



2017

PROXY PAPER™

GUIDELINES

AN OVERVIEW OF THE GLASS LEWIS
APPROACH TO PROXY ADVICE

PUBLIC PENSION POLICY

AN ADDENDUM TO THE PROXY PAPER POLICY GUIDELINES

For more information about Glass Lewis' policies or our approach to proxy analysis, please visit www.glasslewis.com or contact our Chief Policy Officer, Robert McCormick, at (415) 678-4228.



GLASS LEWIS

The Public Pension guidelines are designed to ensure compliance with the special fiduciary responsibilities of public pension plan sponsors in voting proxies on behalf of public employees. The guidelines are designed for investors with extremely long-term investment horizons. While the recommendations reflect analysis and identification of both financial and corporate governance risk, the guidelines also include consideration of stakeholder interests in making proxy voting decisions. The guidelines encourage increased reporting and disclosure on the part of portfolio companies including in executive compensation, governance, labor practices and the environment.

MANAGEMENT PROPOSALS

ELECTION OF DIRECTORS

In addition to the standard level of analysis Glass Lewis conducts of directors and their performance, we provide an additional level of review to determine if directors are meeting the unique obligations of public pension plans. These include reviewing the diversity of board members and supporting proposals to report on or increase board diversity as well as evaluating directors' commitment to maintaining internal pay equity. In order to foster board independence and innovation, the guidelines also support limits on director terms and establishing director age limits.

For U.S. companies, Glass Lewis will closely review director board commitments and will vote against directors serving on more than five total boards, for directors who are not also executives, and more than two total boards for a director who serves as an executive of a public company.

Additionally, Glass Lewis' Public Pension guidelines will evaluate a company's policies and actions with respect to board refreshment and diversity. Glass Lewis believes that the nominating and governance committee, as an agent for the shareholders, is responsible for the governance by the board of the company and its executives. In performing this role, the committee is responsible and accountable for selection of objective and competent board members. To that end, Glass Lewis will vote against members of the nominating committee in the event that: (i) the board has an average tenure of over ten years; (ii) the board has not appointed a new nominee to the board in at least five years; and (iii) there are no women currently sitting on the board.

EXECUTIVE COMPENSATION

Glass Lewis recognizes the importance in designing appropriate executive compensation plans that truly reward pay for performance. In our standard analysis, Glass Lewis conducts an exhaustive examination of the disclosure, methods and levels of compensation paid to executives to determine if pay and performance are properly aligned and explained. Under the Glass Lewis Public Pension guidelines, Glass Lewis conducts a further level of analysis by looking at compensation issues as they relate to internal pay equity as well as other issues relevant to long-term sustainable corporate governance practices.

The Glass Lewis Public Pension guidelines will follow the general Glass Lewis recommendation when voting on management advisory votes on compensation ("say-on-pay") and on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the Public Pension guidelines will support annual advisory compensation votes.

MERGERS/ACQUISITIONS

Glass Lewis undertakes a thorough examination of the economic and corporate governance implications of a proposed merger or acquisition in terms of the transaction's likelihood of maximizing shareholder return. For the Glass Lewis Public Pension guidelines, Glass Lewis will support shareholder proposals seeking the company to consider effects of the transaction on the company's stakeholders.

SHAREHOLDER PROPOSALS

COMPENSATION

The Public Pension guidelines will support proposals seeking to prohibit or require more disclosure about stock hedging and pledging by executives. The Public Pension guidelines will also support proposals requesting that companies adopt executive stock retention policies and prohibiting the accelerated vesting of equity awards. Furthermore, the Public Pension guidelines will support shareholder proposals to link pay with performance, to eliminate or require shareholder approval of golden coffins and to clawback unearned bonuses.

SHAREHOLDER RIGHTS

Like the general Glass Lewis guidelines, the Glass Lewis Public Pension guidelines support increased shareholder participation and access to a company and its board of directors. The Glass Lewis Public Pension guidelines will therefore support initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, the adoption of proxy access, elimination in/reduction of supermajority provisions, the declassification of the board, submission of shareholder rights' plans to a shareholder vote and the principle of one share, one vote. The Public Pension guidelines will support proposals seeking to repeal exclusive forum provisions to ensure shareholders are not limited in the selection of forum for legal action.

ENVIRONMENT

Glass Lewis' Public Pension guidelines generally support proposals regarding enhanced environment disclosure and reporting, in particular those seeking improved sustainability reporting and disclosure about a company's greenhouse gas emissions. Glass Lewis' Public Pension guidelines supports increased disclosure of a company's environmental risk through company-specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles like those promulgated by CERES. The Glass Lewis Public Pension guidelines will support proposals requesting that companies provide disclosure on their response to risks presented by climate change and may consider, on a case-by-case basis, supporting well-crafted proposals requesting that companies report and reduce their greenhouse gas emissions.

LABOR/HUMAN RIGHTS

Glass Lewis' Public Pension guidelines generally support additional disclosure concerning the rights of workers and company stakeholders. Therefore, the Glass Lewis Public Pension guidelines will generally vote for proposals requesting that a company provide greater disclosure regarding its impact on local stakeholders, workers' rights and human rights in general. The Glass Lewis Public Pension guidelines will further support most proposals for companies to adopt or comply with certain codes of conduct, such as those espoused by the International Labor Organization, relating to labor standards, human rights conventions and corporate responsibility at large. The Glass Lewis Public Pension guidelines will also support proposals requesting reporting on a company's diversity initiatives and the ethnic and gender representation of its employees. Furthermore, the Guidelines will support proposals requesting disclosure from companies regarding gender pay inequity and company initiatives to reduce the gap in compensation paid to women compared to men.

HEALTH/SAFETY

The Glass Lewis Public Pension guidelines generally support proposals seeking increased disclosure and reporting concerning worker and stakeholder health and safety issues. However, the guidelines will generally oppose proposals seeking to require a company to cease or take specific action.

BUSINESS ETHICS

Glass Lewis' Public Pension guidelines generally support proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare. Furthermore, the Glass Lewis Public Pension guidelines support reporting and reviewing a company's political and charitable spending as well as its lobbying practices.

DISCLAIMER

This document is intended to provide an overview of Glass Lewis' proxy voting policies and guidelines. It is not intended to be exhaustive and does not address all potential voting issues. Additionally, none of the information contained herein should be relied upon as investment advice. The content of this document has been developed based on Glass Lewis' experience with proxy voting and corporate governance issues, engagement with clients and issuers and review of relevant studies and surveys, and has not been tailored to any specific person.

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