



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

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Press Release

Hermes builds on responsible investment credentials with the launch of the Hermes Private Equity Environmental Innovation Fund

Hermes Private Equity (HPE) is pleased to have been appointed as one of the fund of fund managers allocated funding by the UK Government as part of the UK Innovation Investment Fund (UKIIF). This allocation was made following an open competition and diligence process carried out by Capital for Enterprise Ltd. HPE will be launching a new Fund of Funds, the **HPE Environmental Innovation Fund (HEIF)** using £50m of UKIIF funding alongside commitments of £75m from Hermes' existing client base. The fund will have a first close in January 2010 of £125m.

Susan Flynn, CEO, HPE said: "Increased interest in the environment and Climate Change Policy presents an opportunity to capitalise on this interest to the benefit of private investors, the tax payer and the environmental companies we will invest in. With the current financial crisis there are many good companies who may not have funding available to them. The HPE Environmental Innovation Fund will ensure that those seeking finance for promising new environmental ventures will have access to a national source of funding."

The key focus of the fund will be on investment opportunities aimed at reducing the environmental impact of human activity on the earth by increasing the efficient use of resources (both renewable and non renewable) at all stages of production and consumption (including, without limitation, investment opportunities in the low carbon, waste recovery and water sectors). The Fund will particularly focus on pooled investment funds that invest in United Kingdom opportunities. HEIF will provide investors with the opportunity to invest in both funds and co-investments in businesses with high growth potential, primarily focusing on the environmental sector.

ENDS

**For further information, please contact:
Lansons Communications**

David Masters davidm@lansons.com
+44 (0)7825 427514

Henrietta Guthrie henrietta@lansons.com
+44 (0)20 7490 8828

Notes to editors:

Hermes Private Equity

Hermes Private Equity (HPE) is a wholly owned subsidiary of Hermes Fund Managers Limited (Hermes) and has been operating private equity fund of funds since 2000. It currently has over £2bn under management*. The team has extensive experience of investing in alternative investments and over the past 10 years HPE has committed to over 100 funds in the UK, Continental Europe, USA and Asia, investing in early stage venture through to large buyouts and infrastructure.

HPE, through its parent, is involved in a number of organisations which specifically look at environmental matters including: The Carbon Disclosure Project, UN Environment Programme Finance Initiative (UNEP FI), FIR (French Social Investment Forum) and The Institutional Investor Group on Climate Change (IIGCC). Hermes was also an early signatory to the UN Principals of Responsible Investment (UNPRI) and HPE has incorporated these principals into its investment process.

Hermes

Hermes is a multi boutique asset manager comprising a series of specialist investment partnerships with a truly long-term and responsible approach to delivering investment returns. We offer our clients the best combination of specialist investment teams and products along with a robust operating platform from which to operate.

Hermes offers investment solutions which range from alternative strategies such as private equity, hedge funds, commodities and our engagement focus funds to real estate, fixed income and specialist equity products. Hermes invests assets on behalf of over 180* clients across these product areas and has £21.6bn* under management. Additionally, we help pension funds meet the highest standards of responsible long term ownership through our innovative Equity Ownership Service, which has over £40 billion** of assets under stewardship.

Hermes is the advisor and principle investment manager for the BT Pension Scheme (BTPS) and BTPS is also the 100% owner of Hermes. This unique relationship gives us a long-term parent whose requirement for investment excellence is perfectly aligned with that of all of our other clients and provides a privileged insight which informs our product development.

* As at 30 September 2009

** Estimate as at 30 September 2009.

Capital for Enterprise:

Capital for Enterprise Limited ('CfEL') is an asset management business that designs, implements and manages finance measures to support Small and Medium Size Enterprises ('SMEs') across the UK. CfEL is the largest single investor in UK Early Stage Venture Capital funds and manages guarantee programmes to support bank lending. With current investment commitments of over

£365 million in 37 Venture Capital funds, together with its responsibility for the Small Firms Loan Guarantee scheme and the £1.3 billion Enterprise Finance Guarantee, CfEL has over £2.0 billion in commitments, assets and liabilities under management.

UK Innovation Investment Fund (“UKIIF”):

The Fund was announced by the Prime Minister on 29 June as part of the Government’s strategy for Building Britain’s Future. The Departments for Business Innovation & Skills, Energy and Climate Change and Health have provided £150 million alongside private sector investment on a pari-passu basis. The new funds will focus on investing in growing small businesses, start-ups and spin-outs, in strategically important UK sectors including digital and life sciences, clean technology and advanced manufacturing.