



Lloyds Chambers 1 Portsoken Street
London E1 8HZ
Tel: 020 7702 0888 Fax: 020 7702 9452
www.hermes.co.uk

PRESS RELEASE

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Hermes Fund Managers signs up to the Malaysian Stewardship Code

Hermes Fund Managers, and its engagement team Hermes Equity Ownership Services (Hermes EOS), have signed up to Malaysia's new Stewardship Code, just months after becoming one of the first signatories to Japan's version of the investor code.

Hermes EOS has been actively involved in the development of Malaysia's *Code for Institutional Investors* – which is the second one in the emerging markets after South Africa – by responding to the consultation on its draft version and meeting with the government-sponsored Minority Shareholder Watchdog Group and the Securities Commission of Malaysia. The comply-or-explain code consists of six principles calling on institutional investors to discharge their stewardship responsibilities through proactive engagement and voting.

Saker Nusseibeh, Chief Executive Officer, Hermes Fund Managers, said: “The *Code for Institutional Investors* represents a milestone in the evolution of corporate governance in Malaysia. Investors continue to turn to emerging markets in their pursuit of returns and by recognising the leadership role played by institutional investors in promoting good governance practices in companies, Malaysia's new code will ensure the country a leadership position among emerging market countries.

“Responsibility is one of our cornerstone values at Hermes, ingrained in our DNA and established long before it became fashionable in the industry. Whilst Hermes has always sought positive engagement with the firms in which we invest, responsibility is a far wider concept than shareholder engagement. 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. Malaysia's Stewardship Code will help create long-term growth whilst also attracting more international institutions and asset managers.

Colin Melvin, Chief Executive Officer, Hermes Equity Ownership Services, said: “We are pleased about Malaysia's introduction of the *Code for Institutional Investors*. We believe the development of the Code will move responsible investment further up the agenda and enhance ownership activities in Malaysia as well as in emerging markets and Asia. 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.”

Hermes EOS spoke about investor stewardship at a panel at the launch event – the Roundtable on the Malaysian Code for Institutional Investors 2014, on 27 June.

In April, Hermes Fund Managers became one of the first signatories to sign up to Japan's Stewardship Code, which is officially known as the *Principles for Responsible Institutional Investors*. Both codes are 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.

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For further information, please contact:

Hermes Fund Managers

Jeannie Dumas

Katie Sunderland

+44 (0)20 7680 2152
j.dumas@hermes.co.uk

+44 (0)20 7680 2315
k.sunderland@hermes.co.uk

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 £26.9 billion* assets under management. In Hermes Equity Ownership Services, we have one of the largest engagement resources in the industry, advising on more than £103 billion* of assets.

*Please note the total AuM figure includes £3.5bn 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. £0.5bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2014.