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General Manager
Division of Funds 1
Investment Management Department
Securities and Exchange Board of India
SEBI Bhavan Plot No. C4-A "G" Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400051, Maharashtra, India
Via email: naveens@sebi.gov.in and taruns@sebi.gov.in

Re: Public Comment on the Report Submitted by the Working Group on Issues Related to Proxy Advisers

Glass Lewis appreciates the opportunity to comment on the Report submitted by the Working Group (the "Group") of the Securities and Exchange Board of India ("SEBI"), which was formed to evaluate Issues related to Proxy Advisers ("PAs").

Founded in 2003, Glass Lewis is a leading, independent governance services firm that provides proxy research and vote management services to more than 1,300 clients throughout the world. While, for the most part, institutional investor clients use Glass Lewis research 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 investor clients with the means to receive, reconcile and vote ballots according to custom voting guidelines and recordkeep, audit, report and disclose their proxy votes.

From its offices in North America, Europe and Australia, Glass Lewis' 360+ person team provides research and voting services to institutional investors globally that collectively manage more than US\$35 trillion. 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.



The responses provided below are not meant to be exhaustive but are designed to address what Glass Lewis sees as the main issues and concerns raised in the Group's Report. Thank you in advance for your consideration and please do not hesitate to contact us if you would like to discuss any aspect of our submission in more detail.

Respectfully submitted,

/s/

Katherine Rabin, CEO, Glass Lewis & Co.

krabin@glasslewis.com

/s/

Nichol Garzon-Mitchell, Senior Vice President and General Counsel, Glass Lewis & Co.

ngarzon@glasslewis.com

/s/

Daniel J Smith, General Manager, CGI Glass Lewis Pty Ltd.

dsmith@cgiglasslewis.com

/s/

Jeffrey Jackson, Manager, Asia Research, CGI Glass Lewis Pty Ltd.

jjackson@cgiglasslewis.com

Enclosure

Comments from Glass Lewis & Co.			
Sr. No.	Recommendation Paragraph	Comments/Suggestions	Rationale/Revisions to Recommendation
1	12 and 15	<p>Glass Lewis supports the Group’s recommendation that proxy advisors should have policies and procedures in place to ensure that their voting recommendations and analysis are disinterested.</p> <p>Indeed, Glass Lewis already provides on the Glass Lewis website, documentation that is readily available for public review relating to the following matters: policies and procedures for managing and disclosing conflicts of interest; issuer engagement policies; a list of our executive and research leadership teams, including the members of our Research Advisory Council; house policy guidelines for major markets, including India, that describe Glass Lewis’ methodologies and provide a detailed view as to how we evaluate issuers; and Glass Lewis’ statement of compliance with the Best Practice Principles for Providers of Shareholder Voting Research & Analysis (“BPP”), which provides a more detailed outline of all of the foregoing policies and procedures.</p> <p>Moreover, as part of our business model, Glass Lewis does not undertake or provide consulting to issuers to preserve the independence of its research. By not providing consulting services to the subjects of our reports, Glass Lewis ensures we have no financial incentive to develop policies or issue recommendations that make companies feel they need to pay for consulting services in order to achieve a favorable outcome. Further, a consulting business is not only in conflict with the interests of our clients, but in conflict with the interests of the companies that are entitled to a fair, reasonable and independent assessment.</p> <p>Because Glass Lewis strongly believes its research and recommendations should be based exclusively on publicly available information, Glass Lewis does not incorporate into its research information that is not available to all other market participants and generally refrains from</p>	None.

		<p>meeting privately with companies during the solicitation period (which begins on the date the notice of meeting is released and ends on the date of the meeting). Glass Lewis encourages companies to provide comprehensive and clear disclosure about the relevant issues for consideration by shareholders. Notwithstanding the foregoing, if a Glass Lewis analyst requires clarification on a particular issue, he or she will reach out to the company directly. However, in all cases where Glass Lewis speaks or engages with an issuer, no information from the interaction or engagement can be used in a report, unless an issuer has publicly disclosed such information.</p> <p>Glass Lewis publicly posts its methodologies on its website; provides free engagement meetings to issuers outside the solicitation period; and invites issuers, clients and other interested stakeholders, year-round, to submit feedback on its guidelines, which are taken into consideration during annual updates.</p> <p>As it relates to its ownership, while Glass Lewis is a portfolio company of Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"), 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. To manage and mitigate any potential conflicts that may arise from its ownership structure, Glass Lewis provides full disclosure, on the cover of the relevant company research report, when: (i) one or both of Glass Lewis' parent companies, OTPP and AIMCo, have a significant, reportable stake in such company; (ii) OTPP and/or AIMCo is a top 20 shareholder at such company; (iii) a member of Glass Lewis' Strategic Committee, which includes representatives of OTPP and AIMCo, serves as an executive or director of such company; or (iv) OTPP and/or AIMCo is a dissident shareholder in a proxy contest or is a shareholder proposal proponent.</p>	
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2	18	As noted, Glass Lewis does not engage in consulting to issuers.	None.
3	24	<p>While Glass Lewis' website details clear <u>policies and procedures</u> for how Glass Lewis manages and discloses potential conflicts of interest, there may be unforeseen situations that pose a potential conflict that must be dealt with by Glass Lewis' Compliance Committee in a manner different than what is prescribed by Glass Lewis' established conflict policies and procedures. For example, where any employee or relative of an employee is an executive or director of a public company, that employee will play no role in the development of analysis or voting recommendations for that company and the existence and nature of that relationship are prominently disclosed in the relevant report. Other situations may warrant Glass Lewis refraining from writing a research report on a particular company.</p> <p>Notably, the BPP (Principle 2) advocates disclosure of conflicts "without delay" and on a "case-by-case" basis. The Guidance (para. 4) for Principle 2 of the BPP outlines several mitigation procedures that can be used depending on the potential conflict.</p>	None.
4	37-40	Glass Lewis research analysts must have at least a bachelor's degree and participate in a rigorous training program to learn Glass Lewis' models and methodologies. Glass Lewis' research is subject to internal controls, including multiple levels of review by experienced staff members as required, prior to publication of research. Disclosure of staff experience and qualifications is already required of signatories of the BPP (Principle 1).	None.
5	51	Glass Lewis believes stewardship codes can be a helpful guide to best practices for all relevant market participants. Glass Lewis is a signatory	None.

		to stewardship codes that invite service providers to apply the principles, including national codes in Japan, the United Kingdom, France, and South Korea and global codes, such as the Principles for Responsible Investment (PRI).	
6	52	<p>Glass Lewis supports increasing in the timeline of disclosure for general meeting disclosure. As is, investors must contend with a relatively short period of time to vote on many general meetings. Earlier disclosure requirements could improve engagements between issuers and their investors, to allow for more informed vote decision-making. Moreover, earlier disclosure by companies would enable proxy advisors to have more time to conduct research and analysis regarding issuers, especially in “peak periods” of the proxy season.</p> <p>Moreover, in 2019, Glass Lewis expanded a free program called the Issuer Data Report (“IDR”) service. While participation in the free IDR service in 2019 focused on companies within the NIFTY 50 Index (which is likely to be expanded in 2020), participation was based on an issuer disclosing its meeting materials at least 28 days before the holding of the AGM, in order for Glass Lewis to have time review any suggested corrections and submit research to our clients in advance of their internal deadlines. Through the IDR program, an issuer can receive the draft, fact-only version of the Glass Lewis report regarding their company meeting, which contains the underlying data points for key proposals. This affords issuers the opportunity to review and comment on the data points during a 48-hour window to help ensure the data is correct and up to date.</p>	Increasing disclosure times from 21 to 28 days would be advantageous for investors, as it would provide more time for investors to review relevant research and to engage with the companies in which they are invested prior to voting at company meetings. This is particularly important during the AGM season for India when more than 4,000 BSE-listed companies typically hold their annual meetings. The season runs from July through September, with the majority of meetings happening in September. ¹
7	57	Glass Lewis maintains specific sets of policies relating to how it engages with issuers. Most importantly, we refrain from using non-public information in our research and encourage companies to provide clear	It may be helpful for proxy advisors to have off-the-record discussions with issuers to better

¹ Based on data from the Bombay Stock Exchange: 325, 582 and 3,294 AGMs were scheduled for the months of July, August and September, respectively. Within September, 2,265 AGMs were scheduled for the dates inclusive of the 25-30th, while 841 and 448 AGMs were scheduled for September 28th and 29th. In comparison, the [Tokyo Stock Exchange](#) scheduled over 2,200 AGMs for June 2017, for companies with financial years ending on March 31, 2017.

		<p>public disclosure for all interested parties to review. It is also important to note that we generally do not engage with issuers during the solicitation period (between when the notice of meeting is released and when a general meeting is held), except in the case of highly complex, developing situations, such as mergers or contested meetings, where additional conversation can be helpful. Further, we maintain an online portal that any interested party can use to report a purported error or omission, even during the solicitation period. These notices are directed to the appropriate research staff members at Glass Lewis, who will analyze the matter, issue a correction to any confirmed errors, and send an update to our clients regarding changes to our reports (even if those changes do not affect our recommendations).</p>	<p>understand their priorities and views on best practices for corporate governance, so long as procedures are followed to avoid conflicts of interest or reliance on material non-public information.</p>
8	61	<p>As it relates to companies concerns regarding errors and their ability to comment or provide feedback on the research produced by proxy advisors, in addition to affording companies the ability to participate in the IDR pre-production of a report, as well alert Glass Lewis of any errors in a report post-publication, Glass Lewis recently launched a limited pilot for a new service (“Research Feedback Statement” service or “RFS”) that provides a unique opportunity for the subjects of Glass Lewis’ proxy research to submit feedback about the analysis of their proposals, and have those comments delivered directly to Glass Lewis’ investor clients.</p> <p>Glass Lewis believes that requiring Glass Lewis or other proxy advisors to attach a subject company’s opinion to a proxy advisor’s report on the company, prior to it being disclosed to its clients, would be an unwarranted intrusion into the relationship between the proxy advisor and its clients. More importantly, (i) investors would be denied access to independent research; (ii) significant constraints would be placed on the time investors have to properly consider the analysis in order to develop informed proxy voting decisions; and (iii) issuers could potentially determine an investor’s vote selections (even before the investor itself knew) given that investors publicly disclose their policies, which may be consistent with the proxy advisor’s policy and analysis.</p>	<p>None.</p>

		<p>Investors take their fiduciary responsibility to vote shares, engage with issuers and operate as good stewards very seriously; placing proxy advisory firms in between issuers and investors in this regard would inhibit direct engagement. In our view, issuers and investors are both better served by preserving the independence of proxy advisory firms through the avoidance of undue influences.</p> <p>Glass Lewis strongly believes that, without compromising Glass Lewis' independence as a proxy advisory firm nor limiting the time investors have to make fully informed voting decisions, the IDR and the RFS programs already provide issuers the opportunity to participate in the process. Not only can they verify and confirm that all data used to inform the reports is factually accurate but once the report is published they can voice their opinions on that report to their target audience.</p>	
9	72	<p>Glass Lewis' views of best practices for corporate governance are informed by local market regulations, codes of best practice and global best practices. The latter are broadly reflective of institutional investor priorities and views. All Glass Lewis clients have views on corporate governance best practices, which may or may not differ from our house policy guidelines and which may be more stringent than baseline requirements for a market. Regardless of Glass Lewis' house policies, investors can and do choose to hold companies to a higher standard than the minimum legal requirements on a regular basis.</p>	None.
10	83	<p>Glass Lewis agrees with the Working Group's suggestion that subjecting global proxy advisors to additional regulation would be unnecessary and unfair, and perhaps counterproductive. Glass Lewis is a signatory and participant to the BPP, which addresses the key areas of disclosure advocated by the Working Group. Given the BPP's positioning as a global industry code of best practice, the BBPG is an existing framework for reviewing developments in stewardship codes and best practice</p>	Further regulation of foreign proxy advisors is not be needed given the existing self-regulatory framework through the BPP.

		standards globally, which can be incorporated into signatory reporting and considered for future iterations of the BPP.	
11	86 and 94(m)	Glass Lewis is a private company headquartered in the US and is not required to disclose financial statements in accordance with relevant law.	<p>Placing capital adequacy requirements on proxy advisors is irrelevant to the business of providing proxy advice and will be seen as an additional barrier to entry.</p> <p>Given the highly sensitive nature of a proxy advisor's business model, financial statements and revenue breakdown, mandating the public disclosure of this confidential information could create a competitive disadvantage in an already small industry.</p>