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RE: Canadian Securities Administrators Notice and Request for Comment – Proposed National Policy 25-201: Guidance for Proxy Advisory Firms, Dated April 24, 2014

Glass, Lewis & Co. (“Glass Lewis”) appreciates the opportunity to comment on the Proposed National Policy 25-201 (“NP 25-201”) issued by the Canadian Securities Administrators (“CSA”) regarding the proposed guidance for the proxy advisor (“PA”) industry.

Founded in 2003, Glass Lewis is a leading, independent governance services firm that provides proxy research and vote management services to more than 1,000 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 record-keep, audit, report and disclose their proxy votes.



From its offices in North America, Europe and Australia, Glass Lewis' 300+-person team provides research and voting services to institutional investors globally that collectively manage more than US \$30 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.

Glass Lewis Views on Practices Recommended in NP 25-501

Glass Lewis commends the CSA for its thorough and balanced approach in preparing NP 25-501, which takes into consideration a wide variety of perspectives and concerns relating to the PA industry. Glass Lewis generally agrees with the proposed framework laid out in NP 25-501, most particularly with the goals of the National Policy to "promote transparency" and "foster understanding." The response provided below includes a summary of the CSA's recommended practices paired with Glass Lewis' view about the recommendations.

Conflicts of Interest

Under section 2.1 (3) of the proposed NP 25-201 the CSA has suggested a variety of steps to address actual or potential conflicts of interests as follows:

- Establishing, maintaining and applying written policies and procedures to identify, manage and mitigate actual or potential conflicts.
- Designing and implementing internal safeguards and controls to monitor the effectiveness of policies and procedures to mitigate conflicts of interest.
- Establishing, maintaining and complying with an internal code of conduct ("COC") that establishes standards of behavior and practices for the PA, including individuals acting on its behalf.
- Obtaining affirmation of the COC from all individuals acting on their behalf upon hiring.
- Evaluating the effectiveness of policies and procedures, internal safeguards and the COC on a regular basis.

Glass Lewis prides itself on eliminating and avoiding conflicts of interest to the maximum extent possible, and concurs with the steps laid out by the CSA to mitigate potential conflicts of interests. Glass Lewis believes the proposed measures will promote transparency by PAs, thus enhancing the utility of PA research for institutional investor clients.



Glass Lewis has always implemented robust conflict avoidance and management policies and discloses such policies publicly on its website. As detailed on the company website (<http://www.glasslewis.com/about-glass-lewis/disclosure-of-conflict/>), Glass Lewis has a formal Conflict of Interest Statement, Conflict Avoidance Procedures, Code of Ethics and several additional safeguards in place to mitigate potential conflicts. Glass Lewis employees must annually review and affirm their commitment to the Code of Ethics, which details the internal practices utilized to avoid conflicts of interest. Glass Lewis' Compliance Department regularly reviews the company's internal safeguards and Code of Ethics, along with employees' compliance with the company's codes and policies.

Glass Lewis does not enter into business relationships that conflict with its mission: To serve institutional participants in the capital markets with objective advice and services. However, Glass Lewis recognizes it is not possible to be completely conflict-free. Where potential or actual conflicts exist, Glass Lewis believes PAs should proactively and explicitly disclose those conflicts in a manner that is transparent and readily accessible for clients.

Three factors are key to Glass Lewis' management of potential conflicts: (i) Glass Lewis does not offer consulting services to public corporations or directors; (ii) Glass Lewis maintains its independence from OTPP and AIMCo by excluding OTPP and AIMCo from any involvement in the making of Glass Lewis' proxy voting policies and vote recommendations; and (iii) Glass Lewis relies exclusively on publicly-available information for the purpose of developing its recommendations. Glass Lewis avoids off-the-record discussions with companies during the proxy solicitation period to ensure the independence of its research and advice – something that is highly valued by clients – and to avoid receiving information, including material non-public information, not otherwise available to shareholders.

Furthermore, Glass Lewis maintains additional conflict disclosure and avoidance safeguards to mitigate potential conflicts. These apply when: (i) a Glass Lewis employee, or relative of an employee of Glass Lewis, or any of its subsidiaries, a member of the Glass Lewis Research Advisory Council, or a member of Glass Lewis' Strategic Committee serves as an executive or director of a public company; (ii) an investment manager customer is a public company or a division of a public company; (iii) a Glass Lewis customer submits a shareholder proposal or is a dissident shareholder in a proxy contest; or (iv) if one or both of Glass Lewis' parent companies, OTPP and AIMCo, has a significant, reportable stake in a company or Glass Lewis becomes aware through public disclosure of OTPP's or AIMCo's ownership stake in a company.

In each of the instances described above, Glass Lewis makes specific and prominent disclosure to its customers on the cover of the relevant research report. Just as companies bear the burden to disclose potential conflicts, Glass Lewis recognizes that the onus should be on the conflicted party to disclose any potential conflicts. In addition, where any employee or relative of an employee is an executive or director of a public company, that relationship is not only disclosed but that employee plays no role in the analysis or formulation of voting recommendations of that company.



Transparency and Accuracy of Vote Recommendations

Under section 2.2 (3) of the proposed NP 25-201 the CSA has suggested that PA firms take the following steps when determining voting recommendations:

- Establishing, maintaining and applying written policies and procedures describing the approach or methodologies used to prepare vote recommendations.
- Designing and implementing internal safeguards and controls to increase the accuracy and reliability of the information and data used in the preparation of vote recommendations.
- Evaluating the effectiveness of their policies and procedures as well as internal safeguards and controls on a regular basis to ensure that they remain appropriate and effective.
- We encourage proxy advisory firms to have the resources, knowledge and expertise required to prepare rigorous and credible vote recommendations.
- Where possible and without compromising the proprietary or commercially sensitive nature of information, we expect proxy advisory firms to post or describe on their website their policies and procedures as well as internal safeguards and controls leading to vote recommendations, including any related amendments.

Glass Lewis agrees with the proposals made by the CSA governing the development and internal oversight of PA policies, research and vote recommendations; indeed, as detailed below, the firm already substantially implements what has been proposed.

Guidelines

Glass Lewis posts its complete proxy voting policies on its public website, as well as extensive information about research methodologies and approach to analyzing various issues including compensation at <http://www.glasslewis.com/resource/guidelines/> (Please refer to the “Development of Proxy Voting Guidelines” section below for details regarding Glass Lewis’ guideline development and maintenance processes.)

Safeguards for Accuracy

Implementing proper safeguards and internal structure to maximize accuracy should be a core policy of PA firms. Accuracy and consistency are perhaps the most essential components of Glass Lewis’ research. Prior to the publication of Proxy Paper research reports to clients, all draft reports are reviewed and edited by at least two additional senior analysts and managers up to and including a Director of Research, a Vice President of Research, the Managing Director of Mergers & Acquisition Analysis and/or the Chief Policy Officer.

Glass Lewis leverages technology and data providers (such as Capital IQ and Equilar) to ensure the highest level of accuracy possible, while enabling the delivery of research and recommendations in a



timely fashion. This is particularly important given the short timeframe in which most investors have to analyze and vote thousands of proxies during the proxy season.

Knowledge and Expertise

PAs should employ sufficiently knowledgeable staff with expertise and experience in the areas relevant to the research they conduct, including corporate governance, finance, accounting, law, business management, public policy and international relations.

Glass Lewis' annual general meeting research team is led by Chief Policy Officer Robert McCormick, an attorney, and Chief Operating Officer John Wieck, an MBA graduate, who combined have more than 30 years experience working in corporate governance and proxy voting. Other members of the research management team include Managing Director of M&A and Quantitative Research Warren Chen, who holds an MBA and, prior to joining Glass Lewis in 2004, worked as an investment banking analyst for a global investment bank; Vice President of Research David Eaton, who also holds an MBA and has worked for several governance research firms in his career, including, most recently, a large compensation consultancy; and Associate Vice President of European and Emerging Markets Policy Carla Topino, an Italian attorney who was in-house corporate counsel for two Italian companies and whose law degree thesis was on takeover bids.

The Glass Lewis team leverages the firm's sophisticated, proprietary research database that enables it to track company and director performance and governance over the past 11 years at thousands of companies across the globe.

Regardless of education or experience, Glass Lewis research analysts go through the Glass Lewis Research Associate Training Program, which provides a comprehensive overview of the industry in general and the Glass Lewis research process. After completing the initial training program, new hires are placed into relevant teams and practice areas based on their experience, education, language proficiency, profession and interest to enable further specialization. Furthermore, Glass Lewis employees engage in continuing education relevant to their specific job responsibilities both inside and outside the firm.

Development of Proxy Voting Guidelines

Under section 2.3 (2-5) of the proposed NP 25-201 the CSA has suggested that PA firms take the following steps when determining voting recommendations:

- Establishing, maintaining and applying written policies and procedures describing the process followed in developing and updating proxy voting guidelines.
- Regularly consulting with and considering the preferences and views of their clients, market participants and the public on corporate governance issues and on their proxy voting guidelines.



- Taking into account local market or regulatory conditions.
- We encourage proxy advisory firms to ensure that they have the resources, knowledge and expertise required to develop and update appropriate proxy voting guidelines.
- Without compromising the proprietary or commercially sensitive nature of information, we expect proxy advisory firms to post on their website their proxy voting guidelines and any updates to them.
- We expect proxy advisory firms to post or describe on their website their policies and procedures and consultations leading to the development of proxy voting guidelines, including any related amendments.

Glass Lewis believes PAs that provide research based on a proprietary “house” policy should have detailed and thoughtful policies governing the provision of proxy voting research, analysis and voting recommendations. In addition, the policies should both reflect global principles and local-market laws, listing rules, codes and best practices, as well as allow for consideration of specific aspects of each company.

Policies should not be drafted in a vacuum but should be based on discussions with clients, companies and other stakeholders. In maintaining these policies, PAs should take into consideration any relevant developments, such as changes to laws and regulations, and incorporate input from industry groups and associations. Although Glass Lewis believes PAs should publicly disclose significant information about their policies, including how the policies are developed, they should not be compelled to disclose proprietary methodologies and analytical models for which clients have paid. And, as PAs are not public utilities or regulators, they should not be obligated to put their policies up for public consultation, nor should PAs necessarily attempt to address public policy issues that do not otherwise affect shareholders.

Glass Lewis recognizes its obligation to provide high quality, timely research to its institutional investor clients, based on the analysis of accurate information culled from public disclosure. 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, country of origin and listing. Therefore, Glass Lewis has policy approaches for each of the 100 countries where it provides research on public companies. These policies are based in large part on the regulatory and market practices of each country, which are monitored and reviewed throughout the year by Glass Lewis’ Chief Policy Officer, Associate Vice President of European and Emerging Markets Policy, Vice President of Proxy Research and each of the various research directors that oversee a specific region or subject matter practice, such as compensation and Environmental, Social and Governance (“ESG”) issues.

Glass Lewis applies general principles -- including promoting director accountability, fostering close alignment of compensation and performance, and protecting shareholder rights -- across all of these



policies, while also closely tailoring them to recognize national and supranational regulations, codes of practice and governance trends, and size and development stage of companies, etc.

In most countries, including Canada, Glass Lewis applies stricter corporate governance standards for large, multinational companies than it does for smaller companies. For example, Glass Lewis believes companies in the S&P/TSX Composite Index should have a higher level of board independence than smaller companies outside the Composite, as well as controlled companies and those listed on the TSX Venture Exchange.

As part of Glass Lewis' continued commitment to its customers, Glass Lewis has an independent Research Advisory Council ("Council") that provides guidance with regard to the development and updating of Glass Lewis' proxy voting guidelines. The Council ensures that Glass Lewis' research consistently meets the quality standards, objectivity and independence criteria set by Glass Lewis' research team leaders.

The Council, chaired by Charles A. Bowsher, former Comptroller General of the United States, and supported by Robert McCormick, Glass Lewis' Chief Policy Officer, includes the following experts in the fields of corporate governance, finance, law, management and accounting: Kevin J. Cameron, co-founder and former President of Glass, Lewis & Co.; Jesse Fried, Professor of Law at Harvard Law School; Bengt Hallqvist, Founder of the Brazilian Institute for Corporate Governance; Stephanie LaChance, Vice President, Responsible Investment and Corporate Secretary, PSP Investments; and David Nierenberg, President of Nierenberg Investment Management Co.

Communications with Clients, Market Participants, the Media and the Public

Under section 2.4 (2-7) of the proposed NP 25-201 the CSA has suggested that PA firms communicate all of the following information to their clients in their reports:

- Any actual or potential conflicts of interest arising from the vote recommendations.
- The approach or methodologies used, the factors considered and the weight of these factors in determining the vote recommendations.
- The identification of the information that is factual and the information that comes from analytical models and assumptions, and their reasons for the vote recommendations.
- A description of the extent to which proxy voting guidelines are used or applied when preparing vote recommendations and the reasons for any deviation from the proxy voting guidelines.
- Where applicable, the nature and outcome of any dialogue or contact with an issuer in the preparation of the vote recommendations.
- Any known or potential limitations or conditions in the research and analysis used to prepare the vote recommendations.



- A statement that the vote recommendations and the underlying research and analysis are intended solely as guidance to assist the clients in their decision making process.

Conflict Disclosure

Research providers should proactively provide robust and specific disclosure about their potential conflicts. Only in this way can the users of the research make a determination if the research is tainted by the conflict. As detailed in the “Conflicts of Interest” section above, Glass Lewis makes specific and prominent disclosure of any conflicts of interest to its customers on the cover of the relevant research report. Just as companies bear the burden to disclose potential conflicts, Glass Lewis believes PAs should disclose any known potential conflicts.

Research Rationales

The approach and methodologies used in reaching voting recommendations are laid out in Glass Lewis’ proxy voting guidelines and included in the narrative of each Proxy Paper research report. This ensures that clients can understand the rationale for each voting recommendation when making voting decisions. Any report that includes analysis from an analytical model includes a description of such model and information as to what degree the model’s valuations and output are utilized in the analysis and voting recommendation. Since Glass Lewis employs a case-by-case approach in evaluating nearly all issues, there are occasions where the firm places less reliance on the standard output of a given model, usually to account for issues specific to a company or industry. In those instances, Glass Lewis explains this more limited reliance on its model in the narrative of the analysis. There also are instances where companies provide limited or no information about a particular proposal. In such cases, Glass Lewis notes the lack of sufficient information in the report and recommends shareholders abstain from voting.

Purported Errors or Omissions

In order to better facilitate engagement with issuers and other interested parties, Glass Lewis created a public Issuer portal (“Portal”) to allow companies to more easily contact Glass Lewis to request meetings, arrange calls and propose ideas for Proxy Talk conference calls. The Portal also provides a means for companies to comment and provide feedback on reports and to notify Glass Lewis of subsequent proxy circulars and press releases, as well as perceived errors or omissions in Glass Lewis reports. All requests and notifications entered via the Portal are logged and tracked by Glass Lewis. In cases where new information results in the republication of a report, such as when Glass Lewis corrects an error that is brought to its attention, Glass Lewis provides a detailed disclosure note explaining the rationale for the change(s) made to the report. (For more information, go to: <http://www.glasslewis.com/issuer/>)



Appropriate Use of Glass Lewis Reports

Glass Lewis recognizes that its clients use proxy research, analysis and recommendations to significantly varying degrees and notes in each report that Glass, Lewis & Co., LLC is not a registered investment advisor and therefore its research and vote recommendations should not be construed as investment advice. In addition, each report notes that Glass Lewis makes no representations or warranties, expressed or implied, as to the accuracy, completeness, or usefulness of the research and that Glass Lewis is not responsible for any actions taken or not taken on the basis of the research.

Monitoring Implementation of Policies, Procedures and Controls

Glass Lewis believes the proposed NP will provide stakeholders (including institutional investors, public company issuers, issuer advisors and the public) with meaningful assurances that the information and analysis used by institutional investors to make proxy voting decisions is based on reasonably accurate data; is free from conflict or is subject to robust conflict disclosure; and is developed based on transparent policies and methodologies.

While Glass Lewis believes it is important monitor the implementation of policies governing conflict management, vote guideline and vote recommendation development, and communications with stakeholders, it is unlikely that a single individual could provide sufficient management in each of the aforementioned areas, given the diverse and complicated nature of each of these components. Rather, multiple dedicated resources should be appointed for each of these integral aspects of a PA's business. For example, Glass Lewis' General Counsel and Chief Policy Officer oversee the firm's approach to managing and disclosing conflicts of interest, while the Chief Policy Officer oversees the guideline development and implementation at the firm. In addition, Glass Lewis has a newly-appointed dedicated senior analyst to manage the firm's engagement with issuers, issuer advisors and shareholder proposal proponents.

Engagement With Issuers and Shareholder Proponents

Glass Lewis has appointed a dedicated resource to oversee engagement with issuers, proxy solicitors, other issuer advisors and shareholder proponents, among other stakeholders. In order to better facilitate engagement with issuers, Glass Lewis also established the Issuer portal, as described in the "Communications with Clients, Market Participants, the Media and the Public" section above.

Glass Lewis welcomes engagement with executives and directors of the public companies whose proxy materials and annual reports Glass Lewis analyzes. In such meetings, companies can share relevant information about the company for consideration by Glass Lewis when conducting its analysis and making its voting recommendations. Information gained in meetings with directors and executives informs the subsequent Glass Lewis analysis on the subject company and its industry and, on occasion, may be pertinent to all companies, potentially leading to refinements to the Glass Lewis Proxy Paper



guidelines. Public information gained in such meetings about each company and its specific circumstances can increase the utility of the Proxy Paper on that company, benefiting Glass Lewis clients.

However, while Glass Lewis is open to discussions with companies on all relevant topics, only publicly available information is relied upon in conducting analysis and ultimately making voting recommendations. This approach ensures that shareholders have access to all relevant information and are thus fully empowered to make informed voting decisions, while minimizing potential conflicts of interest. Therefore, Glass Lewis encourages companies to provide comprehensive and clear disclosure on relevant matters, including directors and executive compensation structures, policies and practices, risk controls and management of environmental, social and governance practices.

When Glass Lewis analysts require clarification on a particular issue, they will reach out to companies but otherwise generally refrain from meeting with companies during the solicitation period, which is marked by the date a notice of meeting is released to the meeting date itself. Throughout the year and very frequently during the proxy season, Glass Lewis hosts “Proxy Talk” conference calls to discuss a meeting, proposal or issue in depth. Glass Lewis’ clients and other shareholders are invited to listen to the calls and submit questions to the speakers, with representatives from Glass Lewis serving as moderators. Proxy Talks are held prior to the publishing of research in order to glean additional information for Glass Lewis’ analysis and to provide more information for clients.

Glass Lewis encourages corporate issuers to contact Glass Lewis, via the Issuer Engagement Portal, if they file additional information in amended proxies or on their websites or if they perceive a factual discrepancy with Glass Lewis’ analysis. Additionally, issuer engagement is welcome and encouraged during any time outside of the proxy solicitation period, as Glass Lewis finds significant value in receiving constructive critiques and other relevant information for shareholder consideration.

Client Use of Research and Vote Management Services

In addition to providing proxy voting research, PAs may also provide Web-based vote management systems for clients to receive, reconcile and vote ballots according to voting guidelines (both house and custom) and record-keep, audit, report and disclose their proxy votes.

An institutional investor hires a PA only after careful evaluation of the PA’s policy approach, research methodologies, staffing, controls, systems and research examples. 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. Clients will review the policy at least annually and, over time, often choose to customize some of the analysis as their views on issues change.

In addition to monitoring votes throughout the year, investors generally conduct annual due-diligence visits to review issues and go over any questions or concerns that have arisen since prior visits. Issues



typically covered by investors during their initial and annual diligence include: voting policies, models used in the analysis of compensation, market-by-market regulatory reviews, research oversight, quality control, research personnel, conflict-management procedures and error management, among others.

The due diligence by investors typically is conducted by people from various parts of the organization, including investment management, compliance and/or risk management departments, as well as proxy committees and fund trustees, among other groups.

Based on Glass Lewis' experience, its clients take very seriously their fiduciary responsibility with respect to proxy voting. PAs have a duty to deliver services in accordance with the requirements of their clients. It is neither necessary, nor appropriate, for a PA to be tasked with monitoring how a client elects to use those services.

Best Practice Principles

As the proposed NP 25-201 indicates, there are several other initiatives regarding PAs including the ESMA recommendation for the PA industry to develop a code of conduct to address many of the same issues raised in NP 25-201 such as conflicts, accuracy and transparency. Glass Lewis is a charter signatory to the code, officially known as the Best Practice Principles for Providers of Shareholder Voting Research & Analysis ("Principles"), and participated in the drafting of the Principles. (They are available at <http://bppgrp.info/> and are a good source of additional information about PAs and how investors use them.) While the Principles were designed in response to a European Securities and Markets Authority Consultation, Glass Lewis and other signatories have announced they intend to apply the Principles to their activities globally.

Glass Lewis welcomes this opportunity to comment on the proposed NP 25-201 and is available to answer any questions the CSA may have regarding the comments provided above.

Respectfully submitted,

Katherine H. Rabin
Chief Executive Officer

/s/

Robert McCormick
Chief Policy Officer