Glass Lewis’ Japan Stewardship Code Statement

Glass Lewis supports the Japan Stewardship Code ("Code") and its aim to promote the sustainable growth of investee companies through investment and dialogue with company management. This Stewardship Code Statement ("Statement") describes Glass Lewis’ adherence to the principles of the Code. Glass Lewis researches and analyzes public companies in a manner consistent with the main principles of the Code, including public disclosure of its voting principles, avoidance and management of conflicts, and engagement with companies. Glass Lewis also assists investors with meeting the requirements of the Code, as described in more detail below.

Questions about this Statement can be directed to regulatory@glasslewis.com.

Principle 1 - Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Glass Lewis analyzes each issue on a case-by-case basis, in order to allow for consideration of the unique circumstances of a company, including performance, size, maturity, governance structure, responsiveness to shareholders and, last but not least, place of listing and incorporation.

In addition, 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. Therefore, Glass Lewis begins its analysis by reviewing each issue in the context of a set of policy guidelines designed for each market. For example, Glass Lewis Approach to Proxy Advice in Japan.

Glass Lewis policy guidelines 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 its public website.

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. 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’ Senior Vice President of Research & Engagement oversees the development and implementation of Glass Lewis’ house policy, in consultation with the Glass Lewis Research Advisory Council, an independent external group of prominent industry experts. 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 Glass Lewis’ voting guidelines and 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.

Notwithstanding the foregoing, however, the majority of Glass Lewis’ clients vote according to their own custom policies, which are underpinned by the data the Glass Lewis research team collects as part of the research process to implement Glass Lewis’ guidelines. As part of its annual review process, Glass Lewis assists clients with the drafting, refining and updating of their custom voting policies, which are often displayed on their public websites.

Additional information on how Glass Lewis can help institutional investors fulfill their stewardship responsibilities can be found in Glass Lewis' Statement of Compliance with the Best Practice Principles for Providers of Shareholder Voting Research & Analysis.

**Principle 2 - Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

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, 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.

Glass Lewis maintains strict policies and procedures governing personal, business and organizational relationships that may present a conflict in independently evaluating companies. These policy
documents, which are available on Glass Lewis’ website, 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.

**Principle 3 - Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**

Glass Lewis supports its clients’ efforts to monitor their investee companies and fulfill their stewardship responsibilities by providing accurate and up to date information and analysis. This includes custom policy data that clients have specifically identified as being oriented towards sustainable growth.

While the vast majority of information used by Glass Lewis in its analysis comes directly from each issuer’s public filings and press releases, Glass Lewis’ global research team — which consists of professionals with degrees in disciplines including investment analysis, law, finance, accounting and international affairs — also continuously monitor broad market and regulatory trends as well as recent developments within each company’s industry. Glass Lewis’ research analysts have access to all public company filings. Moreover, in order to enhance its research, Glass Lewis has partnered with certain third-party providers of data who directly deliver to Glass Lewis public information in various categories. For example, in certain markets (excluding Japan) Glass Lewis sources executive compensation and peer group data from CGLytics. In addition, ESG data is directly sourced from Sustainalytics and company performance data is obtained from Capital IQ. Glass Lewis discloses the name of each such material third-party provider either within its voting guidelines, methodology descriptions or, if applicable, within the relevant sections of each research report.

**Principle 4 - Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.**

Glass Lewis believes that constructive engagement between companies and investors should be encouraged since it fosters greater understanding among the various parties and leads to more informed voting decisions by investors and more knowledge of investor interests by companies.

Glass Lewis maintains a robust engagement program to learn about both general governance trends and issues unique to each company. Glass Lewis not only welcomes company engagement requests, which may be submitted through Glass Lewis’ Issuer Portal, but also actively seeks engagement opportunities with issuers in its coverage universe via its dedicated engagement team. In addition,
Glass Lewis participates in various global conferences and organizations to facilitate both its understanding of developing trends and regulations, and to share its approach with public companies. Glass Lewis believes that proxy advisors should not advocate for their own approach to various governance structures and practices of companies. During its dialogue with companies, Glass Lewis does not prescribe certain practices or standards, but encourages comprehensive disclosure and rationale that is made available to all shareholders. Discussions are generally centered on board structure, leadership, diversity and competency; shareholder rights; executive compensation especially as it relates to company performance; 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 that Glass Lewis has been empowered to negotiate corporate governance changes on behalf of its clients, Glass Lewis does 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, Glass Lewis hosts frequent Proxy Talk conference calls on which companies and shareholders discuss issues in great detail.

In addition, Glass Lewis supports engagement efforts of institutional investors with a suite of web-based products allowing clients to manage and track meetings with companies, as well as to monitor developments at their investee companies. 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. Glass Lewis’ research reports provide extensive, detailed information on companies’ performance, remuneration and environmental, social, governance (ESG) practices, among other issues.

**Principle 5 - Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.**

Glass Lewis believes investors benefit from having clearly defined policies, reviewed at least annually and revised as necessary, that are designed to promote sustainable shareholder returns. Please refer to Principle 1 above for more information on how Glass Lewis formulates its policy guidelines. Glass Lewis’ voting guidelines by country, including its compensation policy and peer group methodology (for certain markets) are publicly available on its website. In addition, companies and others can access Glass Lewis’ proprietary pay evaluation methodology, models, analytics, and underlying data via Glass Lewis’ independent partner, CGLytics.

Further, Glass Lewis believes that disclosure of voting activity affords investors, beneficiaries and the public the opportunity to examine investors’ policies and judge their effectiveness. As a result, Glass Lewis helps institutional investor clients disclose their voting activity before and/or after the shareholder meeting by creating and hosting websites in accordance with investor client
specifications. This enables clients to publicly display their voting activity. While each client’s vote
disclosure site is hosted and maintained by Glass Lewis, it is not available via Glass Lewis; these vote
disclosure sites are embedded within each investor’s proprietary website. Glass Lewis also assists
clients with vote disclosure mandated by regulators or required for compliance with stewardship
codes.

In addition, Glass Lewis voting platform, Viewpoint, offers a wide range of reporting options that can
be customized according to a client’s particular specifications, ranging from very broad, annual vote
summary reports to tailored reports on specific voting items in a single country. For example, a Glass
Lewis client may use a historical vote activity report, internally, as part of its annual policy review in
advance of the next proxy season.

**Principle 6 - Institutional investors in principle should report periodically on how they fulfill their
stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.**

Glass Lewis drafts several specialized reports annually, including reviews and previews of various
countries’ proxy seasons, shareholder proposals, remuneration practices and board diversity.
Moreover, to assist investors in meeting their obligations, Glass Lewis can support reporting on voting
activities via its Viewpoint voting platform, as specified under Principle 5 above.

**Principle 7 - To contribute positively to the sustainable growth of investee companies, institutional
investors should develop skills and resources needed to appropriately engage with the companies
and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge
of the investee companies and their business environment and consideration of sustainability
consistent with their investment management strategies.**

Glass Lewis recognizes that most of its investor clients, both asset managers and asset owners, employ
trained and experienced analysts who evaluate investee companies and their industries as well as
macroeconomic and regulatory trends.

As it relates to Glass Lewis, its multi-disciplinary team of experienced analysts (discussed below) helps
its clients evaluate companies, their governance and relevant risk factors associated with owning
shares in a public company. A robust and balanced team structure, continuous monitoring of
governance developments, and exhaustive engagement program (discussed throughout this
Statement), all serve to ensure that Glass Lewis analysts are deeply familiar with the companies they
cover, including the industries in which each company operates, as well as the broader business
environment.

**Principle 8 - Service providers for institutional investors should endeavor to contribute to the
enhancement of the functions of the entire investment chain by appropriately providing services for**
institutional investors to fulfill their stewardship responsibilities.

8-1. Proxy advisors should identify specific circumstances that may give rise to conflicts of interest, put in place a clear policy how to manage them effectively, develop structures for conflicts of interest management, and disclose such measures.

See Principle 2 above.

8-2. Proxy advisors should develop appropriate and sufficient human and operational resources, including setting up a business establishment in Japan in order to provide asset managers with proxy recommendations based on accurate information on specific companies. They should also disclose with specificity the voting recommendation process, including the above measures to assure transparency.

Glass Lewis is dedicated to helping shareholders of public companies better understand and connect directly with the companies in which they invest. Glass Lewis’ duty, as a global proxy advisory firm, is to support – not usurp – the role of its clients as investors/owners, a distinction it takes very seriously. It is reflected in Glass Lewis’ business model and in how Glass Lewis develops and updates its proxy voting policies, create its research and engages with companies, shareholders and other stakeholders.

Glass Lewis employs robust processes and procedures to meet the highest standards for accuracy, quality and timeliness. These include but are not limited to: (i) employee hiring and training procedures; (ii) management review of research services; (iii) data checks; (iv) application of the four-eyes principle; (v) vote recommendation audits; (vi) procedures for responding to the disclosure of supplemental material information following the publication of a Proxy Paper research report; and (vii) 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’ 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 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 in it in 2019.

Glass Lewis’ experienced, multi-disciplinary team leverages formal training and commercial experience in finance, accounting, law, business management, public policy and international relations, and collectively speak 25+ languages. 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.

The biographies of Glass Lewis’ management and senior executives are available on Glass Lewis’ public website. Information about the staff is available to both current clients, who may assess the qualifications of Glass Lewis’ analysts as part of their due diligence, as well as to prospects.

As it relates to Japan, Glass Lewis has an office in Tokyo and its Japanese research team has approximately 30 team members working out of three offices (i.e. San Francisco, Sydney and Tokyo) to produce research on a nearly 24-hour cycle during its proxy season. Glass Lewis continually evaluates the resourcing demands of each market, including Japan, based on the evolving trends and expectations in the market. Glass Lewis expects the staffing levels for the Japanese team to increase as its research universe and engagement demands evolve over time.

8-3. In providing proxy recommendations, proxy advisors should rely upon corporate disclosure, and actively exchange views with companies upon necessity. Upon the request from a company that is the subject of a proxy recommendation, it is considered to contribute to secure accuracy of the information based on the recommendation and transparency that the proxy advisors provide the company with an opportunity to confirm whether such information is accurate, etc., and provide the submitted opinion of the company to its clients together with the recommendation.

Glass Lewis encourages corporate issuers to contact Glass Lewis via its Issuer Portal, 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.
Engagement Meetings with Companies

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. Therefore, Glass Lewis is open to engaging with corporate issuers outside of the peak-season periods, in accordance with its engagement policy. The peak proxy season for Japan is June. In 2019, Glass Lewis conducted approximately 1600 engagement meetings and calls with issuers, dissident shareholders, and shareholder proponents globally outside of the solicitation period.

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. 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 currently participate in it on an annual basis.

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. Through the Glass Lewis website, companies 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.

Company Feedback

In 2019, Glass Lewis launched its Report Feedback Statement Service (RFS) to provide an additional mechanism for investment advisers to access issuer views. The RFS provides a unique opportunity for the subjects of Glass Lewis’ research – public companies, shareholder proposal proponents, dissident shareholders and parties to an M&A transaction – to submit feedback about the analysis of their proposals, and have their comments delivered directly to Glass Lewis’ investor clients via Glass Lewis’ research and voting platforms. When an issuer chooses to submit a Report Feedback Statement, Glass Lewis analysts review the company’s feedback and determine whether any change to its proxy research and advice is warranted. Glass Lewis clients then receive the company’s statement as part of
a re-issued Glass Lewis proxy research report along with a clear indication of whether the company’s feedback caused Glass Lewis to revise its report in any respect.

**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.

*****