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PRESS RELEASE

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Hermes among the first to sign up to Japan's Stewardship Code

Hermes Fund Managers, and its engagement team Hermes Equity Ownership Services (EOS), have signalled their intention to become one of the first signatories to Japan's new Stewardship Code.

Institutional investors have until the end of May 2014 to join the initial list of signatories to the code, which is officially known as the *Principles for Responsible Institutional Investors*. Hermes EOS worked closely with Japan's Financial Services Agency on the drafting of the comply-or-explain code and responded to its public consultation.

Saker Nusseibeh, Chief Executive Officer, Hermes Fund Managers, said: "Since the financial crisis, there has been a growing recognition by asset owners that companies with active, informed shareholders are more likely to create value than those without, and therefore we welcome Japan's Stewardship Code.

"We have a strong culture of responsibility at Hermes and have always sought positive engagement with the firms in which we invest. The development of the code represents a switch from a traditionally rules-based corporate culture to one based on principles combined with a comply-or-explain approach. With a new government in place, Japan has looked at ways to foster sustainable, longer-term growth, and, taking the UK as an example, set about doing so with the new code."

Colin Melvin, Chief Executive Officer, Hermes Equity Ownership Services, said: "We fully welcome Japan's Stewardship Code. The development of the principles represents a significant step forward in responsible investment and ownership activities in Japan, as the country aims to promote sustainable growth through investment and constructive dialogue between companies and their shareholders. It is also a sign that stewardship activities are spreading around the world."

"Ultimately, we believe that better governed companies produce better returns, which is why we have supported and will continue to actively contribute to the development of stewardship codes around the world on behalf of our clients."

Japan's Stewardship Code is in good company. Following the launch of the UK *Stewardship Code* in 2010, the Dutch corporate governance forum Eumedion developed the so-called *Best practices for engaged ownership* and the European Fund and Asset Management Association (EFAMA) produced its Code for External Governance. South Africa launched the *Code for Responsible Investing in South Africa* (CRISA) and Switzerland developed the *Guidelines for institutional investors governing the exercising of participation rights in public limited companies*. Italy's Stewardship Code was published in late 2013 and Malaysia is set to publish its *Code for Institutional Investors* later this year.

Information from Japan's FSA can be found [here](#).

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Notes to Editors:

Hermes Fund Managers

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

We believe in **Excellence, Responsibility and Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure provides wholesale, institutional and pension fund clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield
- **Alternatives:** Commodities, Hedge Fund Solutions, Infrastructure, Private Equity
- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European

Hermes manages assets on behalf of more than 200 clients* across these investment areas with £26.3 billion* assets under management. In Hermes Equity Ownership Services, we have one of the largest engagement resources in the industry, advising on more than £98 billion* of assets.

*Please note the total AuM figure includes £3.4bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.4bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 December 2013.