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**Glass Lewis UK Stewardship Code Statement**

The UK Stewardship Code, published by the Financial Reporting Council in July 2010 and updated in October 2012, is an effort to promote greater transparency among investor groups with respect to the handling of responsible investment activities. Glass Lewis researches and analyzes public companies in a manner consistent with the main principles of the Stewardship Code, including public disclosure of our voting principles, avoidance and management of conflicts, and engagement with companies. Furthermore, Glass Lewis is uniquely qualified to assist investors with meeting the requirements of the Stewardship Code, as described in more detail below.

The Stewardship Code states that institutional investors should:

**Publicly disclose their policy on how they will discharge their stewardship responsibilities.**

Glass Lewis analyzes companies and issues on a case-by-case basis through balancing global corporate governance standards (such as enhancing board accountability and independence), evaluating remuneration in the context of performance relative to peers and promoting shareholder rights in consideration of local market and supranational practices, regulations and codes (such as the UK Corporate Governance Code).

Just as our clients do, we begin our analysis by reviewing issues in the context of a set of guidelines designed for the market. We have a different set of guidelines for each market and conduct yearly, formal reviews of these guidelines, a process that involves consultations with our clients, as well as with our independent Research Advisory Council. Our market-specific guidelines, including a summary of all relevant annual updates, are available for public review at [www.glasslewis.com/guidelines](http://www.glasslewis.com/guidelines).

It should be noted, however, that the majority of Glass Lewis' clients vote according to their own custom policies, which may or may not align with Glass Lewis' guidelines. As part of our annual review process, we assist clients with the drafting, refining and updating of their custom voting policies, which are often displayed on our clients' websites.

**Have a robust, publicly-disclosed policy on managing conflicts of interest.**

Glass Lewis was founded on the principles of eliminating, avoiding and disclosing conflicts of interest to the maximum extent possible. We recognize that, like any provider, our conflicts may be imputed to our clients; as such, we have decided to eliminate the most deleterious conflicts by avoiding certain practices, such as providing consulting services to the same public companies that are being covered in our research reports. However, we recognize that some conflicts are unavoidable. To mitigate the effects of the remaining conflicts, we have developed policies and procedures requiring robust reporting coupled with prominent,

specific disclosure in our reports. Glass Lewis Conflict Management Procedures, overseen by an internal Compliance Committee, ensure the objectivity of our research. The Glass Lewis Conflict of Interest Statement on our website details these procedures and is publicly available.

We recognize that our clients themselves may face their own conflicts in managing their proxy voting responsibilities. The Glass Lewis vote management system, Viewpoint, is among the solutions we offer investors that can help them effectively manage those conflicts of interest.

**Monitor the companies in their investment portfolios.**

The Glass Lewis research team — which consists of seasoned professionals with advanced degrees in various disciplines including investment analysis, law, finance, accounting and international affairs — monitors corporate governance developments at public companies continuously to ensure our research reflects pertinent items not consistently disclosed in shareholder meeting filings.

We recognize the benefit of frequent engagement with companies to learn about both general governance trends and issues unique to those companies. We welcome company engagement requests, which may be submitted through Glass Lewis' Issuer Portal at [www.glasslewis.com/issuer-overview/](http://www.glasslewis.com/issuer-overview/). Additionally, we actively seek engagement opportunities with issuers in our coverage universe. Our dedicated engagement team facilitates meetings with companies and resolves inbound company requests for information or engagement. We engage with companies in several ways including, of course, individual meetings and discussions. We also participate in various global conferences and organizations to facilitate both our understanding of developing trends and regulations, and to share our approach with public companies.

During our dialogue with companies, we do not prescribe certain practices or standards, but encourage comprehensive disclosure and rationale that is made available to all shareholders. Our discussions generally center on remuneration especially as it relates to company performance; board structure, leadership, diversity and competency; shareholder rights; and risk monitoring and oversight particularly concerning environmental, social and governance (ESG) practices.

To eliminate the receipt of non-public information and avoid any perception we have been empowered to negotiate corporate governance changes on behalf of clients, we do not engage in closed-door meetings with companies during the proxy solicitation period, unless the discussion takes place in a public forum, is recorded for public access and/or is disclosed in the report. However, to promote dialogue around pending proxy proposals, we host frequent Proxy Talk conference calls on which companies and shareholders discuss issues in great detail. We invite our clients and, depending on the topic, companies to listen to the calls and to ask questions directly of the company and shareholders.

Continuously throughout the year, we monitor broad market and regulatory trends as well as developments both industry-wide and at individual public companies. We incorporate and address such trends and developments in our guidelines and reports.

Glass Lewis supports engagement efforts of institutional investors with a suite of web-based products allowing clients to manage and track meetings with corporations. Glass Lewis' Viewpoint voting platform provides investors with the means to receive, vote, reconcile and report on proxy ballots as well as to memorialize engagement efforts on an individual company basis. Investor clients refer to Glass Lewis' research reports to not only help them make informed voting decisions but also to provide information for discussion in engagement meetings with public companies. Our reports provide extensive, detailed information on companies' performance, remuneration and environmental, social, governance (ESG) practices, among other issues. Glass Lewis' subsidiary Meetyl is a web-based platform that provides a means for both institutions and companies to identify, prioritize, schedule and report on engagements.

Since we do not believe it is our role to seek specific changes in company practices, we do not attempt to measure the effectiveness of our engaging or monitoring of the companies we follow. However, investor clients can use our Viewpoint platform to help them track and monitor developments at their investee companies.

**Establish clear guidelines for escalating their activities as a method of protecting and enhancing shareholder value.**

As a proxy advisor, Glass Lewis is not authorized to intervene with companies or escalate certain issues within such organizations. However, we provide the means for clients to identify when such escalation may be necessary based on the client's guidelines. The trigger for such intervention can be done as part of the policy formulation process or via alerts; the Glass Lewis team of analysts is also available for consultation on subject companies.

Clients select from various notification means for potential escalation including developing a watch list of companies so that the clients are notified when the companies' general meetings are scheduled. In addition, clients can choose to be alerted about a specific voting issue such as when there is a merger or acquisition and can be notified when a company practice or remuneration program fails to pass the client's screen or the client's custom policy results in a vote against decision. Some clients also request to be notified when Glass Lewis identifies a material issue of concern and/or recommends voting against management's recommendation.

Investor clients may choose to escalate their engagement efforts with companies in several ways and based on many factors. The forms of escalation include going public with their concerns, soliciting support from other shareholders to oppose a management proposal or initiative, submitting their own shareholder proposal or

even seeking to replace the current directors (i.e., a contested election). Generally, investors escalate their efforts when boards and management ignore or do not fully respond to their engagement efforts. In addition, investors may escalate engagement efforts if companies do not adequately respond to substantial votes contrary to management's recommendation on certain proposals (often remuneration related), attempt to limit shareholder rights or fail to address sustained poor corporate performance.

**Be willing to act collectively with other investors where appropriate.**

Since Glass Lewis is not a shareholder, Glass Lewis is not in a position to work collectively with shareholders. However, in addition to identifying and highlighting areas of concern for all clients in our reports, Glass Lewis further facilitates the opportunity for clients to act collectively in discussions with and questioning of management through participating in periodic Proxy Talk conference calls. Glass Lewis moderates Proxy Talks with both management representatives and shareholder proponents seeking shareholder support for their proposals.

**Have a clear policy on voting and disclosure of voting activity.**

Glass Lewis maintains detailed proxy voting policies outlining our approach to analyzing companies and making voting recommendations. These policies, updated annually in response to corporate governance developments and in consultation with our Research Advisory Council, are tailored to the unique characteristics of each country. The Research Advisory Council is comprised of prominent practitioners in finance, investments, accounting and law and the members are otherwise unrelated to Glass Lewis.

Glass Lewis does not report voting activity because, as a proxy advisor, we do not cast any votes. However, Glass Lewis helps clients disclose their voting activity either before or after the shareholder meeting. We can create and host a website that will display the voting activity for clients of any type. The site is maintained by Glass Lewis, but is launched from the investor's web page.

Glass Lewis' policies outline in detail our approach to evaluating the many types of proposals submitted to shareholder vote at company annual and extraordinary general meetings. The policies cover how we evaluate: directors including their independence, competency, diversity and performance; remuneration, particularly as linked to individual and corporate performance as well as the structure, design, disclosure and implementation of executive remuneration programs; auditor independence and tenure; corporate financing and strategic transactions such as stock authorizations, share issuances and mergers and acquisitions; proposals affecting shareholder rights including those seeking to establish or increase shareholder rights or, conversely, that would remove or limit shareholder rights in some manner; and proposals submitted by shareholders, generally concerning ESG issues.

In addition, the Glass Lewis voting platform, Viewpoint, offers a wide range of reporting options that can be customized according to the client's particular



needs, ranging from very broad, annual vote summary reports to tailored reports on specific voting items in a single country. Clients use the reports from Viewpoint to monitor their voting activity and asset manager clients provide information to their asset owner clients about voting done on their behalf. Clients also use the reports in evaluating potential changes to their guidelines by comparing their voting history against management recommendations and reviewing the number and type of votes, if any, cast contrary to their own policy. Glass Lewis also assists clients with the reporting of their voting activity publicly, both by providing reports formatted for public display and by hosting web-based voting disclosure on clients' behalf.

**Report periodically on their stewardship and voting activities.**

We draft several specialized reports and reviews of our efforts annually, including reviews and previews of various countries' proxy seasons, shareholder proposals, remuneration practices and board diversity. To assist investors in meeting their obligations, Glass Lewis can support reporting on voting activities via the Viewpoint platform.

Glass Lewis conducts periodic audits of its voting systems to ensure the accuracy and reliability of the voting information received and sent on behalf of clients. Additionally, Glass Lewis employs an external auditor, Grant Thornton, to evaluate the controls in place for its proxy research and voting services as part of its annual SSAE 16 SOC 1 audit.

In addition, Glass Lewis has developed a data-only version of its Proxy Paper research reports for subject companies (Issuer Data Report). This free service, initially offered to a pilot group of companies in 2015, allows selected companies to verify the underlying data that drives recommendations to our clients. More information on this service and other engagement, error resolution and conflict management procedures may be found in Glass Lewis' Statement of Compliance with the Best Practice Principles for Providers of Shareholder Voting Research and Analysis (BPP). This statement is updated annually and is available at [www.glasslewis.com/best-practices-principles](http://www.glasslewis.com/best-practices-principles).