

OUTCOMES
BEYOND
PERFORMANCE

GENDER PAY REPORT

March 2019

www.hermes-investment.com


HERMES
INVESTMENT MANAGEMENT

THE HERMES PLEDGE

I pledge to fulfil, to the best of my ability and judgment and in accordance with my role, this covenant:

I will act ethically, responsibly and with integrity

I will put the interests of our clients and their beneficiaries first

I will encourage responsible behaviour in the firms in which we invest and on which we engage

I will act with consideration for society and the environment both now and in the future.

I will encourage others to do the same

I will work with industry colleagues and other key stakeholders to develop and improve our industry's contribution to society

I will treat my clients, my colleagues and all other stakeholders with respect and as I would wish to be treated

I will deal with our regulators in an open, co-operative and timely way

I will communicate clearly and honestly with all parties inside and outside our firm

I will manage conflicts of interest fairly between all parties

At Hermes Investment Management, we have a strong culture of responsibility, established long before it became fashionable in the industry. The Gender Pay Gap reporting regulations have brought both gender and wider diversity agendas to the forefront of companies' minds, highlighting a collective need to do more to attract, develop, and retain women, by ensuring an environment where women and men can achieve at all levels.

We recognise that diversity and inclusion offer real benefits. While we have had a long-standing commitment to these agendas, we know we need to do more in order to truly advance them within our own organisation.

Since publishing our first Gender Pay Report in 2018, we have appointed a full-time Inclusion Partner to ensure specific and appropriate guidance and support across a range of areas. We have also conducted an in-depth review and analysis of our business in order to understand what more we can do to create a more diverse and inclusive working environment for all of our employees. Following this comprehensive analysis, our Executive Committee has endorsed an Inclusion Strategy and three-year plan which will be reviewed on a regular basis. You can read more about the work we plan to do over the next few years in the 'Our Plan' section of the report.

Making these improvements to create a positive impact within Hermes will require changes across the entirety of the firm. While progress may not be immediate, and some of the changes, such as increasing our efforts to attract and develop more women to build up our pipeline, may cause our figures to get worse before they get better, we remain committed to ensuring it is seen as a priority, every step of the way.

Saker Nusseibeh
Chief Executive Officer



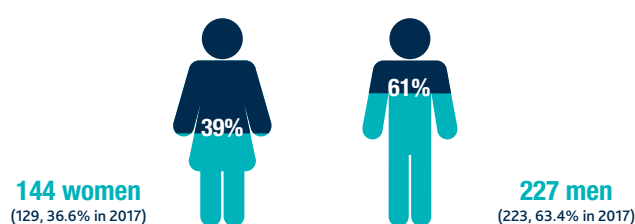
OUR FIGURES

Hermes' approach to pay is gender neutral, with both male and female staff paid fairly for the work that they undertake. Further to this, Hermes regularly evaluates its pay to ensure that all staff are compensated fairly.

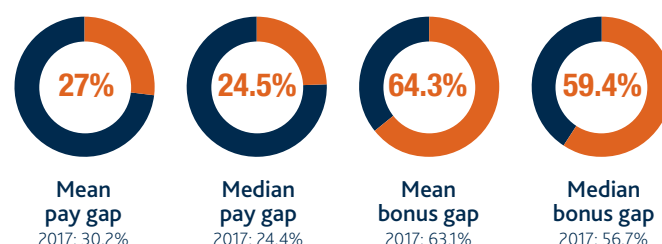
Defining the Gender Pay Gap

The Gender Pay Gap measures the difference in average pay between men's and women's earnings across an organisation by expressing women's pay as a percentage of men's pay. This is not the same as equal pay which refers to men and women receiving equal pay for equal work.

Total workforce as at April 2018



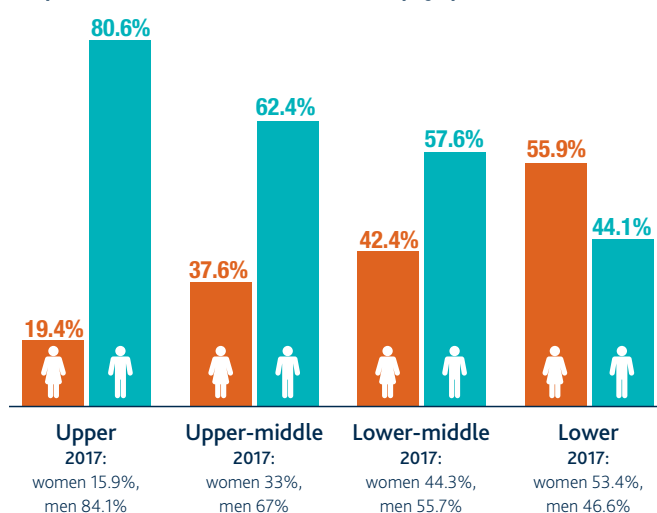
Gender pay and bonus gaps



Percentage of men and women receiving a bonus



Proportion of women and men in each pay quartile



Causes

Our analysis has shown that our pay and bonus gaps are largely driven by these factors:

- **Under-representation of women in senior roles** – We know and can see evidence from our pay quartiles that we have more men in our senior and therefore more highly paid roles. While this is an industry-wide issue, it shows us we need to do more to attract and develop our female talent into more senior roles.
- **The effect of part-time working** – The regulations require bonus (but not pay) calculations to be based on the actual hours worked, without taking into account pro-rating for part-time working. A greater percentage of our part-time workforce are women (74%), and while we absolutely welcome part-time and all forms of flexible working through our flexible working policy, we know this means we need to do more to encourage men to take advantage of the policy and promote a family-friendly and flexible culture for all.

OUR PLAN

Our mission is to continue to foster, develop and promote a culture of inclusion which celebrates all forms of diversity, enables our employees to maximise their potential, and encourages innovation and creativity, to ensure we are seen as an employer of choice, support our wider responsibility aims, and deliver the best holistic returns for our clients and wider society.

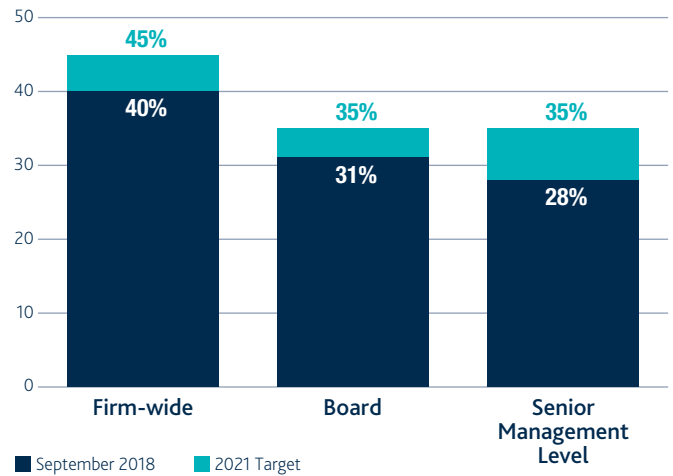
We are committed to treating everyone fairly and with dignity and respect. This includes all of our employees (past, present and future) together with all of our other stakeholders, clients and service providers.

Progress

In addition to our ongoing and business as usual work supporting diversity in all forms, over the past year we have made progress in the following areas:

- **Inclusion Partner** – We have appointed an Inclusion Partner to ensure specific and appropriate guidance and support across a range of areas.
- **Memberships** – To support both our internal and outreach work, we have joined The Diversity Project, the Employers Network for Equality and Inclusion and the 30% Club.
- **Training** – Our Executive Committee and line managers have attended Unconscious Bias and Employee Relations training to understand and mitigate decision-making risks. This is now mandatory for all people managers and available to all staff.
- **Returners programme** – We offer a returners programme for all staff who have been out on long-term absence, including maternity, parental or adoption leave, as well as for their line managers.
- **Targets (see graphic)** – As part of our Women in Finance Charter commitment, in 2016 we set a number of gender targets for the end of 2018. We are pleased to report that we have achieved each of these and so we have set new targets as detailed below for the end of 2021.

Women in finance charter gender targets



Next steps

Following our in-depth review and analysis of our business, we have developed an Inclusion Strategy and three-year plan which will be reviewed on a regular basis with our Executive Committee and Board. Our immediate priorities include:

- **Establishing an Inclusion Committee**, comprised of senior members of the firm, who will be responsible for the inclusion agenda and holding the Executive Committee to account through regular reporting and progress updates.
- **Conducting a thorough review and benchmark** of our policies and processes to ensure they are transparent, accessible and in-line with best practice in order to create a more inclusive, flexible, and family-friendly culture.
- **Ensuring our leaders and line managers are supported and equipped** with inclusive leadership tools to develop and manage diverse teams.
- **Regularly reviewing our people processes** to ensure we are using evidence-based criteria when making people-based decisions.
- **Examining our recruitment practices** and the agencies we partner with to identify improvements which will contribute to making Hermes an employer of choice.
- **Developing more extensive and robust data collection processes** so that we can analyse data across the employee lifecycle and set measurable objectives.
- **Seeking input and feedback from our employees** through our engagement survey and focus groups in order to understand our current culture of inclusion and the gaps in our past inclusion efforts.

While we are pleased with our progress to date, we are aware that we still have a long way to go.

I confirm the data provided is accurate.

Saker Nusseibeh
Chief Executive Officer

HERMES INVESTMENT MANAGEMENT

We are an asset manager with a difference. We believe that, while our primary purpose is to help savers and beneficiaries by providing world class active investment management and stewardship services, our role goes further. We believe we have a duty to deliver holistic returns – outcomes for our clients that go far beyond the financial – and consider the impact our decisions have on society, the environment and the wider world.

Our goal is to help people invest better, retire better and create a better society for all.

Our investment solutions include:

Private markets

Infrastructure, private debt, private equity, commercial and residential real estate

High active share equities

Asia, global emerging markets, Europe, US, global, small and mid-cap and impact

Credit

Absolute return, global high yield, multi strategy, global investment grade, unconstrained, real estate debt and direct lending

Stewardship

Active engagement, advocacy, intelligent voting and sustainable development

Offices

London | Denmark | Dublin | Frankfurt | New York | Singapore

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

