

Kathy Belyeu

From: Fahy, Eoin <eoin.fahy@KBIGI.com>
Sent: Friday, October 18, 2019 9:41 AM
To: Policy
Subject: Response to proposed benchmark policy change

Please see below for our response to your consultation on the proposed changes to benchmark policy for 2020.

Problematic Governance Structure – Newly Public Companies.

We are fully supportive of these proposed changes. If anything, we would think that seven years is perhaps too long and we would certainly be opposed to a period longer than seven years (for the sunset provision)

Independent Board Chair:

We support the proposed change, and in fact we would prefer if the policy was still stronger, and essentially mandated a vote in favour of an independent chair in all but the most exceptional circumstances.

Share Repurchase Proposals:

We fully support the proposed changes.

Indemnification:

We fully support the proposed changes.

Director Terms:

We agree that best practice is for annual elections, so that directors are accountable to shareholders on a regular basis. Clearly, five years is far too long and so we support both the reduction to four years as a maximum for all markets from 2021, and the statement that this maximum may be shortened further in future. We recognise that this could lead to a significant number of votes against German board members from 2021 onwards, but believe that is in the best interests of shareholders.

Board Gender Diversity (Europe):

We fully support this proposal and indeed would welcome, in future, a tightening of this policy to insist on at least TWO female board members (with a possible exception in the case of boards with a very small number of directors).

Remuneration Committee Responsiveness:

We are unclear as to why the policy seems to move away from voting against all members of the remuneration committee, in favour of voting against “the chair or, where relevant, any other members....”. This is a retrograde step and we would prefer the original text of that bullet point (numbered 1). We also do not believe that a “case by case” approach should be adopted as failure to be responsive to shareholder views is a very serious issue and we believe the default position should be to vote against relevant board members. Otherwise we support the changes.

Use of Discretion by Remuneration Committees - Europe

We fully support these proposed changes

Board Gender Diversity – UK and Ireland

We fully support this proposal and indeed would welcome, in future, a tightening of this policy to insist on at least TWO female board members (with a possible exception in the case of boards with a very small number of directors).

Use of Discretion by Remuneration Committees – UK and Ireland

We fully support these proposed changes

Board Independence: Middle East and Africa

We fully support this proposed change

Director Disclosure – Cumulative Voting

We support the proposed changes, although we would prefer an approach that would go further and vote against all candidates where there is an absence of sufficient information about their credentials. Shareholders should be given enough information to make an informed judgement on a company's proposed board members, and in the absence of that information, such candidates should be opposed.

Board Independence – Japan

We support the proposed changes. We have no firm view on whether a grace period should be given, but believe it should be no more than one year, if given.

Gender Diversity – India

We fully support this proposed change

Director Accountability – South Korea

We fully support this proposed change.

Share Repurchase Pricing Limit – Singapore:

We support the proposed changes but would note that in the event of any change to local regulations which would take away the requirement to treat all shareholders equally, we would have a very strong view that the 20% cap should be cut to a much lower level.

Cash dividend distribution plan – Taiwan

We support this proposed change.

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