



The Church Investors Group has told FTSE 350 companies, ahead of this year's AGM season, that it will take a harder line where reform in three key areas is deemed to be too slow. CIG will encourage other shareholders to hold directors to account and refuse to re-elect directors where the company is out of line with best practice.

The Church Investors Group (CIG) represents church organisations with combined investment assets of approximately £17 billion and includes the main investing bodies of the Church of England and the Methodist Church.

The CIG has tightened its voting policy in three main areas:

### **Executive pay**

The CIG will review fairness in the workplace and will withdraw support for remuneration reports where pay ratios are not disclosed, Chief Executive pensions are excessive, or where financial services or pharmaceutical companies do not pay the living wage.

### **Gender diversity**

CIG members will now vote against the re-election of nomination committee chairs where the board has less than 33% women and it will vote against all directors on the nomination committee where less than 25% of board directors are women.

### **Climate change**

CIG members now vote against the re-election of the company chair when a company is making little progress to transition to a low carbon world. Companies will be measured against their scores from the Transition Pathway Initiative, a project established by the Church of England with the Central Finance Board of the Methodist Church as a founder member.

The Reverend Canon Edward Carter, Chair of the Church Investors Group, said “The best companies contribute to the common good through their products and services and the way they treat their employees. Their directors understand that if they are not doing something about fairness and about the risks facing us today, they are part of the problem and risk losing the confidence of the public and ultimately their licence to operate.”

Stephen Beer, Chief Investment Officer of the Central Finance Board of the Methodist Church, said “Church investors have long sought to address excessive executive pay and encourage the adoption of the Living Wage. Our new policy will enable us to send a clear signal to companies that we expect them to consider fairness when setting executive pay levels. We encourage the wider investment community to hold directors accountable and ensure more responsible stewardship on this critical subject.”

Carlota Garcia-Manas, Deputy Head of Engagement for the Church Commissioners and Church of England Pensions Board, said “In 2018 we will not support the re-election of the Company Chair if the company has received a low grade on the Transition Pathway Initiative, indicating a lack of awareness and action on climate transition risk. We continue to see climate change as a key issue and encourage other investors to partner with us in ensuring we hold companies accountable to the highest standards and adapting their activities to fit with the Paris Agreement.”

