

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 Asia ex Japan Equity Fund

Legal entity identifier: 5493000S2N1BDU0KK492

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did 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.



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

The Fund promoted 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

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Characteristics.

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

GHG Emissions (Total Scope 1 + 2+3 (tCO2eq))	803,218.58
Carbon Footprint (Scope 1 & 2+3 : tCO2eq)	507.39

Social Indicators

Violation of UNGC principles 4 & 5	0% ¹
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Engagement Activity

Engagement Activity as a % of AUM	72%
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Engagement progress	51%
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● **...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?**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

¹ The Fund holds no investments in any company which is in violation principles 4 and 5 of the UN Global Compact Principles relating to forced and compulsory labour and the abolishment of child labour.

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

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 this financial product consider principal adverse impacts on sustainability factors?

As part of the investment strategy, the Investment Manager considered whether companies exhibited any principal adverse impacts on sustainability factors. The consideration of the principal adverse impacts of sustainability factors was 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 was accurately captured and that the portfolio was not exposed to any sustainability risks not otherwise identified by the assessment.

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 amongst others.

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, with the aim of reducing underperformance which may arise from poor ESG behaviours whilst also encouraging 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

<i>Largest investments</i>	<i>Sector</i>	<i>% Assets</i>	<i>Country of listing</i>
<i>Samsung Electronics</i>	<i>Information Technology</i>	<i>6.80</i>	<i>Korea</i>
<i>Baidu</i>	<i>Communication Services</i>	<i>4.69</i>	<i>China</i>
<i>JD.Com</i>	<i>Consumer Discretionary</i>	<i>4.54</i>	<i>China</i>
<i>Alibaba</i>	<i>Consumer Discretionary</i>	<i>3.81</i>	<i>China</i>
<i>CK Hutchison</i>	<i>Industrials</i>	<i>3.81</i>	<i>Hong Kong</i>
<i>ASE Technology</i>	<i>Information Technology</i>	<i>3.52</i>	<i>Taiwan</i>
<i>KB Financial Group</i>	<i>Financials</i>	<i>3.50</i>	<i>Korea</i>
<i>Samsung Fire & Marine</i>	<i>Financials</i>	<i>3.37</i>	<i>Korea</i>
<i>Swatch Group</i>	<i>Consumer Discretionary</i>	<i>2.92</i>	<i>Switzerland</i>
<i>Honda Motor</i>	<i>Consumer Discretionary</i>	<i>2.78</i>	<i>Japan</i>
<i>Tingyi</i>	<i>Consumer Staples</i>	<i>2.50</i>	<i>China</i>
<i>Sinopharm Group</i>	<i>Health Care</i>	<i>2.48</i>	<i>China</i>
<i>Powertech Technology</i>	<i>Information Technology</i>	<i>2.47</i>	<i>Taiwan</i>
<i>China Oilfield Services</i>	<i>Energy</i>	<i>2.23</i>	<i>China</i>
<i>Youngone Corp</i>	<i>Consumer Discretionary</i>	<i>2.07</i>	<i>Korea</i>

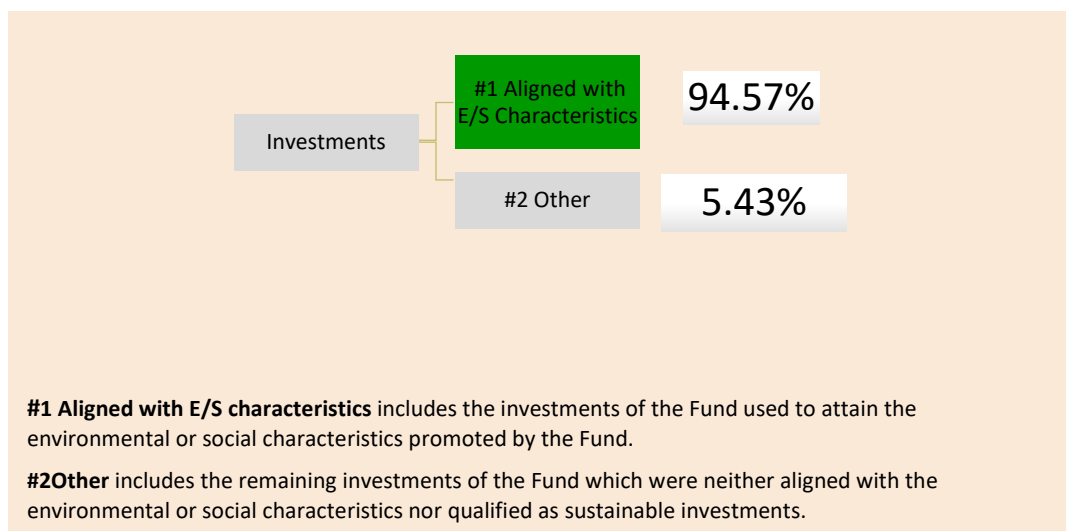
Source: Federated Hermes as at 31 December 2022



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



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● In which economic sectors were the investments made?

Sector	% of Assets
Consumer Discretionary	21.81
Information Technology	21.24
Financials	12.66
Communication Services	7.77
Consumer Staples	6.76
Industrials	6.70
Materials	6.30
Health Care	4.91
Utilities	3.03
Energy	2.23
Real Estate	1.17

Source: Federated Hermes as at 31 December 2022

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?

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.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy²?

Yes

In fossil gas In nuclear energy

No

² 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.

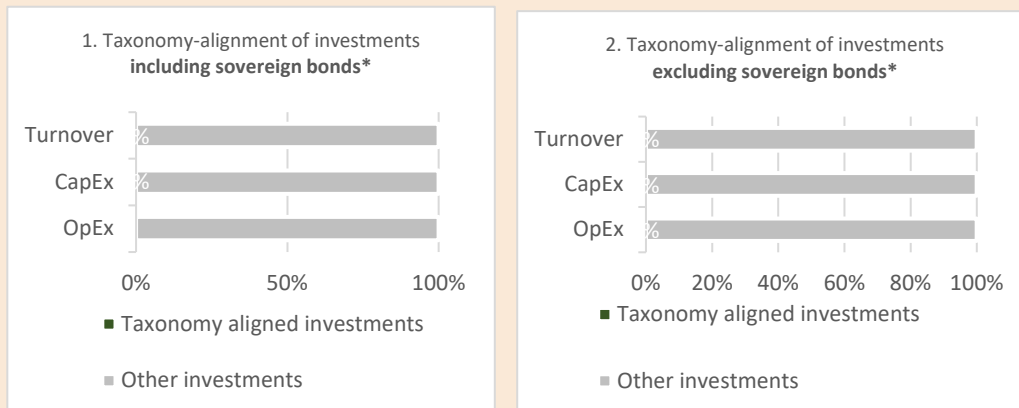
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Taxonomy-aligned activities are expressed as a share of:

- **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?**

Not applicable

- **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?**

Not applicable



- **What was the share of socially sustainable investments?**

Not applicable.



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

The portfolio held 5.43% in cash at the end of the period.



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



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

ESG Improvers: The Investment Manager incorporated analysis that assessed the ESG characteristics of a company into its investment process. The assessment included quantitative analysis overlaid by qualitative assessment that incorporated any nuanced considerations obtained through engagement with the company. The ESG factors included, but were 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 sought to identify companies that might have had ESG deficiencies but which had shown the potential and/or desire to improve their ESG behaviours, through identified management goals, provided the companies could evidence good governance practices in accordance with the Investment Manager’s policy on good governance. This could be further supported via engagement with the company or where the company was subject to related advocacy with relevant government bodies and/or regulators.

Engagement: The Investment Manager leveraged quantitative and qualitative engagement insights generated by EOS through its range of active ownership services. Where sustainability risks were identified, the Investment Manager worked with EOS to engage with certain companies to address those risks. Engagement was conducted in the context of the company’s sector and regional policy, where corporate governance standards and social safeguards could differ to international expectations in developed markets. Engagement occurred through meetings with company boards and management and through the exercise of voting rights. The Investment Manager also engaged in advocacy with government, regulators and governance associations. 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 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 was not receptive to engagement on material ESG risks, or made insufficient progress in addressing them over time, it could have resulted in divestment of that company.

Exclusions: The Investment Manager did not invest in companies involved in specified activities where those activities contributed to company revenues above prescribed revenue thresholds (Excluded activities included Controversial Weapons, conventional weapons, tobacco, thermal coal and adult entertainment.



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

Not applicable

- **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

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

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- ***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