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Response to the Guide to Responsible Investment Reporting in Public Equity

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

“We welcome the newly published Guide to Responsible Investment Reporting in Public Equity. 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 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.

“To put this belief into practice, we analyse the financial, environmental, social and governance risks that our investments are exposed to, and exercise shareholder voting rights. We also engage with companies, becoming more active when investor involvement can clearly contribute to better long-term performance.

“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 £120.3 billion* of assets.

“Our responsibility to clients, including the 320,000 pension fund beneficiaries that ultimately own our business, is realised in three principal ways:

- Financial analysis of companies and assets, to identify the most attractive long-term investments
- Integration of ESG risks into investment decisions, to ensure that we are informed but not constrained by ESG considerations
- Shareholder voting, engagement, and public policy work to promote the long-term interests of shareholders

“These guidelines are a step in the right direction for the industry and we are fully supportive.”

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Notes to Editors:

Hermes Investment Management

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

We manage assets on behalf of more than 200 clients* across equities, fixed income, alternatives and real estate, with £27.9 billion* assets under management. In Hermes Equity Ownership Services, we have the industry's leading engagement resource, advising on more than £120.3 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.

Our 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 £3.6bn 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 30 September 2014.