

Pre-contractual 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 Asia ex-Japan Equity Fund
Legal entity identifier: 5493000S2N1BDU0KK492

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments 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



It will make a minimum of **sustainable investments with a social objective:** ___%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments



with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

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.



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes investment in companies exhibiting the following characteristics:

- potential for improvement to ESG factors; and/or
- a willingness to engage on any material ESG issues; and/or
- limited to no revenue generated from excluded sectors.

No specific index has been designated as a reference benchmark for the purpose of attaining the above characteristics

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

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

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

- Environmental Indicators: GHG Emissions and Carbon Footprint;
- Violation of UN Global Compact Principles 4 and 5; and
- Engagement Activity: as a % of the AUM in the portfolio and as a % of progress made against the objective milestones set by the Investment Manager and EOS.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable..

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable

— — How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

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

Not applicable



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes

As part of the investment strategy, the Investment Manager considers whether companies exhibit any principal adverse impacts on sustainability factors. The consideration of the principal adverse impacts of sustainability factors are identified both through the quantitative inputs to the ESG assessment by the Investment Manager and through the Investment Manager’s qualitative review of the investee companies, to ensure that all relevant information is accurately captured and that the portfolio is not exposed to any sustainability risks not otherwise identified by the assessment. The Investment Manager uses a range of sources to consider the principal adverse impacts on sustainability factors including proprietary analysis from the dedicated stewardship team, EOS at Federated Hermes (“EOS”) and third party providers such as ISS, CDP, MSCI, Sustainalytics and Trucost amongst others.

Where material sustainability risks are identified, the Investment Manager may elect not to continue with the investment, or may identify the company as a candidate for engagement, with the aim of reducing underperformance which may arise from poor ESG behaviours whilst also encouraging companies to act responsibly and improve sustainability.

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.

Relevant information on principal adverse impacts on sustainability factors will be disclosed in due course in the Fund's annual report.

No



What investment strategy does this financial product follow?

The Investment Manager follows a bottom-up stock selection process and a contrarian investment style that seeks exposure to companies from emerging and developed markets in Asia excluding Japan that are attractively priced relative to their quality. In selecting investments for the Fund, the Investment Manager incorporates ESG factors aimed at the promotion of the environmental and social characteristics, through the following processes:

ESG Improvers: The Investment Manager incorporates analysis that assesses the ESG characteristics of a company into its investment process. As part of this assessment, the Investment Manager conducts an assessment of a company's ESG characteristics based on quantified ESG metrics and a qualitative review of ESG issues, leveraging its knowledge of and direct contact and engagement with companies. The ESG factors include, but are not limited to, specific environmental characteristics (such as a company's carbon intensity (tonnes of scope 1 and 2 GHGe per \$m sales)) and social characteristics (such as employee satisfaction and turnover). The ESG assessment seeks to identify companies that might have current ESG deficiencies but which have shown the potential and/or desire to improve their ESG behaviours, through identified management goals, provided the companies can evidence good governance practices in accordance with the Investment Manager's policy on good governance, as outlined below. This may be further supported via engagement with the company or where the company may be subject to related advocacy with relevant government bodies and/or regulators.

Engagement: The Investment Manager leverages quantitative and qualitative engagement insights generated by EOS through its range of active ownership services. Where sustainability risks are identified, the Investment Manager works with EOS to engage with companies to address those risks. Engagement is conducted in the context of the company's sector and regional policy, where corporate governance standards and social safeguards may differ to international expectations in developed markets. Engagement occurs through meetings with company boards and management and through the exercise of voting rights. The Investment Manager also engages in advocacy with government, regulators and governance associations. Engagement seeks to identify measurable objectives to deliver positive change within set time periods. Where there is engagement with a company, a four-step milestone approach will be 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. Where a company is not receptive to engagement on material ESG risks, or makes insufficient progress in addressing them over time, it may result in divestment of that company.

Exclusions: The Investment Manager will not invest in the following companies involved in specified activities where those activities contribute to company revenues above prescribed revenue thresholds (see below for further detailed information). Excluded activities include Controversial Weapons, Conventional Weapons, tobacco, thermal coal and adult entertainment.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

- The percentage of ESG-analysed companies in the Fund will always be between 90%-100%.
- The Investment Manager will not invest in companies which meet the following criteria (based on information available to the Investment Manager on these companies):
 - Companies that generate over 0% of their revenue from the manufacture of Controversial Weapons or by providing either an essential and/or tailor-made product or service to the manufacturers Controversial Weapons and companies that generate over 5% of their revenues from production of Conventional Weapons;

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- Companies that generate over 0% of their revenue from the production of tobacco products and companies that receive over 10% of their revenues from tobacco distribution;
- Companies that generate over 5% of their revenue from the mining or energy generation of thermal coal; and
- Companies that generate over 5% of their revenues from adult entertainment products.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

As part of the investment strategy, the Investment Manager assesses the corporate governance of a company by reference to its policy on good governance and through a variety of means, including the Investment Manager's proprietary corporate governance tool and qualitative analysis, insights from its own research and EOS. In considering good governance, the Investment Manager will assess, among other things, a company's management structure, employee relations, staff remuneration and compliance with applicable tax rules.

A company is presumed not to be following good governance practices if there have been abuses of power or severe controversies involving the relevant company related to its governance, which have not been mitigated through subsequent demonstrative actions.

However, a company is considered to be following good governance practices if the factors set forth above, and any other factors determined to be material by the Investment Manager, (i) meet any one of the following criteria:

- *the company's corporate governance is in line with the best practices as defined by EOS in the Responsible Ownership Principles and Regional Corporate Governance Principles documents; or*
- *the company's corporate governance is determined to be in-line with peers both in industry and/or region, taking into account the size of the issuer and how that may affect the governance of the issuer in the long-term, or*
- *the Investment Manager and/or EOS is engaging with the company to address enhancements to the company's governance practices, as further detailed in the section of this annex titled "What investment strategy does this financial product follow?"*

or, (ii) when viewed collectively, are determined by the Investment Manager to adequately meet the criteria set forth above.

However, no investments will be made in any company which is in violation of Principles 4 and 5 of the UN Global Compact Principles relating to forced and compulsory labour and the abolishment of child labour..

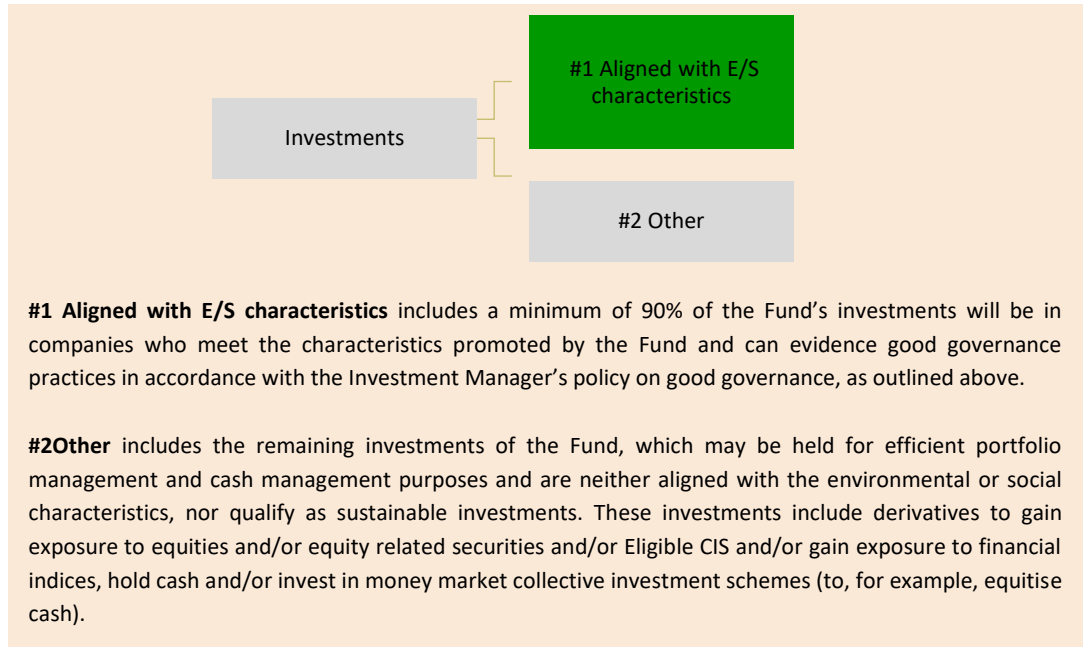
Further information on the Investment Manager's good governance policy and the EOS Responsible Ownership Principles and Regional Corporate Governance Principles can be found at <http://www.hermes-investment.com/sustainability-related-disclosures>

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product

Asset allocation describes the share of investments in specific assets.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The use of derivatives does not contribute to the attainment of the Fund's environmental or social characteristics. The Fund may use derivatives to gain exposure to equities and/or equity-related securities and/or Eligible CIS. The decision to utilise these instruments may be made for reasons such as efficiency (i.e. it may be cheaper to gain exposure to an underlying investment than to purchase the investment directly). They may also be used for efficient portfolio management purposes (for example, to assist in cash flow management, for cost effectiveness and for gaining exposure to certain markets and securities in a quicker and/or more efficient manner).



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

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities, as defined under the Taxonomy Regulation (EU) 2020/852. As such the Fund will have a minimum of 0% Taxonomy-alignment.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

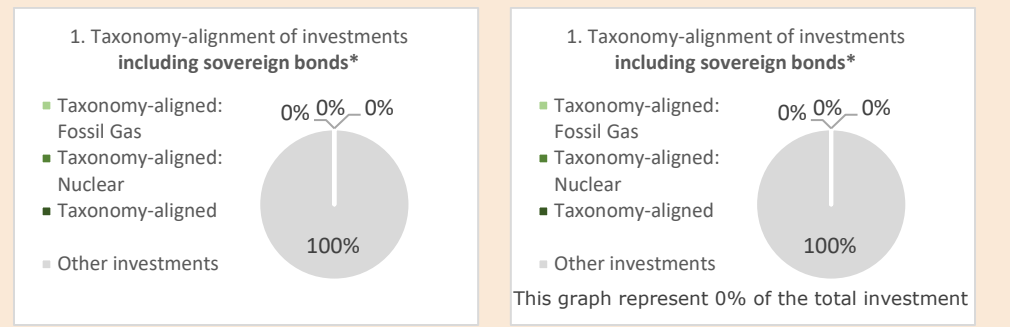
- Yes:
- In fossil gas In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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 best performance.

The two graphs below show in green the minimum percentage of investments that are 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 is the minimum share of investments in transitional and enabling activities?**

Not applicable

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments included under "#2 Other" may be held for efficient portfolio management and cash management purposes and are neither aligned with the environmental or social characteristics, nor qualify as sustainable investments. These investments include derivatives to gain exposure to equities and/or equity related securities and/or Eligible CIS and/or gain exposure to financial indices, hold cash and/or invest in money market collective investment schemes (to, for example, equitise cash)



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not Applicable

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

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
Not Applicable
- **How does the designated index differ from a relevant broad market index?**
Not Applicable
- **Where can the methodology used for the calculation of the designated index be found?**
Not Applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

More product specific information can be found via:

<https://www.hermes-investment.com/products>