

**18 MAY 2015**

## **Response to ShareAction's report on asset manager voting practices**

**Saker Nusseibeh, Chief Executive, Hermes Investment Management, said:**

We welcome ShareAction's report holding asset managers accountable to their clients and beneficiaries for how they vote on their behalf. 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 and have always sought positive engagement with the firms in which we invest.

Our engagement team, Hermes EOS, is a pioneering advisory service which enables its clients to be responsible investors and owners of companies, advising on more than £124.3 billion of assets as of 31 December, 2014.

Our approach to engagement, including voting, as directed by our clients is with the objective of achieving beneficial change, not to mount a campaign or 'box tick'. We take a graduated approach and base our decisions on annual report disclosures, discussions with the company and independent analysis. At larger companies or those where clients have a significant stake, we seek to have dialogue ahead of voting against or abstaining on any resolution. We vote accordingly and as part of a constructive discussion with the company's board.

Earlier this year we published our [annual voting and engagement report](#), which highlights that in 2014 Hermes EOS voted at a total of 10,363 meetings around the world, analysing 99,724 resolutions in accordance with voting policies. At 4,606 of those meetings we opposed one or more resolutions and we abstained at 20 meetings. We voted with management by exception at 41 meetings and supported management on all resolutions at 5,696 meetings.

Further to this, Hermes has been publicly advocating a fundamental shift in the way investment is viewed by owners and investors for some time. We believe that adopting this approach of responsible ownership is not only a way of doing the right thing, but is equally an approach which achieves risk adjusted returns in the long term. This is because we argue that sustainable growth benefits both the asset owners and the wider economy, thus creating a more sustainable financial ecosystem.

We have recently published [Integrating ESG risks into our investments](#) which reflects the active way in which we aim to align the assets entrusted to us with these values. It is our view that companies with strong governance and astute management of their environmental and social responsibilities, such as emissions control or labour rights, not only make a more positive contribution than those that do not, but also provide greater long-term value for shareholders

It is our view that our responsibility is to our clients, including the 320,000 pension fund beneficiaries that ultimately own our business.

Follow Hermes Investment Management on Twitter: [@Hermesinvest](#)

Follow Hermes EOS on Twitter: [@HermesEOS](#)

Website: [www.hermes-investment.com](http://www.hermes-investment.com)

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**Notes to Editors:**

**Hermes Investment Management**

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

Hermes manages assets on behalf of more than 200 clients\* across equities, fixed income, alternatives and real estate, with £30.1 billion\* assets under management. In Hermes EOS, we have the industry's leading engagement resource, advising on more than £124.3 billion\* of assets.

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 gives 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:

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

\*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 Limited ("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 2015.