG Emissions (tCO2eq)	*Scope 2*	*13806.23*	*22072.64*
GHG Emissions (tCO2eq)	*Scope 3*	*107220.98*	*622702.13*
GHG Emissions (tCO2eq)	*Total Scope 1+2*	*70683.60*	*113530.58*
GHG Emissions (tCO2eq)	*Total Scope 1+2+3*	*177904.57*	*73765.65*
Carbon Footprint (tCO2eq/EURm)	*Total Scope 1+2*	*65.84*	*113.05*
Carbon Footprint (tCO2eq/EURm)	*Total Scope 1+2+3*	*165.71*	*733.74*
GHG Intensity	*Total Scope 1+2*	*247.85*	*294.67*
GHG Intensity	*Total Scope 1+2+3*	*457.67*	*1269.57*
Exposure to Fossil Fuels	*(% involved)*	*0.00*	*6.55*
Energy Production from Non-Renewables	*(%)*	*29.88*	*23.13*
Energy Consumption Intensity (GWH/EURm)	*Agriculture, Forestry & Fishing*	*-*	*93.33*

Indicator	*Metric (Unit)*	*Fund*	*Benchmark*
	Construction	*0.04*	*896.61*
	Electricity, Gas, Steam and Air Conditioning Supply	*6.25*	*24.94*
	Manufacturing	*0.34*	*351.99*
	Mining & Quarrying	*0.02*	*35.85*
	Real Estate Activities	*0.07*	*1.54*
	Transportation & Storage	*-*	*3.64*
	Water Supply, Sewerage, Waste Management & Remediation	*-*	*0.60*
	Wholesale & Retails Trade & Repair of Motor Vehicles & Motorcycles	*0.07*	*178.55*

Social Indicators

Indicator	*Metric*	*Fund*	*Benchmark*
Violation of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	*(% involved)*	*0.00*	*0.33*
Board Gender Diversity	*(% female)*	*31.21*	*28.06*

Sources: Sustainalytics, Trucost, Federated Hermes and Bloomberg

SDG Engagement Intensity: % of engagement interactions aligned to each SDG

UN SDG	*% Actions touching on SDG*
1	*33.6%*
2	*5.9%*
3	*26.3%*
4	*7.2%*

5	43.4%
6	3.3%
7	25.0%
8	45.4%
9	15.8%
10	35.5%
11	7.9%
12	27.0%
13	32.2%
14	7.9%
15	9.9%
16	5.3%
17	8.6%

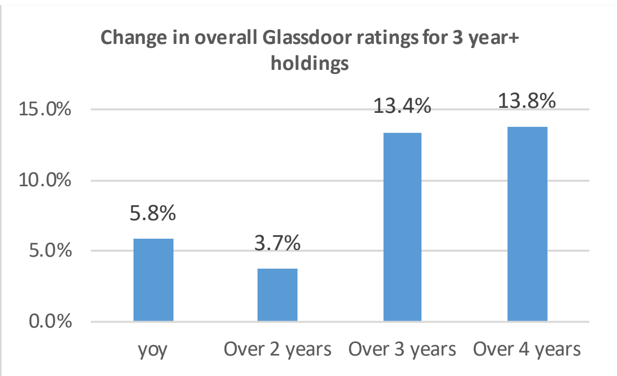
Please note that company engagement is often focused on multiple topics per company. As such, the figures above totals more than 100%.

Engagement effectiveness over a rolling 3-year period of an environmental indicator: Carbon intensity average change

	Year-on-Year	3 Year	5 Year
Scope 1 carbon intensity average change	-6.4%	-17.8%	-24.2%
Scope 2 carbon intensity average change	-6.4%	-4.7%	-18.1%
Total scope 1=2 emissions intensity average change	-6.4%	-17.8%	-40.9%

**Change in emitted carbon emissions among holdings we have held, and we have engaged with.*

Engagement effectiveness over a rolling 3-year period of a social indicator: Change in overall Glassdoor ratings for 3 years+ holdings



	Year-on Year	Over 2 Years	Over 3 Years	Over 4 Years
Change in overall Glassdoor ratings for 3 years+ holdings	5.8%	3.7%	13.4%	13.8%

…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.

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.

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 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?

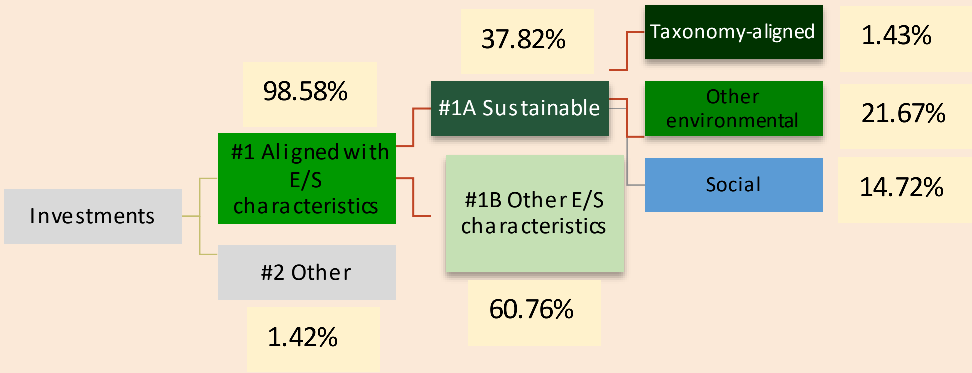
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 December 2022

Largest investments	*Sector*	*% Assets*	*Country*
Silicon Laboratories	*Health Care*	*2.96*	*United States*
Eagle Materials	*Materials*	*2.94*	*United States*
Clean Harbors	*Industrials*	*2.92*	*United States*
LKQ	*Consumer Discretionary*	*2.90*	*United States*
AMN Healthcare	*Health Care*	*2.88*	*United States*
Brunswick	*Consumer Discretionary*	*2.81*	*United States*
Yaoko	*Consumer Staples*	*2.78*	*Japan*
Alliant Energy	*Utilities*	*2.76*	*United States*
Wintrust Financial	*Financials*	*2.68*	*United States*
Techtronic Industries	*Industrials*	*2.68*	*Hong Kong*
Reinsurance Group of America	*Financials*	*2.62*	*United States*
Simpson Manufacturing	*Industrials*	*2.60*	*United States*
RPM	*Materials*	*2.59*	*United States*
Steris	*Health Care*	*2.58*	*United States*
Fortune Brands	*Industrials*	*2.53*	*United States*

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



#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?

Investments were made in the following GIC Sector groups: Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate and Utilities

Sector	*Weight (%)*
Communication Services	*1.52*
Consumer Discretionary	*15.11*
Consumer Staples	*7.89*
Financials	*9.31*

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

Sector	*Weight (%)*
Health Care	*9.81*
Industrials	*25.07*
Information Technology	*9.83*
Materials	*11.53*
Real Estate	*5.74*
Utilities	*2.78*
Energy	*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?

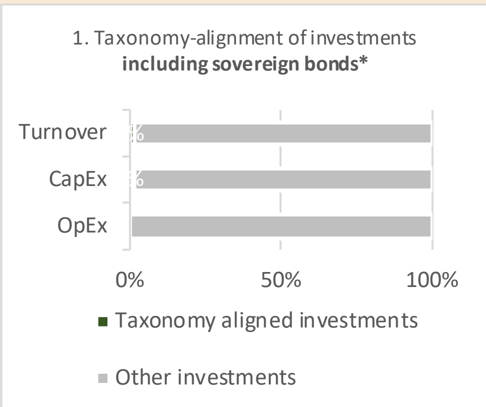
While the Fund did not commit to a minimum amount of sustainable investments with an environmental objective aligned with the EU Taxonomy, 1.43% of the Fund was EU Taxonomy-aligned during the reference period.

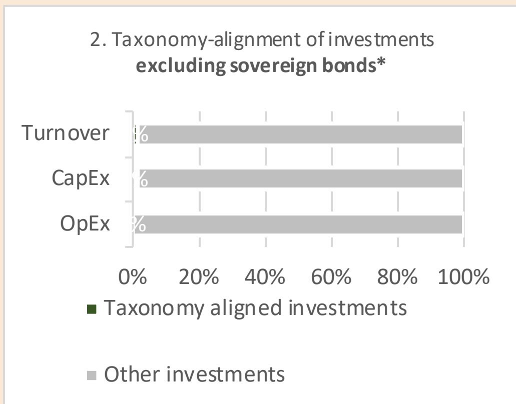
These investments' compliance with the requirements laid down under the EU Taxonomy have not been subject to an assurance or review provided by an auditor or third party. Alignment has been obtained through a combination of third-party data and investment research.

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.

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.

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, 0.03% (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

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.

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

21.67%.

What was the share of socially sustainable investments?

14.72%.

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

The portfolio held 1.42% 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 invested in companies that it believed would provide long term capital appreciation and that displayed the potential to be receptive to, and benefit from, active corporate engagement that was aligned to contribute to at least one of more of the UN SDGs. This was achieved by having regard to factors such as balance sheet quality, franchise value (i.e., brand strength and sustainability of the business model) and quality of management.

***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 was measured on a scale of 0 to 30 and was comprised of a weighted combination of three distinct pillars: E & S factors, impact and governance. E&S factors included 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 would only be 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.*

In addition to the fundamental financial indicator criteria, the engagement criteria that was used to identify such companies included, for example, an assessment of company management competence, integrity, vision, potential and willingness to enact the changes suggested by the Investment Manager following discussions between the Investment Manager and the company, in doing so enhancing the investees contribution to at least one or more of the UN SDGs. It was anticipated that by identifying solutions to meet specific UN SDGs, companies would be able to incrementally improve long-term financial returns and resilience by generating higher sales and better productivity by delivering, for example, improved health and educational outcomes for their employees and local community.

Engagement activity included setting specific targets and timelines in relation to an engagement objective (these targets differed at an individual company level). As part of the thematic investment strategy of the Fund, UN SDG linked engagement objectives were identified for all investments. In addition, non-UN-SDG linked engagement also took place with companies to address sustainability and governance risks. The effectiveness of the engagement was measured by the change to the specific sustainability indicators related to that engagement.

Where a company made insufficient progress against the engagement objectives, it would have resulted in divestment from that company.

All portfolio holdings have been through the above process and, therefore, all portfolio holdings have undergone a sustainability analysis

<u>Engagement details:</u>

98% of the companies within the portfolio have been engaged with (the un-engaged company was Masterbrand's which was spun out of Fortune Brands in December 2022.)

44% of engagement objectives have had progress.

Engagement example: Ansell

SDGs Engaged: 1, 3, 8, 12 and 15

Ansell is a leading manufacturer of industrial and medical gloves and other latex products.

- *Market cap: ~$2.5b*
- *Employees: 14,158 (49% F)*

We had 10 engagement interactions with Ansell in 2022 in addition to more traditional meetings with management. Interactions spanned calls with the chair and CEO, IR, General Counsel and Head of Sustainability in addition to visiting the company's headquarters.

Our primary topic of engagement has been and remains the labour conditions in its single-use glove supply chain (which is 80% outsourced). Eight single-use Malaysian glove manufacturers have been subject to import bans from the US as a result of evidence of modern slavery since the beginning of 2020 – four of whom were suppliers to Ansell.

In response to the greater focus on labour standards, Ansell committed last year to ensuring that no fees are levied for recruitment and the company has revamped its supplier management framework. As of the company's November 2022 AGM $30m of recruitment fees have been compensated to migrant workers across 98% of their Malaysian suppliers. They also this year further committed to supplementing their supplier due diligence with unannounced audits and use of Forced Labour Assessments.

We have the clear impression from our dialogues that the company is now taking a much more hands-on, proactive approach to oversight of its suppliers. They will be reducing their supplier list and developing more strategic alliances with trusted suppliers. In addition, in the coming years the company will be insourcing a *proportion of this currently outsourced manufacturing. The outcome of this shift in approach should be to reduce the risk of human rights abuses occurring in their name. Ansell will also have greater ability to ensure that decent work conditions are being provided and labour standards adhered to.*

Beyond their individual actions, Ansell was also this year one of seven founding members of the Responsible Glove Alliance. This is testament to the company's desire to take a leadership role across its industry, not least when one recognises that there is a need for cross-industry action to address the sector's pervasive forced labour issues.

Exclusions

The Investment Manager did not make investment in companies involved in specific activities, where those activities contributed to company revenues above prescribed revenue thresholds (see below for further detailed information). Excluded activities include, fossil fuels, electricity utilities not aligned with a 1.5-degree scenario, Controversial Weapons, conventional weapons, tobacco, gambling, and companies in contravention of the principles of the UN Global Compact.

Exclusion details:

The Investment Manager did not invest in the following companies (based on 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.*
- *Electricity utility companies with a carbon intensity not aligned with a below 1.5 degrees scenario*
- *Companies that generated revenue from the production of Controversial Weapons (which includes anti-personnel mines, cluster munitions, depleted uranium, nuclear weapons, white phosphorus and chemical & biological weapons) and companies that generated over 5% of their revenues from production of conventional weapons*
- *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 2% of their revenues from gambling products; and*
- *Companies that were in contravention of the principles of the UN Global Compact*

The Fund also complied with the exclusions set out by Febelfin.

The Fund has not invested in any companies that violate or breach the exclusions list

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

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

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

Not applicable.

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.