Federated Hermes Climate Change High Yield Credit strategy

Nachu Chockalingam, CFA
Co-Portfolio Manager

Bertie Nicholson
Sustainability and Engagement Manager

Audrey Beadle
Fixed Income Investment Specialist

Sophie Demaré
Sustainability and Engagement Assistant Manager

Annual report
February 2024

Federated Hermes Limited

www.hermes-investment.com

Authors

Fraser Lundie, CFA*
Head of Fixed Income – Public Markets and Co-Portfolio Manager

Nachu Chockalingam, CFA
Co-Portfolio Manager

Mitch Reznick, CFA*
Head of Sustainable Fixed Income

Bertie Nicholson**
Sustainability and Engagement Manager

Sophie Demaré***
Sustainability and Engagement Assistant Manager

Audrey Beadle
Fixed Income Investment Specialist

*CFA® is a trademark owned by the CFA Institute.
**CFA UK Level 4 Certificate in Climate and Investing.
***CFA Certificate in ESG Investing.

Contents

SECTION 1

The strategy at a glance

Seeking to deliver a positive climate impact

The world faces a series of significant structural challenges in the realms of climate, technology, demographics and geopolitics, each of which is likely to dramatically change the way we live in the coming decades. This means there is an imperative for society to successfully manage these transitions and to deliver more resilient and sustainable outcomes. In this, we believe investors have crucial role to play.

Launched in September 2021, the Federated Hermes Climate Change High Yield strategy aims to outperform the global high yield market by investing with conviction in the debt of companies that have strong fundamentals and demonstrate the potential to decarbonise and transition to a low-carbon world.

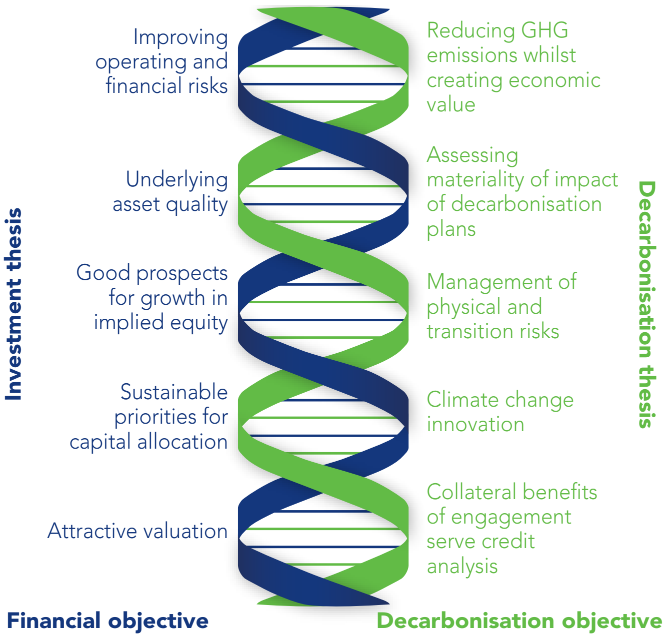
The global high yield market offers good opportunities to do this. It includes a broad universe of companies that have the willingness to change their operations, products or services and the potential to generate a positive environmental impact for the planet.

> **The world faces a series of significant structural challenges in the realms of climate, technology, demographics and geopolitics, each of which is likely to dramatically change the way we live in the coming decades.**

To harness this opportunity set, we use our proprietary framework – the Climate Change Impact (CCI) score – to reflect the progress and impact companies have made and will likely make in the future towards decarbonisation. Companies are assigned a score of 1 to 5, with 1s being decarbonisation 'Leaders' and 5s deemed 'Harmful' on climate grounds.

We will not hold companies that have been scored CCI 4 or 5, where the company's actions have been assessed as harmful to the climate or offer no material decarbonisation. We also exclude controversial sectors and issuers that are heavy emitters of greenhouse gases (GHG) with no desire to change.

Figure 1. Interwoven and self-reinforcing decarbonisation and investment theses



Benefitting people and the planet: We seek to deliver into two self-reinforcing objectives – strong financial performance for investors and positive climate impacts, through decarbonisation, that contribute to the low-carbon transition.

Investment expertise: Over many years the team has delivered attractive high yield returns through relative value investing through the capital structure of companies globally.

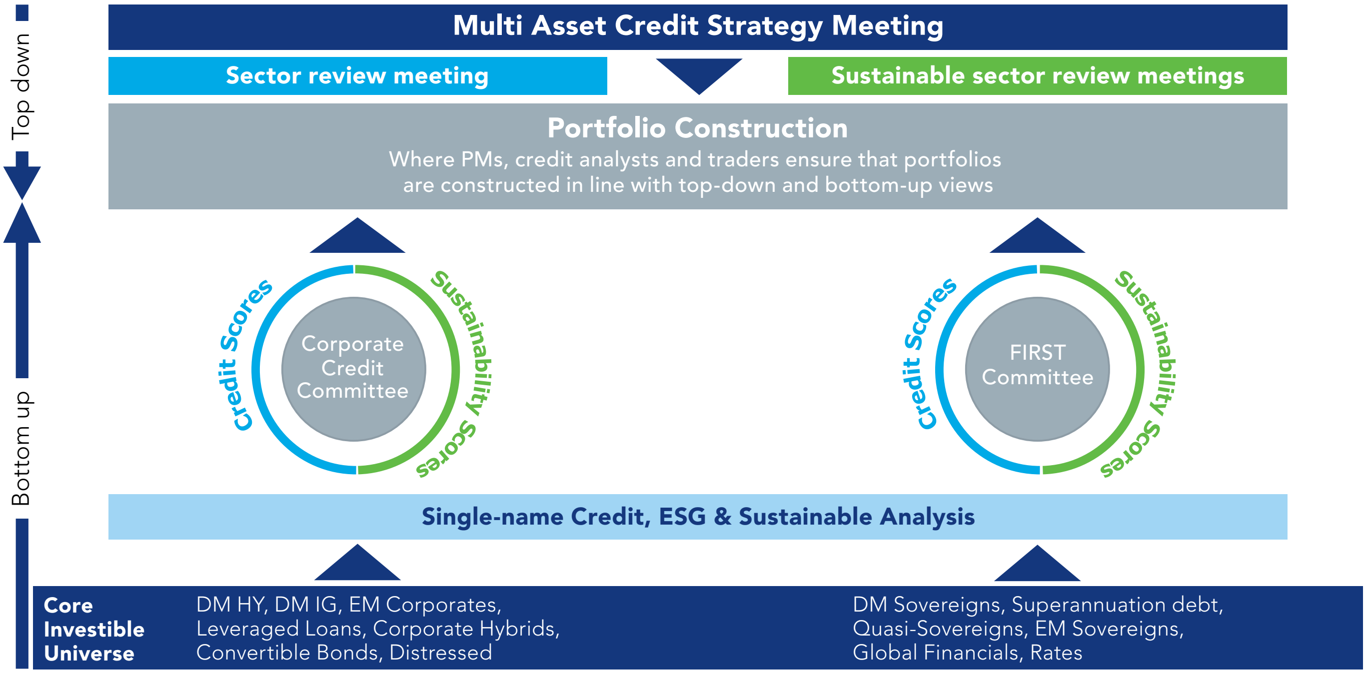
Engagement strength: Our dedicated engagers benefit from the support of EOS at Federated Hermes, a leading global stewardship team seeking positive climate action.

Measuring climate impact: Our proprietary internal scoring framework (recently refined and outlined in more detail in a later section of this piece) allows us to measure a company's contribution to decarbonisation and its progress in relation to the low carbon transition.

Climate Change High Yield Credit: Strategy information

- SFDR classification: Article 9.
- Objectives: (i) provide a total return (through a combination of income and capital growth) over a rolling period of any five years and (ii) contribute towards the objectives of the Paris Agreement by investing in companies which are transitioning to net zero carbon emissions.
- Benchmark: ICE Global High Yield Paris Aligned Absolute Emissions Index.
- Instruments: Primarily high yield corporate bonds and derivatives.
- Exclusions: Fossil fuels, tobacco, controversial weapons and companies in contravention of the UN Global Compact.
- Number of issuers: Approximately 150-200.
- Base currency: US dollars, hedged.
- Liquidity: Daily.

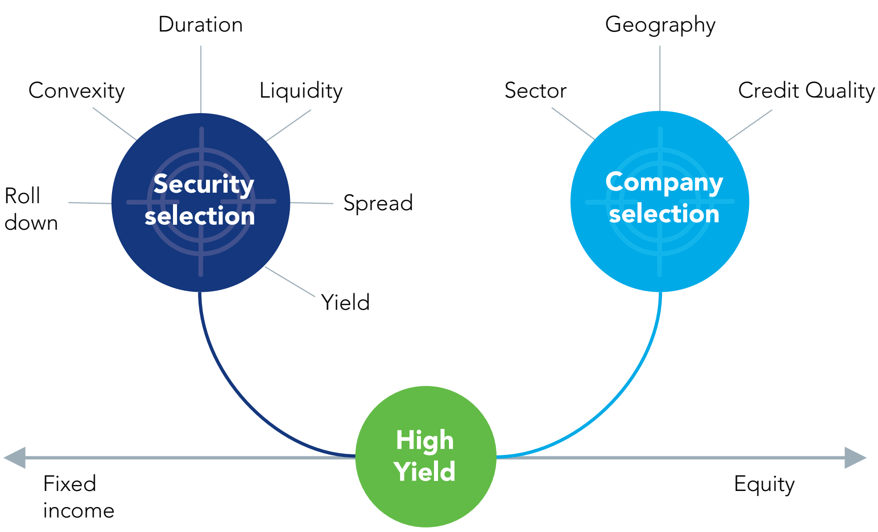
Figure 2. A selection approach guided by macroeconomic analysis



Our investment approach

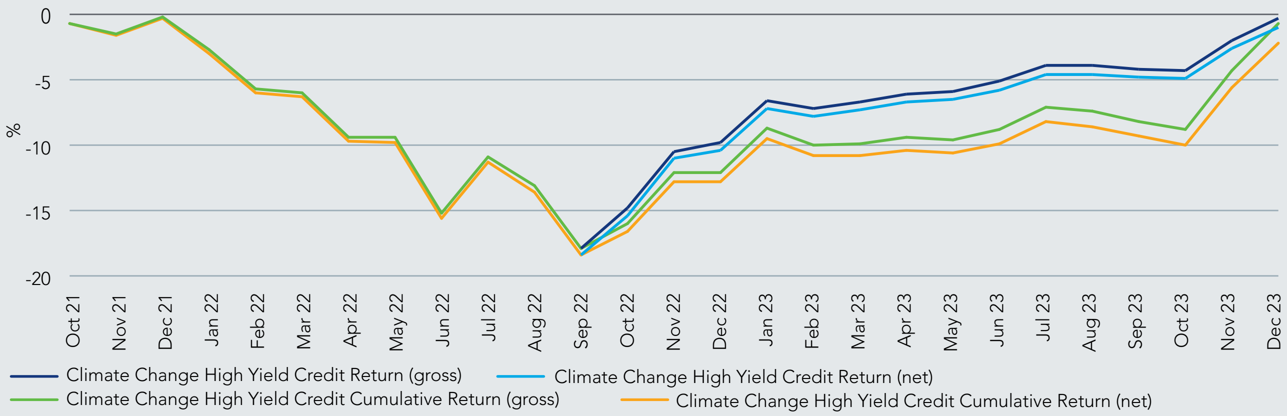
We aim to outperform through the cycle by identifying issuers that have an attractive credit risk and decarbonisation profile and determining which securities in their capital structures provide superior relative value. We make use of an issuer's full capital structure to manage risk and performance – we are mindful that there is risk to be managed and alpha to be made in areas like duration and convexity. As such, we tend to prefer larger capital structures, more global issuers and national champions, particularly in emerging markets.

Figure 3. Exploiting differences in relative value throughout issuers' capital structures



Performance

Federated Hermes Climate Change High Yield Credit Strategy



Source: Performance is in USD gross of fees. The current benchmark is the ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged. Inception date is of 1 October 2021. On 1 November 2023, the strategy's benchmark changed from a broad global high yield benchmark (ICE BofA Global High Yield Constrained USD Hedged) to a Paris-Aligned benchmark (ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged). Data is supplemental to the GIPS® compliant report (see appendix).

The value of investments and income from them may go down as well as up, and you may not get the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable guide to future performance.

Start Date	End Date	Product Gross Ann Rtn	Product Net Ann Rtn	Product Gross Cum Rtn	Product Net Cum Rtn
30-09-2021	31-12-2023	-0.3	-1.0	-0.7	-2.2
30-09-2021	30-11-2023	-2.0	-2.6	-4.3	-5.6
30-09-2021	30-11-2023	-2.0	-2.6	-4.3	-5.6
30-09-2021	31-10-2023	-4.3	-4.9	-8.8	-10.0
30-09-2021	30-09-2023	-4.2	-4.8	-8.2	-9.3
30-09-2021	31-08-2023	-3.9	-4.6	-7.4	-8.6
30-09-2021	31-07-2023	-3.9	-4.6	-7.1	-8.2
30-09-2021	30-06-2023	-5.1	-5.8	-8.8	-9.9
30-09-2021	31-05-2023	-5.9	-6.5	-9.6	-10.6
30-09-2021	30-04-2023	-6.1	-6.7	-9.4	-10.4
30-09-2021	31-03-2023	-6.7	-7.3	-9.9	-10.8
30-09-2021	28-02-2023	-7.2	-7.8	-10.0	-10.8
30-09-2021	31-01-2023	-6.6	-7.2	-8.7	-9.5
30-09-2021	31-12-2022	-9.8	-10.4	-12.1	-12.8
30-09-2021	30-11-2022	-10.5	-11.0	-12.1	-12.8
30-09-2021	31-10-2022	-14.8	-15.4	-16.0	-16.6
30-09-2021	30-09-2022	-17.9	-18.4	-17.9	-18.4
30-09-2021	31-08-2022			-13.1	-13.6
30-09-2021	31-07-2022			-10.9	-11.3
30-09-2021	30-06-2022			-15.2	-15.6
30-09-2021	31-05-2022			-9.4	-9.8
30-09-2021	30-04-2022			-9.4	-9.7
30-09-2021	31-03-2022			-6.0	-6.3
30-09-2021	28-02-2022			-5.7	-6.0
30-09-2021	31-01-2022			-2.7	-3.0
30-09-2021	31-12-2021			-0.2	-0.3
30-09-2021	30-11-2021			-1.5	-1.6
30-09-2021	31-10-2021			-0.7	-0.7

Source: Federated Hermes as at 31 December 2023. Benchmark: ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged. Inception date is of 1 October 2021. Data is supplemental to the GIPS® compliant report that follows. Past performance is not a reliable indicator of future returns.

New benchmark and new assessment metric

On 1 November 2023, the strategy's benchmark changed from a broad global high yield benchmark (ICE BofA Global High Yield Constrained USD Hedged) to a Paris-Aligned benchmark (ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged). The Paris-Aligned benchmark takes into account ESG factors, applying specific targets and exclusionary filters to establish alignment with the Paris Agreement.

As at inception of the benchmark (31 December 2020), the provider set the initial carbon target at 50% of the parent index; thereafter, the benchmark seeks a 7% annualised reduction on a trajectory towards net zero by 2050. The primary reason for the change was to ensure the benchmark and the strategy are more aligned in terms of investment style and process for sectoral positioning and issuer selection.

The strategy's sustainable investment objective also changed on 1 November 2023, with it now seeking to 'contribute towards the objectives of the Paris Agreement by investing in companies which are transitioning to net zero carbon emissions'. The strategy will seek to achieve its sustainable investment objective through targeting to deliver a weighted average carbon intensity (WACI) lower than its new benchmark.

SECTION 2

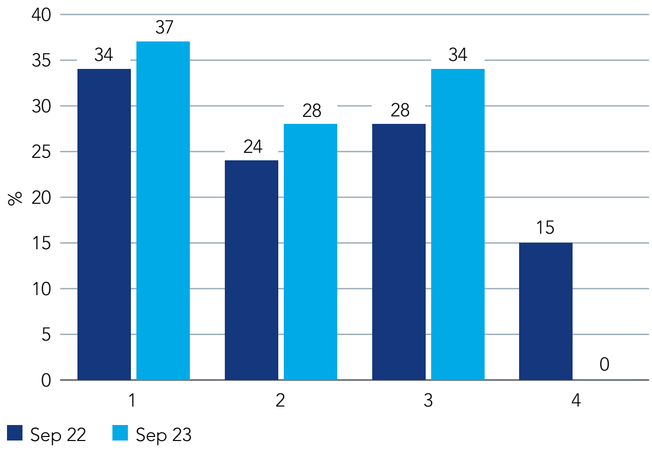
Investment review

The strategy generated a total return of 12.89% (in US$ terms, gross of fees), behind its benchmark by 10bps in 2023. Last year, the strategy's overweight positioning in Banking, Telecommunications and Insurance were its top sector contributors to its overall performance. In contrast, its underweight positioning in Leisure and Financial Services were its biggest detractors.[1]

From a rating's perspective, the strategy's overweight positioning to securities rated BB and above positively impacted its performance the most, while its underweight positioning in B and CCC and lower-rated securities detracted the most.

At the regional level, the strategy's overweight positioning to Western Europe and the UK were its top contributors to its relative performance, while its underweight positioning to the Americas and Asia DM detracted the most.

Figure 4: CCI Climate Change Impact (CCI) score dispersion within the portfolio



Source: Federated Hermes, Sustainability Hub, 30 September 2023. See page 10 for an in-depth explanation of each of these scores. Broadly speaking, the lower the score, the greater the progress and impact companies have made and will likely make in the future towards decarbonisation.

Climate Change Impact scores: sector breakdown.

Sector	1	2	3	Total
Automotive	2.2%	2.7%	3.3%	**8.2%**
Banking	5.1%	3.2%	5.1%	**13.4%**
Basic Industry	2.4%	2.0%	3.4%	**7.8%**
Capital Goods	3.8%	6.4%	4.0%	**14.1%**
Consumer Goods	0.0%	0.6%	1.1%	**1.7%**
Financial Services	0.0%	0.0%	1.7%	**1.7%**
Healthcare	0.0%	2.5%	2.0%	**4.5%**
Insurance	2.1%	2.2%	1.7%	**6.0%**
Media	0.9%	0.0%	2.6%	**3.5%**
Real Estate	1.3%	0.0%	0.0%	**1.3%**
Retail	3.2%	2.0%	1.8%	**7.0%**
Services	0.0%	1.2%	1.3%	**2.5%**
Technology and Electronics	3.5%	1.0%	2.6%	**7.2%**
Telecommunications	9.4%	2.3%	3.7%	**15.5%**
Utility	3.4%	2.3%	0.0%	**5.7%**
Total	**37.3%**	**28.4%**	**34.3%**	**100.0%**

Source: Federated Hermes, Sustainability Hub, 30 September 2023.

[1] The strategy's new benchmark has zero exposure to the energy sector.

Carbon metrics

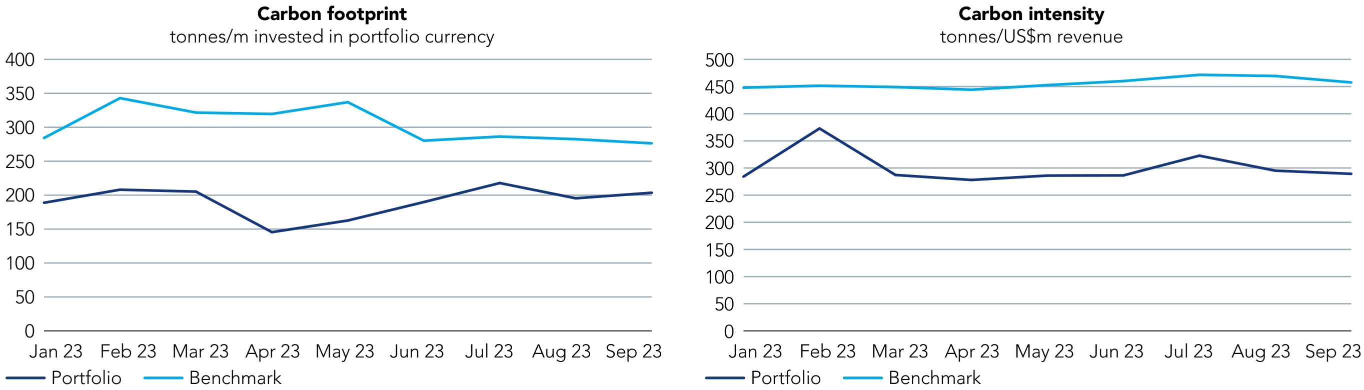
Measuring the carbon footprint of investee companies is an important component of our environmental due diligence – and we monitor the portfolio's carbon intensity and carbon footprint using a variety of tools, company data and third-party research, when available. The data provided below is sourced using Trucost, as of 30 September 2023.

Engagement data

	Sep-22	Sep-23	% change
Environment engaged % AUM	66	69	5
Climate change engagement	61	69	13
Climate change emissions % engaged	89	89	0

Source: Federated Hermes, Environmental Tool, 30 September 2023.

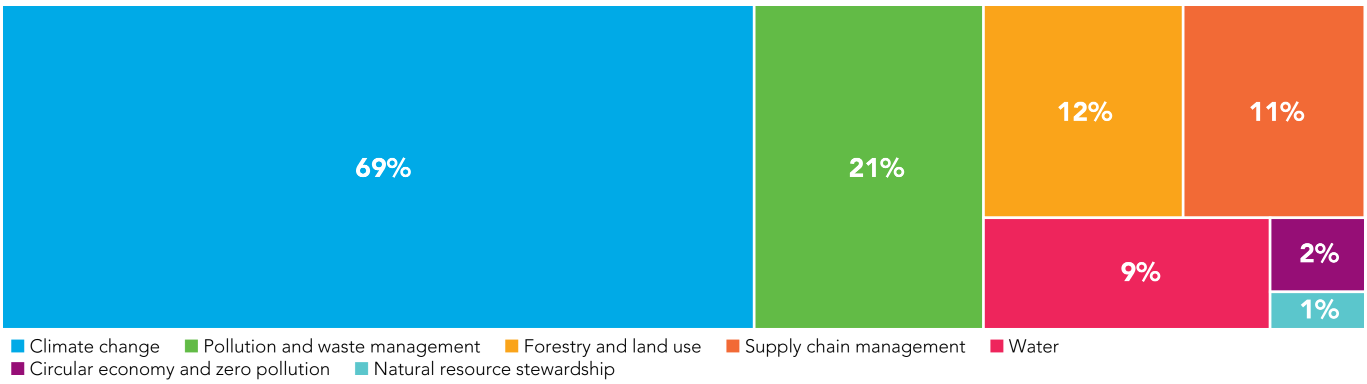
Figure 5: Carbon data[2]



Source: Trucost, Federated Hermes, as at 30 September 2023.

Source: Trucost, Federated Hermes, as at 30 September 2023.

Seeking climate action: Environmental engagement by themes



Source: Federated Hermes, Environmental Tool, 30 September 2023.

[2] Data is versus the strategy's previous benchmark. On 1 November 2023, the strategy's benchmark changed from a broad global high yield benchmark (ICE BofA Global High Yield Constrained USD Hedged) to a Paris-Aligned benchmark (ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged). Carbon footprint and intensity data for future reports will be versus this new benchmark.

SECTION 3

The evolution of our CCI Score

Our proprietary framework – the Climate Change Impact (CCI) score – aims to reflect the progress and impact companies have made and will likely make in the future towards decarbonisation. Here's how we have augmented it this year.

The Sustainable Finance Disclosure Regulation (SFDR) brings stricter ESG disclosure obligations for asset managers, with the intention of raising the transparency and sophistication of sustainability strategies in sustainable investment funds.

To remain at the forefront of this developing landscape, we continuously advance our own approach to incorporating financially material sustainability factors across our fund range, with the Climate Change Impact (CCI) score being no exception. We augmented the CCI score this year with the purpose of improving our articulation of the key factors driving each score and introducing a greater emphasis on sector-specific data.

Our updated framework retains the substance of our original approach but introduces more precise terminology. The overall score remains at the union of two dimensions, 'Ambition' (which incorporates company targets and initiatives related to decarbonisation) and 'Execution' (which replaces what we previously termed 'Expected Impact'). 'Execution' more accurately describes the qualitative and quantitative analysis that we use to determine the likelihood a company will 'execute' its decarbonisation strategy.

Within the Execution dimension, the 'Emissions Performance' category has been re-termed 'Decarbonisation Performance' to reflect the inclusion of sector-specific quantitative metrics that indirectly relate to GHG emissions, in addition to the GHG emissions already being monitored.

As well as highlighting what sector-specific sub-categories are being assessed within the CCI score, the table provides a useful visualisation of which categories are driving the score, with a sub-score provided in line with our overall 1-5 CCI score methodology. It is important to note that, while this displays which categories are driving the overall score, quantitative weights are not applied to each category. This is because each sector is at a different stage in its development of climate change disclosures, targets and strategies: applying consistent weights across sectors would result in the score favouring certain sectors over others. This would also have the unwanted effect of reducing the diversity of a portfolio and the ability to identify leaders within each sector.

Our updated framework retains the substance of our original approach but introduces more precise terminology.

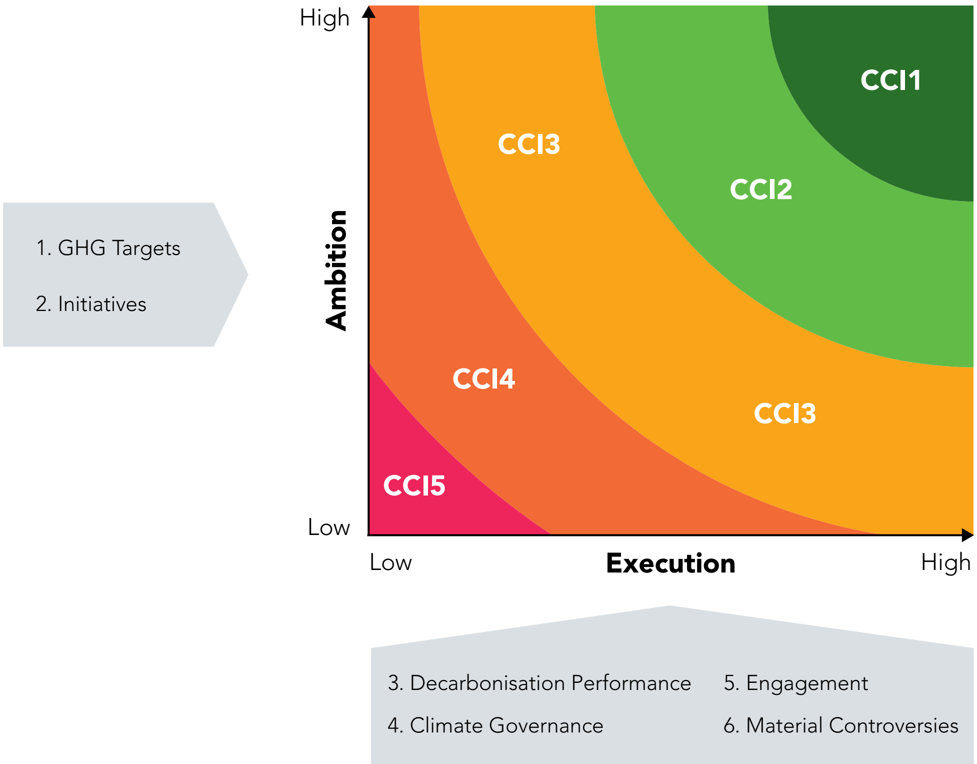
Differentiation between high- and low-materiality sectors has also been introduced to our 1-5 scoring framework. High-materiality sectors are the handful of sectors contributing the significant majority of global GHG emissions; the remaining sectors are classified as low-materiality sectors. The absence of an approach to decarbonisation from any company hinders progress against the goals of the Paris Agreement, but lack of action is considered particularly harmful from companies in high-materiality sectors when accounting for the size of their respective annual GHG emissions. It is for this reason we assign such companies with the newly termed 'Harmful' CCI 5 score, while companies lacking decarbonisation strategies in low-materiality sectors receive the 'No Material Decarbonisation' CCI 4. It is worth noting that the CCI 5 score will continue to include companies with serious climate-related controversies and inadequate mitigating circumstances, regardless of their sector.

With both dimensions, Ambition and Execution, assessed using the new six-category framework, a table has been introduced to breakdown each CCI score's rationale, with category scores highlighting the categories driving the score. With each category assessed, Figure 6 provides a visualisation of how a score of 1-5 is reached.

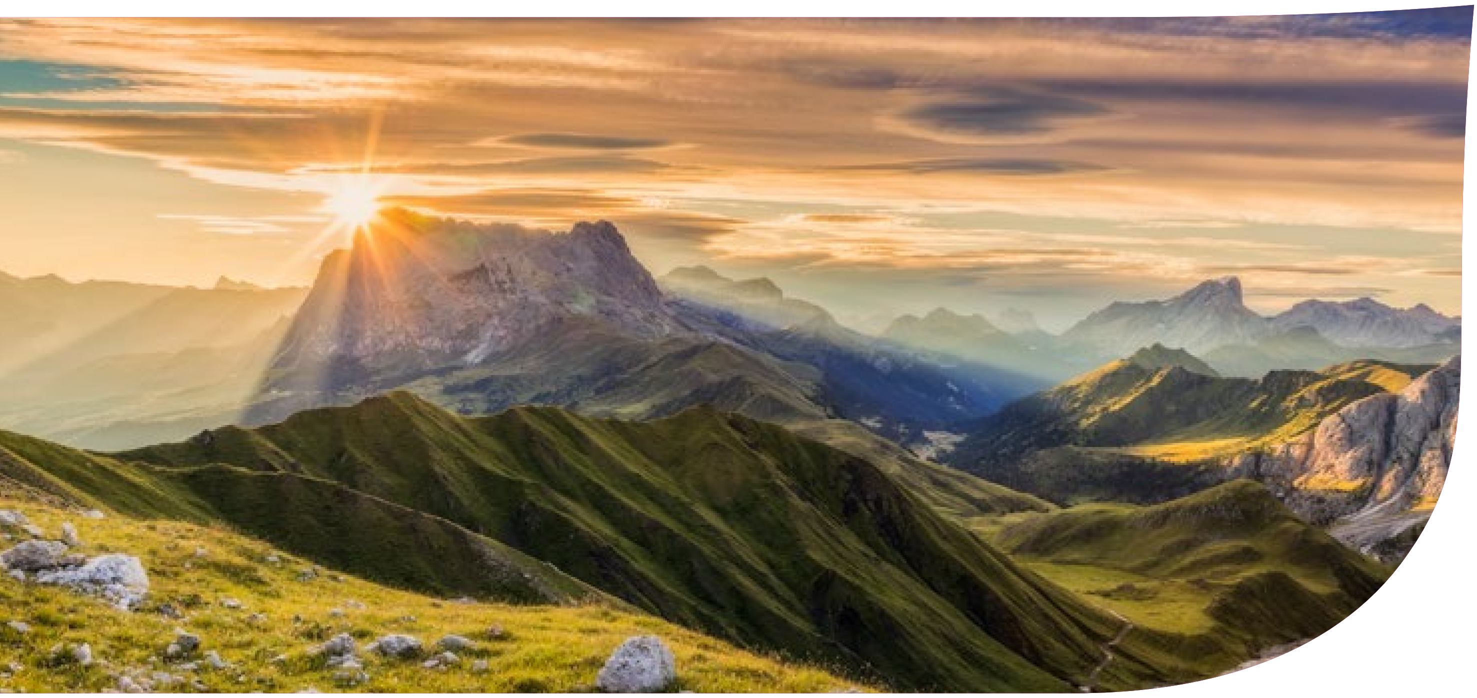
Our augmented CCI score

Dimension	Category	Category score
Ambition	1. GHG Targets	Leader
	2. Initiatives	Advanced
Execution	3. Decarbonisation Performance	Aspirational
	4. Climate Governance	No Material Decarbonisation
	5. Engagement	Positive
	6. Material Controversies	Neutral

Figure 6: The transition through to CCI1



Source: Federated Hermes. For illustrative purposes only.



SECTION 4

Case studies: Homebuilders and the chemicals sector

Previous sectors covered in this report: Industrials, banks, consumer goods, pulp & paper, utilities.

Homebuilders

A significant contribution to global emissions originates from our very own back yards or, more specifically, our homes. In 2022, global CO_2 emissions from buildings, including embodied emissions[3] from new construction, accounted for 39.65% of global energy-related emissions with direct and indirect CO_2 emissions from residential buildings contributing over 16% alone.[4,5]

Responsibility for reducing GHG emissions from buildings falls on multiple parties: governments can introduce stricter building regulations; real estate companies can make energy efficiency improvements to their portfolios and residents can make energy-conscious decisions. An important party is the housebuilding sector, which can influence both embodied emissions and emissions during the operation of the buildings.

Our CCI scoring framework considers both types of emissions, assessing whether Homebuilders have initiatives in place to address upstream emissions from their suppliers and improve energy efficiency through the design, construction and operational phases of the home's lifecycle. As the most significant area of this sector's carbon footprint, emissions from the operating of buildings must be prioritised.

Indicators used in the CCI score help measure operational emissions performance in this area, including the percentage of homes delivered to green building certifications and average energy efficiency ratings such as the Home Energy Rating System (HERS) index score in the US. Created by the Residential Energy Services Network® (RESNET), the HERS Index is a system in the U.S for calculating a home's energy performance. A lower score means better energy performance.

As the most significant area of this sector's carbon footprint, emissions from the operating of buildings must be prioritised.

[3] **Embodied emissions**, also referred to as embedded emissions, are emissions generated between the extraction of raw materials to the final delivery of products which, in this instance, is the building.

[4] Buildings – Energy System – IEA, July 2023.

[5] Source: IEA, June 2023.

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

SECTOR CASE STUDY

KB Home – Climate Change Impact (CCI) score: 1

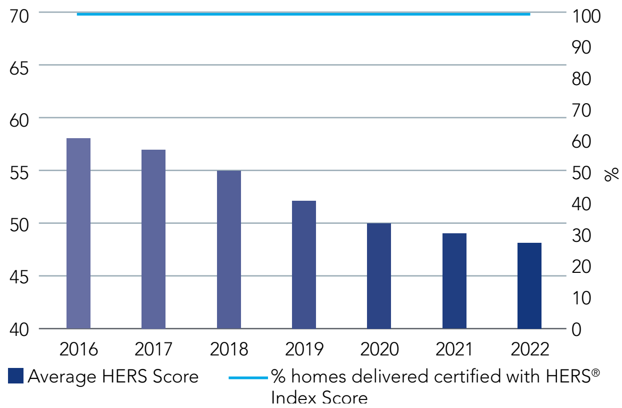
KB Home's ambition to address emissions from the operation of its homes is defined by a 2025 target to reduce the average HERS index score across the homes it delivers to 45 by 2025. KB Home's 2022 average score of 48 outperforms the average score of 58 for all HERS-rated homes in the US and is the #1 score among large homebuilders in the US[6]. This target may have a short horizon, but with the practice of target setting in short supply across the housebuilding sector, this positive outlook places KB Home ahead of its peers when it comes to signalling energy performance improvements.

The company supports its target through a longstanding commitment to building ENERGY STAR certified homes which benefit from upgraded insulation, high-performance HVAC equipment and modern building materials. KB Home also addresses carbon emissions upstream by increasing the use of recycled materials for plastics and structural beams and has a commitment to responsibly source wood products from partners who practice sustainable forest management.

In addition to having leading ambitions, KB Home demonstrates a historic track record of improving its HERS score (see Figure 7), increasing the percentage of homes that are fully electric, and reducing operational and scope 3 emissions[7] per homes delivered.

Our engagement activity with KB Home began in 2020 when we flagged our expectations for scope 3 data and emissions reduction targets. We have since had consistent discussions across sustainability topics, during which a target addressing the company's most material area of carbon footprint, downstream scope 3 emissions, was introduced. The company is receptive to our feedback on climate-related issues facing the sector, which we will continue to provide to help the company maintain its leadership position.

Figure 7: KB Home Energy Efficiency Performance



In a sector that is relatively underdeveloped in its approach to decarbonisation, KB Home stands out by having a strategy that addresses each area of its carbon footprint and evidence of energy efficiency and decarbonisation demonstrates execution of this strategy. It is, therefore, considered a leader within the CCI framework and receives a score of CCI 1.

CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Scope 1, 2 and 3 targets	Leader
2. Initiatives	Scope 3 sustainable sourcing	Leader
	Scope 3 downstream energy use	
Execution		
3. Decarbonisation performance	GHG-emissions	Leader
	Clean energy and efficiency progress	
4. Climate governance	ESG committee	Advanced
5. Engagement		Positive
6. Material controversies		No controversies

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[6] Taken from a list of top-20 US homebuilders ranked by number of closings on *Builder Magazine's* most recent annual *Builder 100* list.

[7] **Scope emissions:** Scope 1, Scope 2, and Scope 3 is a classification system for greenhouse gas (GHG) emissions a firm creates through its operations, energy usage, and the wider value chain. **Scope 1 emissions** – All direct emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks. **Scope 2 emissions** – Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation. **Scope 3 emissions** – All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

SECTOR CASE STUDY

Taylor Morrison – Climate Change Impact (CCI) score: 3

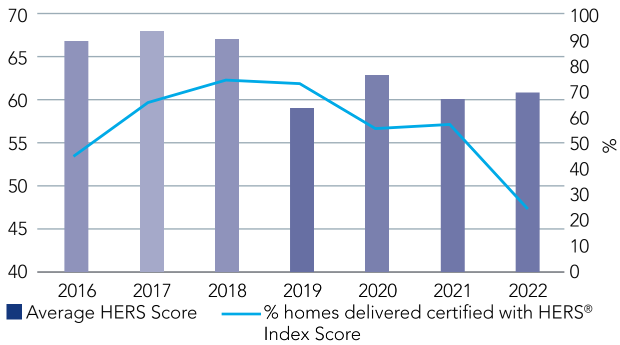
We have engaged closely with Taylor Morrison since 2021, discussing topics including climate-related disclosures, executive remuneration and workforce diversity. During this time, the company has advanced against multiple objectives including the introduction of scope 1, 2 and 3 emissions data to its disclosures. The company continues to be receptive to our feedback and we therefore consider engagement with the company to be a positive influence on the score.

Taylor Morrison has made recent improvements to the governance of its ESG strategy. In addition to having an ESG steering committee that includes the CEO, the company appointed a corporate director of sustainability in 2023 to execute the company's sustainability strategy. Among the director's priorities is the evaluation and development of a long-term plan to manage the company's carbon footprint.

A further positive influence on the CCI score includes the company's decarbonisation initiatives which address both scope 3 upstream and downstream emissions. Taylor Morrison has an advanced approach to reducing upstream emissions, with a commitment to use due diligence and a competitive bidding process to prioritise suppliers with developed approaches to decarbonise their products. It also participates in engagement with suppliers which we recognise as a key step to decarbonisation strategies being introduced across the value chain.

For the company to improve its CCI score, it can introduce emissions reduction targets and build on vague commitments to upgrade energy efficiency technology in its homes by introducing an energy efficiency-related goal and increase the use of energy efficiency assessments. Such additions would signal a stronger ambition to reduce scope 1, 2 and 3 emissions and help improve its decarbonisation performance which currently lags behind the industry average based on quantitative metrics related to GHG emissions and energy performance.

Figure 8: Taylor Morrison Energy Efficiency Performance



An overall score of CCI 3 reflects the company's shortcomings in targets and decarbonisation performance being countered by other categories in ambition and execution that evidence a developing approach of reducing the company's overall carbon footprint. Taylor Morrison offers an example for assessing mixed performance in a company's decarbonisation ambitions and execution, and highlights the importance of assessing companies with a multi-factor framework such as the CCI score's six-category framework rather than focusing solely on a company's targets or decarbonisation performance.

CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Scope 1, 2 and 3 targets	No material decarbonisation
2. Initiatives	Scope 3 sustainable sourcing Scope 3 downstream energy use	Advanced
Execution		
3. Decarbonisation performance	GHG-emissions Clean energy and efficiency progress	Aspirational
4. Climate governance	ESG committee	Advanced
5. Engagement		Positive
6. Material controversies		No controversies

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

Chemicals

The chemicals sector is the third-largest industrial emitter globally.[8] According to the International Energy Agency (IEA), chemicals producers must leverage the range of options available for decoupling the expected rapid, continued growth of the industry from harm to the climate if we are to achieve net zero by 2050. Our CCI scoring framework rewards the companies that are re-positioning their business models to capture these opportunities.

First, we assess a company's progress on shifting towards cleaner energy sources. Companies have the opportunity to electrify processes and switch to renewable energy sources, although technological feasibility varies by specific value chain.

We also assess the extent to which a company is creating closed loop value chains. Virgin materials can often be substituted with recycled content, reducing waste sent for disposal and eliminating the emissions associated with producing such inputs from scratch. This is no easy task, as recycling rates for many end-products remain low (for example, only 9% of waste plastic was recycled globally in 2019).[9] Related to this is switching from fossil fuel-based feedstocks to those derived from biological, renewable sources. This also reduces demand for virgin material and therefore reduces emissions.

Finally, a company must address its most material emissions category, scope 3, which is especially complex for the sector given the vast nature of chemical product portfolios. Regardless, issuers are taking steps to account for the lifecycle emissions of their product portfolios: setting scope 3 targets, collaborating with suppliers to make target-setting more widespread, and innovating product portfolios to reduce end-product emissions.

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[8] *How to build a more climate-friendly chemical industry*, published by WEF in 2020.
[9] *Plastic pollution is growing relentlessly as waste management and recycling fall short, says OECD*, published by OECD in 2022.

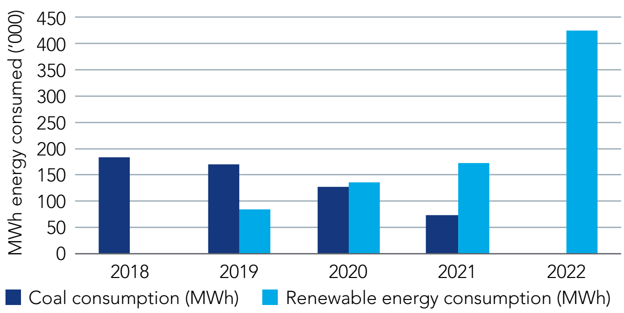
SECTOR CASE STUDY

Orbia – Climate Change Impact (CCI) score: 1

Orbia is a global chemical company specialising in polymers that are used in water pipes, construction materials, data cables and other products. Its decarbonisation targets achieved 'leader' status in 2023, when it announced the SBTi's verification of its scope 1, 2 and 3 targets under a 1.5°C pathway.

To achieve these ambitions, the company is decreasing its operational emissions through energy efficiency improvements, shifting to renewable energy, and eliminating landfilled waste by 2025. Its scope 1 and 2 emissions have already fallen 20% below its 2019 baseline, making it well-positioned to achieve its 47% reduction target by 2030. Between 2021 and 2022, the company consumed 6% less energy and increased its renewable energy share to 6% (from 2%). Its phase-out of a coal-fired boiler at one of its sites also brought significant emissions reductions.

Figure 9: Orbia: coal and renewable energy consumption (2018-2022)



Data sources: Orbia CDP reports 2019, 2020, 2021, 2022, 2023

To increase circularity, the company has set recycled input targets for some of its key businesses. This includes its building & infrastructure business' aim to increase its use of post-consumer recycled plastics to 25% by 2025. Overall, Orbia reduced landfilled and incinerated waste 12%, and increased its recycling, reuse and recovery of waste from 55% to 61%, between 2021 and 2022.

Orbia's absolute scope 3 target differentiates it amongst peers, many of whom are yet to address value chain emissions due to challenges in how they can be reliably calculated.

The company expects the green transition to be a key demand driver in the coming years, predicting that decarbonisation and the energy transition will grow from 15% to 25% of its total EBITDA by 2029. Its products can help other industries to decarbonise, for example, its fluorinated solutions business already provides refrigerants and propellants with lower global warming potentials, enabling customers to address significant portions of their direct emissions. Recently, the company also announced a joint venture in the US to produce a key input for lithium-ion batteries, capturing an opportunity to meet growing demand for electric vehicles in the region.

It is clear that Orbia emerges as a leader based on stated commitments and execution of these to date. We will continue to monitor the company to ensure it remains on this trajectory, and review its CCI score accordingly.

CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Scope 1, 2 and 3 targets	Leader
2. Initiatives	Energy use	Leader
	Circularity	
	Scope 3	
Execution		
3. Decarbonisation performance	GHG-emissions	Leader
	Energy use	
	Circularity	
	Scope 3	
4. Climate governance		Leader
5. Engagement		Positive
6. Material controversies		Neutral

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

SECTOR CASE STUDY

CF Industries – Climate Change Impact (CCI) score: 3

CF Industries, the world's largest producer of ammonia[10], is aiming to reduce its scope 1 emissions intensity (per ton of product) by 25% between 2015 and 2030. So far, it has achieved a 16% reduction. In 2022, 41% of the company's purchased electricity came from renewable sources, growing from 23% in 2019. However, the company's electricity use is dwarfed by its natural gas consumption, which is used both as a feedstock for ammonia production and as a fuel, and cannot be easily substituted.

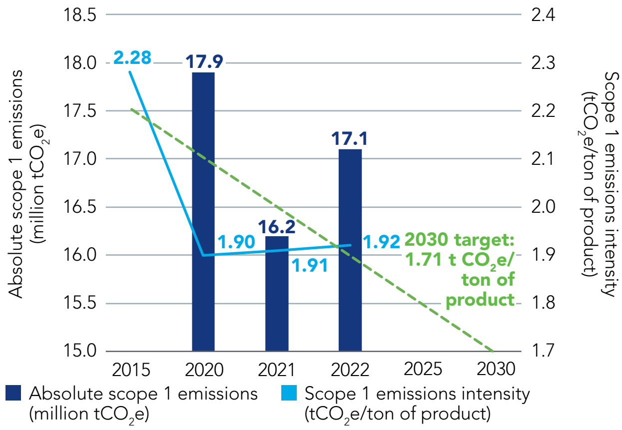
Decarbonising will therefore require significant capital investment and innovation. In 2020, the company announced that it would enter the green[11] and blue[12] ammonia markets, marking a significant shift in its strategy. It has committed to invest USD 385 million into its purification and compression capabilities for carbon capture, to enable 1.5 million tonnes of blue ammonia production from 2024. Its Donaldsonville Complex, already the largest ammonia production facility in the world, will house a new electrolyser to produce zero-carbon hydrogen and green ammonia.

To drive further operational emissions reductions, CF is installing nitrous oxide abatement technology (already in place at one-third of its nitric acid plants), further carbon capture and storage (CCS) projects, energy efficiency improvements, and potential flue gas capture/absorption projects.

The company has exceeded the ambition of many of its peers by setting an absolute scope 3 reduction target. To drive progress against this ambition, the company became the first industrial buyer of certified, low-methane-intensity natural gas. To address downstream emissions, it is partnering with farmers to encourage sustainable fertiliser use, targeting 60 million acres of sustainably managed farmland by 2030.

Nonetheless, there is still room for improvement on CF's climate strategy. We are engaging with the company to encourage the replacement of its scope 1 intensity target with an absolute, science-based emissions target to ensure 1.5°C alignment. The company has many decarbonisation projects and partnerships under development, evidence that these are leading to reduced emissions could warrant an upgrade of its CCI score.

Figure 10: CF Industries: Scope 1 Emissions (Absolute & Intensity)



CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Scope 1, 2 and 3 targets	Aspirational
2. Initiatives	Energy use	Leader
	Circularity	
	Scope 3	
Execution		
3. Decarbonisation performance	GHG-emissions	Advanced
	Energy use	
	Circularity	
	Scope 3	
4. Climate governance		Advanced
5. Engagement		Positive
6. Material controversies		Neutral

The information in this section does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[10] **Ammonia** is a chemical compound that is mainly used for agricultural fertiliser production.

[11] **Green ammonia** is produced using green hydrogen, which is produced through electrolysis powered by renewable energy, as a zero-carbon alternative to producing ammonia using natural gas.

[12] **Blue ammonia** is a low-carbon alternative to ammonia, using hydrogen that has been captured and stored from other industrial processes.

Schedule of Rates of Return and Statistics

Composite: **Federated Hermes Climate Change High Yield Credit Hedged to USD**

Index: **ICE BofA Global HY Paris-Aligned Absolute Emissions USD Hdg; prior to Nov23 Global HY Constrained**

Periods ending: **31 December 2023**

	Returns (%)		
	Composite Gross Return	Index	Composite Net Return
Q4 23	8.07	6.71	7.89
1 Year	12.89	12.99	12.16
Oct-21 – Dec-23 (Annlzd)^^	-0.33	-0.09	-0.98

Annual Returns (%)									
Year	Composite Gross Return	Composite Net Return	Benchmark Return	*Composite 3-Yr Std Dev	*Benchmark 3-Yr Std Dev	Number of Portfolios	**Dispersion	Composite Assets (mil)	Firm Assets (bil)
2021	-0.17	-0.34	-0.33	N/A	N/A	<5	N/A	93.2	634.2
2022	-11.92	-12.49	-11.38	N/A	N/A	<5	N/A	133.6	627.4
2023	12.89	12.16	12.99	N/A	N/A	<5	N/A	87.2	720.0

^^Represents composite inception period. See below for additional notes to the schedule of rates of return and statistics.

*Represents the 3-year annualized standard deviation for both the gross composite and the index returns. Statistic is used to measure the volatility of composite returns.

**Standard deviation is calculated using gross returns. Dispersion is not applicable ("N/A") for any period if fewer than five accounts are in the composite for that period.

The composite includes all discretionary portfolios following the Climate Change High Yield Credit Hedged to USD strategy run by the Federated Hermes Global Credit team (London Office) and has an inception date of 1 October 2021. The objective of the strategy is to exceed the return of the benchmark over a rolling five-year period whilst delivering a carbon footprint lower than the benchmark through investment in debt securities of companies that are adapting their business models to reduce their environmental impact on Climate Change. The strategy may invest in a broad range of assets, either directly or through the use of derivatives, (including, but not limited to, equities, equity-related securities, eligible CIS and/or financial indices, futures, options, swaps, debt, fx and money markets). The strategy through its investments in FDIs may be leveraged. The composite's benchmark from the 1st November 2023 is the ICE BofA Global High Yield Paris Aligned Absolute Emissions Hedged to USD Index, which is designed to measure the debt market performance of global high yield debt in addition carbon reduction measured in terms of absolute carbon emission. The benchmark contains primarily USD and EUR issues. The index is rebalanced on the last calendar day of the month and the return is calculated on a total return basis. The existing benchmark from inception to 31st October 2023 was the ICE BofA Global High Yield Constrained Hedged to USD. This composite was created in November 2021. Performance shown for 2021 is for a partial period starting 1 October 2021. Federated Hermes claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS® standards. Federated Hermes has been independently verified for the period of January 1, 1992, through September 30, 2023. The verification report is available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The management fee schedule for this strategy is 0.65% per annum. Gross of fees returns have been calculated gross of management/custodial fees and net of reclaimable withholding taxes, but after all trading commissions.

Federated Hermes is a global, independent, multi-strategy investment management firm. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies that are advised or sub-advised by the various Federated Hermes advisory companies. Effective September 30, 2020, for GIPS® purposes the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude assets affiliated with Hermes GPE and the advisory-only, model-based assets that may be included in other reports providing total firm assets. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income. All market values and performance information are valued in USD unless currency is denoted in composite description. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the gross returns of all of the portfolios included in the composite over the entire year. See the composite description language for a discussion on appropriate fees currently applied to calculate composite performance. Net composite results are based off model fees using the stated fee schedule. In addition, further fee information can be obtained from the firm's respective Forms ADV Part 2 Brochure Item 5. Additional information regarding the policies for valuing investments, calculating performance, and preparing GIPS® reports, as well as a complete list and description of the firm's composites and pooled funds is available upon request. Past performance is not indicative of future results. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed.

Where the strategy invests in debt instruments (such as bonds) there is a risk that the entity who issues the contract will not be able to repay the debt or to pay the interest on the debt. If this happens then the value of the strategy may vary sharply and may result in loss. The strategy makes extensive use of Financial Derivative Instruments (FDIs), the value of which depends on the performance of an underlying asset. Small changes in the price of that asset may cause larger changes in the value of the FDIs, increasing either potential gain or loss.

For professional investors only. TThis is a marketing communication. It does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Federated Hermes. Whilst Federated Hermes has attempted to ensure the accuracy of the data it is reporting, it makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information reported. The data contained in this document is for informational purposes only, and should not be relied upon to make investment decisions. Federated Hermes shall not be liable for any loss or damage resulting from the use of any information contained on these pages. All performance includes reinvestment of dividends and other earnings. Please consider all strategy characteristics when investing and not just ESG characteristics.

The fund has environmental and/or social characteristics and so may perform differently to other funds, as its exposures reflect its sustainability criteria.

The above does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable.

This information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

Certain data included in this report has been obtained from third parties outside of Federated Hermes Limited ("Third Party Data"). Whilst Federated Hermes Limited endeavours to ensure the quality and accuracy of data in its reports, Third Party Data cannot always be fully checked and verified, and therefore Federated Hermes Limited cannot be held liable for the accuracy of Third Party data, or any data which uses the Third Party Data as a constituent part.

Federated Hermes refers to Federated Hermes Limited ("Federated Hermes"). The main entities operating under Federated Hermes are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFMIL"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Services Limited ("EOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA"), Hermes GPE (Singapore) Pte. Ltd ("HGPE Singapore"), Federated Investors Australia Services Pty Ltd. ("FIAS") and Federated Hermes Japan Ltd ("FHJL"). HIML, HAIML and Hermes GPE are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. HIML, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC") and HAIML and HFMIL are each an exempt reporting adviser. HGPE Singapore is regulated by the Monetary Authority of Singapore. FHJL is regulated by Japan Financial Services Agency. FIAS holds an Australian Financial Services Licence. HFMIL is authorised and regulated by the Central Bank of Ireland. HREIML, EOS and HSNA are unregulated and do not engage in regulated activity.

In the European Economic Area ("EAA") this document is distributed by HFMIL. Contracts with potential investors based in the EEA for a segregated account will be contracted with HFMIL.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls may be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Argentina: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

In Australia: This Strategy Document relates to potential offer of financial products or investment opportunities in Australia (Investment opportunities). Both Hermes Investment Management Ltd (HIML) and Federated Investors Australia Services Ltd. ACN 161 230 637 (FIAS) are the distributors of the Investment opportunities. HIML does not hold an Australian financial services licence (AFS licence) under the Corporations Act 2001 (Cth) ("Corporations Act"). HIML operates under the relevant class order relief from the Australian Securities and Investments Commission (ASIC) while FIAS holds an AFS licence (Licence Number - 433831).

The offer of Investment opportunities only made in circumstances under which no disclosure is required under Chapter 6D and Part 7.9 of the Corporations Act. Nothing in this Strategy Document is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D or Part 7.9 of the Corporations Act.

This Strategy Document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This Strategy Document has not been and will not be lodged with ASIC and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Strategy Document in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered managed investment scheme, as defined in the Corporations Act.

This Strategy Document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Strategy Document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products.

This Strategy Document has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

In Bahrain: This document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In Brazil: The strategies may not be offered or sold to the public in Brazil. Accordingly, the strategies have not been nor will be registered with the Brazilian Securities Commission - CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the strategies, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of strategies is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

In Brunei: This document is intended for distribution only to specific classes of investors as specified in the Order and must not, therefore, be delivered to, or relied on by, a retail client. The Autoriti Monetari Brunei Darussalam is not responsible for reviewing any documents in connection with these strategies. Prospective purchasers of the strategy should conduct their own due diligence.

In Chile: Federated Hermes is not registered or licensed in Chile to provide managed account services and is not subject to the supervision of the Comisión para el Mercado Financiero of Chile ("CMF"). The managed account services may not be publicly offered or sold in Chile.

In China: This document does not constitute a public offer of the strategies in the People's Republic of China (the "PRC"). The strategies are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the strategies or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

In Colombia: This document does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by Federated Hermes ("investment adviser") to Colombian residents. The investment adviser´s products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. The investment adviser has not received authorisation of licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell its financial products or services in Colombia. By receiving this document, each recipient resident in Colombia acknowledges and agrees that such recipient has contacted the investment adviser at its own initiative and not as a result of any promotion or publicity by the investment adviser or any of its representatives. Colombian residents acknowledge and represent that (1) the receipt of this presentation does not constitute a solicitation from the investment adviser for its financial products and/or services, and (2) they are not receiving from the investment adviser any direct or indirect promotion or marketing of financial products and/or services.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The strategies are not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Israel: This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 ("the Securities Law") or section 25 of the Joint Investment Trusts Law, 5754-1994 ("the Joint Investment Trusts Law "), as applicable. The strategies are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum ("the Addendum") to the Securities Law, ("Sophisticated Investors") namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing strategies for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing strategies for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing strategies for themselves), members of the Tel-Aviv Stock Exchange (purchasing strategies for themselves or for clients who are Sophisticated Investors), underwriters (purchasing strategies for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, (other than formed for the specific purpose of an acquisition pursuant to an offer),with a shareholder's equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases strategies is purchasing such strategies for its own benefit and account and not with the aim or intention of distributing or offering such strategies to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing strategies for another party which is a Sophisticated Investor). Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this document a recipient may be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing strategies for its own account or, where applicable, for other Sophisticated Investors. This document does not constitute an offer to sell or solicitation of an offer to buy any securities other than the strategies offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

In Japan: Federated Hermes Japan Ltd is registered as a Financial Instruments Business Operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3327), and conducting the Investment Advisory and Agency Business as defined in Article 28 (3) of the Financial Instruments and Exchange Act (FIEA). Federated Hermes Japan Ltd is acting as agent or intermediary for the conclusion of investment advisory contracts or discretionary investment contracts between affiliated companies within the Federated Hermes group and Japanese licensed discretionary investment managers, trust banks and other Japanese financial institutions. Federated Hermes Japan Ltd is a member of Japan Investment Advisers Association (JIAA). Reference to Federated Hermes in this material is not limited to Federated Hermes Japan Ltd, but includes group affiliates.

In Kuwait: This document is not for general circulation to the public in Kuwait. The strategies have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the strategies in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the strategies is being made in Kuwait, and no agreement relating to the sale of the strategies will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the strategies in Kuwait.

In The Sultanate of Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

In Peru: All content in this presentation is for information or general use only. The information contained in this presentation is referential and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision. This presentation has been prepared on the basis of public information that is subject to change. This information may not be construed as services provided by Federated Hermes, Inc. within Peru without having the corresponding banking or similar license according to the applicable regulation.

In Saudi Arabia: The document is provided at your request. This document is only available to (i) Authorised Persons, (ii) Exempt Persons or (iii) institutions. The strategy is not registered in Saudi Arabia

In South Africa: This document is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest. This document is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly this document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

In South Korea: Hermes Investment Management Limited is not making any representation with respect to the eligibility of any recipients of this document to acquire the strategies therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The strategies have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the strategies may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Spain: This document is issued by Hermes Fund Managers Ireland Limited, Branch in Spain, with Fiscal Identity Number W0074815B, registered in the Mercantile Registry of Madrid, - Volume 40448, Book 0, Sheet 16, Section 8, Page M-718259, first registration, with domicile at Paseo de la Castellana 18, 7° planta, 28046 Madrid - Spain, and registered in the Comisión Nacional del Mercado de Valores with official registration number 36.

In Thailand: The document has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In United Arab Emirates (Excluding Dubai International Financial Centre and Abu Dhabi Global Market): This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The strategies are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such strategies, and (b) upon their specific request. The strategies have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the strategies should be made to Hermes Investment Management Limited in London.

In Uruguay: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

BD013156 0016514 01/24

Federated Hermes
Limited

Federated Hermes

Federated Hermes is a global leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns and, where possible, to contribute to positive outcomes that benefit the wider world.

All activities previously carried out by Hermes Investment Management are now undertaken by Federated Hermes Limited (or one of its subsidiaries). We still offer the same distinct investment propositions and pioneering responsible investment and stewardship services for which we are renowned – in addition to important strategies from the entire group.

Our investment and stewardship capabilities:

- **Active equities:** global and regional
- **Fixed income:** across regions, sectors and the yield curve
- **Liquidity:** solutions driven by four decades of experience
- **Private markets:** real estate, infrastructure, private equity and debt
- **Stewardship:** corporate engagement, proxy voting, policy advocacy

For more information, visit **www.hermes-investment.com** or connect with us on social media: