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## Press Release

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30th January 2006

### **HERMES ANNOUNCES THE COMMENCEMENT OF A LONDON-BASED ASSET MANAGEMENT JOINT VENTURE WITH NIPPON LIFE**

Hermes Pensions Management Limited (“Hermes”) announces that it has purchased a minority interest in the London-based asset management operation of Nippon Life Insurance Company from the other existing shareholder. The business has nearly €700 million under management in two European active equity funds, made up largely of capital from Nippon Life in Japan. It has 7 employees, 6 of whom are on secondment to London from Japan.

Hermes, as well as purchasing 1/3rd of the company, will also be responsible for dealing, back office and compliance support and provision of offices. Hermes’ Equity Ownership Service (EOS) will also act for the fund in Europe on ownership issues. EOS provides engagement and governance services not only to Hermes but to third party clients as well.

Hermes has an established relationship with Nippon Life and its subsidiary, Nissay Asset Management Corp. (NAM). Last year, Nippon Life and the BT Pension Scheme invested in a newly launched fund called “Nissay Hermes Stewardship Fund” which is managed by Hermes and NAM. Charlie Metcalfe, Deputy Chief Executive, of Hermes commenting on the purchase, said:

“This joint venture is a good step in our increasingly broad relationship with NAM and its parent, Nippon Life. NAM already provides Hermes’ products within Japan and Nippon Life is a co-investor in a range of governance products.”

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## **Notes to Editors**

Hermes is a leading pension fund investment manager, independent of any broader financial services organisation. Hermes' market-leading investment strategy has for many years been based on the index/specialist approach and is increasingly being adopted by other large pension funds. Hermes currently invests over £61.5bn (as at 31/12/05) on behalf of over 220 clients including pension funds, insurance companies, government entities and financial institutions, as well as charities and endowments. However, Hermes' largest client is the BT Pension Scheme (BTPS), who as owner of Hermes, gives its investment management perspective a unique insight and close alignment to the needs of other long-term investors and pension funds. Some of Hermes' other major clients include the pensions funds of Royal Mail, RailPen, Unilever, Nippon Life (Japan), CalPERS (USA), PGGM (Netherlands), OTPP (Canada) and around 35 UK Local Authorities.

Hermes places great emphasis on exercising stewardship rights in all the companies in which it invests, particularly because it has long-term holdings in index stocks and is therefore necessarily exposed to under-performing assets. As a result, it is at the forefront of the corporate governance movement in the UK. Hermes is the first major investment institution in the world to have established both UK and European shareholder engagement funds - the Focus Funds. Having identified companies underperforming their indices, Hermes' intervention and involvement as long-term shareholders aims to unlock the latent value that exists within the companies in which it invests.

Hermes has developed its governance service even further by offering the Hermes Equity Ownership Service (EOS). EOS offers pension funds the highest level of equity stewardship by providing a single integrated stewardship overlay across a scheme's equity holdings, regardless of who is the underlying fund manager. It is particularly appropriate for schemes with large equity holdings, and those who recognise the value of good stewardship in adding value to their equity investments.