

Responsible Property Investment Policy Statement

Hermes Real Estate

Hermes Real Estate Management Limited is the Real Estate investment subsidiary of Hermes Fund Managers Limited with responsibility for all property portfolios owned by British Telecom and Royal Mail Pension Scheme, together with the Hermes Property Unit Trust. Its main activities are strategic planning, research, investment, development and management across all primary Real Estate markets including the retail, office and industrial sectors with Real Estate management generally being subcontracted to professional firms of managing agents.

RPI strategy

At Hermes, we believe that a responsible approach to sustainability is essential and that it is inevitable that it will have an impact on future value of our assets. Thus, we are committed to ensuring that Responsible Property Investments (RPI) is fully integrated in the way we work across our business to improve our overall environmental, social and economic performance.

RPI is an investment approach that recognises and addresses the environmental, social and economic risks and opportunities associated with the ownership and management of property assets. We believe we are responsible for the impacts that our buildings have on the environment and local communities. Therefore we have implemented a comprehensive RPI strategy and programme across all our directly managed assets, through our real estate activities including: investment, development, property management and occupier engagement.

Corporate Objectives

In order to implement our RPI strategy, we have set overarching corporate objectives under the following four key areas:

- **Leadership**
 - To be at the forefront of thinking and research in the responsible property development and sustainability arena, in order to ensure we can provide the best strategic advice to our client, and enable us to manage risks effectively and create real sustainable investment returns for our clients.
- **Strategy**
 - To acquire, develop, manage and dispose of Property Assets, taking into consideration the environmental and socioeconomic risks and opportunities which contribute to the properties' potential to deliver long term investment performance.
- **Management Systems**
 - To have appropriate systems and procedures in place to ensure that RPI can be effectively implemented. These will be supported by performance evaluation systems designed to incentivise the delivery of long-term investment value by those responsible for the Property Asset.
- **Compliance**
 - To ensure that we and the Property Assets we are responsible for comply with all current legislative and regulatory requirements, and demonstrate preparedness for any forthcoming legislation.
- **Good Practice**
 - To ensure that our Property Assets make a positive long-term contribution to the protection and enhancement of the local and global environment.
 - To develop and manage our Property Assets with consideration for their impact on local communities and to support local communities in improving their quality of life.
 - To develop effective relationships with all stakeholder groups and facilitate the sharing of good practice.
 - To ensure that all staff are aware of our RPI policy and objectives.

Governance

In order to ensure that these objectives can be achieved, we have put in place the following governance procedures:

- **Responsibility**

A Board Director of Hermes Real Estate has overall responsibility for matters related to RPI.

- **Implementation**

The Hermes RPI Steering Group is responsible for the continuous evolution of RPI strategy and for overseeing its effective implementation. The Steering Group is chaired by the Board Director and consists of representatives from each of the Hermes Real Estate business activities – Investment, Development and Management. The Steering Group meets on (at least) a quarterly basis.

- **Performance Targets**

Each year we will review our series of management and performance targets to ensure that we can measure our progress and drive continuous improvement.

- **Engagement**

An active stakeholder engagement programme is in place to ensure that Hermes' staff and business partners are aware of our Policy and Targets, enabling us to work together to achieve our objectives.

- **Reporting**

We will publicly report progress on our RPI Policy, Objectives and Targets on an annual basis.

See: www.hermes.co.uk/rpi_report_08

- **Review**

The Hermes RPI Policy will be reviewed annually.

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