

Church investors promote diversity through voting guidelines

The Church Investors Group (CIG or the Group), representing 60 members and over £21bn in assets, has this week written to the leaders of FTSE 350 companies to inform them that it will be using its votes to push large companies to increase board diversity during the upcoming AGM season.

The CIG already holds companies to high standards on executive pay, climate change, and tax justice. Where executive remuneration schemes are excessive, we vote against them and in extremely blatant cases, also vote against the reappointment of directors.

The Church Investors Group has revised its voting policy in the following areas:

Promoting diversity within executive leadership

The CIG believes that diverse teams are both fairer and better for investors. Following the recommendations of Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity the CIG has broadened its expectations on board diversity. For the 2021 vote season CIG has extended its diversity considerations to include ethnic diversity at board level and has increased its minimum expectations for gender diversity.

- CIG members will not support the re-election of nomination committee chairs of FTSE100 companies where there is no ethnic minority representation on the board.
- Members will also vote against the nomination committee chair at FTSE350 companies where less than 40% of the board is female. Members will also consider voting against the entire nomination committee where women make up less than 30% of FTSE100 board and less than 20% of FTSE250 boards.

Protecting the planet and improving climate change transparency

Church investors have used their voting rights to raise concerns over climate change issues, including shareholder resolutions and withholding support for director elections where companies have been identified as laggards in addressing climate change. One key metric used to measure a company's approach to climate change is its Transition Pathway Initiative (TPI) Performance Pathway's alignment with the Paris Agreement. CIG members have expanded the types of companies who are expected to be Paris aligned to the Oil & Gas and Diversified Mining Sector.

- CIG members will not support the board chair where the company is included in the CA100+ programme, in the electrical utility sector, or Oil and Gas or Diversified Mining sector, and does not have a TPI Performance Pathway that is either aligned with or below the NDC (Paris Agreement) pathway.

The Revd Canon Edward Carter, Chair of the Church Investors Group, commenting on the 2021 voting template said:

“Church investors have led the way in using their votes at company AGMs to support increased board level gender diversity. Now is time to raise the bar even further and challenge companies to appoint boards which are truly reflective of the society in which we live, simply being satisfied that 30% of the board is female is no longer good enough”. He added “it’s important to recognise that broader gender diversity at all levels of a company is critical to its success. We will continue to push companies to increase both executive committee and director gender diversity as this is where the boards of tomorrow will be drawn from”

Christophe Borysiewicz, Head of Investment Management at the Central Finance Board of the Methodist Church and Epworth Investment Management said:

“For too long boards have been unrepresentative of society; our voting policies have long been a part of our holding boards to account. The changes this year allow us to enhance this further as we expect all boards to have appropriate levels of BAME and female representation.”

Bess Joffe head of responsible investment at the Church Commissioners said:

“Ethnic diversity has not been a priority in any real way for companies. They have to play their part in improving the lives of people who have been disenfranchised and left behind and who are going to suffer disproportionately as a result of Covid.”

ENDS

NOTES TO EDITORS

The Church Investors Group exists to promote ethical investment for the public benefit. More information on <https://churchinvestorsgroup.org.uk/>

The Church Investors Group is a company registered in England and Wales with Company No. 11024016 and a charity registered in England and Wales with number 1179162. The CIG Secretariat is provided by CCLA and media can contact josephine.carlsson@ccla.co.uk