

**Hermes Fund Managers Limited
Environmental Management System
Environmental Policy**

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The completion of this sheet represents the document history.

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Document approval

Date	Approver	Version	Signatures
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1. Introduction

Hermes has recognised the influence that its operations have on the environment. It will take ongoing and continual action to identify and reduce its impact and improve its environmental performance.

Hermes has been implementing an Environmental Management System (EMS) since 2009.

Hermes' Environmental Management System has been certified to ISO14001 since 2010, and to the updated standard (ISO 14001:2015) since 2016.

2. Definition & Purpose

2.1 Definition

An environmental policy acknowledges the recognised environmental risks and opportunities of a company's operations. It sets out the intentions and directions of the company, relating to environmental performance, as well as top management commitment to improve upon performance.

In the processes undertaken to achieve ISO 14001 an environmental aspects and impacts register was created which identified the influence that Hermes' operations have on the environment.

Five key areas have been identified as significant for consideration in the Hermes Environmental Policy:

- Utilities use;
- Waste and resources;
- Pollution
- Procurement; and
- Travel and transport

2.2 Purpose

Hermes has developed this Environmental Policy to govern our internal operations. This Policy provides governance and guidance on the continued development of the Environmental Management System.

3. Scope

The scope of this policy is to consider the environmental impacts associated with Hermes activities at 150 Cheapside, and associated transport activities. The policy reflects how Hermes, as a company, regards the management of environmental impacts and enhancement of environmental performance as a key business consideration.

4. Roles and responsibilities

The roles and responsibilities associated with the implementation of this policy arise through the need to monitor and ensure that practices employed within Hermes are meeting the objectives set out within the policy statement.

4.1 The Hermes Corporate Citizenship Group (the 'CCG')

The CCG is:

- Responsible for considering any risks, opportunities and challenges associated with the identified environmental impacts on an annual basis.
- Responsible for considering any changes to the strategic direction or the context of the organisation that may affect the environmental policy and objectives.
- Accountable for the enactment of the policy and therefore will undertake an annual review of progress against objectives and targets.

Overall responsibility lies with the CEO of Hermes Fund Managers. However the COO of Hermes Fund Managers acts as the liaison between the CCG and the Environmental Management System Group. The COO is responsible if there is non-compliance.

4.2 The Environmental Management System Group (the 'Working Group')

Along with top management, the Group is responsible for:

- Implementing the EMS effectively to achieve its objectives and targets.
- Monitoring Hermes' compliance obligations, including legislative compliance and reporting potential non-compliance and potential challenges to the CCG.
- Providing an annual review to the CCG detailing Hermes' performance against its objectives and, where practicable, the qualitative and quantitative impacts of the EMS programme and policy, i.e. highlighting examples of where the policy and the EMS are enhancing the business.

4.3 Staff

All staff are responsible for:

- Being aware of the policy and commitments made by Hermes.
- Acting responsibly and in accordance with environmental initiatives introduced to support Hermes' objectives and achieve identified targets.

5. Environmental Policy Statement

Hermes believes that effective management of the risks associated with social, ethical and environmental matters can lead to long-term financial benefits for the companies concerned.

By operating in line with our strategy and approach to acting as a responsible owner, investor and firm we ensure the implementation of our internal environmental policy within our office considers the impact our decisions have on society, the environment and the wider world.

Objectives

We recognise the importance of creating systems to monitor, review and reduce the environmental impacts of our internal operations. It is our policy to achieve the following high level objectives:

- We aim to understand the full scope of the environmental impacts of our internal operations.
- We aim to go beyond simply complying with legislation, and demonstrate best practice in sustainable occupancy where feasible.
- We will effectively communicate our environmental policy to clients, employees, shareholders and suppliers.
- We will engage with our property manager and / or landlord to ensure environmental considerations are taken into account in the management of 150 Cheapside.

To achieve these objectives we have identified a number of action areas:

- Defined structure; we aim to measure, analyse and improve our own performance as occupiers of 150 Cheapside. Our five ambitions to achieve this are:
 - Utilities; we aim to monitor our associated CO₂ emissions through measuring our electricity, gas and water consumption where possible.
 - Waste; we aim to reuse or recycle all possible materials and reduce total waste produced by our activities.
 - Procurement; we aim to source sustainable products and services, where practical, for our internal operations by ensuring that policies are in place for the responsible procurement of products and services.
 - Transport; we aim to encourage employees to consider using more sustainable transport options by providing guidance within our business travel and expenditure policy.
 - Pollution; we aim to prevent pollution through identifying potential environmental risks and through ensuring employees and suppliers know how to handle an environmental incident should it occur.
- Regular Meetings; we will create a framework for setting and reviewing these environmental management objectives and targets which will involve regular meetings to ensure continued improvement of our internal activities.
- Assigned responsibilities; to ensure accountability and full implementation of our objectives and targets we will assign responsibilities to particular individuals or groups whose role it will be to further environmental sustainability within 150 Cheapside. Overall responsibility will lie with the CEO of Hermes Fund Managers.

Hermes is committed to the continual improvement of our environmental management system which structures our approach to the environmentally responsible management of our internal operations and enhancement of our environmental performance. This policy and our objectives and targets will be reviewed on an annual basis.

Appendix 1

Hermes Fund Managers Limited (“Hermes”)

Environmental Management System (EMS) Working Group – 150 Cheapside

Terms of Reference

1. Purpose

The purpose of the Environmental Management System (EMS) Working Group is to assist the Executive Management of Hermes in providing the relevant and necessary assistance to enable Hermes to maintain its ISO14001 accreditation for EMS covering its internal operations.

In the creation and maintenance of the EMS the working group will perform its duty in ensuring Hermes’ internal operations are conducted in an environmentally sustainable manner, where possible. Responsibilities of the group include;

- The development and implementation of proper and effective EMS policies, procedures and guidance documents
- The regular review of Hermes environmental impacts and aspects
- The review of annual internal and / or external audits of the EMS and suggestions for improvement

2. Membership

The EMS Working Group shall be made up of one representative from each of the following departments:

- Finance (specifically, the procurement function)
- Technology
- Legal services & Co. Sec.
- Human resources
- Facilities management
- Marketing
- Other business functions as required

In addition, a representative from an independent Sustainability consultancy, as appointed by the Head of Facilities Management for 150 Cheapside, will be invited to attend meetings.

Other representatives may be invited by the Working Group members to attend all or part of any meeting if appropriate.

3. Chair

The Head of Facilities Management shall act as Chair of the Working Group. In their absence, the members present shall elect another member to act as Chair for that meeting.

4. Secretary

The representative from the independent Sustainability consultancy (or another member of the Working Group in his/her absence) will act as secretary to the Working Group and provide the Working Group with a list of the action points and matters agreed at each meeting within seven days of the meeting.

5. Quorum

The quorum necessary for the transaction of business shall be any 4 members. A duly convened meeting of the Working Group at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Working Group.

6. Frequency

The EMS Working Group shall meet every quarter.

7. Notice of Meetings

Meetings of the Working Group, other than those regularly scheduled as above, shall be summoned at the request of the Chairman of the Working Group.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with agenda of items to be discussed, shall be forwarded to each member of the Working Group and any person required to attend, no later than 5 days before the date of the meeting. Supporting papers shall be distributed no later than 2 working days before the meeting.

8. Duties

It is the duty of the Working Group to assist Hermes in its compliance with relevant environmental legislation and regulation. The Working Group will also develop and implement policies;

- To maintain the Hermes Environmental Management System (EMS) to ensure that the environmental impacts associated with Hermes' internal operations are addressed;
- To ensure the above-mentioned management system meets the requirements of ISO14001.

The Working Group will attempt to co-ordinate and co-operate between business areas involved in the implementation of policies.

The Working Group will ensure that assessment, monitoring and control of environmental impacts and aspects in the workplace are undertaken and incorporate any improvements identified into the EMS.

The Working Group will ensure that provision is made for adequate training for those employees involved in the implementation of the EMS.