

# BEST PRACTICE PRINCIPLES FOR PROVIDERS OF SHAREHOLDER VOTING RESEARCH & ANALYSIS

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GLASS LEWIS STATEMENT OF COMPLIANCE FOR THE  
PERIOD OF 1 JANUARY 2019 THROUGH 31 DECEMBER 2019

MAY 2020

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## INTRODUCTION

Glass Lewis<sup>1</sup> is pleased to provide this annual statement of compliance with the Best Practice Principles for Providers of Shareholder Voting Research and Analysis 2019 (“Principles” or “BPP”) covering the period 1 January 2019 through 31 December 2019.

The Principles are the result of a thorough review process by the Best Practice Principles Group (“BPPG”) with reference to the latest updated stewardship codes globally, the requirements of the revised EU Shareholder Rights Directive II (“SRD II”) and the ESMA 2015 Follow-Up Report on the Development of the Best Practice Principles for Providers of Shareholder Voting Research and Analysis (“2015 ESMA Follow-Up Report”). The Principles are also informed by the input of institutional investors, corporate issuers and other stakeholders received through a public consultation by the BPPG (completed in December 2017) and a review by the BPP Review Committee chaired by an independent review chair. The 2019 Principles replace the original 2014 Principles.

The Principles, applied through an apply-or-explain framework, are designed to help institutional investor clients and other stakeholders understand the nature and character of shareholder voting research and analysis services; the standards of conduct that underpin those services; and, how signatories to the Principles interact with other market participants. They are not a rigid set of prescriptive rules; rather they consist of a set of Principles and accompanying Guidance.

The three Core Principles are:

- (i) maintaining a high level of service quality,
- (ii) disclosure of policies that address potential or actual conflicts of interest, and
- (iii) publication of policies for communication, with corporate issuers, shareholder proponents, other stakeholders, the media and the public.

This Statement of Compliance includes an introduction to Glass Lewis and three sections that describe how Glass Lewis applies each of the three Principles to its business model and to the products and services it provides its clients.

<sup>1</sup> For purposes of this Statement of Compliance, Glass Lewis includes Glass, Lewis & Co., LLC (U.S.) and its affiliates involved in shareholder voting research and analysis: Glass Lewis Europe Limited (Ireland), GL&M UK Limited (UK), IVOX Glass Lewis GmbH (Germany), CGI Glass Lewis Pty Ltd. (Australia), and GL&M Japan GK (Japan).

## GLASS LEWIS OVERVIEW

Founded in 2003, Glass Lewis is a leading, independent corporate governance services firm that provides proxy research and vote management services to investors throughout the world. While institutional investor clients use Glass Lewis research primarily to help them make proxy voting decisions, they also use Glass Lewis research when engaging with companies before and after shareholder meetings.

Through Glass Lewis' web-based vote management system Viewpoint®, Glass Lewis also provides institutional investor clients with the means to receive, reconcile and vote ballots according to custom voting guidelines, and to record-keep, audit, report and disclose their proxy votes.

From its offices in North America (San Francisco, Kansas City and New York), Europe (Limerick, Ireland, London, England and Karlsruhe, Germany), Asia (Tokyo, Japan), and Australia (Sydney), Glass Lewis' 380+ person team provides research and voting services to institutional investors globally that collectively manage more than US \$35 trillion.

Corporate issuers, shareholder proponents and their respective advisors — including law firms, proxy solicitors and compensation consultants — can purchase Glass Lewis Proxy Paper® research reports. Glass Lewis Proxy Paper reports are available to these stakeholders upon publication to Glass Lewis' institutional investor clients.

Glass Lewis is a portfolio company of the Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"). Glass Lewis operates as an independent company separate from OTPP and AIMCo. Neither OTPP nor AIMCo is involved in the day-to-day management of Glass Lewis' business. Moreover, Glass Lewis excludes OTPP and AIMCo from any involvement in the formulation and implementation of its proxy voting policies and guidelines, and in the determination of voting recommendations for specific shareholder meetings.

## 2019 GLASS LEWIS STATISTICS

Countries covered: **106**

Corporate issuers covered<sup>2</sup>: **20,831**

Reports written by region:

EMEA: **5,344**

LATIN AMERICA: **591**

ASIA PACIFIC: **12,185**

NORTH AMERICA: **7,142**

OCEANIA: **924**

Total Reports Written<sup>3</sup>: **26,167**

<sup>2</sup> Glass Lewis does not calculate the number of mutual funds covered at the individual mutual fund level; rather, it counts mutual funds at the fund family level.

<sup>3</sup> Glass Lewis writes one report per mutual fund family.

## PRINCIPLE ONE: SERVICE QUALITY

*BPP Signatories provide services that are delivered in accordance with agreed-upon investor client specifications. BPP Signatories should have and publicly disclose their research methodology and, if applicable, “house” voting policies.*

### 1) Introduction

Glass Lewis believes that proxy advisors play an important support role, helping institutional investors meet their fiduciary responsibility to vote thousands of securities on behalf of their participants and beneficiaries in an informed manner, often in a very compressed timeframe.

Glass Lewis supports proxy voting, as well as engagement and compliance processes, of institutional investors globally. Specifically, governance research and vote management services are offered on the basis of established standards relating to Glass Lewis’ research methodologies and voting policies as outlined below. While institutional investors may use Glass Lewis research and recommendations in their decision-making processes, Glass Lewis is neither an investment research firm nor does it have the authority to make voting decisions on its institutional investor clients’ behalf.

### 2) Responsibilities to Clients

Glass Lewis, like other proxy advisors, is hired by and works to assist institutional investors in voting shares on behalf of their clients and beneficiaries. Glass Lewis endeavors to provide high quality, accurate and timely research to its institutional investor clients, based on the analysis of information culled from public disclosure.

Glass Lewis provides no guarantees regarding the accuracy or reliability of the publicly-sourced data and information used to develop its services as it is not Glass Lewis’ responsibility to ensure the accuracy of the information contained in public disclosures.

Glass Lewis services are provided pursuant to a written contract that details the various duties and responsibilities of Glass Lewis in providing research and voting services to each client.

### 3) Quality of Research

Glass Lewis is dedicated to supporting the creation and preservation of long-term shareholder value through best-in-class proxy voting solutions and high quality, independent analysis of governance, environmental, social, finance, accounting, legal and reputational risks at corporate issuers worldwide.

Glass Lewis employs robust processes and procedures to meet the highest standards for accuracy, quality and timeliness. These include but are not limited to:

- employee hiring and training procedures;
- management review of research services;
- data checks;
- application of the four-eyes principle;
- vote recommendation audits;
- procedures for responding to the disclosure of supplemental material information following the publication of a Proxy Paper research report; and,
- online, auditable process for receiving, tracking and responding to alleged errors or omissions in reports that are brought to Glass Lewis' attention (see below for further discussion of Glass Lewis' error correction and notification procedures).

Glass Lewis' experienced, multi-disciplinary team leverages formal training and commercial experience in finance, accounting, law, business management, public policy and international relations. The research department comprises multiple research practices: Annual General Meeting (AGM), Remuneration, Mergers & Acquisitions, Quantitative Analysis and ESG. The AGM team is divided into regional teams, each of which is led by an analyst with relevant, specialized experience. Glass Lewis has a detailed research process requiring several levels of review and approval prior to publication of research and recommendations. The authority to publish Glass Lewis Proxy Paper research reports, thereby providing them to clients, is limited based on the issues covered in the report as well as the analyst's specialty, seniority and expertise.

Glass Lewis' proprietary databases allow the firm to maintain detailed audit tracking of analysts' work, as well as to keep records of company disclosures used in the preparation of its Proxy Paper research reports. No private information is used by Glass Lewis research staff, while external information (e.g., newspaper articles, summary of regulations, etc.) used in the analysis is referenced in the relevant report. Additionally, the sources of third-party data or information used in developing Glass Lewis services are identified in the relevant sections of reports.

Internal notes summarizing information and/or clarifications gathered through exchanges with corporate issuers and shareholder proponents are stored in Glass Lewis' databases for review by the research staff. Glass Lewis tracks exchanges with corporate issuers, including error/correction rates, and provides such information to clients upon request. Glass Lewis provides the subjects of its research with its Issuer Data Report ("IDR"), which details the key facts underlying the relevant Proxy Paper research report for their review before the report is

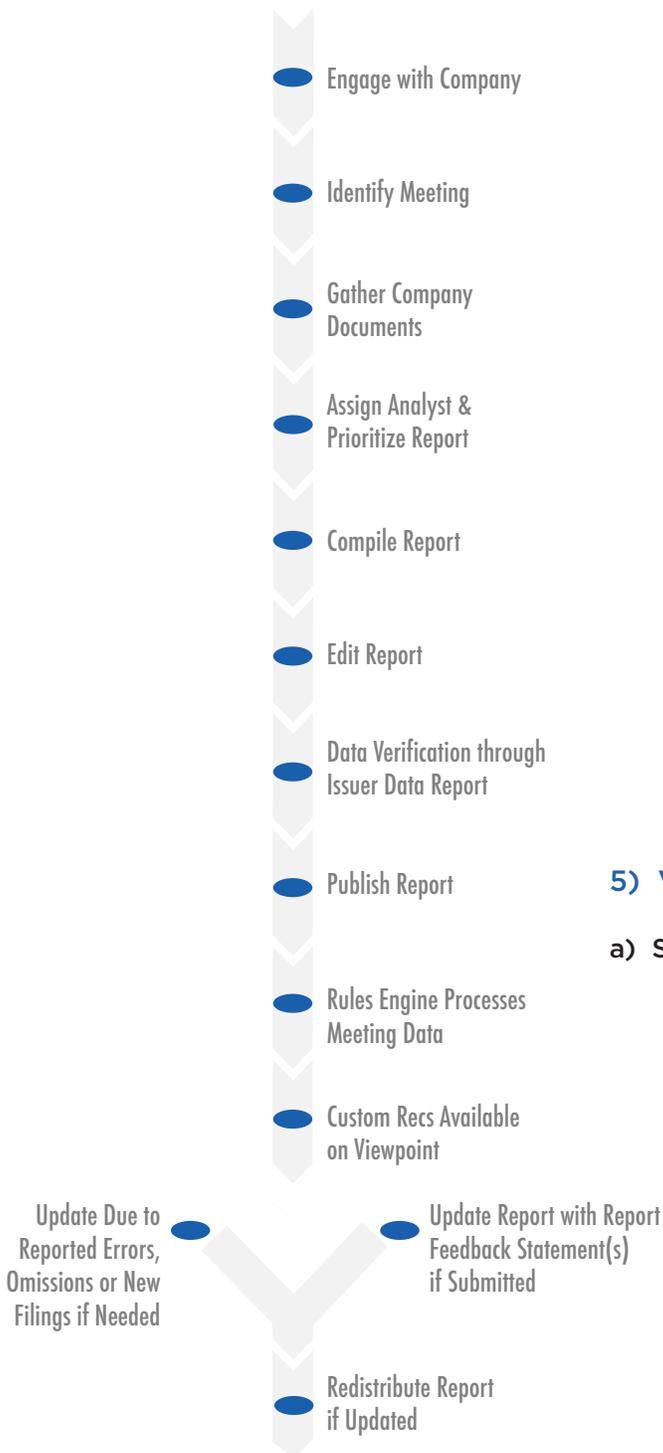
finalized. This practice is deliberately limited to data. Glass Lewis finds that by providing the facts underlying the report, it can gain any benefit of company review without: (i) inviting time-consuming and unproductive debates about Glass Lewis' methodology, including what result that methodology should lead to in the context of a particular recommendation; or (ii) creating additional conflicts of interest. This free service has been available for several years and more than 1,400 companies in 22 countries participated during 2019.

#### **4) Research Methodologies**

Glass Lewis has policy approaches for each of the countries where it provides research on corporate issuers that recognize national and supranational regulations, codes of best practice and established governance practices, among other considerations.

Glass Lewis' policy approaches are intended to provide a consistent framework for analyzing corporate governance issues at each company in each market. Nevertheless, they are designed to be applied in a flexible manner, allowing analysts to exercise bounded judgment when assessing each issue on the ballot in order to make a recommendation that serves the best interests of shareholders. This approach provides consistency, while still allowing for consideration of the unique circumstances of a company, including performance, size, maturity, place of listing and incorporation, governance structure and responsiveness to shareholders.

While Glass Lewis has proprietary models for evaluating the link between compensation and performance and for assessing stock-based compensation plans, the firm also reviews these types of issues on a qualitative basis, taking into consideration the specific facts and circumstances of each company, including any rationale provided by the board for its decisions.

**GLASS LEWIS RESEARCH PROCESS**


Glass Lewis research and recommendations are based exclusively on publicly available information. Accordingly, Glass Lewis encourages companies to provide comprehensive and clear disclosure about the relevant issues for consideration by shareholders. Glass Lewis does not incorporate into its research information that is not available to all other market participants.

When Glass Lewis analysts require clarification on a particular issue, they will reach out to companies but otherwise generally refrain from meeting privately with companies during the solicitation period. Please refer to the Communication Policy section of this Statement of Compliance for information regarding Glass Lewis' policy for communication with corporate issuers.

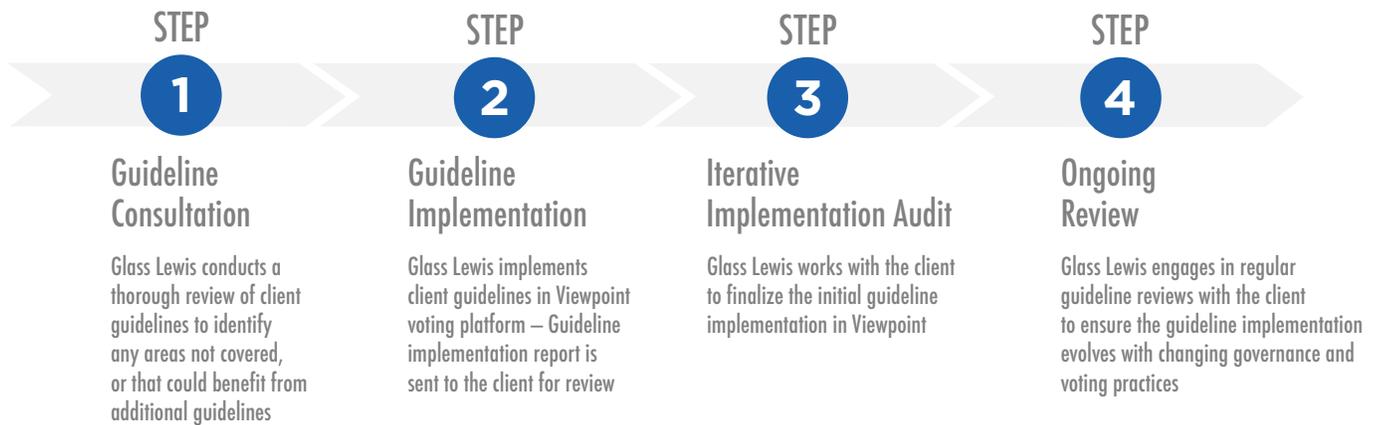
Glass Lewis directly sources annual and special meeting information from stock exchanges, regulators, companies (via direct mailings and company websites), custodians, transfer agents and other forms of direct procurement. Proxy materials are stored in Glass Lewis' research databases, made available to clients for their review and duly referenced in Glass Lewis Proxy Paper research reports whenever appropriate.

## 5) Voting Policies / Guidelines:

### a) Shareholder Policies

The supermajority of Glass Lewis institutional investor clients, which include the majority of the world's largest public pension funds, asset managers and mutual funds, vote according to a custom policy or via a custom process for reaching vote decisions, in line with what is becoming the standard practice among institutional investors. Accordingly, custom policy clients rely on Glass Lewis more for data and analysis than for Glass Lewis' voting recommendations.

Glass Lewis supports its institutional investor clients in the development and implementation of custom policies. A client's existing voting policy is initially reviewed both by research staff and a dedicated custom policy team in order to identify areas that require further discussion with the client before the custom policy is implemented. During the



implementation process, the Glass Lewis custom policy team discusses the options that can be used to accommodate the client’s specific approaches to various issues. Once the policy is fully developed, the client reviews a final implementation document to ensure that its policy is being implemented by Glass Lewis in a manner that is in line with the client’s instructions. Throughout the year, custom policy managers monitor trends and developments in corporate governance and proxy voting, and will consult with clients to implement new approaches that are consistent with their policies. In addition, Glass Lewis conducts annual policy reviews with each custom policy client to further analyze the client’s policy and discuss any developments that might result in modifications to the policy.

Custom policy clients receive vote recommendations based on client custom policies, as well as the rationales for each recommendation. Custom policy clients also have access to Glass Lewis Proxy Paper reports, which feature analysis and recommendations based on the Glass Lewis house policy. IVOX Glass Lewis custom research clients may also receive research reports that are based on the [BVI](#) policy or their own custom policy. Glass Lewis Proxy Papers and IVOX Glass Lewis custom research reports contain extensive data, information and analysis for relevant agenda items.

All institutional investor clients, with the exception of IVOX Glass Lewis custom research clients as previously mentioned, receive the same Glass Lewis Proxy Paper report, in the same format, at the same time and with the same recommendations. The Proxy Paper reports are not customized for any client or client investment strategy. In conjunction with the publication of the Proxy Paper report, Glass Lewis also generates and displays client custom recommendations through its web-based voting platform, Viewpoint.

Viewpoint applies client custom policies to each meeting using a proprietary rules engine developed by Glass Lewis. The logic-based rules engine technology and agnostic data collection process used by Glass Lewis ensure that custom policies are applied in an objective and consistent manner that is fully logged and auditable. As upcoming meetings are identified, each proposal is categorized by Glass Lewis research analysts. The rules engine then references the relevant client

policies for those proposals, determines the data points that are required to apply the policies, and prompts the research analysts working on that meeting to furnish the data points. Once all of the necessary information has been gathered and reviewed for accuracy, the rules engine processes the relevant rules and generates the custom recommendations for clients.

Many clients employ hybrid policies. Vote decisions of hybrid policy clients may be based on a combination of recommendations generated by the client custom policy, the Glass Lewis house policy and issues that were “referred” for case-by-case analysis by the client.

Whether clients elect to receive vote recommendations according to a custom policy, a hybrid policy or the Glass Lewis house policy, they control when and how votes are cast. Viewpoint provides clients with the ability to override recommendations triggered by their selected policy or policies, which they often elect to do. Clients are responsible for designing and managing their vote management preferences, assigning review and voting rights to users, etc. Glass Lewis is responsible for ensuring that voting is conducted in accordance with client instructions.

#### **b) Signatory Policies (Glass Lewis “House” Policy)**

Glass Lewis’ Senior Vice President of Research & Engagement oversees the development and implementation of the Glass Lewis house voting policies, in consultation with the Glass Lewis Research Advisory Council, an independent external group of prominent industry experts. Please refer to [www.glasslewis.com/leadership-2/](http://www.glasslewis.com/leadership-2/) for more details about the Glass Lewis Research Advisory Council.

While Glass Lewis applies global general principles, including promoting director accountability, fostering close alignment of remuneration and performance, and protecting shareholder rights across all of these policies, Glass Lewis closely tailors its approach to each country’s relevant regulations, practices, corporate governance codes and stewardship codes. Guidelines are revised and enhanced at least annually in response to regulatory developments, market practices and corporate issuer trends, which are closely monitored and assessed throughout the year. Policy updates are usually made available in November and December.

Glass Lewis policies are formulated via a bottom-up approach that involves extensive discussions with a wide range of market participants, including institutional investor clients, corporate issuers, corporate issuer organizations, academics and subject matter experts, among others. Ongoing dialogue with the various industry players and active participation in panels, working groups and industry conferences allow Glass Lewis to keep abreast of and respond to industry developments. In addition, Glass Lewis accepts feedback about its policies throughout the year via a dedicated mechanism on its public website at [www.glasslewis.com/guidelines](http://www.glasslewis.com/guidelines).

Policy changes and report enhancements are driven by such engagement, as well as by in-depth internal discussions involving the various research teams and focusing on any gap between existing guidelines and market developments. Changes may also be made in response to voting outcomes of the previous proxy season and review of academic literature and regulatory body reports, among other sources.

When Glass Lewis policy guidelines deviate from local standards on that same topic and apply stricter principles as a way to promote better governance practices, market standards are nevertheless clearly identified in the voting guidelines and the Glass Lewis Proxy Paper research reports to allow clients to make an informed decision.

It should be noted that almost all clients that choose to adopt Glass Lewis' policy toward one or more voting issues do so after a thorough review of Glass Lewis' guidelines, methodologies and research samples, in conjunction with an assessment of the experience and qualifications of Glass Lewis' management and analysts. Such evaluation often involves presentations by Glass Lewis to various members of the investor organization, including members of investment management, compliance or risk management groups, as well as proxy committees and fund trustees, among others. Clients that adopt some or all of Glass Lewis' policies as their own generally do so after determining that the Glass Lewis approach closely reflects their own view; they will review the policy at least annually and, over time, often choose to customize some of their approaches as their views on issues evolve.

Information regarding Glass Lewis' policies and research methodologies is available on Glass Lewis' public website at [www.glasslewis.com/guidelines](http://www.glasslewis.com/guidelines).

## 6) Employee Qualifications & Training

Glass Lewis' proxy research efforts are led by the Senior Vice President of Research and Engagement. Glass Lewis employs a team of 380+ professionals with diverse, relevant experience and education, and allows them to exercise bounded judgment, while senior management closely oversees the development of new and existing policies and research. The research group includes professionals who collectively speak 25+ languages. Glass Lewis' global perspective is further informed by the unique talents and experience of Glass Lewis' independent Research Advisory Council.

All Glass Lewis analysts have at least a bachelor's degree in a relevant field while many Glass Lewis executives, senior managers and senior analysts have advanced degrees and/or professional experience in relevant disciplines such as law, business, public policy, finance and accounting. Most of the permanent team has worked at Glass Lewis for several years, including some who have been with the firm since its founding in 2003.

Glass Lewis supplements its full-time analyst staff with Research Associates (“RAs”) who are responsible for gathering relevant information for Glass Lewis Proxy Paper research reports, setting up the framework of reports and, in some cases, providing initial drafts of reports. Glass Lewis RAs undergo extensive classroom and hands-on training and are subject to close oversight by permanent Glass Lewis analysts. As previously noted, depending on the size and complexity of the company being analyzed, the report will be edited by several additional analysts, up to and including the Senior Vice President of Research and Engagement, Vice Presidents and Directors of Research. Specialized teams devoted to analyzing remuneration, ESG and mergers and other financial transactions also contribute to and review reports, as necessary.

Publishing rights are limited to senior research staff.

The biographies of Glass Lewis’ management and senior executives are available via the Glass Lewis public website at [www.glasslewis.com/leadership-2/](http://www.glasslewis.com/leadership-2/). Information about the staff is available to current clients, who may assess the qualifications of Glass Lewis’ analysts as part of their due diligence, as well as to prospects.

Moreover, in order to ensure all employees, as well as all independent contractors, temporary workers and agents that are subject and control of Glass Lewis (“Supervised Persons”) understand and comply with all of Glass Lewis’ policies and procedures, all Supervised Persons receive formal trainings assigned or delivered by Glass Lewis’ Compliance Department. This includes, but is not limited to, Glass Lewis’ policies and procedures on workplace conduct, conflicts of interest, confidential information, data protection, material non-public information and personal securities trading, etc.

In addition, certain documents require that Supervised Persons return an acknowledgment form that attests they have read the policies and procedures included in the document and that they agree to abide by them while they are performing work on behalf of Glass Lewis. These include Glass Lewis’ Employee Handbook, Glass Lewis’ Third-Party Worker Policies and Procedures, and Glass Lewis’ Code of Ethics.

Supervised Persons are required to complete the trainings and acknowledgment forms as a condition of their employment/engagement with Glass Lewis, and are further required to retake the trainings and re-sign the acknowledgment forms, on an annual basis.

The Glass Lewis Compliance Department, comprised of the Director of Compliance and the Senior Vice President and General Counsel of Glass Lewis, is responsible for overseeing and enforcing compliance of all Glass Lewis policies and procedures by all Supervised Persons, with the ongoing support of the Glass Lewis Compliance Committee.

## 7) Timeliness

Glass Lewis Proxy Paper research reports are typically available at least two (2) to three (3) weeks prior to the meeting date, which provides sufficient time for Glass Lewis to receive and respond to notifications of supplemental filings and potential factual errors.

Nevertheless, for many emerging markets with less robust regulatory regimes, proxy materials may be released in a less timely fashion, which can directly impact publishing times. Furthermore, in the case of mergers or proxy contests, where the situation is more fluid due to potential negotiations and additional disclosure by the parties involved, Glass Lewis often publishes its reports closer to the meeting date as it attempts to balance the need to give clients sufficient time to review the analysis with the need to ensure that clients have the complete, up-to-date analysis to support their informed decision making.

## 8) Complaints & Feedback Management

When Glass Lewis is notified of a purported error or omission, it immediately reviews the Proxy Paper report and, if there is a reasonable likelihood the report will require revising, removes the report from its published status so no additional clients can access it. If a report is updated to reflect new disclosure or the correction of an error, Glass Lewis notifies all clients that have accessed the report or have corresponding ballots, whether or not the update affected any recommendations. Additionally, the exact nature of the report's updates and revisions are clearly described in the republished report.

Corporate issuers or their representatives that notify Glass Lewis of a relevant purported factual error or omission in a Proxy Paper report will receive a response from the research team addressing their comments and/or questions. However, Glass Lewis does not debate matters of opinion or policy during the solicitation period.

Glass Lewis encourages corporate issuers to contact Glass Lewis via the Issuer Portal at [www.glasslewis.com/issuer-overview/](http://www.glasslewis.com/issuer-overview/), which is designed to facilitate and track communication with companies, including arranging calls, meetings and Proxy Talk conference calls on high-profile meetings, key proposals and timely governance topics. The Issuer Portal also provides a means for corporate issuers to comment on and provide feedback on Glass Lewis' Proxy Paper research reports and to notify Glass Lewis of subsequent proxy circulars and press releases, as well as perceived errors or omissions in Glass Lewis' Proxy Paper reports.

## 9) Client & Supplier Understanding

Glass Lewis employs a number of methods to foster continuous, proactive communications with its clients. Clients have access to Glass Lewis research staff members and regularly conduct on-site visits. Additionally, Glass Lewis hosts Proxy Talk conference calls for clients to preview key topics for proxy season and discuss any modifications to proxy voting policies. These calls are recorded and available at [www.glasslewis.com/blog/](http://www.glasslewis.com/blog/). Proxy Talks are also, and more often, used on an ad-hoc basis to highlight and discuss important meetings and issues in the governance world, including proxy contests, mergers, high-profile meetings or proposals, as well as regulatory changes. Regardless, Proxy Talks are held with the intent of providing an independent, unbiased forum for Glass Lewis institutional investor clients to interact with call participants and hear details of the relevant governance issues.

Moreover, each client is assigned a client service manager who is responsible for maintaining the relationship with the client and servicing the client's proxy voting needs. Through their dedicated client service managers, and information included in various Glass Lewis publications, clients are continuously kept aware of impediments affecting the provision of services by Glass Lewis, such as incomplete or late disclosure by corporate issuers or shareholder proponents, as well as inconsistencies of information provided by other intermediaries, among others.

## 10) Client Disclosure Facilitation

As each client's proxy voting processes and procedures are different, the amount of information provided to any particular client depends on its unique requirements. Glass Lewis client service managers work with each client to determine the nature and amount of information the client requires, as well as the schedule for delivery of this information.

Glass Lewis' Viewpoint voting platform features a unique regulatory reporting module that enables compliance with SEC Form N-PX, SEDAR National Instrument 81-106 and other regulatory reporting.

## PRINCIPLE TWO: CONFLICTS OF INTEREST AVOIDANCE OR MANAGEMENT

*Signatories should have and publicly disclose a conflicts-of-interest policy that details their procedures for avoiding or addressing potential or actual conflicts of interest that may arise in connection with the provision of services.*

### 1) Introduction

Glass Lewis understands and takes seriously the potential for conflicts of interest to affect the independence and integrity of its research and analysis. Accordingly, Glass Lewis has always taken a rigorous approach to identifying and seeking to prevent conflicts. At the same time, as the Principles recognize, possible conflicts can arise in all businesses and, where conflicts cannot be eliminated, they must be managed and mitigated. Glass Lewis believes that, in such circumstances, proxy advisors must proactively and explicitly disclose those conflicts in a manner that is transparent and readily accessible to clients.

### 2) Conflicts of Interest Policy

Glass Lewis maintains strict policies and procedures governing personal, business and organizational relationships that may present a conflict in independently evaluating companies. Glass Lewis' *Policies and Procedures for Managing and Disclosing Conflicts of Interest*, which also contain a Conflict of Interest Statement, are available on Glass Lewis' public website at [www.glasslewis.com/conflict-of-interest/](http://www.glasslewis.com/conflict-of-interest/), and are reviewed and revised annually by Glass Lewis' Compliance Committee. These policy documents describe in detail how Glass Lewis avoids, manages and discloses potential conflicts of interest, such as those arising from the ownership of Glass Lewis, from having investment manager affiliates of corporate issuers and shareholder proponents as clients, as well as other individual and firm conflicts. They further explain that Glass Lewis neither provides consulting services to corporate issuers nor does it advise shareholders on how to gain support for initiatives, such as shareholder proposals or proxy contests. Finally, with the help of Glass Lewis' independent Research Advisory Council, Glass Lewis ensures its policies and guidelines reflect current and developing trends, including regulatory changes and market practices, and that its research meets the highest standards of quality, objectivity and independence.

### 3) Possible Conflicts for Consideration

Proxy research providers, like many companies, may face conflicts in conducting their business. In the case of proxy advisors, potential conflicts generally fall into three categories: (i) business, such as consulting for corporate issuers; consulting for shareholder proponents and dissident shareholders on meeting-specific initiatives; or selling research reports to asset manager divisions of corporate issuers; (ii) personal, where an employee, an employee's relative(s) or a director to

the proxy advisor serves on a corporate issuer board; or (iii) organizational, such as being a corporate issuer itself or being owned by an institutional investor.

To manage and mitigate potential conflicts, Glass Lewis employs rigorous conflict avoidance safeguards. Glass Lewis avoids conflicts by not offering consulting services to corporate issuers or directors. Nor does it consult with shareholder proponents regarding particular meetings or initiatives. Likewise, Glass Lewis maintains its independence from its owners, Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"), by excluding them from any involvement in the making of Glass Lewis' proxy voting policies and voting recommendations. Glass Lewis also relies exclusively on publicly-available information for the purpose of developing its proxy analysis and vote recommendations. Glass Lewis avoids off-the-record discussions with companies, directors, shareholder proponents and dissident shareholders during the proxy solicitation period to ensure the independence of its research and advice and to avoid receiving information, including material non-public information, not otherwise available to shareholders.

As further discussed below, Glass Lewis also manages potential conflicts through mitigation measures and robust disclosures.

#### **4) Conflict Management & Mitigation**

As noted above, Glass Lewis maintains a Conflict of Interest Policy and Policies and Procedures for Managing and Disclosing Conflicts of Interest ("Conflict Documents") and a Code of Ethics.

The Glass Lewis Compliance Committee is the main body responsible for overseeing and implementing Glass Lewis' Conflict Documents and the Code of Ethics. This includes drafting, analyzing, discussing, and monitoring these policy documents. The Compliance Committee meets quarterly and on an ad hoc basis as necessary. It is composed of Glass Lewis' President; Chief Operating Officer; Senior Vice President of Research and Engagement; Senior Vice President and General Counsel; Vice President of Human Resources; and Director of Compliance.

If an unforeseen conflict requires treatment in a manner different than under the established Conflict Documents, the Compliance Committee will develop and implement appropriate alternate measures up to and including having Glass Lewis refrain from writing a Proxy Paper research report on a particular company (with the understanding, in such case, that Glass Lewis would procure a substitute research report for clients from an alternative, qualified provider). For instance, where any employee or relative of an employee is an executive or director of a corporate issuer, that employee plays no role in the development of analysis or voting recommendations for that company and that fact and the nature of that relationship are prominently disclosed in the relevant report.

Moreover, as a condition of employment or engagement, all Supervised Persons (as defined under Section 6 “Employee Qualifications & Training” of Principle 1: Service Quality) receive the Code of Ethics within their first week at Glass Lewis, and are required to: (i) read its contents and acknowledge and agree to comply with the policies and procedures contained therein by signing an acknowledgment form; (ii) disclose any outside activities, as well as any ownership interests or personal relationships the Supervised Person may have with a corporate issuer that may be deemed a conflict of interest for Glass Lewis; and (iii) disclose all personal accounts in which any securities are held, regardless of whether or not the Supervised Person has direct or indirect influence or control (i.e., investment discretion) over the management of the account. All Supervised Persons are required to re-sign the acknowledgment form and fill out the disclosure forms annually.

All Supervised Persons are strictly prohibited from trading on the basis of material non-public inside information, in violation of applicable securities laws.

Additionally, in order to limit the potential for conflicts of interest, Glass Lewis requires that all Supervised request pre-approval from the Glass Lewis Compliance Department prior to buying or selling any publicly-traded security for a personal account, including taking advantage of an IPO or a limited trading opportunity. Once approved, all pre-approved trades must be executed by the end of the trading day on the date the approval is granted. If the trade is not executed by the end of such trading day, a new request must be submitted, and a new authorization must be obtained prior to the trade being executed. Supervised Persons will only be authorized to buy or sell a publicly-traded security for a personal account and/or participate in an IPO or a limited trading opportunity if it does not create a conflict of interest. Moreover, as a general rule, Supervised Persons are prohibited from buying or selling any security of a company that is the subject of a Glass Lewis Proxy Paper research report, thirty (30) days before, and until one (1) day after, the date of such company’s shareholder meeting.

Within thirty (30) days after the end of each quarter, Supervised Persons are required to submit a Quarterly Personal Trading Report, regardless of whether or not they have any personal accounts, with the purpose of reporting any trading activity during the preceding quarter. In addition, quarterly account statements for each personal account, regardless of any trading activity, as well as transaction confirmations for all personal trading activities that took place in each such personal accounts, during the preceding quarter, must be attached to each Quarterly Personal Trading Report.

In order to ensure compliance with the Code of Ethics, the Glass Lewis Compliance Department reviews each Quarterly Personal Trading Report submitted by a Supervised Person, in conjunction with the attachments, and compares the transactions reported therein against any pre-authorization(s) requested and approved during the quarter.

In addition, to further prevent Supervised Persons from trading on the basis of client information, access to client holdings files, custom policies, and/or voting activity is strictly limited to the client services and operations team members directly responsible for supporting each client.

## 5) Conflict Disclosure

When actual or potential conflicts cannot be avoided, Glass Lewis discloses, on a case-by-case basis, any potential conflict that could be perceived to affect the independence and integrity of its advice. Consistent with its commitment to transparency and conflict avoidance and mitigation, Glass Lewis takes an expansive approach to such disclosure in the interests of fully disclosing any such issues to its clients. Specifically, Glass Lewis will include a specific and prominent “Conflict Note” in its research product when:

- one or both of Glass Lewis’ parent companies have a significant, reportable stake in a corporate issuer;
- OTPP and/or AIMCo is a top 20 shareholder at a corporate issuer;
- OTPP and/or AIMCo is a dissident shareholder in a proxy contest or is a shareholder proposal proponent;
- a Glass Lewis employee, or relative of an employee of Glass Lewis, or any of its subsidiaries, a member of the Research Advisory Council, or a member of Glass Lewis’ Strategic Committee, which includes representatives of OTPP and AIMCo, serves as an executive or director of a corporate issuer;
- a Glass Lewis institutional investor client is a corporate issuer, is related to, or is owned by a corporate issuer;
- a Glass Lewis institutional investor client submits a shareholder proposal at a corporate issuer, is a dissident shareholder in a proxy contest, or is otherwise publicly soliciting shareholder support for or against a director or proposal;
- Glass Lewis has a material business relationship with a corporate issuer, such as a partner or vendor relationship;
- a corporate issuer has engaged with Glass Lewis;
- a corporate issuer, dissident shareholder or shareholder proponent buys a copy of a Proxy Paper directly from Glass Lewis; or
- a corporate issuer, dissident shareholder or shareholder proponent publishes a Report Feedback Statement.

As mentioned previously, if Glass Lewis is aware that there is a conflict, in addition to the conflicts described above, Glass Lewis provides specific, prominent disclosure describing the nature of such conflict on the cover of the relevant Glass Lewis Proxy Paper research report. This allows clients to review potential conflicts at the same time as they review Glass Lewis' research, analysis and voting recommendations.

Pursuant to these policies, in 2019, Glass Lewis disclosed the following potential conflicts:

### 2019 GLASS LEWIS CONFLICT DISCLOSURES

Number of Disclosures	Disclosure Type
29	One of Glass Lewis' parent companies had a significant, reportable stake in a corporate issuer.
7	A Glass Lewis employee, relative of an employee, member or the Research Advisory Council or member of the Glass Lewis Strategic Committee served as an executive or director of a corporate issuer.
404	A Glass Lewis institutional investor client was a corporate issuer or a division of a corporate issuer.
61	A Glass Lewis client submitted a shareholder proposal or was a dissident in a proxy contest.
16	Glass Lewis had a significant business relationship with a corporate issuer.
2193	A corporate issuer has engaged with Glass Lewis.
1189	A corporate issuer, dissident shareholder or shareholder proponent purchased a Proxy Paper research report from Glass Lewis.
10	A corporate issuer, dissident shareholder or shareholder proponent submitted a Report Feedback Statement.

*Note: Conflict notes issued for companies with meeting dates 1 January 2019 through 31 December 2019.*

## PRINCIPLE THREE: COMMUNICATIONS POLICY

*With regard to their delivery of services, Signatories should explain their approach to communication with corporate issuers, shareholder proponents, other stakeholders, media, regulatory authorities and the public.*

### 1) Introduction

Glass Lewis' primary duty is to develop high quality research and analysis regarding proposals subject to shareholder vote at corporate issuer meetings, in accordance with client specifications, for timely delivery to institutional investors. As more fully described below, Glass Lewis has developed policies and procedures to guide its engagement with corporate issuers, shareholder proponents, other stakeholders, media and the public in furtherance of this primary mission.

### 2) Dialogue with Corporate Issuers, Shareholder Proponents & Other Stakeholders

Glass Lewis recognizes that dialogue with corporate issuers and investors can foster mutual understanding, transparency and feedback with respect to Glass Lewis' policies, methodologies and analysis.

#### Engagement Outside the Solicitation Period

Glass Lewis is open to engaging with corporate issuers outside of the peak-season periods. The peak proxy season for North America, Asia and Europe is March through June; the peak Australia season runs from September through November. In 2019, Glass Lewis conducted approximately 1600 engagement meetings and calls with issuers, dissident shareholders, and shareholder proponents globally outside of the solicitation period.

Glass Lewis recognizes that discussions with corporate issuers can benefit both parties. In addition to providing an opportunity for Glass Lewis to better understand the company's governance practices, these engagement meetings often focus on Glass Lewis' research policies and methodologies and the corporate issuers' views on governance practices. In addition to corporate issuers, Glass Lewis engages with a broad group of relevant stakeholders, such as governance, investor and corporate issuer industry associations, as part of its policy development and review procedures.

Importantly, Glass Lewis is not a shareholder, nor does it provide engagement or governance overlay services. As such, Glass Lewis is not empowered by clients to negotiate on their behalf for specific changes to governance practices or structures at companies through

**NUMBER OF MEETINGS  
BY REGION**

Region	Number of Meetings
North America	537
Europe	630
Asia	124
Australia & New Zealand	267
Emerging Markets	115

meetings with company representatives. Furthermore, although Glass Lewis is open to participating in constructive engagement, its research and recommendations are based only on publicly-available information. In order to promote a constructive discussion, Glass Lewis will ensure that the analysts who meet with company executives and directors have the requisite experience and responsibilities for the specific topics to be discussed, such as remuneration or ESG risks. Glass Lewis encourages companies to also include appropriate personnel in such engagements. Indeed, since non-executive directors are the elected shareholder representatives, Glass Lewis has found engagement is often more productive when independent directors play an active part in the discussion.

### **Engagement During the Solicitation Period**

Glass Lewis limits its engagement with “interested parties” during the proxy solicitation period. For these purposes, “interested parties” include:

- corporate issuer representatives;
- shareholder proposal proponents;
- dissident shareholders engaged in a proxy contest or contested financial transaction;
- shareholders engaged in a public solicitation of other shareholders to withhold votes during the solicitation period (AKA “vote-no campaigns”); and
- institutional shareholders of a company with an upcoming meeting that may or may not be clients of Glass Lewis.

Glass Lewis generally refrains from engaging with these interested parties during the proxy solicitation period, except in specific supervised circumstances that are approved by senior management of Glass Lewis. For example, in the case of a dissident campaign, shareholder proposal or M&A transaction, Glass Lewis may meet with the dissident, the shareholder proponent or the other party to the M&A transaction, only if the corporate issuer is afforded the same opportunity.

In addition, interactions and communications with interested parties may occur, during the solicitation period, in the following instances: (i) when a research analyst seeks clarification regarding publicly disclosed documents or information or the availability of additional public disclosures; (ii) when attending a corporate governance forum, conference, event or panel involving participants in the corporate governance industry; or (iii) when addressing a factual error or omission in a Proxy Paper research report brought to the attention of Glass Lewis.

All Glass Lewis employees engaging with interested parties are required to comply with Glass Lewis’ engagement policies and procedures. Given variations

in local law and proxy season timing, Glass Lewis' engagement policies and procedures vary by jurisdiction. All of Glass Lewis' engagement policies and procedures, however, focus on balancing the goal of obtaining relevant information from covered companies (and other interested parties), as well as fostering mutual understanding and promoting better disclosure, with maintaining the independence of Glass Lewis' advice. The relevant engagement guidelines for different jurisdictions are all made available on Glass Lewis' public website at <https://www.glasslewis.com/engagement-policy/>. Any meetings, interactions or communications with interested parties that fall outside the scope of Glass Lewis' engagement policy are prohibited without the approval of a senior manager of the Glass Lewis research team.

All engagement meetings, interactions and communications must be documented, in accordance with Glass Lewis' engagement policy and, if applicable, disclosed, as specified in Glass Lewis' Conflict Documents.

Moreover, given that Glass Lewis' analysis and recommendations are based solely on publicly-available information, the use and disclosure of any material non-public information inadvertently disclosed to Glass Lewis by an interested person, either during an engagement meeting or during any other interaction or communication with such interested person, is strictly prohibited.

### **Data Review**

Glass Lewis provides the subjects of its research with its Issuer Data Report ("IDR"), which details the key facts underlying the relevant Glass Lewis Proxy Paper report for their review before the report is finalized. This practice is deliberately limited to data. Glass Lewis finds that by providing the facts underlying the report, it can gain any benefit of company review without inviting time consuming and unproductive debates about Glass Lewis' methodology or what result that methodology should lead to in the context of a particular recommendation. This free service has been available for several years and more than 1,400 companies in 22 countries participated during 2019.

### **Errors or Omissions**

Glass Lewis also has policies and procedures in place for corporate issuers and others who believe there is an error or omission in Glass Lewis research to flag the issue for Glass Lewis' review. Glass Lewis maintains an Issuer Portal on its public website — at [www.glasslewis.com/ issuer-overview/](http://www.glasslewis.com/issuer-overview/) — through which companies and proponents wishing to bring purported errors or omissions to Glass Lewis' attention, as well as subsequent or amended filings, can do so.

All electronic inquiries are recorded and tracked to ensure timely and appropriate response.

If a Glass Lewis Proxy Paper research report is revised, Glass Lewis will explain the nature of all revisions, including changes to recommendations, as a note in the report and will notify clients via email of all material changes to the revised report. Glass Lewis will also notify clients voting according to custom policies, even if the revision to the Glass Lewis Proxy Paper research report would not appear to impact a client's vote recommendations.

### **Report Feedback Statement**

In March 2019, Glass Lewis introduced the Report Feedback Statement ("RFS"), through which companies can opt to have a statement responding to Glass Lewis' research transmitted to Glass Lewis clients through its client and voting platforms. In 2019, the RFS was available to all companies in the United States, Canada and Australia.

The Report Feedback Statement provides a unique opportunity for corporate issuers and shareholder proposal proponents – the subjects of Glass Lewis' Proxy Paper research reports – to submit feedback about the analysis of their proposals, and have comments delivered directly to Glass Lewis' institutional investor clients. Corporate issuers and shareholder proponents alike are eligible to participate in this service and provide their statements directly to Glass Lewis' research and engagement team, which in turn distribute them to clients within the firm's research and voting platforms. Glass Lewis' institutional investor clients benefit by conveniently receiving unfiltered commentary on the firm's analysis from subject companies and shareholder proponents. The real-time perspective provides an additional dimension for their consideration and is easily accessible, with reasonable time to review, even within the peak of proxy season.

Following a successful roll-out in 2019, Glass Lewis expects to enhance and expand this service globally for the 2020 proxy season.

### **Proxy Talk Conference Calls**

From time to time, Glass Lewis will host Proxy Talk conference calls to facilitate an in-depth discussion of a specific meeting, proposal or issue.

Glass Lewis clients are able to listen to the calls and submit questions to speakers, with representatives from the Glass Lewis research team serving as moderators. Proxy Talk calls on specific proposals or individual meetings are held prior to the publishing of the Glass Lewis Proxy Paper research report in order to better

understand information contained in public disclosures. Typically, calls are held so the participants (e.g., company representatives, directors, dissidents and shareholder proposal proponents) have an open forum to provide further rationale on specific issues. This has proven to be an effective way for companies to reach institutional shareholders directly, empowering clients with more information and the opportunity to pose questions directly to company executives and directors as well as shareholder proponent and dissident nominees in contested elections.

All Proxy Talks are recorded and available on Glass Lewis' public website.

### **3) Dialogue with Media, Regulatory Authorities & the Public**

Glass Lewis also engages in dialogue with the media and the public, consistent with its primary mission of providing high-quality research and analysis to its institutional investor clients.

#### **Media**

At its discretion, Glass Lewis will provide its Proxy Paper research reports to the media upon request, subject to Glass Lewis' terms of use. Furthermore, Glass Lewis may respond to media requests for comment regarding published reports or general governance issues. Glass Lewis will not, however, discuss a particular meeting during the solicitation period prior to publishing that meeting's Proxy Paper research report, or make copies of its Proxy Paper research reports available to the media in advance of those reports being issued to its clients. Glass Lewis also does not issue press releases on its research recommendations and typically does not proactively distribute its Proxy Paper research reports to the media or the public.

#### **Regulatory Authorities**

Glass Lewis maintains regular contact with relevant regulatory authorities. These contacts consist of both monitoring regulatory developments in the context of updating Glass Lewis house policy guidelines and keeping aware of proposed and new regulations that might affect the work of proxy advisory firms. Glass Lewis does not actively engage regulators on behalf of institutional investors. Glass Lewis responds to relevant regulatory consultations on corporate governance and stewardship matters insofar as it can provide relevant perspective or insight. Such submissions can be found on our website at <https://www.glasslewis.com/regulatory-matters/>.

### The Public

From time to time, Glass Lewis makes special reports on key issues, such as executive compensation, Say on Pay or shareholder proposals, available to the public. In addition, substantial information about Glass Lewis, including its policies and methodologies, is available to the public for free via the Glass Lewis public website. Glass Lewis representatives are frequent speakers at industry conferences and events. The firm refrains from engaging with individual retail shareholders, unless they have a shareholder proposal on the ballot or notify the firm of a purported error or omission in a Proxy Paper research report.

### Feedback

Engagement and feedback are integral to understanding the role and work of shareholder voting research providers.

Feedback regarding Glass Lewis' Statement of Compliance can be provided via email to: [BPPFeedback@glasslewis.com](mailto:BPPFeedback@glasslewis.com).

Glass Lewis' Statement of Compliance and those of other signatories are available on the BPPG website at <https://bppgrp.info/signatory-statements>.



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