

GLASS LEWIS / BEST PRACTICES FOR ENGAGEMENT

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GLASS LEWIS

AGENDA

- **Brief Background on Glass Lewis**
- **Evolution of Engagement Practices**
- **Tips for Successful Engagement**
- **Available Tools**
- **Questions?**

BACKGROUND ON GLASS LEWIS

- **Founded in 2003. Offices in SF, NY, IRE, AUS, GER, UK**
- **200 analysts**
- **Cover 20,000+ companies across 100 global markets**
 - Research and voting recommendations for any companies our clients hold
- **1,200+ clients managing more than US\$25 trillion in assets**
 - Majority of world's largest pensions, mutual funds and asset managers
- **Research, Voting Platform and Engagement Resources**
 - Types of GL clients: voting clients, research-only clients
 - Viewpoint, Meetyl: engagement solution, CG Direct
- **Independent provider of proxy advisory services**
 - No consulting services
 - Engagement is open to any company and free

ENGAGEMENT AT GL

- **Engagement is core to GL research**

- 1,000 meetings in 2016, 250 with U.S. companies
- Critical input to ensure our policy is pragmatic, contextual, case by case
- Enriches analyst insight/research into individual companies and markets
- Informs our research and engagement tools

- **Glass Lewis Engagement Team**

- **Website, <http://www.glasslewis.com/issuer-overview/>**

- **Issuer Data Report (“IDR”)**

- Free report of key data points underlying analysis

- **Meetyl: Corporate Governance Direct**

BEST PRACTICES FOR ENGAGEMENT

- **Timing**

- Book early, outside of season
- Regular basis
- Don't wait until problem arises

- **Agenda**

- Discussion, not presentation. Deck is useful takeaway
- Clear and shared understanding of desired outcomes
- Give both sides a chance to ask questions

- **Participants**

- Be prepared to meet with both ESG and investment professionals
- Participants that can speak to the topics
- No NEOs in discussions on compensation
- Direct dialogue is most effective: leave out advisors, solicitors, consultants

KEY TOPICS OF ENGAGEMENT

- **Governance professionals are increasingly part of the conversation**
 - Institutional investors increasing governance staff & building out voting policies
 - Conversation differs when speaking to proxy voters vs. portfolio managers
- **Executive compensation**
 - Plan design, choice of metrics, changes, sources of shareholder concern
- **Unique features of company/sector**
- **Feedback from shareholders and company response**
- **Board refreshment / Succession planning**
- **Material ESG risks**
 - ESG topics: board diversity, climate change, gender pay equity
- **Company highlights**
- **Upcoming changes to compensation or governance**

EMERGING TRENDS IN ENGAGEMENT

- **Better preparedness by companies**
 - More productive conversations and outcomes
- **Improved disclosure of annual engagements**
 - Proxy disclosure more robust
 - Disclosure of responsiveness
- **Investors more actively incorporating engagement in their voting decisions**
 - Tools to track engagement discussions when voting
- **More nuance in disclosure and proxy voting decisions**

TOOLS

- **Glass Lewis website**

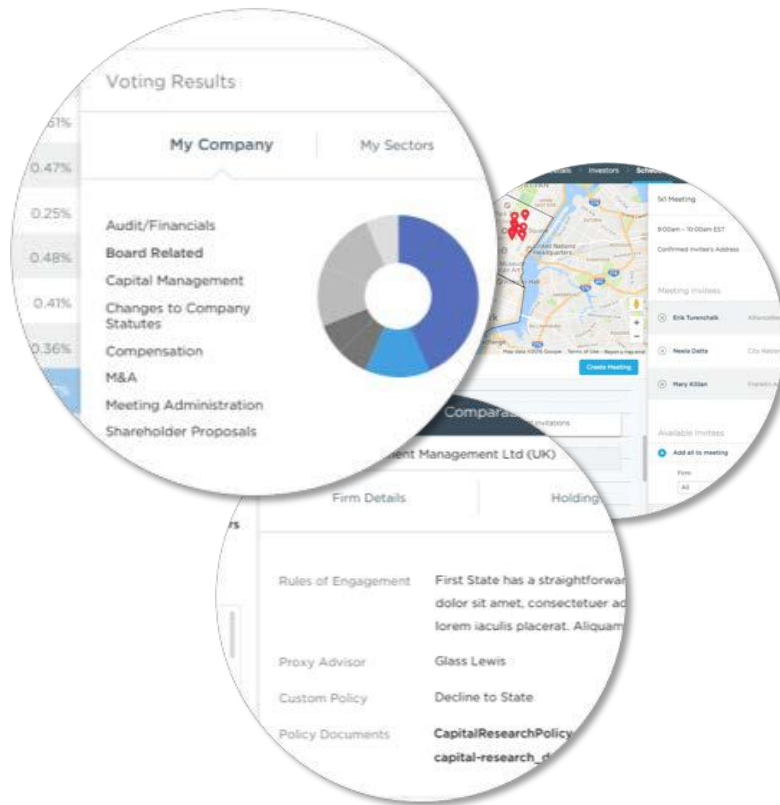
- <http://www.glasslewis.com/issuer-overview>
- Request meeting throughout the year
- Issuer Data Report
- Submit questions
- Report errors
- Download voting guidelines

- **Meetyl: Corporate Governance Direct**

- Platform for issuers to manage engagement and analyze the policies and vote patterns of their top shareholders

Meetyl Corporate Governance Direct

- Corporate Governance Contacts
- Rule of Engagement
- Detailed Voting Intelligence
- Engagement Workflow



Value Proposition

- All the information you need for corporate governance engagements in one place
- Find the appropriate contacts at your top holders
- Review shareholders' policies on voting and engagement
- Analyze shareholders' voting history and conveniently reach out to the right contact directly through CG DIRECT
- Strengthen your relationship

Shareholder Policies and Voting Analysis

RBC Global Asset Management, Inc. ← Back

Firm Details | Holdings | **Governance**


Rules of Engagement: RBC Global Asset Management Inc. has retained ISS to augment their internal processes. With the assistance of ISS, they have established their Proxy Voting Guidelines and the procedures to exercise... [Show More](#)

Custom Policy: N/A

Voting Results 2016 ▾

My Company | My Sectors | Comparables | All

Board of Directors
Committees & Reporting
Corporate Structure
Environmental & Social
General Governance
Remuneration



- For Management (50.0%)
- Against Management (50.0%)
- Abstained (0.0%)
- Withheld (0.0%)
- Other (0.0%)

- DETAILED VOTE ANALYSIS BY PROPOSALS
- COMPARE VOTE RESULTS AGAINST SECTOR AND PEERS
- UNDERSTAND VOTING RATIONALE

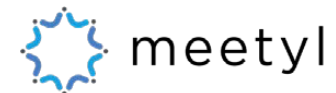
 DOWNLOAD TO EXCEL

 BUILD A REPORT

VOTING RATIONALE		
VOTING MANAGER	VOTE CAST	RATIONALE
BMO Global Asset Management (F&C)	Against	A larger percentage of the equity awards should be tied to performance conditions. At least 50% is a minimum good practice. Finally, incentive awards to executives should be clearly disclosed and include robust and stretching performance targets to reward strong performance and drive shareholder value over a sufficiently long period of time.
BPF Schilders	Against	A larger percentage of the equity awards should be tied to performance conditions. At least 50% is a minimum good practice. Finally, incentive awards to executives should be clearly disclosed and include robust and stretching performance targets to reward strong performance and drive shareholder value over a sufficiently long period of time.
British Columbia Investment Management Corporation (bcIMC)	Against	We are voting against this advisory vote on executive compensation as the program is structured in a way that does not sufficiently align pay with performance, as it lacks disclosure and as there are features that are not in line with best practice.
NEI Investments	Against	The short-term incentive plan is not sufficiently performance based. The short-term incentive plan is not sufficiently based on quantifiable metrics. The long-term incentive plan is not sufficiently performance based.

Proposal 3: Advisory Vote on Executive Compensation Approach

ALL VOTING									
RANK	VOTING MANAGER	POLICY	PROXY ADVISOR	SHARES HELD AT 31-DEC-2016	VOTE CAST 2016	VOTE CAST 2015	RES TYPE FOR (CANADA)	MATCH ISS (CANADA)	MATCH GL (CANADA)
1	RBC Global Asset Management, Inc.	Own	Glass Lewis, ISS	75,290,051	For		94.8%	97.5%	84.9%
2	Bank of Montreal	Own		36,522,673			92.1%	83.8%	93.3%
3	TD Asset Management	Own	ISS	33,136,456	For		94.6%	96.0%	84.2%
4	Principal Global Investors LLC	ISS	ISS	25,397,657	For		92.0%	97.6%	82.0%
5	Fidelity Management & Research Co. (FMR)	Own	Glass Lewis, ISS	23,427,692	For		95.7%	93.6%	84.0%
6	Vanguard Group, Inc.	Own	Glass Lewis, ISS	17,777,358	For		96.9%	95.5%	86.8%



QUESTIONS?

- **Glass Lewis website resources:**
 - <http://www.glasslewis.com/issuer-overview>
 - Submit questions
 - Report errors
 - Download voting guidelines
 - Schedule an engagement meeting with Glass Lewis
- **Kmcpherson@glasslewis.com**
- **Start a dialogue**