

Good afternoon,

Please find below the comment regarding the 2018 Benchmark Policy Consultation on behalf of the Church Commissioners for England and Church of England Pensions Board.

US Policy - Director Elections - Non-Employee Director Compensation

- *In your view, what are the circumstances for which large NED pay magnitude would merit support on an exceptional basis?* In assessing NED pay magnitude I would look at how it ranks compared to peers. We would look negatively at significant NED pay increases when NED pay is already at or above peer median level. One-time onboarding grants to new directors would not represent a mitigating circumstance in our view.
- *If a company's proxy disclosure does not clearly indicate which board committee is responsible for setting and/or approving director pay, which board members should be held accountable?* The Board Chair if he is independent, otherwise the Senior Independent Director/Lead Director
- *In calculating average/median pay, should ISS include outsized pay packages provided to NED board chairs, lead directors or other board members who receive outsized boardroom pay?* We would exclude pay granted to NED Board Chair from the calculation.

US Policy – Gender Pay Gap Shareholder Proposals

- *Are there other factors ISS should consider when assessing proposals requesting disclosure on a company's gender pay gap?* During the 2017 proxy season we have been consistently supporting shareholder proposals asking companies to report on gender pay gap. We did so on two grounds: 1) ethical: as we support both disclosure of pay ratios and gender diversity/fairness in companies we are invested; 2) level of disclosure: while the companies where these proposals were presented had in place adequate diversity and inclusion policies and practices, we believe that there was no discussion on the specific issue of gender pay gap. Therefore, we believe ISS should place extra attention in checking this specific matter when assessing diversity/employment policies for the purpose of providing a vote recommendation on gender pay gap proposals. One other factor we wish ISS to take into account is whether gender pay gap reporting and disclosure is becoming best practice amongst the largest corporations in the US.

US Policy - Director Elections - Poison Pills

- *Should ISS continue to grandfather the directors whose boards adopted 10-year pills in 2008 and 2009 given that they will expire under their terms over the next few years?* We would be happy to support ISS proposed new approach that boards with the 10-year pills currently grandfathered from 2009 would no longer be exempt and would receive against recommendations.
- *Regarding short-term pills (1-year term or less), is the rationale for adoption (e.g. an unsolicited takeover offer) the most important factor for consideration when voting on directors who adopted the pill? If not, please specify other factors:* It is , in our view
- *Should one factor for the consideration of short-term pill adoptions be a commitment that any renewals or extensions of the pill will be put to a shareholder vote?* Yes

Canada Policy - Director Elections - Overboarded Directors (TSX-Listed Issuers)

We support the proposal to eliminate director attendance as a factor in determining a vote recommendation on directors due to overboarding

- *In situations where an overboarded director is CEO of a parent company board or any of the controlled subsidiaries (defined as >50 percent ownership) of that parent, should ISS consider exempting CEO directors from adverse vote recommendations at their own parent company or controlled subsidiary board?* I would not agree with total exemption but maybe apply mitigation to the calculations of the external positions
- *Is the proposed one-year transition period, i.e., with implementation of the proposed policy from February 2019 appropriate? If not, please explain why it is not appropriate?* Yes.

Canada Policy - Director Elections – Board Gender Diversity (TSX-listed issuers)

We welcome ISS decision to introduce a gender balance vote outcome for this market and we would encourage to do the same in other markets and in particular in those, such as UK, where there is an established best practice requirement (the Davis Report) concerning board gender balance.

- *Should the proposed policy apply to all TSX-listed companies at this time?* We agree with ISS proposal that this policy will not apply to companies with four or fewer directors, to companies that have become publicly-listed within the current or last fiscal year or companies that have graduated from the TSX Venture exchange within the current or prior fiscal year.
- *Is a one-year transition period, i.e., with implementation of the proposed policy from February 2019, appropriate for TSX non-Composite Index companies?* Yes
- *Are there any additional issues that should be considered when evaluating a company's formal gender diversity policy?* If the policy sets a target, whether the target in line with Canadian best practice or at least peer median for female director.

UK/Ireland Policy and European Policy 1– Virtual/Hybrid Shareholder Meeting Proposals

- *what rationale or assurances would be required in order for your organization to support changes to the articles of association allowing for "virtual-only" shareholder meetings?* We would not support virtual-meetings in any occasion;
- *Should ISS provide additional disclosure or alter its voting policies in markets (such as the US) where shareholder approval is not required for companies to switch to virtual-only meetings?* Yes, for companies where the switch to virtual-only meetings has not been subject shareholder approval, we would consider this a significant governance concern and therefore we would expect this taken into consideration for the vote on the election of the board member with responsibility to uphold governance standards.

European Policy – Director Elections - Director Overboarding

We support the proposal to extend the overboarding policy to the Nordic markets

- *Do you agree that the scope of the overboarding policy in the Nordics should only cover main market indexes or should the policy be applied for more companies in these markets?* Only cover main market indexes.
- *Do you agree with the proposed change to include Finland in the over boarding policy, despite all Finnish board elections being bundled?* Agree to include Finland in the over boarding policy.

Japan Policy – Director Elections – Outside Directors

- *Do you consider the proposed threshold of one-third of the board comprising outside directors appropriate as applicable to companies with three committees or with an audit committee?* Given that currently 5.1 out of 9.6 (53%) board members are outsiders at Japanese companies with a U.S.-type three-committee structure, would it be better to set the threshold at 50%, at least for companies with the three-committee structure?

- *Should the proposed policy be applied as well to companies with a statutory auditor system? Yes*
- *Do you think that a one-year transition period, i.e. with implementation of the proposed policy from February 2019, is sufficient? One is more than sufficient. If anything, we would like this provision to be applied from 2018*
- *The proposed policy does not require independent directors, but requires outside directors, because of concerns that too much emphasis on independence would prompt companies to recruit individuals with little business background. Notwithstanding such concerns, should the proposed policy still require independent directors? We are happy to ask for outside directors on an interim basis. However, in the long-term we would appreciate if independence will also be taken into consideration for the Japanese market.*

Japan Policy – Poison Pill Proposals

We support the proposed policy update to add a first stage necessary condition that the pill's total duration does not exceed three years. In absence of this condition, the evaluation of the pill proposal should not progress to the second stage of the analysis. We have no other comment to make.

China/Hong Kong Policies – Proposals regarding Chinese Communist Party Committees

We support the proposed new policy to recommend a vote against article and/or bylaw amendments regarding Party Committees where the proposed amendments lack transparency or are not considered to adequately provide for accountability and transparency to shareholders. We have no other comment to make.

Singapore Policy – Share Repurchase Pricing Limit Proposals

We support the proposed update for share repurchase plans to limit the premium for both on-market and off-market share repurchase mandates to 5 percent over the average trading price. We have no other comment to make

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