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

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.

Product name: Federated Hermes SDG Engagement High Yield Credit Fund
Legal entity identifier: 213800P4WDHNHYHR7H68

Environmental and/or social characteristics

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 69.52 % 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**

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.

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

The Fund promoted investment in issuers exhibiting the following characteristics:

- *the potential to be receptive to, and benefit from, active corporate engagement that will be aligned to contribute 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.*

The ICE Bofa Global High Yield Constrained Index is used as a reference benchmark for the purpose of attaining the above characteristics. Please note that the coverage ratio of the Fund and benchmark is low hence doesn't capture all portfolio holdings.

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

The objective of the sustainable investment was either to: (i) further the attainment of at least one or more of the 17 United Nations Sustainable Development Goals; or (ii) contribute to reducing the environmental and social impacts of the products/services that the issuer provided 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, based on available data, the Fund's investments contributed to the environmental objective of climate change mitigation during the period, but it is possible that the Fund had exposure to other environmental objectives under the Taxonomy Regulation .

While derivatives were used within the Fund to manage exposures, they were not used for the attainment of the Fund's environmental or social characteristics.

How did the sustainability indicators perform?

Please find indicators below. Unfortunately, the low coverage ratios, for both the environmental and social indicators, for the Fund means the data doesn't reflect the full portfolio and hence we cannot draw objective conclusions from the data.

Environmental Indicators:

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
GHG Emissions (Scope 1 & 2: tCO2eq)	*114586.55*	*20104.70*	*37.67*	*31.98*
Carbon Footprint (Scope 1 & 2: tCO2eq)	*449.17*	*152.86*	*37.67*	*31.98*
Exposure to Fossil Fuels (% involved)	*6.41*	*19.08*	*61.59*	*51.69*
Energy Production from Non-Renewables	*38.43*	*37.05*	*26.09*	*15.66*
Water Emissions (t/EURm)	*0.23*	*0.58*	*1.49*	*1.08*
Hazardous Waste Ratio (t/EURm)	*4.62*	*82.62*	*22.20*	*13.64*

Social Indicators

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
Violation of UNGC	*0*	*5.56*	*63.27%*	*52.50*
Board Gender Diversity	*34.25*	*29.52*	*49.99*	*38.56*
Controversial weapons	*0*	*0*	*63.27*	*52.50*

Engagement activity and % Investment in excluded sectors

Indicator	*Fund*
Engagement Activity as a % of AUM	*94*
Engagement progress (%)	*46*
% invested in excluded sectors	*0*

…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?

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.

The objective of the sustainable investment was either to: (i) further the attainment of at least one or more of the 17 United Nations Sustainable Development Goals; or (ii) contribute to reducing the environmental and social impacts of the products/services that the issuer provided 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 mentioned above, while there was no commitment to make EU Taxonomy-aligned investments, however, based on available data, the Fund's investments contributed to the environmental objective of climate change mitigation during the period, but it is possible that the Fund had exposure to other environmental objectives under the Taxonomy Regulation.

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

The Investment Manager's assessment of sustainable investments included identifying where issuers may have causec significant harm through the products and services that they offered, but also through their entire value chain. The assessment included:

(i) taking into account all adverse impact indicators and other relevant ESG indicators through the Investment Manager's proprietary ESG Scoring Model (as detailed below) to identify if an issuer 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 issuer was taking remedial action to prevent the event occurring in the future.

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

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

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

*The Investment Manager took into account all mandatory principal adverse impact indicators and used those indicators which were deemed relevant to the Fund in the Investment Manager's proprietary ESG scoring model (the "**ESG Scoring Model**" – see further detail below), in order to determine current and potential adverse impacts on sustainability factors and to avoid investment in issuers 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:

Using a mix of qualitative and quantitative assessments based on available data, the Investment Manager identified any issuers which are 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) and did not invest in these issuers.

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.

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

As part of the investment strategy, the Investment Manager considered whether issuers exhibited any principal adverse impacts on sustainability factors. This was done by: (i) evaluating the results from both the SDG Scoring Model and the ESG Scoring Model; and (ii) evaluating the underlying principal adverse impacts on sustainability factors and other sustainability indicators used as part of both the SDG and ESG Scoring Models. Evaluating both the results from and the underlying indicators used by the ESG Scoring Model enabled the Investment Manager 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"); third party providers, where available, such as ISS, CDP, MSCI, Sustainalytics and Trucost amongst others; and issuers' own disclosures.*

Where sustainability risks were identified, the Investment Manager elected to either not continue with the investment or identified the issuer as a candidate for engagement. With the aim of reducing underperformance which may arise from poor ESG behaviours whilst also encouraging issuers to act responsibly and improve sustainability.

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

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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*
SIG Group	*Capital Goods*	*1.96%*	*Switzerland*
Seagate	*Technology &*	*1.83%*	*United*
Virgin	*Telecommunications*	*1.81%*	*United*
Ford	*Automotive*	*1.68%*	*United*
Telefonica	*Telecommunications*	*1.62%*	*Spain*
Telecom	*Telecommunications*	*1.56%*	*Italy*
IQVIA	*Healthcare*	*1.54%*	*United*
Vofafone	*Telecommunications*	*1.54%*	*Netherlands*
Cellnex	*Technology &*	*1.47%*	*Spain*
Ally	*Financial Services*	*1.40%*	*United*
Crown	*Capital Goods*	*1.37%*	*United*
Ardagh	*Capital Goods*	*1.35%*	*United*
Grifols	*Healthcare*	*1.34%*	*Spain*
General	*Automotive*	*1.32%*	*United*
Veolia	*Utility*	*1.29%*	*France*

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

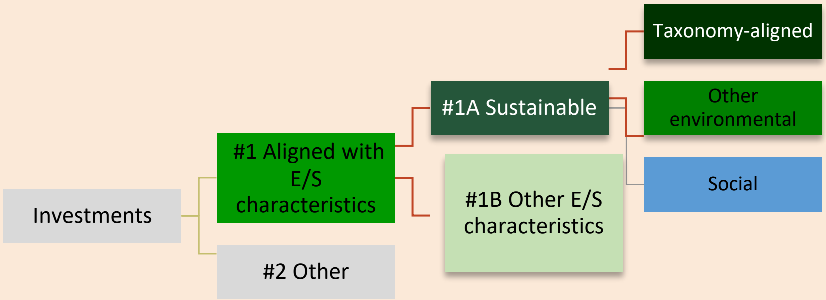
What was the asset allocation?

	% Assets
Aligned with E/S characteristics - includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.	*103.97%*
Other - includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.	*13.30%*
Sustainable - covers environmentally and socially sustainable investments.	*69.52%*
EU Taxonomy Aligned	*2.79%*
Other environmental	*43.40%*

	% Assets
Social	*23.34%*
Other E/S - covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.	*34.44%*

Source: Federated Hermes, as at end of December 2022. The total exposure doesn't equal to 100% as the fund uses leverage. Please note that "Other" includes cash, sovereign and index exposures.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Investments were made in all Meryll Lynch (Level III) Sector groups: Automotive, Banking, Basic Industry, Capital Goods, Consumer Goods, Energy, Financial Services, Healthcare, Insurance, Leisure, Media, Real Estate, Retail, Services, Technology & Electronics, Telecommunications, Transportation, Utility.

Sector	***Market Weight***
Automotive	*8.43%*
Banking	*13.03%*
Basic Industry	*15.39%*
Capital Goods	*11.73%*
Consumer Goods	*2.34%*
Energy	*3.64%*
Financial Services	*2.04%*

Sector	*Market Weight*
Healthcare	*6.95%*
Insurance	*2.68%*
Leisure	*0.00%*
Media	*2.98%*
Real Estate	*2.84%*
Retail	*2.71%*
Services	*1.25%*
Technology & Electronics	*7.27%*
Telecommunications	*12.63%*
Transportation	*0.00%*
Utility	*8.06%*

Source: Federated Hermes as at 31st December 2022. Off benchmark sectors include: Cash, Index and Sovereign.

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 best performance.

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 level of sustainable investments with an environmental objective aligned to the EU Taxonomy, 2.79% (based on Turonover and ex sovereigns) 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.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes

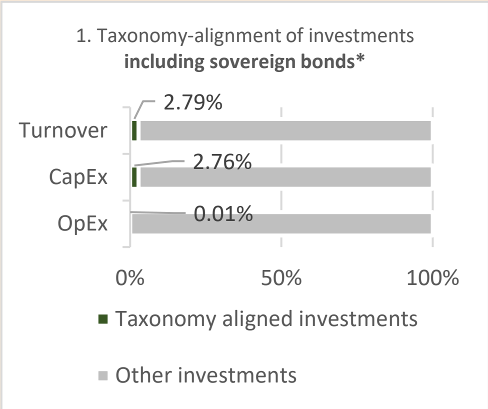
☐ In fossil gas ☐ In nuclear energy

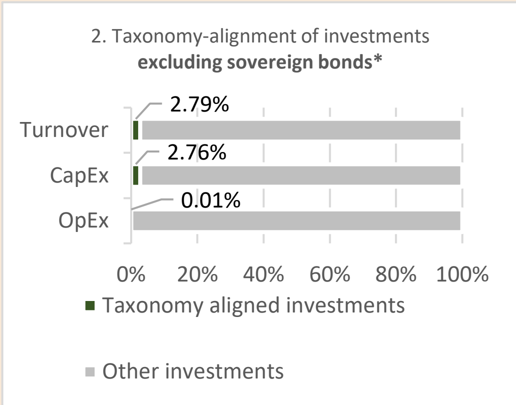
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

X No

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 level of sustainable investments in transitional or enabling activities, 0.28% (ex sovereigns 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?

We estimate that 46.19% of the portfolio is invested in environmentally sustainable investments, not aligned with the EU Taxonomy. This is based on the investment team's investment philosophy and the outcomes of strategic and tactical asset allocation decisions.

What was the share of socially sustainable investments?

We estimate that 23.34% of the portfolio is invested in socially sustainable investments.

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

The portfolio held 13.30 % in "Other" at the end of the period. "Other" investments include cash, sovereign bonds and derivatives used for efficient portfolio management purposes.

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

The Investment Manager used an active approach to seek risk-adjusted returns. This was achieved through top-down analysis, determining the risk appetite and the return prospects of different regions, sectors and asset classes. These findings directed the team's bottom-up research, identifying issuers with attractive credit risks and determining which securities in their capital structures provided superior relative value. The Investment Manager further incorporated ESG factors aimed at the promotion of the environmental and social characteristics, through the following processes:

ESG Integration: The Investment Manager incorporated analysis that assessed the ESG characteristics of an issuer into its investment process. The Investment Manager achieved this by using its ESG Scoring Model to score a country or a company's ESG behaviours, assigning an ESG score on a scale of 1 to 5. The ESG Scoring Model considered environmental and social characteristics including (but not limited to) the management of environmental risks (such as impact on climate change and natural resource use) and social risks (such as human & labour rights and human capital management). This ESG Scoring Model favoured issuers with low environmental and social risks and issuers which complied with the Investment Manager's policy on good governance practices, outlined further below. As such, the Fund had a higher percentage of investments scoring 3 or lower. The Investment Manager could invest in issuers with a poor ESG score, where the issuer had shown a desire to improve its ESG behaviours. The Investment Manager did not invest in new issuers with an ESG score of 5 from the investment universe. These scores were not static and therefore could be downgraded. In circumstances where an issuer's score wss downgraded to a 5, the Investment Manager sought to disinvest.

Engagement: The Fund leveraged quantitative and qualitative engagement insights generated by the Investment Manager and EOS through its range of active ownership services. Where sustainability risks were identified, the Investment Manager worked with EOS to engage with issuers to address those risks. Engagement occured through meetings with management and exercising voting rights. Engagement sought to develop a plan to address the issue and deliver positive change within set time periods. Where there was engagement with an issuer, a four-step milestone approach was implemented to: (i) raise the issue at the appropriate level within the issuer; (ii) confirm that the issuer accepts that the issue must be addressed; (iii) develop a plan to address the issue; and (iv) implement the plan satisfactorily. Where an issuer was not receptive to engagement on any sustainability risks, or made insufficient progress in addressing them over time, it could have resulted in divestment from that issuer..

Exclusions: The Investment Manager did not invest in issuers involved in the production of Controversial Weapons.

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

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

The reference benchmark does not differ from a broad market index.

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?

The ICE Bofa Global High Yield Constrained Index is a broad market index that does not take into account any ESG or Sustainability criteria. The reference benchmark is therefore not continuously aligned with the environmental and social characteristics promoted by the Fund.

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

The ICE Bofa Global High Yield Constrained Index is used as a reference for determining whether the Fund achieves favourable ESG characteristics. This is achieved via a comparison of the Fund's PAIs, below, relative to the benchmark, although please note that due to low coverage of the portfolio and the benchmark, we cannot draw objective conclusions from the data.

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
GHG Emissions (Scope 1 & 2: tCO2eq)	*114586.55*	*20104.70*	*37.67*	*31.98*
Carbon Footprint (Scope 1 & 2: tCO2eq)	*449.17*	*152.86*	*37.67*	*31.98*
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Hazardous Waste Ratio (t/EURm)	*4.62*	*82.62*	*22.20*	*13.64*

Social Indicators

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
Violation of UNGC	*0*	*5.56*	*63.27%*	*52.50*
Board Gender Diversity	*34.25*	*29.52*	*49.99*	*38.56*
Controversial weapons	*0*	*0*	*63.27*	*52.50*

Engagement activity and % Investment in excluded sectors

Indicator	*Fund*

Engagement Activity as a % of AUM	*94*
Engagement progress (%)	*46*
% invested in excluded sectors	*0*

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

See answer to the previous question..