

Please find below our response to the issues raised in the 2018 Benchmark policy consultation. Our response is noted in red font.

#### US: NED Compensation

In your view, what are the circumstances for which large NED pay magnitude would merit support on an exceptional basis (e.g., one-time onboarding grants to new directors)? **While we do not object to the inclusion of language relating to exceptional circumstances, in practice we find it difficult to think of reasonable examples of such circumstances. We do not believe that the example in the question is a suitable exception.**

➤ 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 chairman, members of Remuneration/Nominations Committee as appropriate.**

➤ 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? **Yes.**

#### US: Gender Pay Gap

Are there other factors ISS should consider when assessing proposals requesting disclosure on a company's gender pay gap? **We agree with the approach suggested.**

#### US: 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? No, time has moved on, governance standards have tightened, and this provision should now end.

➤ 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. **Yes this is the most important factor provided that ISS take into account the "reasonableness" or indeed truthfulness of the stated rationale.**

➤ 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 Overboarding:

Under current Canadian policy, all publicly-listed boards, regardless of whether they have a parent/subsidiary relationship, are counted when determining a director's status as an overboarded director. 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? **No, in the case of public boards.**

➤ 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 we agree with this implementation period.**

#### Canada: Director elections/Diversity

Should the proposed policy apply to all TSX-listed companies at this time?

➤ 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 given this dates back to 2015.**

➤ Are there any additional issues that should be considered when evaluating a company's formal gender diversity policy? **This is sufficient for now.**

Europe: share issuance requests

For general share issuances without preemptive rights, do you consider a maximum limit of 10 percent of issued share capital appropriate? If not, what limit would you support and why (please specify)? **We consider 10% to be the absolute maximum, in fact 5% would be preferable for issuance without pre-emptive rights.**

➤ For general share issuances with preemptive rights, do you consider a maximum limit of 50 percent of issued share capital appropriate? If not, what limit would you support and why (please specify)? **This is in line with current good practice and is reasonable.**

➤ Should there be exceptions for certain sectors or industries? If yes, which sectors or industries do you consider would be appropriate and why (please specify)? **Definitely not, particularly for non-preemptive issuance. Major dilution should not be allowed regardless of industry.**

Europe: Director elections – non-widely-held companies

➤ In light of the abovementioned impact, does your organization favor the introduction of a onethird board independence requirement at all non-widely held European companies with effect from February 2019, or do you consider that either some markets or some types of companies may warrant a longer transition period or a lower minimum limit? **Given the importance of board independence, we believe that a one-year phase-in period is reasonable.**

➤ In several European markets, the local corporate governance code contains a specific recommendation for board independence at smaller companies. In some cases, the recommended minimum independence guideline is lower than the one-third independence guideline foreseen in the proposed policy. For example, in France, the Middledenext Code recommends that small companies have at least two independent directors on their boards. This effectively means that, if the proposed policy were to be implemented, ISS would in some cases apply negative voting recommendations to companies that comply with their local code recommendation on board independence. In light of this possibility, would your organization think it appropriate for ISS to apply voting sanctions based on the local code recommendation in markets where the code recommendation on board independence at small companies is lower than one-third? **No, we think that that these standards should apply regardless of local codes.**

UK/Ireland: virtual and hybrid meetings

Some investors have indicated that they would be willing to support the practice of "virtual only" shareholder meetings if they provide the same shareholder rights as a physical meeting. If your organization supports this view: 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 agree that virtual meetings should not yet be permitted. We are unsure how sufficient safeguards could be put in place but could envisage this changing over time.**

➤ 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? **We believe it is best to be consistent across markets to the maximum extent possible.**

Europe: Director elections/Nordics

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? **This policy should be applied to all companies in these markets.**

➤ Do you agree with the proposed change to include Finland in the over boarding policy, despite all Finnish board elections being bundled? **Yes, it is clear that investors support this change and in any case the bundling of elections is not something that should lead to lower governance standards.**

Japan poison pills

Do you think it is appropriate to add the duration of maintaining a pill since it was first introduced to the "necessary conditions" in the first stage of analysis? If not why? **Yes, pills should be short-term measures subject to shareholder votes annually.**

• If you think it is appropriate to add this criterion, what length of time do you consider acceptable for such duration as a new necessary condition in the first stage of analysis? **We believe that one year, not three, would be a more appropriate time period.**

China/HK: Communist Party Committees:

Under what conditions or limitations to the power of the Party Committee should ISS make an exception to the proposed policy, and recommend for the establishment of a Party Committee? **None, such a committee should not be referenced in the Articles of any such companies.**

➤ Are there other exceptions to the proposed policy (e.g., any potential risks or concerns) that should be considered? If yes, please specify. **No**

Singapore: share repurchase price limit

Should the same premium ceiling be applied to off-market repurchases as market repurchases? If no, please explain. **Yes it should, there is no reason to distinguish between the two kinds of purchases and abolishing the distinction would limit potential abuses.**

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