

Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Risks Related to Federated Hermes' Investment Management Business **and Offerings** Potential Adverse Effects of a Material Concentration in Revenue. At any point in time, a significant portion of Federated Hermes' total AUM or revenue can be attributable to one or more of its products or strategies, or asset classes, or one or more customers with whom it has a relationship. See Note (4-5) to the Consolidated Financial Statements for information on material concentrations in Federated Hermes' revenue. A significant and prolonged decline in the AUM of a product, strategy, or asset class with a material concentration ~~could can~~ have a material adverse effect on Federated Hermes' future revenues and, to a lesser extent, net income, due to a related reduction in distribution expenses associated with these products, strategies, and assets. Likewise, significant negative changes in Federated Hermes' relationship with a customer or shareholder with a material concentration ~~could can~~ have a material adverse effect on Federated Hermes' future revenues and, to a lesser extent, net income due to a related reduction in distribution expenses associated with this customer or shareholder. A significant change in Federated Hermes' business **and offerings**, or a significant reduction in AUM due to ~~Regulatory-regulatory Developments-developments and new or amended regulatory requirements~~, market changes, such as significant and rapid increases in interest rates over a short period of time causing certain investors to prefer direct investments in interest-bearing securities, non-competitive performance, declines in asset values, the availability, supply and / or market interest in repurchase agreements and other investments, significant deterioration in investor confidence, continuing declining or prolonged periods of low short-term interest rates or negative interest rates or negative yields and resulting fee waivers, investor preferences for deposit products or other Federal Deposit Insurance Corporation (FDIC)-insured products, or certain exchange-traded funds, index funds or other passive investment products, changes in product fee structures, changes in relationships with customers or other circumstances, ~~could can~~ have a material adverse effect on Federated Hermes' Financial Condition. Potential Adverse Effect of Providing Financial Support to Investment Products. Federated Hermes can, from time to time, elect to provide financial support to its sponsored investment products. Providing such support utilizes capital that would otherwise be available for other corporate purposes. Losses resulting from such support, or failure to have or devote sufficient capital to support products, ~~could can~~ have a material adverse effect on Federated Hermes' Financial Condition ~~(including, but not limited to, its reputation)~~. Risk of Federated Hermes' Money Market Products' Ability to Maintain a Stable Net Asset Value. Approximately ~~40-47~~ % of Federated Hermes' total revenue for ~~2022~~ **2023** was attributable to money market assets. An investment in money market funds is neither insured nor guaranteed by the FDIC or any other government agency. Federated Hermes' retail and government / public debt money market funds, and its private and collective money market funds, seek to maintain a stable or constant NAV. Federated Hermes also offers non-U.S. low volatility NAV money market funds that seek to maintain a constant NAV, but will move to a four-digit NAV if such fund's NAV falls outside of a 20-basis point collar. While stable or constant NAV money market funds seek to maintain a NAV of \$ 1.00 per share, it is also possible to lose money by investing in these funds. Federated Hermes also offers institutional prime or municipal (or tax-exempt) money market funds which transact at a fluctuating NAV that uses four-decimal places (\$ 1.0000), and a short-term variable NAV non-U.S. money market fund. It is also possible to lose money by investing in these funds. Federated Hermes devotes substantial resources, such as significant credit analysis, ~~consideration-integration of proprietary insights from fundamental investment analysis, including~~ ESG factors **and engagement interactions (for many of its products and strategies)** and attention to security valuation, in connection with the management of its products and strategies. However, the NAV of an institutional prime or municipal (or tax-exempt) money market fund, or variable NAV fund or, if the above described conditions are met, a low-volatility NAV money market fund, can fluctuate, and there is no guarantee that a government / public debt or retail (i.e., stable or constant NAV) money market fund ~~, or a low-volatility money market fund,~~ will be able to preserve a stable or constant NAV in the future. Market conditions ~~could can~~ lead to a limited supply of money market securities and severe liquidity issues and / or declines in interest rates or additional prolonged periods of low yields in money market products or strategies, and ~~Regulatory-regulatory Developments-developments could and regulatory requirements can~~ lead to shifts in asset levels and mix, which ~~could can~~ impact money market fund NAVs and performance. If the NAV of a Federated Hermes stable or constant NAV money market fund were to decline to less than \$ 1.00 **per share, or if the fluctuating NAV of an institutional prime or municipal (or tax-exempt) money market fund, or variable NAV money market fund or low-volatility NAV money market fund consistently or significantly declines to less than \$ 1.0000** per share, such Federated Hermes money market fund would likely experience significant redemptions, resulting in reductions in AUM, loss of shareholder confidence and reputational harm, all of which ~~could can~~ cause material adverse effects on Federated Hermes' Financial Condition. ~~If the fluctuating NAV of an institutional prime or municipal (or tax-exempt) money market fund, or variable NAV money market fund or low-volatility NAV money market fund consistently or significantly declines to less than \$ 1.0000 per share, such Federated Hermes money market fund could experience significant redemptions, resulting in reductions in AUM, loss of shareholder confidence and reputational harm, all of which could cause material adverse effects on Federated Hermes' Financial Condition. Similar material adverse effects could result if certain SEC-proposed money market fund reforms, such as swing pricing or a four-digit NAV for certain money market funds, are adopted as proposed.~~ Potential Adverse Effects of Increased Competition in the Investment Management Business. The investment management business is highly competitive. Federated Hermes competes in the management and distribution of investment products and strategies (such as the Federated Hermes Funds and Separate Accounts), stewardship services and real estate development services with other fund management companies and investment advisors, national and regional broker / dealers, commercial banks, insurance

companies and other institutions. Many of these competitors have substantially greater resources and brand recognition than Federated Hermes. Competition is based on various factors, including, among others, business reputation, investment performance, quality of service, engagement, carbon neutrality and other ESG- related commitments and initiatives, the strength and continuity of management and selling relationships, distribution services offered, technological innovation (e. g., the use of financial technology, artificial intelligence, natural language processing, digital client engagement tools, and data science ~~in managing and distributing products and strategies~~), the ability to generate, validate and publish accurate reports in a timely manner, the ability to offer customers and shareholders 24 / 7 access to their funds, the type (e. g., passive- versus actively-managed, fund versus FDIC- insured deposits, ESG versus non- ESG) and range of products and strategies offered, fees charged, customer or shareholder preferences, political or other views surrounding ESG- related products or ESG integration and investing, and geopolitical developments. As with any highly competitive market, competitive pricing structures are important. If competitors charge lower fees for similar ~~offerings products or strategies~~, Federated Hermes has reduced, or ~~could~~ **can** further reduce, the fees on its own ~~offerings products or strategies~~ (either directly on a gross basis or on a net basis through fee waivers) for competitive purposes in order to retain or attract customers and shareholders. Increased competition also can require changes in Federated Hermes' business strategy or model, ~~offerings products (e. g., launching additional ETFs and creating additional philanthropic share classes), investment strategies~~, operational strategies, ESG strategies and human resource management strategies to respond to competition from existing and new market innovations and competitors, which can increase expenses and create the risk that such changes will not be successful or implemented properly, or that Federated Hermes will not achieve its long- term strategic objectives. Such fee reductions, changes in business models or strategies, or other effects of competition, or failures to adequately adjust business practices, ~~products, or services offerings~~ to meet competition, ~~could~~ **can** have a material adverse effect on Federated Hermes' Financial Condition. Many of Federated Hermes' ~~offerings products and strategies~~ are designed for use by institutions such as banks, insurance companies and other corporations. A large portion of Federated Hermes' managed assets, particularly money market, fixed- income, and alternative / private markets assets, are held by institutional investors. If the structure of institutional investment products, such as money market funds, changes or becomes disfavored by institutions, whether due to regulatory or market changes, competing products (such as FDIC- insured deposit products or non- transparent, actively managed ETFs) or otherwise, Federated Hermes could be unable to retain or grow its share of this market and this ~~could~~ **can** adversely affect Federated Hermes' future profitability and have a material adverse effect on Federated Hermes' Financial Condition. Certain of Federated Hermes' products and strategies also can be impact oriented and might not be suitable investments for certain fiduciary customers in the U. S. without obtaining appropriate consent. Certain customers or potential customers of Federated Hermes also ~~could~~ **can** disfavor impact oriented or other ESG products or ~~services strategies~~ for political or other reasons. These factors can limit Federated Hermes' ability to market or grow assets and this ~~could~~ **can** adversely affect Federated Hermes' future profitability and affect, potentially in a material way, Federated Hermes' Financial Condition. A significant portion of Federated Hermes' revenue ~~comes is derived~~ from providing products and strategies to the financial intermediary market, comprising over ~~11~~ **10**, 000 institutions and ~~intermediaries intermediary customers~~ worldwide. Its future profitability will be adversely affected if it is unable to retain or grow its ~~market share of this market and~~ **can** ~~could also~~ be adversely affected by consolidations in the banking and securities industries, as ~~Regulatory regulatory Developments developments and regulatory requirements~~ impact its customers and shareholders. Potential Adverse Effects of Changes in Federated Hermes' Distribution Channels. Federated Hermes acts as a wholesaler of investment products and strategies to its customers, including, for example, banks, broker / dealers, registered investment advisors and other financial planners. It also sells investment products and strategies, and stewardship services and real estate development services, directly to corporations, institutions, government agencies, and other customers. There can be no assurance that any product diversification efforts (whether to Federated Hermes' fund line- up or geographically), ESG positioning or investments in data and analytics to bolster Federated Hermes' distribution efforts will be successful. There also can be no assurance that Federated Hermes will continue to have access to any customer that currently distributes its products and strategies, that its relationship with any one or more such customers will continue over time or on existing economic terms, or that its sales or distribution efforts will achieve any particular level of success. The impact of Voluntary Yield- related Fee Waivers, other waivers for competitive purposes, and related reductions in distribution expense can vary depending upon, among other variables, changes in distribution models, changes in such customers' distribution fee arrangements, changes in customer or shareholder relationships and changes in the extent to which the impact of the waivers is shared by one or more customers. In addition, exclusive of the impacts of waivers and related reductions in distribution expense, Federated Hermes has experienced a decrease in the cost of distribution as a percentage of total fund revenue from ~~31% in 2021 to 30% in 2022~~ ~~As interest rates increase, Federated Hermes expects such costs to increase 28% in 2023 total due to asset growth and per dollar of revenue earned due to the competitive pressures of the investment management business. Higher distribution costs reduce Federated Hermes' operating and net income.~~ Potential Adverse Effects of Declines in the Amount of or Changes in the Mix of Assets under Management. A significant portion of Federated Hermes' revenue is derived from investment advisory fees, which are typically based on the value of managed assets and vary with the type of asset being managed, with higher fees generally earned on multi- asset and equity products and strategies than on alternative / private market, fixed income, and money market products and strategies. Federated Hermes also can earn performance fees or carried interest on certain products and types of assets. Mutual fund and other fund products generally have higher advisory fees than Separate Accounts. Additionally, certain components of distribution expense can vary depending upon the asset class, distribution channel and / or the size or structure of the customer or shareholder relationship. Consequently, significant fluctuations in the number of shareholders or customers of Federated Hermes' products and strategies, the value of securities or other investments held by, or the level of subscriptions to or redemptions from, the products or strategies advised by its advisory subsidiaries and overall asset mix among products and strategies, can materially affect AUM and thus Federated Hermes' revenue, profitability, and growth. Similarly, changes in

Federated Hermes' average asset mix across products, strategies or asset types have a direct impact on Federated Hermes' revenue and profitability. Federated Hermes generally pays out a larger portion of the revenue earned from managed assets in money market and multi-asset funds than the revenue earned from managed assets in equity, fixed-income, and alternative / private markets funds. A significant portion of Federated Hermes' managed assets is in investment products or strategies that permit investors to redeem or withdraw their investment at any time. Capacity constraints, where the size of AUM in a particular product, strategy or asset class make it more difficult to trade efficiently in the market, can result in certain products, strategies, or asset classes being partially or fully closed to new investments, which can result in redemptions or a reallocation of assets to other products, strategies, or asset classes. ~~Additionally, changing~~ **Changing** market conditions, **regulatory developments, and regulatory requirements, among other factors,** can cause a shift in Federated Hermes' asset mix **among different types of products, strategies or asset classes, such as** towards money market and fixed-income products or strategies ~~and~~ **Regulatory developments and regulatory requirements also** can cause a shift **between different types of products, strategies, or asset classes, such as toward or** between money market fund products or **strategies or** from money market funds to other products **or strategies**. Each of the above factors can cause a decline in or otherwise affect, potentially in a material way, Federated Hermes' Financial Condition. Impairment Risk. At December 31, ~~2022~~ **2023**, Federated Hermes had intangible assets including goodwill totaling approximately \$ 1.2 billion on its Consolidated Balance Sheets, the vast majority of which represents assets capitalized in connection with Federated Hermes' acquisitions and business combinations. Federated Hermes might not realize the value of these assets. Management performs a review of the carrying values of goodwill and indefinite-lived intangible assets annually or when indicators of potential impairment exist and periodically reviews the carrying values of all other assets to determine whether events and circumstances indicate that an impairment in value has occurred. A variety of factors could cause the carrying value of an asset to become impaired. For example, the value of an asset ~~could~~ **can** be impacted if, among other factors, projected future revenue streams are reduced due to lower managed assets, increased projected expenses, higher discount rates or other changes in interest rates, or revenue is subject to claw back provisions. Should a review indicate impairment, a write-down of the carrying value of the asset would occur, resulting in a noncash charge which would adversely affect Federated Hermes' results of operations and Financial Condition for the period. Potential Adverse Effects of Termination or Failure to Renew Advisory Agreements. A substantial majority of Federated Hermes' revenue is derived from investment advisory agreements with Federated Hermes Funds (and to a lesser extent, sub-advised mutual funds) registered under the 1940 Act that are terminable upon 60 days' notice. In addition, each such investment advisory agreement must be approved and renewed annually by each mutual fund's board of directors or trustees, including independent members of the board **of directors or trustees**, or its shareholders, as required by law. Failure to renew, changes resulting in lower fees under, or termination of, certain or a significant number of, these agreements ~~could~~ **can** have a material adverse impact on Federated Hermes' Financial Condition. As required by the 1940 Act, each investment advisory agreement with a mutual fund automatically terminates upon its assignment, although new investment advisory agreements can be approved by the mutual fund's directors or trustees and, as required by law, shareholders. A sale or other transfer of a sufficient number of shares of Federated Hermes' voting securities to transfer control of Federated Hermes ~~could~~ **can** be deemed an assignment in certain circumstances. An assignment, actual or constructive, will trigger these termination provisions and can adversely affect Federated Hermes' ability to realize the value of these agreements. Federated Hermes' investment advisory agreements for Separate Accounts that are not investment companies subject to the 1940 Act are generally terminable upon notice to Federated Hermes (or, in certain cases, after a 30-day, 60-day or other notice period). As required by the Advisers Act, investment advisory agreements for Separate Accounts also provide that consent is required from customers before the agreements can be assigned. The failure to obtain customer consents for an assignment, actual or constructive, ~~could~~ **can** adversely affect Federated Hermes' ability to realize the value of these agreements. Regarding the investment advisory agreements with non-U.S. registered or unregistered Federated Hermes Funds, shareholder notice or consent can be required if, after an investment advisory agreement is entered into, there are changes to fees. Such investment advisory agreements are generally terminable for any reason, without cause, after a 30-day to 90-day (or other) notice period. Customer consent to amend investment advisory agreements for non-U.S. Separate Accounts can be required for amendments to such agreements, and such agreements also are generally terminable for any reason, without cause, after a 30-day to 90-day (or other) notice period. The terms of investment advisory agreements, including consent or ~~Board~~ **director or trustee**, shareholder or other notice or approval requirements for amending, renewing, or terminating them, can be negotiated and vary among types of Federated Hermes Funds and Separate Accounts. The termination of, or failure to renew, or reduction in fees under, an investment advisory agreement will reduce Federated Hermes' revenue and the termination of, or failure to renew, or reduction in fees under, an investment advisory agreement with a significant customer, or investment advisory agreements with a series of customers, can negatively affect, potentially in a material way, Federated Hermes' Financial Condition. There are also unique requirements applicable when entering into or renewing investment advisory agreements with certain management investment companies. Under the terms of a 2005 settlement agreement with the SEC and New York State Attorney General, as amended, a Federated Hermes investment advisory subsidiary cannot serve as investment advisor to any registered investment company unless: (1) at least 75% of the fund's directors are independent of Federated Hermes; (2) the chairman of each such fund is independent of Federated Hermes; and (3) no action can be taken by the fund's board of directors or trustees or any committee thereof unless approved by a majority of ~~the~~ **its** independent **directors / trustees** ~~board members of the fund or committee,~~ **respectively**. Risks Related to Interest Rates and Investment Performance Potential Adverse Effects of Rising Interest Rates. Increases in interest rates ~~could~~ **can** have an adverse effect on Federated Hermes' revenue from money market, fixed-income, alternative / private markets and other products and strategies. The value of equity securities (such as dividend-paying equity securities) can rise and fall in response to changes in interest rates. In a rising short-term interest rate environment, certain investors using money market products and strategies or other short-duration fixed-income products and strategies for cash

management purposes can shift these investments to direct investments in comparable instruments in order to realize higher yields. In addition, rising interest rates will tend to reduce the fair value of securities held in various investment products and strategies. Rising interest rates can also impact the value of intangible or other assets held on Federated Hermes' financial records and contribute to financial impairment. Rising interest rates can also impact demand for, and cost to, finance real estate, and impact the value of, and returns on, real estate and other alternative products and strategies. Among other potential adverse effects, rising interest rates can result in decreased liquidity, inflation and decreased affordability, changes in investor preferences, higher costs for borrowings, and increased market volatility, and could can negatively impact the performance of Federated Hermes' products and strategies and Federated Hermes' revenue. Management cannot estimate the impact of rising interest rates (including, for example, on Federated Hermes' revenue), but such impact could can have a material adverse effect on Federated Hermes' Financial Condition. Potential Adverse Effects of Low Short- Term Interest Rates. In March 2020, in response to disrupted economic activity as a result of the outbreak of the Pandemic, the FOMC decreased the federal funds target rate range to 0% - 0.25%. The federal funds target rate drives short- term interest rates. As a result of the near- zero interest- rate environment, the gross yield earned by certain money market funds was not sufficient to cover all of the fund' s operating expenses. Beginning in the first quarter 2020, Federated Hermes began to incur waive fees in order for certain money market funds to maintain positive or zero net yields (Voluntary Yield- related Fee Waivers). These waivers were partially offset by related reductions in distribution expense as a result of Federated Hermes' mutual understanding and agreement with third- party intermediary customers to share the impact of the Voluntary Yield- related Fee Waivers. In response to global economic activity and elevated inflation levels, the FOMC has raised the federal funds target rate multiple times in 2022 and in February 2023. The range is currently 4.50% - 5.50% as of the February 1, 2023 FOMC meeting. These rate increases eliminated the net negative pre- tax impact of the Voluntary Yield- related Fee Waivers by the third quarter second half of 2022. See Item 1A- Risk Factors- Specific Risk Factors- Risks Related to Federated Hermes' Investment Management Business and Offerings - Potential Adverse Effects of Increased Competition in the Investment Management Business for information on competitive waivers currently being implemented by Federated Hermes, other than the Voluntary Yield- related Fee Waivers. Voluntary Yield- related Fee Waivers are calculated as a percentage of AUM in certain money market funds and thus can vary depending upon the asset levels and mix in such funds. While the level of fee waivers is impacted by various factors, as an isolated variable, increases in short- term interest rates that result in higher yields on securities purchased in money market funds would likely reduce the negative pre- tax impact of these waivers. Conversely, as an isolated variable, decreases in short- term interest rates that result in lower or negative yields on securities purchased in money market funds generally would result in an increase in these fee waivers for certain money market funds and the negative pre- tax impact of these waivers. In that case, Federated Hermes could can be required to implement structural changes to certain money market funds and incur additional expenses associated with implementing such changes. Any increases in yields due to increases in interest rates and resulting decreases in fee waivers, or any decreases in yields due to decreases in interest rates and resulting increases in fee waivers, would be uncertain and not directly proportional. In addition, the level and actual amount of fee waivers, and the resulting negative impact of these fee waivers, are contingent on a number of variables, such as including, but not limited to, changes in assets within the money market funds, changes in yields available for purchase by such funds, changes to the level of government stimulus programs which could can result in the issuance of additional Treasury debt instruments, actions by the FOMC, the U.S. Department of Treasury, the SEC, the FSOC and other governmental entities, changes in expenses of the money market funds, changes in the mix of money market assets, changes in customer or shareholder relationships, changes in money market product structures and offerings, demand for competing products, changes in the distribution fee arrangements with third parties, Federated Hermes' willingness to implement, or, when applicable, continue, Voluntary Yield- related Fee Waivers and changes in the extent to which the impact of the waivers is shared by third parties. In any given period, a combination of these variables can impact the amount of Voluntary Yield- related Fee Waivers, if any. Given the variables involved, the actual amount and resulting negative impact of future fee waivers, if any, could can vary significantly from period to period. With regard to asset mix, changes in the relative amount of assets in prime and government money market funds (or between such funds and other money market funds or other products), as well as the mix among certain share classes that vary in pricing structure, can impact the level of fee waivers. Generally, prime funds will waive less than government funds due to higher gross yields on their underlying investments. As such, as an isolated variable, an increase in the relative proportion of average managed assets invested in prime funds as compared to total average money market fund assets should typically result in lower Voluntary Yield- related Fee Waivers. The inverse would also be true. For Federated Hermes did not incur Voluntary Yield- related Fee Waivers for the year ended December 31, 2022-2023, Voluntary Yield- related Fee Waivers totaled \$ 85.3 million. These fee waivers were partially offset by related reductions in distribution expenses of \$ 66.5 million, such that the net negative pre- tax impact to Federated Hermes was \$ 18.8 million. See Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations - Business Developments- Low Short- Term Interest Rates, for additional information which indicates that these waivers have been eliminated. The duration, level, and impact of an interest rate decline in interest rates and/or future Voluntary Yield- related Fee Waivers could can have a material adverse effect on Federated Hermes' Financial Condition. Potential Adverse Effects of Poor Investment Performance. Success in the investment management business is largely dependent on the investment performance of Federated Hermes Funds, Separate Accounts, or other portfolios relative to market conditions and competing products and strategies. Investment performance also depends on the quality of investment selection, proper valuation of investments, liquidity management, and the performance of the portfolio companies and other investments in which Federated Hermes', shareholders' and customers' assets are invested. The value and performance of the portfolio companies in which Federated Hermes', shareholders' and customers' assets are invested also can be adversely impacted, potentially in a material way, by climate, social, environmental, governance, and geopolitical changes, or other factors, which, in turn, can adversely impact Federated Hermes' and its products' and strategies'

performance. Good performance generally assists retention and growth of AUM, resulting in additional revenues. Good performance can also result in performance fees or carried interest being earned on certain products. Conversely, poor performance, or the failure to meet product or strategy investment objectives and policies, tends to have the opposite effect. There can be no guarantee that any product or strategy, or underlying investment, will be successful or have good performance. A product or strategy being, or becoming, an unsuitable product or strategy for a customer or shareholder, whether due to changes in investment objectives or otherwise, also tends to result in decreased sales and increased redemptions, and failure to earn performance fees, carried interest and / or other fees. For certain products or strategies, failure to integrate and apply acceptable ESG standards, carbon neutrality or climate change strategies, or sustainability or responsible investment principles, can be considered in determining, or result in, poor performance, and result in decreased sales and increased redemptions, and failure to earn performance fees, carried interest and / or other fees. The failure to earn performance fees, carried interest and / or other fees results in a corresponding decrease in revenues to Federated Hermes. Poor performance **could-can**, therefore, have a material adverse effect on Federated Hermes' Financial Condition **(including, but not limited to, business prospects)**. Market conditions, such as volatility, illiquidity and rising or falling interest rates, among others, can adversely affect the performance of certain quantitative or other ~~investment~~ strategies or certain products, asset classes or sectors. Limitations imposed by certain customers, trade agreements, and government- imposed restrictions, such as those on investments in certain countries or companies, can limit investment opportunities and negatively affect performance. Performance also can be adversely affected by inferior security selection, human error, government or issuer financial constraints, climate change that impacts portfolio company performance, **pandemics or other unexpected events (such as the Pandemic)**, and other factors. The effects of poor performance on Federated Hermes **could-can** be magnified where assets, customers or shareholders are concentrated in certain strategies, products, asset classes or sectors. Changes in foreign currency exchange rates and poor performance of investments made by Federated Hermes, or derivatives (including, for example, hedges or forward contracts) or other financial transactions entered into by Federated Hermes, can result in investment or capital losses and materially adversely affect Federated Hermes' Financial Condition. Risk Related to Federated Hermes' Corporate Structure Status as a Controlled Company. Federated Hermes has two classes of common stock: Class A, which has voting power; and Class B, which is non- voting except in certain limited circumstances. All of the outstanding shares of Class A common stock are held by the Voting Shares Irrevocable Trust for the benefit of certain members of the Donahue family. The three trustees of this trust are Federated Hermes' President and CEO and Chairman of the ~~Board~~ **board of directors**, J. Christopher Donahue, his brother, Thomas R. Donahue, Federated Hermes' Vice President, Treasurer and Chief Financial Officer and a director, and Ann C. Donahue, the wife of J. Christopher Donahue. ~~Ann C. Donahue is a successor trustee to Rhodora J. Donahue, J. Christopher Donahue's and Thomas R. Donahue's mother, who passed away in December 2022.~~ Accordingly, Federated Hermes qualifies as a " controlled company " under Section 303A of the ~~New York Stock Exchange (NYSE)~~ Listed Company Manual. As a controlled company, Federated Hermes qualifies for and relies upon exemptions from several NYSE corporate governance requirements, including requirements that: (1) a majority of the board of directors consists of independent directors; and (2) the entity maintains a nominating / corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities. As a result, **while Federated Hermes' board of directors may from time to time have a majority of independent directors, Federated Hermes' board of directors is not required to have (and, as of December 31, 2023 did not have) a majority of independent directors. It also** ~~does not have a majority of independent directors nor does it~~ maintain a nominating / corporate governance committee. Federated Hermes is also exempt as a " controlled company " from certain additional independence requirements and responsibilities regarding compensation advisors applicable to Compensation Committee members. While Federated Hermes believes its dual- class structure is appropriate and benefits its shareholders, and should be a factor taken into account by shareholders when investing in Federated Hermes, as a company with a dual- class structure, Federated Hermes can be excluded from certain financial indexes, which **could-can** result in decreased investments in its Class B common stock and adversely affect its stock price. General Risk Factors Economic and Market Risks Potential Adverse Effects of a Decline or Disruption in the Economy or Markets. Economic or market downturns, disruptions, or other conditions (domestic or international) can cause volatility, illiquidity, and other potential adverse effects in the markets. Such conditions also can adversely affect, potentially in a material way, the supply of investments, such as money market or municipal (tax- exempt) securities and the profitability and performance of, demand for **,** and investor confidence in investment products, **and** strategies ~~, and services~~, including those of Federated Hermes. Such economic or market downturns, disruptions or other conditions can include, for example, disruptions in the markets, defaults or poor performance in certain sectors of the economy, changes in the levels of consumer spending and personal savings, unemployment, excessive corporate debt levels, increased personal, business or government / municipality bankruptcies, supply chain disruptions, the commencement, continuation or ending of government policies and reforms, stimulus programs, and other market- related actions, quantitative easing or tightening or other changes in monetary policy, central bank changes in risk perception or activism through continued, increased or decreased ownership, exchange, cancellation or issuance of debt or other means, increased regulation or a slower or faster pace for new regulation or deregulation, increases or decreases in interest rates, changes in oil prices or other changes in commodity markets or prices, changes in currency values, changes in property values and financial costs, or exchange rates or currency abandonment, inflation, deflation, or stagflation, index changes, widening bid / ask spreads, changes in the allocation of capital to market- making, restructuring of government- sponsored entities, imposition of economic sanctions or government- imposed investment restrictions, trade friction or trade wars and increased trade tariffs, economic or political weakness, political turmoil, geopolitical tensions (such as between the U. S. and both Russia and China) or military escalation (such as Russia' s invasion of Ukraine **or the Israel- Hamas war**) or other instability in certain countries or regions, technology- related or cyber- attacks or incidents, terrorism, climate change, the prospects for or concerns about any of the foregoing factors or events, or other factors or events that affect the markets. Each of the above factors, among others, can cause or contribute to volatility,

illiquidity, economic or market downturns, loss of value, market and supply- chain disruptions, or other conditions and have potentially adverse effects. See also Item 1A – Risk Factors – General Risk Factors – Other General Risks – Potential Adverse Effects of Unpredictable Events or Consequences (including the Pandemic). For example, Russia’s February 24, 2022, invasion of Ukraine and annexation of Ukrainian territory has generated substantial geopolitical uncertainty in Europe that has disrupted the European and global energy and other markets. Russia’s aggression also has led to sanctions being imposed against Russia, certain Russian nationals, and Belarus. Based on the Russian government’s aggression in Ukraine, many countries around the world- including the U. S., UK, Canada, Germany, and France- reduced Russia’s access to the world’s financial system through sanctions ranging from freezing assets to removing Russian banks from the SWIFT global transactions banking network, among others. Sanctions can result, among other effects, in the devaluation of Russian currency, downgrades in the country’s credit rating, and / or a decline in the value and liquidity of Russian securities, property or interests. These sanctions can also result in the freeze of Russian securities and / or funds invested in prohibited assets, impairing the ability to buy, sell, receive, or deliver those securities and / or assets. These sanctions or the threat of additional sanctions could also result in Russia taking counter measures or retaliatory actions, which could further impair the value and liquidity of Russian securities. For example, the Russian invasion of Ukraine has increased, or created the possibility of increased, cybersecurity attacks. Economic sanctions and other actions against Russian institutions, companies, and individuals resulting from the ongoing conflict can also have a substantial negative impact on other economies and securities markets both regionally and globally, as well as on companies with operations in the conflict region. Any further sanctions, actions or escalation of cyber-attacks can exacerbate these risks. The impact of these geopolitical tensions and escalation, and resulting sanctions, actions, and escalation of cyber- attacks, is uncertain and can vary, including in material ways. In addition, Federated Hermes’ products and strategies, and their investments, can be adversely affected, potentially in a material way, by changes in U. S., UK, EU or other markets, downgrades of U. S., UK or other countries’ credit ratings, the U. S. debt limit or other developments in the U. S., UK, and other countries as well as by actual or potential deterioration in international sovereign or other market conditions. At December 31, 2022-2023, Federated Hermes’ liquid assets of \$ 559-656. 5-4 million included investments in certain money market and fluctuating NAV Federated Hermes Funds that can have direct and / or indirect exposures to international sovereign debt and currency risks. Federated Hermes and its money market and other Federated Hermes Funds also interact with various other financial industry participants, such as counterparties, broker / dealers, banks, clearing organizations, other investment products, service providers, customers, and shareholders, as a result of operations, trading, distribution, and other relationships. As a result, Federated Hermes’ Financial Condition can (including, but not limited to, its reputation) could be adversely affected by the creditworthiness or financial soundness of other financial industry participants, particularly in times of stress or disruption. There can be no assurance that any potential losses realized as a result of these exposures will not have a material adverse effect on Federated Hermes’ Financial Condition (including, but not limited to, its reputation). The ability of Federated Hermes to compete and sustain asset and revenue growth is dependent, in part, on the relative attractiveness of the types of investment offerings products and strategies it offers distributes or markets, and their investment performance under prevailing market conditions. Adverse market conditions or other events also could impact Federated Hermes’ customers and shareholders. In the event of extreme circumstances, such as economic, political, or business crises, Federated Hermes’ products and strategies can suffer significant net redemptions in AUM causing severe liquidity issues in its short- term, fixed- income or certain other investment products and strategies and declines in the value of and returns on AUM, all of which could cause material adverse effects on Federated Hermes’ Financial Condition (including, but not limited to, its reputation). Custody, depository, and portfolio accounting services for the Federated Hermes Funds generally are outsourced to third- party financial institutions. Accounting records for the Federated Hermes Funds are maintained by these service providers. These service providers, or other service providers of Federated Hermes and its products, customers, or shareholders, could also be adversely affected by the adverse market conditions described above. It is not possible to predict the extent to which the services or products Federated Hermes or its products receive from such service providers would be interrupted or affected by such situations. Accordingly, there can be no assurance that a potential service interruption or Federated Hermes’ ability to find a suitable replacement would not have a material adverse effect on Federated Hermes’ Financial Condition (including, but not limited to, its reputation). No Assurance of Access to Sufficient Liquidity or Capital. From time to time, like other companies, Federated Hermes’ operations (including corporate initiatives, such as stock repurchases, acquisitions and other corporate actions) can require more cash than is available from operations. In these circumstances, it can be necessary to borrow from lending facilities or to raise capital by securing new debt or by selling Federated Hermes equity or debt securities. Certain subsidiaries of Federated Hermes, such as its non- U. S. subsidiaries, also can be required to maintain a specified level of regulatory capital. Federated Hermes’ ability to raise additional capital in the future will be affected by several factors including, for example, its creditworthiness and the market value of its common stock, as well as interest rates and general market conditions. There can be no assurance that Federated Hermes will be able to obtain or maintain necessary capital or obtain these funds and financing on acceptable terms, if at all. If Federated Hermes cannot obtain or maintain necessary capital or obtain such funds and financing, it could have a material adverse effect on Federated Hermes’ Financial Condition. If a Federated Hermes Fund requires liquidity to meet shareholder redemptions or for other reasons, there also can be no assurance that such Federated Hermes Fund will be able to access any available line of credit, rely on inter- fund lending arrangements or access other sources of liquidity on acceptable terms, or at all, and, if such a Federated Hermes Fund cannot obtain sufficient liquidity, it could have a material adverse effect on such Federated Hermes Fund, result in redemptions and a corresponding reduction in Federated Hermes’ AUM and Federated Hermes’ revenue. While not obligated, if Federated Hermes decides to provide credit support to a Federated Hermes Fund, Federated Hermes’ liquidity and income could be adversely impacted. These factors could have a material adverse effect on Federated Hermes’ Financial Condition. Regulatory and Legal Risks Potential Adverse Effects of Changes in Laws, Regulations and Other Rules Regulatory Requirements. Like other companies,

Federated Hermes and its investment management business are (and any new business line commenced or acquired by Federated Hermes would be) subject to extensive regulation both within and outside the U. S. Federated Hermes and its products offerings (such as the Federated Hermes Funds), and strategies are subject to various U. S. and non- U. S. regulatory requirements. In the U. S., such regulatory requirements include, among others, the federal securities laws, principally the 1933 Act, the 1934 Act, the 1940 Act and the Advisers Act; state laws regarding securities fraud and registration; and regulations or other rules, promulgated by various regulatory authorities, self- regulatory organizations or exchanges, both domestically and internationally, including, but not limited to, the SEC, FINRA, FCA, CBI and NYSE. From time to time, applicable securities laws can be amended substantially. Federated Hermes and its domestic offerings products and strategies, and any non- U. S. offerings, products and strategies to the extent offered distributed or marketed in the U. S., continue to be primarily regulated by the SEC. Federated Hermes, and certain Federated Hermes Funds, are also subject to regulation by the U. S. Commodity Futures Trading Commission (CFTC) and the National Futures Association (NFA) due to their investment in futures, swaps or certain other commodity interests in more than de minimis amounts. In addition, during the past several years, regulators, self- regulatory organizations, or exchanges, such as the SEC, FINRA, CFTC, NFA, NYSE and state or local governments and regulators, have adopted, and could adopt, other regulations regulatory requirements, rules and amendments that have increased Federated Hermes' operating expenses and affected the conduct of its business offerings, as well as Federated Hermes' AUM, revenues, and operating income, and could continue to do so. Federated Hermes' business is offerings are affected by laws, regulations regulatory requirements and regulatory authorities that impact the manner in which Federated Hermes' products offerings are structured, marketed, distributed, delivered, or sold. Federated Hermes and its offerings products and strategies also are affected by certain other laws and regulations regulatory requirements governing banks, other financial institutions, intermediaries, or real estate. Beginning in late 2021 and in 2022, there the SEC has was an uptick in proposed new and final regulations issued by the SEC and other regulators, and the market turmoil in March 2020 as a result of the Pandemic has continued in 2023 to bring a renewed focus on additional money market fund reforms. Federated Hermes, and its products' activities business and offerings, engaged in, domiciled or offered outside of the U. S. are subject to foreign laws and regulations regulatory requirements, which are promulgated or amended from time to time by foreign regulatory or other authorities, such as the FCA for London- based operations, the CBI for Dublin- based operations, the CIMA German Federal Financial Supervisory Authority for Frankfurt- based operations, and the Cayman Island Monetary Authority for Cayman Island products, and the CSSF for Luxembourg products. In addition, Federated Hermes' stewardship (including proxy recommendation) services can be impacted by securities laws, proxy advisor regulations, antitrust or competition laws and other, anti- ESG laws, and other regulation regulatory requirements. Failure In addition to comply existing and potential future regulation, a FTT, particularly if enacted with applicable broad application in the UK or EU, or even the U. S., would be detrimental to and non- U. S. regulatory requirements in the various jurisdictions where Federated Hermes operates, and its offerings are distributed or marketed, can result in a wide range of liability or disciplinary actions against Federated Hermes or its business. Regulatory reforms stemming from Brexit or other initiatives also can increase volatility in the UK and EU and could be detrimental to Federated Hermes' business, particularly as it expands in the UK and EU. In addition, the Dodd- Frank Act provides for or offerings, a systemic risk regulation regime under which can it is possible that Federated Hermes, and /or any one or more of its products could be subject to designation as a systemically important financial institution by the FSOC. Similarly, it is possible that the FSB could designate Federated Hermes, and /or one of its products (such as the non- U. S. Federated Hermes Funds), as a non- bank, non- insurance company global systemically important financial institution. Among other potential impacts impact, potentially any such designation would result in a Federated Hermes and /or its products being subject to additional banking regulation and bank- oriented measures and oversight by the Governors or FSB. Any such designation of Federated Hermes or one or more of its products (particularly money market funds) would be detrimental to Federated Hermes' business and could materially material way, and adversely affect Federated Hermes' Financial Condition. Breaches of regulatory requirements can result in regulatory enforcement, civil or criminal liability, and / or the imposition of sanctions or orders against or affecting Federated Hermes, or its business or offerings, including monetary damages, injunctions, disgorgements, fines, penalties, cease and desist orders, censures, reprimands, and the revocation, cancellation, suspension or restriction of licenses, registration status or required approvals. A public regulatory issue can also have a negative impact on Federated Hermes' reputation, and as a result impact Federated Hermes' offerings and Financial Condition. As Federated Hermes' business and offerings grows grow (whether organically or through acquisition, new offerings products, strategies or services being offered distributed or marketed, increased market values of assets held by products or in strategies, expansion into new countries, jurisdictions or markets, or otherwise), Federated Hermes' offerings products, strategies and operations need to comply with applicable laws, rules, regulations regulatory requirements, interpretations and government policies, which increases compliance risk and operating expenses, including reporting risks and the costs associated with compliance. The pace of the issuance and adoption / enactment of new regulatory developments and regulatory requirements, overlapping compliance deadlines, and actual or potential conflicts amongst requirements and regulatory approaches across or among the various jurisdictions where Federated Hermes operates, and its offerings are distributed or marketed, compound compliance risks, internal and external resource requirements, and operational costs. Compliance risk, internal and external resource requirements, and operating expenses also can increase as Federated Hermes continues to expand its use of ESG, sustainability, stewardship or other data inputs or investment techniques in providing its investment products, and strategies, and services, and / or offering financial products and other investments, as well as when markets, customer requirements, support models and technology increase in complexity. Federated Hermes has taken steps to integrate - integrate the proprietary insights from fundamental investment analysis, including ESG factors and engagement interactions, into many of its offerings investment processes and to varying degrees, certain Federated Hermes Funds and

strategies. Related compliance expense is further exacerbated by the increasing spectrum of ESG disclosure requirements that can differ between jurisdictions, countries and markets, as well as jurisdiction-specific legislation affecting the ability to utilize **certain (e. g., non- material) ESG research factors** to manage certain customer assets (such as state government or pension fund assets). Failure to comply with legal and regulatory requirements, or changes to legal and regulatory requirements, whether due to conflicts of interest, breaches of fiduciary duty, trading on the basis of material nonpublic information, other improper conduct by employees or service providers, inadequate processes, procedures and controls, or other causes, can impact market integrity, customer or shareholder outcomes and satisfaction, performance and Federated Hermes' reputation, as well as its compliance with its investment advisory and other agreements, licensing requirements and governance and compliance policies, and result in lost business, fines, penalties or other sanctions. Significant or repeated failures also **could can** change Federated Hermes' regulators' views of, and relationship with, Federated Hermes. Regulators also have undertaken or could undertake examinations, investigations, and / or enforcement actions involving investment management industry participants, such as Federated Hermes and its **products offerings**. Regulators also can adopt new or different interpretations of **laws, rules, or regulations- regulatory requirements**, either through formal rulemaking or informally through enforcement proceedings, no-action letters, or exemptive orders or through providing comments to filings, that can negatively affect, potentially in a material way, Federated Hermes' **offerings products or strategies** or its ability to **operate manage, distribute, deliver or offer them**. Federated Hermes expends internal and external resources to respond to examinations and investigations, and defend enforcement actions, and to resolve comments from regulators, which increases operating expenses, including professional fees and costs associated with compliance. **Management Federated Hermes** continues to monitor and evaluate the impact of the **Regulatory regulatory Developments developments and regulatory requirements** discussed above (and in Item 1- Business-Regulatory Matters) on Federated Hermes' Financial Condition. Among other potential impacts, **Regulatory regulatory Developments developments and regulatory requirements** have increased, and could continue to increase, in addition to compliance risks and compliance costs, the costs associated with technology, legal, operations and other efforts to address regulatory- related matters. **Regulatory regulatory Developments developments and regulatory requirements** also have caused, and **could can** continue to cause: (1) certain **product offering** line- up, structure, pricing and product development changes; (2) changes in the ability to utilize " soft dollars " to pay for certain research and brokerage services (rather than Federated Hermes paying for such services directly); (3) money market, equity, fixed- income, alternative / private markets and multi- asset products **or strategies** becoming less attractive to institutional and other investors; (4) reductions in the number of Federated Hermes Funds offered by intermediary customers; (5) changes in fees charged, asset flows, levels and mix, and customer or shareholder relationships; and (6) reductions in AUM, revenues and operating profits. For example, certain money market funds or other products or strategies can become less attractive to institutional or other investors, which **can could result in changes- change in** asset mix and **reduce** reductions in AUM, revenues, and operating income. **Changes in** The renewed focus on additional money market fund regulation , including proposals to require swing pricing and four- digit NAVs for certain money market funds, increases this risk. On a cumulative basis, Federated Hermes' regulatory, product development and restructuring, and other efforts in response to **Regulatory regulatory Developments developments and regulatory requirements** , including the internal and external resources dedicated to such efforts, have had, and **could can** continue to have, a material impact on Federated Hermes' expenses and, in turn, Financial Condition. There is no guarantee that additional money market fund reforms will not result in a shift in asset mix away from institutional prime and municipal (or tax- exempt) money market funds and toward government money market funds. Using December 31, **2022-2023** AUM, management estimates that approximately \$ **10 13** billion in AUM could shift from institutional prime and municipal (or tax- exempt) money market funds to government money market funds. **Regulatory Developments developments and new or amended regulatory requirements, and Federated Hermes' efforts in responding to them, can have a material and adverse effect on Federated Hermes' Financial Condition. Given** the current regulatory environment, and Federated Hermes' efforts in responding to them, could have a material and adverse effect on Federated Hermes' Financial Condition. Given the current regulatory environment, Federated Hermes is unable to fully assess the degree of the impact of **proposed or** adopted **or proposed regulations and other Regulatory regulatory Developments developments and regulatory requirements** , and Federated Hermes' efforts related thereto, on its Financial Condition. **In addition, the Dodd- Frank Act provides for a systemic risk regulation regime under which it is possible that Federated Hermes, and / or any one or more of its products could be subject to designation as a SIFI by the FSOC. Similarly, it is possible that the FSB could designate Federated Hermes, and / or one of its products (such as the non- U. S. Federated Hermes Funds), as a non- bank, non- insurance company global SIFI. Among other potential impacts, any such designation would result in Federated Hermes and / or its products being subject to additional banking regulation and bank- oriented measures and oversight by the Governors or FSB. Any such designation of Federated Hermes or one or more of its products (particularly money market funds) would be detrimental to Federated Hermes' business and offerings, and can materially and adversely affect Federated Hermes' Financial Condition. In addition, a FTT, particularly if enacted with broad application in the UK or EU, or the U. S., would be detrimental to Federated Hermes' business and offerings. Regulatory reforms stemming from Brexit or other initiatives also can increase volatility in the UK and EU and can be detrimental to Federated Hermes' business and offerings, particularly as Federated Hermes expands in the UK and EU. Changes in laws, regulations- regulatory developments and regulatory requirements , and related regulatory supervision rules, interpretations, or governmental policies , domestically and abroad, as well as market conditions, also have impacted, and / or can impact the, Federated Hermes' service providers, intermediaries and other customers, shareholders and other third parties with whom Federated Hermes, and its products, conduct business , as well as their preferences, and their businesses .** For example, provisions of the Dodd- Frank Act or Regulation Best Interest can affect customers' sale or use of Federated Hermes' **offerings products or strategies**. Among other potential impacts, these changes are affecting, and **could can** continue to affect, Federated Hermes' arrangements with

these customers, and ~~could~~ **can** continue to increase fee pressure, reduce the number of Federated Hermes products and strategies offered by them, cause certain other customers or shareholders to favor passive products over actively managed products, increase respective operating expenses and distribution costs, result in lower AUM, change asset flows, levels and mix, and otherwise affect the conduct of Federated Hermes' or such customers' businesses. These changes resulted, and will likely continue to result, in Federated Hermes or one or more of these third parties seeking to restructure or alter their compensation or other terms of the business arrangements between Federated Hermes or its products and one or more of these third parties. **In addition, these developments have caused, and / or can cause, certain product line-up, structure, pricing and product development changes, as well as money market, equity, fixed-income, alternative / private markets or multi-asset fund products to be less attractive to institutional and other investors, reductions in the number of Federated Hermes Funds offered by intermediaries, changes in the fees Federated Hermes, retirement plan advisors and intermediaries will be able to earn on investment products and services sold to retirement plan clients, changes in work arrangements and facility-related expenses, and reductions in AUM, revenues and operating profits. In addition, these developments have caused, and / or can cause, changes in asset flows, levels, and mix, as well as customer and service provider relationships. Further analysis and planning, or additional refinements to Federated Hermes' product line, investment management services and business practices, can be required in response to market conditions, customer preferences or new or modified regulatory developments and regulatory requirements.** The above factors ~~could~~ **can** have a material adverse impact on Federated Hermes' Financial Condition. For a further discussion of U. S. and international ~~Regulatory~~ **regulatory** ~~Developments~~ **developments and regulatory requirements** that can impact Federated Hermes and its business, ~~products, strategies, and services offerings~~, see Item 1- Business- Regulatory Matters. Federated Hermes' business ~~and offerings~~ **also has have** been, and will continue to be impacted by changes in tax laws. For example, the corporate tax rate in the UK was increased from 19 % to 25 %, effective April 1, 2023. See Note (~~15-16~~) to the Consolidated Financial Statements for additional information. Any repeal of U. S. tax laws that allow ~~ETFs exchange traded funds~~ **to receive favorable treatment of certain redemptions** ~~could~~ **can** adversely impact Federated Hermes' ~~exchange traded fund~~ **ETF products and** business. When tax laws are amended to increase taxes applicable to Federated Hermes, its ~~products offerings~~, customers, shareholders and service providers, the increased tax expense can have an adverse impact, potentially in a material way, on Federated Hermes' products' and strategies' performance, AUM, and service provider fees, and Federated Hermes' Financial Condition. The failure to properly calculate, report and remit such taxes also ~~could~~ **can** subject Federated Hermes, its products, customers, shareholders and service providers to additional tax liability, fines, and penalties. In addition, various service industries, including, for example, mutual fund service providers, have been, and continue to be, the subject of changes in tax policy that impact their state and local tax liability. Changes that have been adopted or proposed include (1) an expansion of the nature of a service company' s activities or services that subject it, or Federated Hermes or its products, to tax in a jurisdiction, (e. g., income, sales, use or other types of taxes), (2) a change in the methodology by which multi- state companies apportion their income between jurisdictions, and (3) a requirement that affiliated companies calculate their state tax as one combined entity. As adopted changes become effective and additional jurisdictions enact similar changes, among other potential impacts, there ~~could~~ **can** be a material adverse effect on Federated Hermes' tax liability and effective tax rate and, as a result, net income. **Tax changes** ~~Various investment products also can be impacted by tax changes, which could have an adverse~~ **adversely effect affect on the products and** Federated Hermes' ~~offerings and~~ Financial Condition. Potential Adverse Effects of Litigation, Investigations, Proceedings and Other Claims. Like other companies, Federated Hermes, and its products (such as the Federated Hermes Funds), can be subject to regulatory examinations, inquiries, investigations, litigation and other claims and proceedings. Regarding examinations, Federated Hermes and its products are subject to routine, sweep and other examinations, inquiries, investigations, proceedings (administrative, regulatory, civil, or otherwise) and other claims by its regulators (regulatory claims). Federated Hermes and its products also can be subject to employee, former employee, customer, shareholder, and other third-party, complaints, proceedings (such as civil litigation) and other claims (business- related claims). Among other factors, as Federated Hermes' business ~~and offerings grows~~ **grow** (whether organically or through acquisition, growth in AUM, or new ~~offerings~~ **products, strategies or services being offered distributed or marketed**, or otherwise), the attention and resources devoted to compliance, and the possibility of noncompliance, can increase. The attention and resources devoted to compliance, and the possibility of noncompliance, also can increase as Federated Hermes expands its use of ESG, sustainability, stewardship or other data inputs or investment techniques in providing its ~~offerings~~ **investment products, strategies, and services**, enters new countries, jurisdictions, or markets, and offers financial products and other investments, as well as when markets, customer requirements, support models and technology increase in complexity. Federated Hermes has business- related claims asserted and threatened against it, and Federated Hermes and its products are subject to certain regulatory claims (such as routine and sweep examinations and other inquiries), in the ordinary course of business. In addition, Federated Hermes, and its ~~products offerings~~, can be subject to business- related claims, claims related to Federated Hermes sponsorship or management of, or inclusion of proprietary products in, its 401 (k) plan or other benefit plans, and administrative, regulatory, or civil investigations and proceedings or other regulatory claims, outside of the ordinary course of business. **For example, in August 2023, a class action lawsuit was filed, on behalf of the Federated Hermes, Inc. Employees Profit Sharing / 401 (K) Plan (Plan), in the U. S. District Court for the Western District of Pennsylvania (Western District) against Federated Hermes and certain other defendants alleging breach of their fiduciary duties of prudence and loyalty, and certain other causes of action, relating to administering the Plan. Federated Hermes, and a subsidiary, also filed suit in the Western District against its first two primary insurance carriers relating to Federated Hermes' claims for coverage of certain losses incurred.** Federated Hermes cannot assess or predict whether, when or what types of business- related claims, fiduciary claims or regulatory claims (collectively, claims) ~~could~~ **can** be threatened or asserted, the types or amounts of damages or other remedies that ~~could~~ **can** be sought (which can be material when threatened or asserted), whether claims that have been threatened will

become formal asserted pending investigations, proceedings or litigation, whether claims ultimately will be successful entirely or in part (whether through settlement or adjudication), or whether or not any such claims are threatened or asserted in or outside the ordinary course of business. Federated Hermes can initially be unable to accurately assess a claim's impact. Given that the outcome of any claim is inherently unpredictable and uncertain, a result can arise from time to time that adversely impacts, potentially in a material way, Federated Hermes' Financial Condition (~~including, but not limited to, its reputation~~). In certain circumstances, insurance coverage might not be available or deductible amounts might not be exceeded, and Federated Hermes, ~~and / or its offerings products or strategies~~ (including the Federated Hermes Funds or Separate Accounts), could have to bear the costs related to claims or any losses or other liabilities resulting from any such matters, or from the operation of Federated Hermes' business, ~~products, strategies, and services offerings~~. Risks Related to Auditor Independence. As with other public companies, there can be no assurance that a registered public accounting firm (Accounting Firm) engaged by Federated Hermes or the Federated Hermes Funds to audit or review their respective financial statements will remain eligible to serve as the independent Accounting Firm to Federated Hermes or any Federated Hermes Fund under applicable securities laws. Similar to other fund sponsors that are public companies, certain Federated Hermes Funds also utilize the Accounting Firm engaged by Federated Hermes. If it were to be determined that the independence requirements under applicable securities laws or International Ethics Standards Board for Accountants (IESBA) rules, or any applicable similar rules in relevant jurisdictions outside the U. S., were not complied with regarding Federated Hermes, its previously filed Annual Reports on Form 10- K (including financial statements audited by its existing Accounting Firm) and Quarterly Reports on Form 10- Q (including financial statements reviewed by its existing Accounting Firm) might not be considered compliant with the applicable securities laws and / or IESBA rules. If it were to be determined that an Accounting Firm did not comply with the independence requirements, among other things, the financial statements audited by the Accounting Firm and the interim financial statements reviewed by the Accounting Firm could have to be audited and reviewed, respectively, by another independent Accounting Firm, Federated Hermes' eligibility to issue securities under its existing registration statements can be impacted and certain financial reporting and / or other covenants with, and representations and warranties to, Federated Hermes' lenders or debt holders can be impacted. Similar issues would arise for a Federated Hermes Fund for which Federated Hermes' Accounting Firm (or another Accounting Firm) serves as such Federated Hermes Fund' s independent Accounting Firm if it were to be determined that Federated Hermes' Accounting Firm (or such other Accounting Firm) was not in compliance with the independence requirements under applicable securities laws and / or IESBA rules, or any applicable similar rules in relevant jurisdictions outside the U. S., with respect to such Federated Hermes Fund. If a determination cannot be made that the Accounting Firm satisfies the independence requirements with respect to an applicable Federated Hermes Fund, the Accounting Firm also ~~could can~~ be prevented from making a determination that it satisfies the independence requirements with respect to Federated Hermes, since Federated Hermes would be an affiliate (i. e., the ultimate parent company) of the investment advisor to the relevant Federated Hermes Fund. In either case, such events ~~could can~~ have a material adverse effect on Federated Hermes' Financial Condition. Operations- Related Risks Operational Risks. Like other companies, Federated Hermes' ~~products, business, offerings~~ and operations are supported internally and through management of relationships, including, for example, outsourcing relationships, with various third- party service providers, both domestically and internationally. In turn, service providers' operations rely on additional relationships with other third parties. Operational risks include, but are not limited to: improper, inefficient, or unauthorized execution, processing, pricing and / or monitoring of transactions; inadequate, inefficient, inflexible, non- resilient, deficient or non- scalable technology, processes, operating systems, security or other infrastructure, resources or controls; poor performance by internal resources or third party service providers; failure to appropriately attract, retain, train, supervise and promote the wellbeing and resiliency of qualified human capital resources, whether internal or external; failure to perform due diligence on third party service providers (particularly when due diligence is conducted remotely); business disruptions; supply chain disruptions (whether within Federated Hermes or third party); employee turnover (particularly involving executives, management or other key employees); failure to effectively upgrade or patch technology or transition to a " cloud- based " environment; inadequacies or breaches in Federated Hermes', its products' or a service provider' s governance policies or internal control processes; unauthorized disclosure or manipulation of, or access to, confidential, proprietary or non- public personal or business information; unauthorized access to accounts, applications or systems; and noncompliance with regulatory requirements, investment mandates and related investment parameters or customer- imposed restrictions. As Federated Hermes' and its relevant service providers' businesses expand or become more complex and require additional scalability or customization, operational risk increases. There is a risk that changes (including upgrades or patches) in operational systems, models and business processes are not completed correctly, in a controlled manner, in a timely manner or in a manner that achieves intended results. These types of changes also give rise to other risks, such as the risk that an employee, service provider or third party, or group of employees, service providers or third parties, ~~could can~~ intentionally or unintentionally compromise the integrity or security of confidential, proprietary or personal information of Federated Hermes, its employees or its customers or shareholders. Management relies on its employees, systems, and business continuity plans, and those of relevant service providers, to comply with established procedures, controls, regulatory requirements, investment parameters or customer- imposed restrictions. Breakdown or improper use of systems, human error or improper action by employees or service providers, or noncompliance with regulations or other rules, investment parameters or customer- imposed restrictions, ~~could can~~ cause material adverse effects on Federated Hermes' Financial Condition (~~including, but not limited to, its reputation~~). Systems, Technology and Cybersecurity Risks. Like other companies, Federated Hermes utilizes software and related technologies throughout its business, including, for example, both proprietary systems and those provided by outside service providers. Service providers to whom certain services, functions or responsibilities are outsourced by or for, and customers and shareholders of, Federated Hermes and its ~~products offerings~~, and third parties on which such service providers, customers and shareholders rely, also utilize software and related technologies in their businesses. Federated Hermes continues

to increase its investment in systems and technology, including externally hosted or cloud- based systems and technology, and its reliance on third parties, for investment management and trading operations, information and data management and governance, disaster recovery, compliance, and other areas of its business, and continues to explore innovative technological solutions and products involving artificial intelligence and financial technology. **Federated Hermes has adopted a measured approach to artificial intelligence technology given reliability, cybersecurity, and other concerns, and it is possible that competitors will more quickly or effectively implement the use of artificial intelligence technology giving them a competitive advantage over Federated Hermes.** Unanticipated issues ~~could also can~~ occur with any software, system or other technology and it is not possible to predict with certainty all of the adverse effects that ~~could can~~ result from a failure of Federated Hermes or a third party to address technology or computer system problems. Along with cyber incidents described more fully below, business changes, data or model imprecision, control failures, obsolescence, software or other technology malfunctions, severe weather, natural disaster or other climate conditions, human error, programming inaccuracies and similar or other circumstances or events can impair the performance of systems and technology or render them non- available. Systems and technology risk ~~is has~~ increased as Federated Hermes' systems and technology are deployed on an enterprise- wide basis. ~~Accordingly, there~~ **There** can be no assurance that potential system interruptions, other technology- related issues, or the cost necessary to rectify the problems would not have a material adverse effect on Federated Hermes' Financial Condition ~~(including, but not limited to, its reputation and business prospects)~~. In addition, like other companies, Federated Hermes' business ~~relies and offerings rely~~ on the security and reliability of information and communications technology, systems, and networks. Federated Hermes uses digital technology, including, for example, networked systems, email, and the internet, to conduct business operations and engage ~~products, distribute or market offerings,~~ accounts, customers, employees, shareholders, and relevant service providers, among others. The use of the internet and other electronic media, computers and technology expose Federated Hermes, its business, ~~products-offerings,~~ accounts, customers, employees, shareholders, service providers and other third parties, and their respective operations, to ~~potential~~ risks from frequent cybersecurity attacks, events, or incidents (cyber incidents). ~~For example,~~ Federated Hermes and relevant service providers collect, maintain, and transmit confidential, proprietary, and non- public personal customer, shareholder, business, **offering,** and employee information (such as in connection with online account access and performing investment, reconciliation, transfer agent, custodian and other recordkeeping and related functions) that can be targeted by cyber incidents. ~~The remote and hybrid~~ **Hybrid** work environments increase the risk of cyber incidents given the increase in cyber- attack surface stemming from the use of **non- office or** personal devices and ~~non- office or personal~~ technology. Federated Hermes, ~~and as well as~~ its products and certain service providers, also generate, compile and process information for purposes of preparing and making filings or reports to governmental agencies or providing reports or statements to customers or shareholders, and a cyber incident that impacts that information, or the generation and filing processes, can prevent required ~~regulatory filings and,~~ reports **or statements** from being made or ~~reports or statements from being~~ delivered in any case accurately, on a timely basis or at all. Cyber incidents involving Federated Hermes or its ~~products-offerings~~ or service providers, regulators, or exchanges to which confidential, personally identifiable, or other information is reported or filed also can result in unauthorized disclosure or compromise of, or access to, such information. Cyber incidents can result from human error or intentional (or deliberate) attacks or unintentional events by insiders (e. g., employees) or third parties, including cybercriminals, competitors, nation- states and "hacktivists," among others. Cyber incidents can include, for example, phishing, credential harvesting or use of stolen access credentials, unauthorized access to systems, networks or devices (for example, through hacking activity), structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, exfiltration of data to malicious sites, the dark web or other locations or threat actors, the use of fraudulent or fake websites, and other attacks (**such as including, but not limited to,** denial- of- service attacks on websites), which shut down, disable, slow, impair or otherwise disrupt operations, business processes, technology, connectivity or website or internet access, functionality or performance. In addition to intentional cyber incidents, unintentional cyber incidents can occur (for example, the inadvertent release of confidential or non- public personal information). Changes to Federated Hermes' business, **offerings,** processes, systems, or technology, if not implemented properly, can increase **cyber incident** Federated Hermes' vulnerability to ~~cyber incidents~~. Like other companies, Federated Hermes has experienced, and will continue to experience, cyber incidents on a daily basis. As of December 31, ~~2022~~ **2023**, cyber incidents have not had a material adverse effect on Federated Hermes' Financial Condition. Cyber incidents can affect, potentially in a material way, Federated Hermes' relationships with its products, accounts, customers, employees, shareholders, relevant service providers and other third parties. A cyber incident can cause Federated Hermes, its business, ~~products-offerings,~~ accounts, customers, employees, shareholders or relevant service providers, or other third parties, to lose proprietary, sensitive, confidential or non- public business **offering ; product,** account, customer, employee, shareholder, or personal information, or intellectual property, suffer data corruption or business interruption, impair data coverage or quality, lose operational capacity (for example, the loss of the ability to process transactions, generate or make filings or deliver reports or statements, calculate NAVs, or allow the transaction of business, or other disruptions to operations), and / or fail to comply with applicable privacy and other ~~laws~~ **regulatory requirements**. Among other potentially harmful effects, cyber incidents also can result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems. Any cyber incident ~~could can~~ cause lost revenues, the occurrence of other financial losses, diminished future cash flows, significant increases in compliance or other costs or expenses (such as costs associated with compliance with cybersecurity ~~laws and regulations-~~ **regulatory requirements**, protection, detection, remediation and corrective measures, and credit monitoring for impacted individuals), exposure to increased litigation and legal risks (such as regulatory actions and penalties, and breach of contract or other litigation- related fees and expenses), reputational damage, damage to employee perceptions of the company, damage to competitiveness, stock price and shareholder value, and other negative or adverse impacts. Cyber incidents affecting issuers in which Federated Hermes' or its customers' or shareholders' assets are invested also ~~could can~~ cause such investments

to lose value. Any of these cyber incidents can become incrementally worse if they were to remain undetected for an extended period of time. The operating systems of Federated Hermes, and its products, customers, shareholders, and relevant service providers are dependent on the effectiveness of information security policies and procedures (both at Federated Hermes and its service providers) which seek to ensure that such systems are protected from cyber incidents. Federated Hermes has established a committee to oversee Federated Hermes' information security and data governance efforts, and updates on cyber incidents and risks are reviewed with relevant committees, as well as Federated Hermes' **Board-board of Directors-directors** (or a committee thereof), on a periodic (generally quarterly) basis (and more frequently when circumstances warrant) as part of risk management oversight responsibilities. Federated Hermes has, and believes its products and its service providers have, established risk management systems that are reasonably designed to seek to reduce the risks associated with cyber incidents. Federated Hermes employs various measures aimed at mitigating cyber risk, including, among others, use of firewalls, system segmentation, system monitoring, virus scanning, periodic penetration testing, employee phishing training and an employee cybersecurity awareness campaign. Among other service provider management efforts, Federated Hermes conducts due diligence on key service providers relating to cybersecurity. However, there is no guarantee that such efforts will be successful, either entirely or partially, as there are limits on Federated Hermes' ability to prevent, detect, or mitigate cyber incidents. Among other reasons, the cybersecurity landscape is constantly evolving, the nature of malicious cyber incidents is becoming increasingly sophisticated and Federated Hermes, and its relevant affiliates and products, cannot control the systems and cybersecurity systems and practices of issuers, relevant service providers or other third parties. Federated Hermes' risk from cyber incidents also can increase as a result of expansion into new markets, jurisdictions or countries, acquisitions, new technology, or previously unexploited vulnerabilities in software or related patches becoming activated (or "weaponized") by hackers. While Federated Hermes has obtained cyber- insurance, there is no guarantee that a particular incident would be covered by such insurance. In certain circumstances, insurance coverage might not be available or **sufficient, or** deductible amounts might not be exceeded, and Federated Hermes or its products could have to bear the costs related to claims or any losses or other liabilities resulting from a cyber incident. While Federated Hermes cannot predict the financial or reputational impact to its business **or offerings** resulting from any cyber incident, depending upon its nature, magnitude and severity, the occurrence of a cyber incident, or a similar situation or incident, **could-can** have a material adverse effect on Federated Hermes' Financial Condition **(including, but not limited to, its reputation)**. The internal and external resources and efforts necessary to implement system and technology upgrades, data governance and cybersecurity policies, procedures and measures, as well as service provider management, have increased, and will continue to increase, Federated Hermes' operating expenses, and can adversely affect, potentially in a material way, Federated Hermes' Financial Condition. Recruiting and Retaining Key Personnel (Human Capital Resource Management Risk). Like other industries, the investment management business is highly competitive and experienced professionals have significant career mobility. Federated Hermes' ability to attract or acquire, and motivate and retain, quality personnel has contributed significantly to its growth and success and is important to attracting and retaining customers and shareholders. The market for qualified executives, portfolio managers, analysts, traders, sales representatives, and other key personnel is extremely competitive. The ~~lingering Pandemic, remote and hybrid work arrangements, and other factors increased employee stress and fatigue, and placed an emphasis on employee mental wellness. The move to remote and hybrid work environments (including opportunities to work from home~~ **at provided by** competitors), along with increases in competitor salaries, has increased competition for quality personnel, ~~increased employee turnover and~~ **made hiring and retaining** created ~~job vacancies that have become harder to fill with~~ qualified and experienced personnel **more challenging**. **A Regulatory requirements, business performance, and a** lack of financial flexibility, ~~regulatory requirements and business performance~~ also are factors in attracting and retaining qualified personnel. There can be no assurance that Federated Hermes will be successful in its efforts to recruit or acquire, and motivate, train, and retain, the required personnel. In addition to competing opportunities, personnel elect to pursue other interests for business, personal and other reasons or retire from time to time. The ~~Pandemic, and post- Pandemic work environment, and related work environment changes, including remote and hybrid-working arrangements, can create retention and other human capital resource management risks. State and federal laws, rules and regulations~~ **regulatory requirements** intended to limit or curtail the enforceability of non- competition, employee non-solicitation, confidentiality and similar restrictive covenant clauses can make it more difficult to retain qualified personnel. Cyber incidents, misconduct or other matters that negatively reflect on Federated Hermes and its reputation also can change employee or prospective employee opinions regarding the company and **could-can** affect Federated Hermes' ability to hire or retain employees. Federated Hermes has encouraged the continued retention of its executives and other key personnel through measures such as providing competitive compensation arrangements, a non- discriminatory, diverse, and inclusive work environment, work arrangement flexibility and, in certain cases, employment agreements. The loss of any such personnel **could-can** have an adverse effect on Federated Hermes. In certain circumstances, the departure of key employees **could-can** cause higher redemption rates for certain AUM or the loss of customer or shareholder relationships. **Internal transfers or departures can also create risk that job responsibilities are not successfully re- distributed or transferred or that a replacement employee is not sufficiently trained, such that potential service difficulties, noncompliance with regulatory requirements, liabilities or other concerns arise.** Moreover, since certain of Federated Hermes' **offerings** products and strategies, or customer or shareholder relationships, contribute significantly to its revenues and earnings, the loss of even a small number of key personnel associated with these **offerings** products or strategies, or customer or shareholder relationships, **could-can** have a disproportionate adverse impact, potentially in a material way, on Federated Hermes' Financial Condition. See Item 1- Business- Human Capital Resource Management for additional information on ~~Federated Hermes' recruiting and retention~~ **programs and** practices. No Assurance of Successful Acquisitions. Like other companies, Federated Hermes' business strategy contemplates seeking acquisition candidates and growing through acquisitions. For Federated Hermes, this generally involves acquisitions of other investment management companies, investment assets and related businesses, both domestically and internationally. There

can be no assurance that Federated Hermes will find suitable acquisition candidates at acceptable prices and with an aligned business culture and vision, have sufficient capital resources to realize its acquisition strategy, be successful in entering into definitive acquisition agreements or consummating acquisitions, or successfully collaborating with, or integrating or consolidating, acquired companies or assets into Federated Hermes or its **offerings products or strategies**. There also can be no assurance that any such acquisitions, if consummated, will not increase organizational stress to unacceptable levels or cause process failures, result in violations of applicable ~~laws, rules or regulations~~ **regulatory requirements**, increased taxes or otherwise increase legal, tax or compliance concerns, or will increase value or otherwise prove to be advantageous to Federated Hermes. On the other hand, successful collaboration with, or integration or consolidation of, acquired companies or assets can increase the value of such acquired companies or assets and result in increased contingent deferred payments or other payment obligations for Federated Hermes, which can affect Federated Hermes' Financial Condition. Potential Adverse Effects of Reputational Harm. Like other companies, any material losses in customer or shareholder confidence in Federated Hermes, **or its offerings products or strategies**, or in the investment management industry as a result of actual or potential regulatory proceedings or litigation, economic or market downturns or disruptions, material errors in public news reports, political or other views **for or** against ESG investing or integration, oppositions to trademark or other intellectual property registration applications or allegations of trade name, trademark or other intellectual property infringement or misappropriation, allegations of breaches of fiduciary duty, misconduct or unprofessional, unethical or illegal behavior, improper corporate actions, poor communications with investors or the public via social media or otherwise, abuse of authority, a cyber incident, rumors or inaccurate information being posted on the internet or social media, failure to achieve carbon neutrality, climate change or other public commitments or pledges, failure to implement or accurately disclose ESG strategies or initiatives, controversial tenants in real estate owned or managed by Federated Hermes, fraudulent or fake websites or domain names using Federated Hermes' or a subsidiary's name, logo or address, or similar names, logos or addresses, or other matters **could-can** negatively impact Federated Hermes' brand, culture, trusted status, reputation and / or stock price, increase redemptions from and / or reduce sales of Federated Hermes' **products offerings** (such as the Federated Hermes Funds), ~~strategies and services~~, and / or change employee or potential employee perceptions of the company which **could-can** impact the willingness of a potential employee to be hired by, or an employee to remain at, Federated Hermes. If such losses or events were to occur, it **could-can** have a material adverse effect on Federated Hermes' Financial Condition (~~including, but not limited to, business prospects~~). With increased focus on sustainability (**including, as well as** ESG matters), any perceived deficiency in Federated Hermes' policies and practices on, or political or other public backlash against, these matters can impact Federated Hermes' brand, reputation or stock price, as well as investor preference for Federated Hermes' securities, ~~products, strategies, and services offerings~~, and, accordingly, adversely affect, potentially in a material way, Federated Hermes' Financial Condition (~~including, but not limited to, business prospects~~). Potential Adverse Effects of Unpredictable Events or Consequences (~~including the Pandemic~~). Like other companies, unpredictable events, such as a natural disaster, **unforeseen risks associated with the Pandemic or a new pandemic (e.g., the coronavirus outbreak)**, war, or military escalation (such as Russia's invasion of Ukraine **or the Israel-Hamas war**), terrorist attack or other business continuity event, unexpected market, **or economic developments, such as changes in interest rates**, or political developments, or extreme weather, droughts, storms, climate, or other similar ESG changes (**particularly in the case of** ~~could adversely impact Federated Hermes', its products', accounts', customers', shareholders' and portfolio companies (in which Federated Hermes' and its products and strategies are invested), or unpredictable consequences or side effects of certain known, unknown, planned, or unexpected events, can adversely impact Federated Hermes', its offerings', accounts', customers', shareholders' and portfolio companies' (in which Federated Hermes and its products and strategies are invested), and each of their respective service providers', ability to conduct business, as well as Federated Hermes' Financial Condition~~). Physical climate change risks arising from changing or adverse weather and climate change (**particularly in the case of portfolio companies in which Federated Hermes' products and strategies are invested**), and transition climate change risks arising as economies and markets transition to low carbon and other sustainable environments, also can have adverse impacts. Such unpredictable events or consequences **could-can** cause, among other effects, business disruptions, supply chain disruptions, disruptions in economic conditions, market disruptions or transformation, changes in management or governmental processes, changes in consumer demand and investor preferences, obsolescence of certain products or services affecting certain sectors, stranded assets across a range of assets, sectors or geographies, infrastructure and real estate destruction, abandonment or damage leading to increased refurbishment and repair costs, changes in technology, system interruption, loss of life, unavailability of personnel, increased insurance costs or an inability to insure certain assets, an inability to provide information or services, either at all or in accordance with applicable requirements, standards, or restrictions, and / or additional costs. A failure in, or disruption to, Federated Hermes' operational systems or infrastructure, including business continuity plans, **could-can** adversely affect operations, damage Federated Hermes' reputation, and cause Federated Hermes AUM, revenue, and earnings to decline. ~~Remote or hybrid~~ **Hybrid** work arrangements can stress business processes, such as due diligence of service providers, customer or shareholder onboarding, and controls, as well as increase cybersecurity, privacy, and digital communications risks. The failure to maintain an infrastructure commensurate with the size and scope of Federated Hermes' business **or offerings**, or the occurrence of a business outage or event outside of Federated Hermes' control (particularly in locations where Federated Hermes has offices), or the failure to keep business continuity plans up-to-date, or if such plans are improperly implemented or deployed during a disruption, it **could-can** adversely impact Federated Hermes' ability to operate, which can cause its AUM, revenue and earnings to decline or impact Federated Hermes' ability to comply with regulatory obligations leading to reputational harm, regulatory fines, penalties, and / or sanctions. Any such failure or disruption also **could-can** impact, potentially in a material way, Federated Hermes' Financial Condition. Management relies on its employees, systems, and business continuity plans, and those of relevant service providers, to seek to mitigate such risks, but there can be no guarantee that these mitigation efforts will be successful in whole or in part.

There also can be times when industry databases or other third parties publish or distribute information regarding Federated Hermes, or its offerings products or services (including Federated Hermes Fund asset levels), that might be inaccurate or incomplete, and there can be no assurance that a third party will interpret or report information accurately. Unpredictable consequences, or side effects, of certain known or planned events, such as the phase-out of LIBOR and transition to SOFR, SONIA or another alternative interest rate, also could adversely impact Federated Hermes', its products', customers', and shareholders', and their respective service providers' ability to conduct business. The SEC staff has indicated that the discontinuation of LIBOR could have a significant impact on the markets and can present a material risk for certain market participants, including public companies, investment advisors, investment companies and broker / dealers. The phase-out of LIBOR can cause the renegotiation or re-pricing of certain credit facilities, derivatives, or other financial transactions to which Federated Hermes, its products, customers, shareholders, or service providers are parties, alter the accounting treatment of certain instruments or transactions, or have other unintended consequences, which, among other effects, could require additional internal and external resources to address, thereby increasing operating expenses. There can be obstacles to converting certain longer-term securities and transactions to new benchmarks. As market participants transition away from LIBOR, its usefulness can deteriorate. The transition process can lead to increased volatility and illiquidity in markets that continue to rely on LIBOR to determine applicable interest rates. LIBOR's potential deterioration can adversely affect the liquidity and / or market value of securities that use LIBOR as a benchmark interest rate, including remaining LIBOR-based securities and other financial instruments held by Federated Hermes or its products or strategies. Further, the utilization of an alternative reference rate, or the transition process to an alternative reference rate, can adversely affect Federated Hermes' or its products' and strategies' performance. As such, there can be no assurance that unpredictable or unexpected events, reports or consequences, or the costs to address such events, inaccurate reports, or consequences, would not have a material adverse effect on Federated Hermes' Financial Condition (including, but not limited to, business prospects). The Pandemic. The coronavirus Pandemic had a significant impact around the world. It prompted governments and businesses to take unprecedented measures in response. The Pandemic initially resulted in, among other effects, travel bans, stay-at-home orders, disruptions to supply chains, workflow, operations and customer activity, economic uncertainty, market volatility, trading halts, market illiquidity and declining and variable stock prices, as well as general concern and uncertainty. While economies of various countries have rebounded from the global economic shutdown that began in the late first quarter and early second quarter 2020, the impact of the Pandemic continued, to varying degrees, in 2022 and continues, to varying degrees, in 2023. The Pandemic created, and can still create, risks to Federated Hermes that cannot be foreseen and are uncertain. Such risks can be long term and adversely effect, potentially in a material way, Federated Hermes' Financial Condition. As the Pandemic continues to evolve, it is not possible to predict the full extent to which it will adversely impact Federated Hermes' Financial Condition, which will depend on numerous developing factors that remain uncertain and subject to change. See Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Developments—The Pandemic for further information regarding the Pandemic and its effects. 46