ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: *Federated Hermes Climate Change High Yield Credit Fund*
Legal entity identifier: *21380099JOAAZ5PNBG96*

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.

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective:** 98.25%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 98.25% 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**

To what extent was the sustainable investment objective of this financial product met?

The Fund delivered a carbon footprint lower than the Benchmark (as indicated below) through investment in debt securities of companies that were adapting their business models to reduce their environmental impact on climate change.

The ICE BofA Global High Yield Constrained USD Hedged Index was used as a reference for comparing the environmental footprint of the Fund compared to the benchmark. Please note that the coverage ratio of the Fund and benchmark is low hence doesn't capture all portfolio holdings.

The Fund made sustainable investments in issuers which contributed to the environmental objectives of Climate Change Mitigation and Climate Change Adaption as defined under the Taxonomy Regulation (EU) 2020/852.

Derivatives are used within the fund to manage exposures, however were not used for the attainment of the Fund's sustainable investment objective.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

How did the sustainability indicators perform?

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*
GHG Emissions (Scope 1 & 2: tCO2eq)	*3939.21*	*9237.34*
Carbon Footprint (Scope 1 & 2: tCO2eq/USDmn)	*46.85*	*109.86*
Exposure to Fossil Fuels (% involved)	*0*	*3.36*
Energy Production from Non-Renewables (%)	*22.63*	*28.08*
Water Emissions (t/USDm)	*0*	*0*
Hazardous Waste Ratio (t/USDm)	*0.67*	*23.81*

Social Indicators:

Indicator	*Fund*	*Benchmark*
Violation of UNGC (% involved)	*0*	*0*
Board Gender Diversity (% female)	*37.49*	*29.32*
Controversial weapons (% involved)	*0*	*0.12*

Engagement activity and % Investment in excluded sectors:

Indicator	*Fund*
Engagement Activity as a % of AUM	*86*
Engagement progress (%)	*49*
% invested in excluded sectors	*0*

…and compared to previous periods?

*Please note the following differences in the data sources and methodologies used to measure the performance of the sustainability indicators between the periodic report for the period ending 31 December 2022 (the "**2022 Report**") and this periodic report for the period ending 31 December 2023 (the "**2023 Report**"):*

- *For all Principal Adverse Impact Indicators ("**PAIIs**"), we used the "issuer hierarchy" provided by Sustainalytics (SA) in 2022 Report as the basis for measuring the performance. In the 2023 Report and going forward, we will use the Federated Hermes Limited "issuer hierarchy" which has increased the coverage across a number of sustainability indicators for the Fund's holdings.*
- *For all PAIIs where financial data was needed to conduct any calculations, we used Sustainalytics data in the 2022 Report. In the 2023 Report and going forward, we will be using financial data from Factset.*
- *Sustainalytics Carbon Emissions data has been replaced with data from Trucost to ensure that the same data source is used across all reporting by Federated Hermes Limited.*

As a result of these differences in the data sources and methodologies, there may be a difference in data coverage in the 2023 Report compared to the 2022 Report resulting in slightly different outputs

2022 Yr End Environmental Indicators:

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
GHG Emissions (Scope 1 & 2: tCO2eq)	*4459.33*	*2676.88*	*38.13*	*31.98*
Carbon Footprint (Scope 1 & 2: tCO2eq)	*141.21*	*153.11*	*38.13*	*31.98*
Exposure to Fossil Fuels (% involved)	*0.12*	*19.08*	*65.14*	*51.69*
Energy Production from Non-Renewables	*26.97*	*37.05*	*27.62*	*15.66*
Water Emissions (t/USDm)	*1.47*	*0.58*	*1.76*	*1.08*
Hazardous Waste Ratio (t/USDm)	*3.31*	*83*	*16.79*	*13.64*

2022 Yr End Social Indicators

Indicator	*Fund*	*Benchmark*	*% Fund covered*	*% Benchmark covered*
Violation of UNGC	*0*	*5.56*	*65.95*	*52.50*
Board Gender Diversity	*37.07*	*29.52*	*52.40*	*38.56*
Controversial weapons	*0*	*0*	*65.95*	*52.50*

2022 Yr End Engagement activity and % Investment in excluded sectors

Indicator	*Fund*
Engagement Activity as a % of AUM	*81*
Engagement progress (%)	*48*
% invested in excluded sectors	*0*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

The Investment Manager used both a proprietary Climate Change Impact scoring model (the "CCI Scoring Model") and a proprietary ESG scoring model (the "ESG Scoring Model"), as further detailed below, to identify issuers that were adapting their business models to reduce their environmental impact on climate change. The Investment Manager did not invest in securities that have a CCI score of 5 nor a ESG score of 5, as such a score indicated those issuers that had the greatest sustainability risks and that were most likely to cause significant harm to the sustainable investment objective of the Fund. This comprised of:

- *(i) taking into account all adverse impact indicators and other relevant ESG indicators through the Investment Manager's proprietary CCI Scoring Model and 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 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 Manager did not invest, thereby ensuring the investments did not cause significant harm to any environmental or social investment objective.

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

The Investment Manager took into account all mandatory PAIIs and used those indicators which are deemed relevant to the Fund in the Investment Manager's proprietary CCI Scoring Model and 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 sought to identify 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 CCI 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 CCI 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 PAIIs are disclosed within the sustainability indicators detailed earlier.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 December 2023.

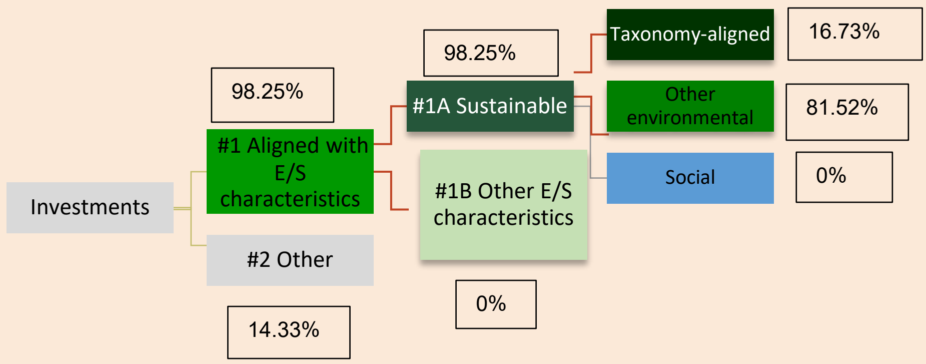
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
IQVIA Inc	Healthcare	1.94	United States
Virgin Media	Telecommunications	1.80	United Kingdom
Lorca Telecom	Telecommunications	1.70	Spain
Centene Corp	Healthcare	1.56	United States
Cellnex Telecom	Technology & Electronics	1.55	Spain
Rexel	Services	1.54	France
TerraForm Power	Utility	1.53	United States
Marks & Spencer	Retail	1.52	United Kingdom
Iron Mountain	Real Estate	1.37	United States
Telefonica	Telecommunications	1.35	Spain
Intesa Sanpaolo	Banking	1.35	Italy
Volvo	Automotive	1.33	Sweden
Telenet	Media	1.33	Belgium
Sunrise	Media	1.30	Netherlands
Levi Strauss	Retail	1.27	United States

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Source: Federated Hermes, as at end of December 2023. The total exposure doesn't equal to 100% as the Fund uses leverage. Please note that "Other" includes cash, sovereign and index exposures.

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	***Weight***
Automotive	*7.43%*
Banking	*13.48%*
Basic Industry	*6.04%*
Capital Goods	*10.25%*
Consumer Goods	*1.53%*
Energy	*0.00%*
Financial Services	*1.44%*
Healthcare	*5.94%*
Insurance	*6.10%*
Leisure	*0.00%*
Media	*4.17%*
Real Estate	*1.37%*
Retail	*7.15%*
Services	*3.14%*
Technology & Electronics	*8.63%*
Telecommunications	*16.30%*
Transportation	*0.00%*
Utility	*5.27%*

Source: Federated Hermes as at end of December 2023. Off benchmark sectors include: Cash, Index and Sovereign.

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

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.

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.

While the Fund committed to a minimum level of 1% sustainable investments with an environmental objective aligned to the EU Taxonomy, 2.30% (based on Turonover and ex sovereigns) of the Fund weighted by revenue alignment 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.

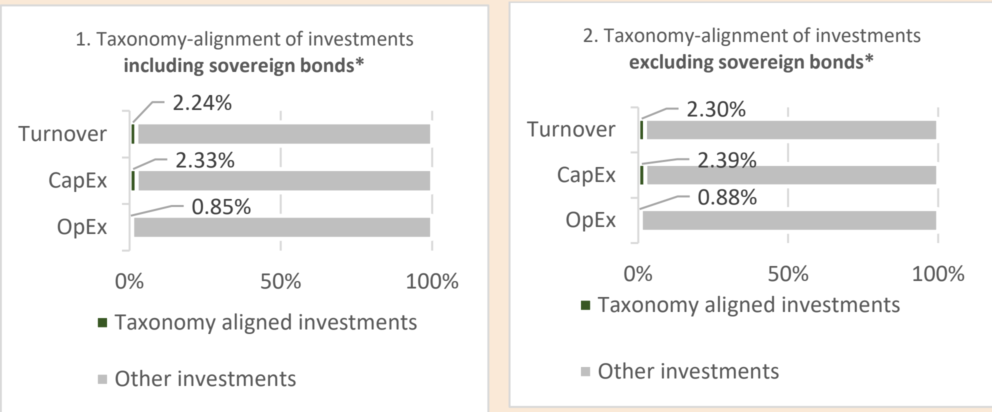
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

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?

[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.

While the Fund did not commit to a minimum level of sustainable investments in transitional or enabling activities, 0.76% (ex sovereigns based on turnover) of the Fund weighted by revenue alignment was invested in such activities during the reference period.

- ***How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?***

The percentage of investments of the Fund weighted by revenue alignment that were aligned with the EU Taxonomy in the 2022 Report was 1.66%.

As a result of differences in the data sources and methodologies, metrics in the 2023 Report, compared to the 2022 Report are likely to have slightly different outputs.

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

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

81.52% of the Fund was invested in environmentally sustainable investments, not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

0% of the Fund was invested in socially sustainable investments.

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

The Fund held 14.33% 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 attain the sustainable investment objective during the reference period?

*The Fund aimed to invest in a diversified portfolio of Below Investment Grade securities and credit default swaps while maintaining a lower carbon footprint than the ICE BofA Global High Yield Constrained USD Hedged Index (the "**Benchmark**") by investing in issuers that are adapting their business models to reduce their environmental impact on climate change.*

In order to achieve this, the Investment Manager used a proprietary CCI Scoring Model, which considered internal and external information gained from several sources such as engagement feedback, CDP (a not-for-profit provider of information that supports issuers to report and manage their environmental risks), S&P Global Trucost (a provider of environmental data on companies to support the assessment of risk relating to climate change), science-based targets, public sustainability disclosures and Transition Pathway Initiative (a not-for-profit provider of environmental information specifically relating to decarbonisation and carbon footprint reduction) amongst others. Along with the financial characteristics of each security, CCI metrics were considered both prior to investment as well as on an ongoing basis. Each underlying issuer on which the debt security was issued was given a CCI score on a scale of 1-5 (5 being the lowest score where, for example, there was no evidence that the issuer was trying to reduce its carbon emissions). CCI metrics were intended to measure both the progress of an issuer in reducing its carbon footprint as well as the impact that the reduction in its carbon footprint could have had on its sector or the global economy. The Investment Manager invested in issuers with a CCI score of 1-4 and excluded the issuers with a CCI score of 5 from the investment universe. The Investment Manager believed that the issuers with the greatest potential for a positive real world impact on climate change (e.g. CCI 1 & CCI 2) would have a greater likelihood of enhancing portfolio returns over the long term, that the increase in portfolio value would be at least in part due to their transition to a reduced carbon footprint. The Investment Manager used the CCI scores to support the identification and measure the progress of issuers as they adapted their business to reduce their carbon emissions and therefore reduced the *impact of climate change. If the issuers failed to deliver on the Investment Manager's carbon transition expectations, this was reflected in their ongoing CCI score. The Investment Manager sought issuers who had the greatest ability and inclination to transition their business to one which had a lower carbon footprint and reduced the impact of climate change on the planet. The CCI scores influenced portfolio allocation however the Investment Manager did not target a specific average CCI score for the portfolio as these were be considered along with a number of portfolio metrics that determined the holdings and size at any given time. Such portfolio metrics considered by the Investment Manager were financial in nature and related to duration, credit rating, sector weighting in the portfolio, macroeconomic factors (such as inflation, unemployment rates and central bank interest rates in each relevant jurisdiction), contributions to other risk measures such as volatility, default risk and other return drivers such as an increase in value or expected income derived from the issue.*

In addition to the analysis of individual issuers and the CCI metrics set out above, the Investment Manager also undertook an assessment of the ESG qualities of each issuer through a proprietary ESG Scoring Model. The Investment Manager's approach to ESG integration in its investment analysis drew upon internal and external sources to assign an ESG score to each country and issuer in the portfolio. To generate these ESG scores, the Investment Manager used Federated Hermes' proprietary scoring methodology to score a country or an issuer's ESG behaviours, assigning the ESG score on a scale of 1 to 5. This ESG Scoring Model favoured issuers with low environmental and social risks and issuers with who complied with the policy to assess good governance practices good governance, outlined further below. The Investment Manager invested in issuers with an ESG score of 1-4. 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 was 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 companies involved in specified activities, where those activities contributed to issuer revenues above prescribed revenue thresholds (see below for further detailed information). Excluded activities include fossil fuels including thermal coal, gas and oil, Controversial Weapons, conventional weapons, nuclear power, tobacco, cannabis, GMO crop production and companies in contravention of the principles of the UN Global Compact.*

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

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

- *the issuer's corporate governance is in line with the best practices as defined by EOS in the Responsible Ownership Principles and Regional Corporate Governance Principles documents; or*
- *the issuer's corporate governance is determined to be in-line with peers both in industry and/or region, taking into account the size of the issuer and how that may affect the governance of the issuer in the long-term, or*

- *the Investment Manager and/or EOS is engaging with the issuer to address enhancements to the issuer's governance practices, as further detailed in the section of this annex titled "What investment strategy does this financial product follow?"*

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

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

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

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

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

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

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

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

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 sustainable investment objective of the Fund.

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

The Fund delivered 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. Please find below the carbon footprint of the fund and benchmark:*

Indicator	***Fund***	***Benchmark***	***% Fund covered*****	***% Benchmark covered*****
Carbon Footprint (Scope 1 & 2: tCO2eq)	*46.85*	*109.86*	*77*	*82*

**The ICE BofA Global High Yield Constrained USD Hedged Index is used as a reference for comparing the environmental footprint of the Fund compared to the benchmark. Please note that the coverage ratio of the fund and benchmark is low hence doesn't capture all portfolio holdings.*

*** Unfortunately the low coverage ratios for the fund means the data doesn't reflect the full portfolio and hence we cannot draw objective conclusions from the data.*

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

See answer to the previous question.