GLASS LEWIS

Last revised November 22, 2017

Glass Lewis Japan's Stewardship Code Statement

Japan's Stewardship Code ("Code"), published by the Council of Experts on the Stewardship Code in February 2014 and updated in May 2017, is an effort to promote greater transparency among investor groups with respect to the handling of responsible investment activities. Glass Lewis welcomes the opportunity to make a submission on the Code. Glass Lewis researches and analyzes public companies in a manner consistent with the main principles of the Code, including public disclosure of our voting principles, avoidance and management of conflicts, and engagement with companies. Glass Lewis also assists investors with meeting the requirements of the Stewardship Code, as described in more detail below.

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

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

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

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' in-house guidelines. As part of our annual review process, we assist clients with the drafting, refining and updating of their custom voting policies, which are often displayed on our clients' websites.

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 avoids conflicts of interest to the maximum extent possible, and in situations where a conflict is not avoidable, makes specific and prominent disclosure of the potential conflict. Glass Lewis does not enter into business relationships that may conflict with its mission to serve institutional participants in the capital markets with objective advice and services. Glass Lewis does not offer consulting services to corporate issuers or directors, or to proponents of shareholder proposals or dissident shareholders in control contests.

Glass Lewis is co-owned by the Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"). While both OTPP and AIMCo are clients of Glass Lewis, neither OTPP nor AIMCo is involved in the day-to-day management of Glass Lewis' business; Glass Lewis operates as an independent company separate from OTPP and AIMCo. 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. When either OTPP or AIMCo has a reportable stake in a corporate issuer, Glass Lewis discloses the conflict on the cover of the relevant research report.

Glass Lewis has a Research Advisory Council ("RAC"), an independent external group of prominent industry experts, to ensure that Glass Lewis' proxy voting policies are comprehensive, well-reasoned and reflective of current global governance and regulatory practices and developments. The RAC also helps Glass Lewis ensure that its research is independent and is consistently of high quality. The RAC, chaired by David Nierenberg, Founder of The D3 Family Funds, and supported by Aaron Bertinetti, Senior Vice President of Research and Engagement, includes the following experts in the fields of corporate governance, finance, law, management, investments and accounting: Charles A. Bowsher, former Comptroller General of the U.S. and RAC Chair Emeritus; Kevin J. Cameron, co-founder and former President of Glass Lewis; Jesse Fried, Professor of Law at Harvard Law School; Bonnie Hill, President of B. Hill Enterprises and co-founder of Icon Blue, Stéphanie Lachance, Vice President, Responsible Investment, and Corporate Secretary of PSP Investments; and Carla Topino, former Associate Vice President, European and Emerging Markets Policy of Glass Lewis. Neither OTPP nor AIMCO is represented on the RAC, nor do they play any part in nominating or appointing RAC members.

In addition to disclosing any potential conflicts relating to Glass Lewis' ownership, Glass Lewis maintains conflict management procedures to mitigate potential conflicts when: (i) an issuer contacts Glass Lewis directly with a request to purchase a copy of its report; (ii) an employee or a relative of an employee of Glass Lewis or any of its subsidiaries, a member of the RAC, or a member of Glass Lewis' Strategic Committee, whose members include Glass Lewis owner representatives and former employees, serves as an executive or director of a public company; (iii) an institutional investor customer of Glass Lewis is a public company or is affiliated in some way to an issuer (e.g. division, branch, subsidiary, etc.); (iv) a Glass Lewis customer submits a shareholder proposal, is a dissident shareholder in a proxy contest, or is otherwise publicly soliciting shareholder support for or against a director or proposal.

Glass Lewis believes the onus should be on the conflicted party to disclose any and all potential conflicts. Therefore, Glass Lewis provides specific, prominent disclosure describing the nature of any conflict in each Proxy Paper research report, allowing clients and any other party that accesses the report (e.g. the media) to review potential conflicts at the same time they review Glass Lewis' research, analysis and voting recommendations. In each of the instances described above, Glass Lewis discloses the existence of a potential conflict to its customers on the cover of the relevant research report and describes the exact nature of the conflict in the appendix to the report.

For more detailed information on specific procedures, please refer to Glass Lewis' Statement of Compliance to the Best Practice Principles for Providers of Governance Research & Analysis, available at Glass Lewis' website, and Glass Lewis' Conflict Management Procedures, available upon request.

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

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 our 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.

The Glass Lewis research team — which consists of professionals with degrees in disciplines including investment analysis, law, finance, accounting and international affairs — continuously monitors broad market and regulatory trends as well as developments both industry-wide and at individual public companies. We incorporate and address such trends and developments in our guidelines and reports to ensure our research reflects pertinent items not consistently disclosed in shareholder meeting filings.

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

We believe that as a proxy advisor, it is not our role to advocate for our own approach to various governance structures and practices of companies. During our dialogue with companies, we do not prescribe certain practices or standards, but encourage comprehensive disclosure and rationale that is made available to all shareholders. Our discussions generally center on 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 we have been empowered to negotiate corporate governance changes on behalf of clients, we do not engage in closed-door meetings with companies during the proxy solicitation period, unless the discussion takes place in a public forum, is recorded for public access and/or is disclosed in the report. However, to promote dialogue around pending proxy proposals, we host frequent Proxy Talk conference calls on which companies and shareholders discuss issues in great detail. We invite our clients and, depending on the topic, companies to listen to the calls and to ask questions directly of the company and shareholders.

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

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

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. Further, disclosure of voting activity affords investors, beneficiaries and the public the opportunity to examine investors' policies and judge their effectiveness.

Glass Lewis maintains detailed proxy voting polices outlining its approach to analyzing companies and making voting recommendations and publicly posts its policies along with significant information about the firm's approach and methodologies on its website. These policies, updated annually in response to corporate governance developments and in consultation with the Glass Lewis Research Advisory Council, are tailored to the unique characteristics of each country. The Research Advisory Council is comprised of prominent practitioners in finance, investments, accounting and law and the members are otherwise unrelated to Glass Lewis.

Principle 5-3. Institutional investors should at a minimum aggregate the voting records into each major kind of proposal, and publicly disclose them. Furthermore, to enhance visibility of the consistency of their voting activities with their stewardship policy, institutional investors should disclose voting records for each investee company on an individual agenda item basis. If there is a reason to believe it inappropriate to disclose such company-specific voting records on an individual agenda item basis due to the specific circumstances of an investor, the investor should proactively explain the reason. At the time of their voting records disclosures, it is also considered beneficial in enhancing visibility for institutional investors, to explicitly explain the reasons why they voted for or against an agenda item.

Glass Lewis believes that disclosure of voting activity, currently required of certain types of investors in the United States and Canada and voluntarily done by a growing number of asset managers in the UK and Europe, affords clients, beneficiaries and the public the opportunity to examine investors' policies and judge their effectiveness.

Additionally, in Australia, public vote disclosure is mandatory for certain types of asset owners and for fund managers that are members of the Financial Services Council.

Because Glass Lewis is neither an investor nor does it have the fiduciary responsibility for the votes being cast by its institutional investor clients, Glass Lewis does not report on voting activity. However, Glass Lewis helps institutional investor clients disclose their voting activity before and/or after the shareholder meeting. We create and host websites in accordance with investor client specifications that enable these clients to 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 investors’ own websites.

In addition, the 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. Glass Lewis helps investor clients inform their clients (in the case of asset managers) and beneficiaries (in the case of asset owners) regarding the investor’s proxy voting activities by providing client-specific reports formatted for public display and by hosting web-based vote disclosure on clients’ behalf. Glass Lewis clients also use reports on historical vote activity for a variety of internal uses, such as annual policy reviews in advance of the next proxy season. Further, Glass Lewis assists clients with vote disclosure mandated by regulators or required for compliance with stewardship codes.

Principle 5-5. Proxy advisors should dedicate sufficient management resources to ensure sound judgement in the evaluation of companies and furnish their services appropriately, keeping in mind that the principles of the Code, including guidance, apply to them. Proxy advisors should disclose their approach to providing the services including the operational structure, the management of conflicts of interest and procedures of developing voting recommendations.

Glass Lewis is dedicated to helping shareholders of public companies better understand and connect directly with the companies in which they invest. Our duty, as a global proxy advisory firm, is to support – not usurp – the role of our clients as investors/owners, a distinction we take very seriously. It is reflected in our business model and in how we develop and update our proxy voting policies, create our research and engage with companies, shareholders and other stakeholders.

Proxy Analysis Compared to Other Investment Research

Proxy advisory firm research requires fundamentally different processes and expertise than those found within investment or equity research, as evidenced by the very existence of this highly specialized industry in service of asset managers and asset owners who produce these other forms of research. Given this specialization and the very seasonal nature of company meetings and governance disclosures around the world, Glass Lewis places a strong emphasis on management processes, regional locations, hiring practices, engagement and technology.

Glass Lewis has a proprietary database and technology solutions that have been continually enhanced over the last decade to manage and monitor company activities, events and disclosures, engagement, financial modelling and analyst timeliness, accuracy and quality.

Our database solution also ensures that each analyst has access to the full history and historical research on every company, director and issue analyzed since Glass Lewis' founding in 2003, dramatically reducing the time required to locate the current information and changes year to year. These changes typically take place only a handful of times throughout the year and have a narrow scope of interests, most prominently a company's board and pay practices – in contrast to equity research, for which new information is assessed daily, including a very wide scope of interests and variables.

Glass Lewis Dedicates Appropriate Resources, Highly Qualified Analysts

Glass Lewis employs approximately 200 individuals on its research team worldwide. This research team is primarily comprised of professionals with accounting, legal, finance and public policy backgrounds. The majority of the research team holds advanced degrees in areas relevant to the research Glass Lewis conducts, and includes accountants, lawyers, and former investment bank professionals, as well as others with experience in corporate governance and economic and financial matters.

As such, we believe the Glass Lewis research team is uniquely qualified to evaluate complex proxy issues, including mergers and acquisitions, equity-based compensation programs, the activities of the board of directors, pay-for-performance and auditor issues, among others.

Furthermore, to ensure the timeliness and accuracy of its products and services Glass Lewis augments this research staff with its Research Associate program.

Glass Lewis currently employs approximately 100 Research Associates in the course of a given year, and today's research department is comprised largely of analysts who began their Glass Lewis careers as RAs. In fact, several employees who currently work in other areas of the firm also began their tenure as RAs. This feeder program is a key competitive differentiator, as it ensures consistency in both product and corporate culture.

Glass Lewis has the ability to assess RAs during this corporate governance graduate program, and then hand-select the individuals who represent the cream of the crop to retain on a permanent basis. Those RAs who decide to stay on board have already been steeped in Glass Lewis' guidelines and understand completely the rigors of a full proxy season. This elevates the quality and continuity of our research product, while also reducing the risk of turnover during the critical peak months of the various proxy seasons.

Research staffing varies from market to market, depending on the number of companies in the research universe, the breadth and complexity of governance issues and resolution types typically found on ballot at shareholder meetings, the disclosure practices at listed companies, and the length of the market's proxy season. The Japanese team has approximately 30 team members working out of two offices (i.e. San Francisco and Sydney) to produce research on a nearly 24-hour cycle during its proxy season. We continually evaluate the resourcing demands of each market, including Japan, based on the evolving trends and expectations in the market. We expect the staffing levels for the Japanese team to increase as our research universe and engagement demands evolve over time.

Company Engagement Is a Key Component of Glass Lewis Research Process

In addition, Glass Lewis analysts conduct extensive engagements with companies in the offseason. In 2016, the research team over 1,000 formal engagement meetings, approximately 100 of which were with Japanese issuers. The Japanese research team expects to engage with over 125 Japanese issuers in 2017. Further, the team has conducted a survey targeting Japanese issuers in 2017 to gain greater understanding of the market. As of November 20, 2017, more than 200 issuers have completed the survey. On top of these one-on-meetings with issuers, the Japanese research team also conducts numerous seminars with groups of issuers throughout the year, providing an opportunity for the team to reach hundreds additional issuers. Similarly, Glass Lewis' free Issuer Data Report enhances our capacity further with almost 1,000 companies providing early public disclosure of their meeting materials to ensure they can review the data that is the basis of Glass Lewis' analysis, not the opinions or recommendations, prior to the completion and publication of reports. The Japanese research team anticipates rolling out this service on a pilot basis for the 2018 proxy season.

Guidelines and Research Methodology

Glass Lewis' guidelines and methodology are an organic product of the markets we cover and the clients we serve and are subject to review on an ongoing basis and annual formal updates in response to market developments and feedback we receive from clients, companies, regulators and other stakeholders.

Globally, Glass Lewis believes strongly in the core governance values of transparency, independence and alignment, which favor governance structures that will drive performance, create long term shareholder value and maintain a proper tone at the top. Locally, our regional analyst teams – experts in local market laws, regulations and best practices – engage extensively with investors, regulatory bodies, industry groups and individual companies to monitor changes in market practice and inform updates to our guidelines and methodology.

Before finalizing annual updates to Glass Lewis' guidelines and methodology, Glass Lewis consults its independent, non-employee, Research Advisory Council. The council has global expertise on corporate governance, accounting, financial transparency and legal and regulatory environments which guides the development of Glass Lewis' methodology and guidelines. You can learn more about the council here: http://www.glasslewis.com/leadership-2/.

Glass Lewis was founded on the principle that each company should be evaluated based on its own unique facts and circumstances, including performance, size, maturity, governance structure, responsiveness to shareholders and, last but not least, place of listing and incorporation. Therefore, Glass Lewis has policy approaches for each of the countries where it provides research on public companies that recognize national and supranational regulations, codes of practice and governance trends, among other things.

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 approach issues on a case-by-case basis in order to allow for consideration of the unique circumstances of a company. Glass Lewis analysts apply bounded judgment when assessing each issue on the ballot in order to make a recommendation that serves the best interests of shareholders.

All Glass Lewis research is based on publicly available information. A company's own disclosure provides the informational basis of any analysis with our guidelines, providing the framework for the relative weighting of additional sources that may provide additional context such as third-party data providers, engagement activities and notes, press reports and the observed behavior of the company's peers in their market, sector and industry.

Research findings are generally current as they are based on the most recent disclosure publicly available to the market. Nevertheless, we have teams dedicated specifically to monitoring and responding to changes in publicly available information and/or additional context from engagement with various stakeholders. In some cases, this may warrant the need to update a report by withdrawing it from distribution, updating the analysis and then republishing. In such an event, Glass Lewis provides complete transparency of the date, reason and changes made for such republishing events.

Lastly, Glass Lewis research and services have always been provided to, and assessed by, clients on the above basis in conjunction with information about the firm's resources, personnel, service levels, research policies and procedures, business continuity and viability, error management, and conflict management policies and procedures.

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

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

Glass Lewis conducts periodic audits of its voting systems to ensure the accuracy and reliability of the voting information received and sent on behalf of clients. Additionally, Glass Lewis employs an external auditor, Grant Thornton, to evaluate the controls in place for its proxy research and voting services as part of its annual SSAE 18 SOC 1 audit.

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

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Governance services firms play an important role in supporting the fiduciary and stewardship activities of institutional investors by helping them to make informed vote decisions in accordance with their selected policies and helping to ensure their votes are executed in a timely fashion and in accordance with their instructions, usually in a very compressed timeframe.

We acknowledge that there are certain concerns about proxy advisors' resources, management of conflicts of interest, and procedures for developing voting recommendations. However, we believe that a prescriptive regulatory approach to the oversight of proxy advisors is not the appropriate approach to address those concerns. Indeed, appropriate regulation governing proxy vote decision-making and proxy-vote execution already exists. This regulation applies to the clients of proxy advisors, the fiduciaries that are responsible for ensuring that proxy voting is being done in the best interest of their clients and beneficiaries. These investor consumers of proxy advisory firm services have a regulatory responsibility to determine whether their advisors have "sufficient management resources to ensure sound judgement in the evaluation of companies and furnish their services appropriately" and to ensure that proxy voting is being conducted in accordance with their instructions.

Over the past seven years, securities regulators in the United States, Canada, Europe and Australia have conducted in-depth consultations[1] specifically focused on proxy advisors, none of which concluded that binding or quasi-binding regulation of proxy advisory activity was warranted. In announcing the results of these consultations, the European Securities and Markets Authority (ESMA) and the Canadian Securities and Markets Authority (CSA) each recommended that the proxy advisory industry form an association to develop an industry code of conduct.

Glass Lewis concurred with the findings of these consultations. We believe compliance with a code of best practice for proxy advisors – one similar to the global code of "ethics and standards of professional conduct[2]" that is the benchmark for investment professionals – is an appropriate way to foster transparency to ensure the accuracy and reliability of the advice provided by proxy advisors; and for identifying, disclosing and managing conflicts of interest.

In 2014, Glass Lewis became a charter signatory to the Best Practice Principles for Shareholder Voting Research & Analysis ("Principles").[3] The Principles for proxy advisors were developed to assist "in improving understanding amongst issuers and investors of the proxy advisors' role, allowing them to better focus on fostering

[1] U.S. Securities and Exchange Commission (SEC), "Concept Release on the U.S. Proxy System," 2010; Ontario Securities Commission (OSC), "Canadian Securities Administrators Consultation Paper 25-401: Potential Regulation of Proxy Advisory Firms," 2012; Australian Government Corporations and Markets Advisory Committee (CAMAC), "The AGM and Shareholder Engagement," 2012; and European Securities and Markets Authority (ESMA), "ESMA recommends EU Code of Conduct for proxy advisor industry," 2013.

[2] CFA Institute, "Code of Ethics and Standards of Professional Conduct (effective 1 July 2014)," 2014.

[3] Glass Lewis, "Best Practice Principles for Providers of Shareholder Voting Research & Analysis: Glass Lewis Statement of Compliance for the Period of 1 January 2016 Through 31 December 2016;" 2017.

effective and robust corporate governance, thereby contributing to investor protection and efficient markets.[4]"

The high-level principles cover three main areas: i) Service Quality. ii) Conflicts of Interest Management, and iii) Market Communications.

Each principle is supported by related guidance and background information that demonstrates how to apply the Principles. The Principles are intended to complement applicable legislation, regulation and other soft-law instruments. For more detailed information, the Best Practice Principles Group (BPPG) website provides details on the principles, an overview of how they were developed and lists members and signatories (http://bppgrp.info/)

7. To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.

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.

For our part, Glass Lewis's multi-disciplinary team of experienced analysts (discussed above) helps our 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 our engagement program (discussed above), all serve to ensure that Glass Lewis analysts are deeply familiar with the companies they cover and the broader business environment.

[4] ESMA, "ESMA Recommends EU Code of Conduct".