



GLASS LEWIS

Supplemental Conflicts Policy and Code of Ethics Guidance on ESG Ratings Service

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Introduction

Glass Lewis provides ESG rating activities as part of its ESG-related products and services. These activities are subject to specific personnel conduct and independence requirements intended to protect the integrity, objectivity, and reliability of ESG rating outputs and to mitigate risks of conflicts of interest—particularly where a provider has (or may be perceived to have) commercial relationships with rated items, issuers of rated items, or other stakeholders. This Supplemental Guidance is intended to ensure that personnel involved in ESG rating activities act with independence and integrity and that Glass Lewis maintains appropriate controls to prevent commercial considerations from influencing ESG rating outcomes.

This Guidance supplements Glass Lewis’ [Glass Lewis Code of Ethics](#) and [Glass Lewis Policies and Procedures for Managing and Disclosing Conflicts of Interest](#) (together, the “Core Policies”), all provisions of which also apply to personnel who are directly involved in ESG rating activities. The supplemental conflict mitigation and personnel conduct provisions below apply to all Glass Lewis employees, contractors, and other supervised persons who participate in ESG rating activities, including research analysts, methodology owners, reviewers/approvers, and relevant members of senior management, as applicable.

Regulatory Context

Glass Lewis is pursuing registration as an authorized ESG rating provider under the ESG Ratings Regulation. This Supplemental Guidance has been developed to align with the specific conflicts and ethics requirements of the Regulation.

The primary provisions of the Regulation addressed in this Supplemental are Article 17 (Rating Analysts, Employees and Other Persons Involved in ESG Ratings), Article 25 (Independence and Avoidance of Conflicts of Interest), Article 26 (Management of Potential Conflicts of Interest Arising from Employees), and Article 16 (Separation of Business and Activities). Additional conflict and ethics obligations arising from Article 15 (General Organizational Requirements) are also addressed.

Principles

In its Core Policies, Glass Lewis recognizes that real or perceived conflicts of interest may arise when a firm’s business relationships, compensation arrangements, personal interests, or access to non-public information could influence – or appear to influence – the objectivity of its work. In the ESG ratings context, these risks are heightened where commercial engagement with rated items or issuers exists or is perceived to exist, or where individuals involved in ESG rating determination interact with commercial terms, fees, or sales discussions.

Accordingly, Glass Lewis applies the following principles for ESG rating activities:

- **Independence and objectivity.** ESG rating activities must be conducted independently, using established methodologies and controlled processes, and must not be influenced by commercial considerations or the prospect of business.
- **Clear separation between commercial negotiations and rating determination.** Personnel involved in ESG rating activities are strictly prohibited from initiating or participating in fee negotiations with any rated item or issuer of a rated item. Commercial teams must not influence rating outcomes.
- **Conflict identification and appropriate escalation.** Where an actual or potential conflict arises – including personal holdings, personal relationships, or recent business relationships – Glass Lewis applies recusal and other measures to ensure conflicted personnel are not involved in determining the affected ESG rating.
- **Confidentiality and integrity.** Confidential information related to ESG rating activities must be shared only with personnel who are directly involved in those activities and must be protected consistent with the Core Policies. Improper benefits – including money, gifts, and favors – are prohibited.
- **Structural independence of the ESG rating function.** Glass Lewis maintains clear separation between its ESG rating activities and other Glass Lewis business lines, including proxy research and corporate solutions, to ensure that no commercial or advisory relationship compromises the integrity of rating determinations.

Safeguards

The purpose of this Supplemental Guidance is to reinforce the objectivity and integrity of ESG rating activities by establishing a clear and auditable set of safeguards focused on **(i)** insulating ESG rating personnel from commercial negotiations and incentives, **(ii)** preventing conflicted personnel from participating in rating determinations, and **(iii)** promoting appropriate conduct, confidentiality, and escalation practices.

Accordingly, Glass Lewis' safeguards for ESG rating activities are designed around the following core control outcomes:

- **Separation of duties for fees and commercial terms.** ESG rating analysts and other personnel involved in rating determination do not initiate or participate in fee negotiations with rated items or issuers, and commercial discussions are handled through designated non-analyst commercial personnel under defined procedures.
- **Controls to prevent conflicted participation.** Where personal interests (e.g., relevant holdings) or certain business relationships exist, Glass Lewis applies controls so affected personnel are not involved in determining the relevant ESG rating(s).
- **Conduct, confidentiality, and anti-improper-benefit expectations.** ESG rating personnel are subject to specific conduct expectations, including protecting confidential information and prohibitions on improper benefits (money, gifts, favors) that could compromise independence or create the appearance of influence.

- **Training, attestation, and oversight-ready evidence.** ESG rating activities are supported by training/competence expectations and are documented in a manner that enables oversight and evidence-based demonstration of compliance with Article 17-related controls.

These safeguards are intended to be operationally practical, enforceable, and aligned with Glass Lewis' existing conflicts and ethics framework. They supplement the Core Policies rather than replace them.

Specific Safeguards

Glass Lewis has instituted the following specific safeguards for ESG rating activities. Each safeguard maps to one or more of the core control outcomes above and to the relevant provision of the Regulation.

Defined ESG Ratings Population and Covered Activities

Glass Lewis maintains an identified population of personnel who are directly involved in ESG rating activities and applies the safeguards in this Supplemental to that population. The covered population includes:

- rating analysts and persons directly involved in individual rating determinations;
- methodology owners and personnel who design, maintain, or materially update the rating methodology;
- methodology and analytical staff who define data sources, assess source quality, or make decisions about the treatment of data in the rating process;
- reviewers, approvers, and quality assurance personnel who review or sign off on ratings before publication;
- ESG score model operators who run or configure algorithmic scoring models against live entities; and
- relevant senior management, being the persons effectively directing the ESG rating business of Glass Lewis' ESG business on a day-to-day basis and the members of the Glass Lewis Netherlands board of directors.

The Compliance Department maintains and updates the list of covered personnel and conducts a formal review at least annually. Any person whose role changes such that they become directly involved in ESG rating activities must be promptly onboarded under this Supplemental.

Strict Separation from Fee Negotiations (Article 17(2))

Analysts and all personnel involved in ESG rating determination are strictly prohibited from initiating or participating in fee negotiations or commercial terms discussions with any rated item or issuer of a rated item, or with any person directly or indirectly linked to a rated item by control. This prohibition encompasses all discussions about pricing, renewals, discounts, concessions, and bundling.

Separation of Duties and Reporting Lines (Article 16; Article 26(1)(b))

Personnel responsible for sales, pricing, contracting, and relationship management may not supervise ESG rating analysts or other ESG rating personnel, and ESG rating personnel may not supervise commercial personnel. ESG rating analysts and the commercial team operate as strictly separate functions.

Further, rating analysts directly involved in the determination of individual ESG ratings shall not be involved in the formulation or production of Glass Lewis proxy research reports or in engagement activities with rated entities, and vice versa. Similarly, the Glass Lewis Proxy Research and Engagement teams shall not be made aware of the identities of ESG rating clients or the outcomes of individual rating determinations until those ratings are published. Corporate Solutions and Stewardship teams are subject to the same information barriers that apply to them under the Conflicts Policy, extended to cover ESG rating activities.

Glass Lewis shall not offer consulting services to rated items or issuers of rated items in connection with improving their ESG ratings or addressing the factors contributing to their ratings, whether directly or through any affiliate.

Controls on Information Exchange (Article 26(1)(f))

ESG rating personnel are subject to effective procedures controlling the exchange of information with other employees, or with third parties, where that information might affect an ESG rating. Information passing between Glass Lewis' commercial function and its ESG rating function is governed by the Commercial and Analyst Interaction Protocols SOP.

Compensation and Performance Independence (Article 26(1)(c))

ESG rating personnel are not compensated, and their performance is not evaluated, in a manner that creates conflicts of interest or otherwise impinges on the integrity of the ESG rating determination process. In particular, no ESG rating analyst's compensation shall be linked to the rating outcome, commercial revenue, or commercial relationship status of any specific rated item, client account, or deal.

Conflict-Based Recusal for Holdings and Recent Business Relationships (Article 17(4))

Any ESG rating personnel who are directly involved in the determination of an individual rating must be recused from that determination if any of the following apply:

- **(a) Financial instruments:** they own financial instruments of the rated item, other than holdings in diversified collective investment schemes or investments made under a discretionary portfolio management arrangement;
- **(b) Related entity interests:** they own financial instruments of an entity related to the rated item where that ownership might cause or might generally be perceived as causing a conflict of interest; or

- **(c) Recent relationships:** they have had, in the preceding 12 months, an employment, business, or other relationship with the rated entity or any entity in its group that might cause or might generally be perceived as causing a conflict of interest.

Any person subject to a recusal obligation must notify the Compliance Department immediately. Recusal is a protective mechanism – there is no negative consequence for disclosing a recusal situation. The Compliance Department documents all recusals and ensures an appropriately unconflicted person is assigned to the relevant rating.

Personal Trading Restrictions (Article 17(3))

In addition to the pre-clearance and reporting requirements in the Ethics Code, the following specific restrictions apply to persons involved in ESG rating activities:

- **Rating analysts directly involved in individual rating determinations:** may not hold, buy, sell, or otherwise transact in financial instruments of any entity within their specific area of analytical responsibility, or any entity in that entity's group.
- **Senior management of Glass Lewis' ESG Business (day-to-day management and board members of Glass Lewis Netherlands B.V.):** may not buy, sell, or otherwise transact in financial instruments of an ESG-rated entity rated by Glass Lewis, or any entity in that entity's group. This is the broadest trading restriction and is not limited to any particular analytical area.

Exception: holdings in diversified collective investment schemes (including managed funds and ETFs) and investments made through a discretionary portfolio management arrangement where the individual does not direct individual investment decisions are excluded from both restrictions. The Compliance Department will work with affected individuals to review current holdings and identify any positions that require attention.

Covered persons must use Glass Lewis' personal trade monitoring system to report holdings and seek pre-approval for applicable transactions, consistent with the requirements of the Ethics Code.

Confidentiality and Restricted Sharing (Article 17(5)(b) and (c))

ESG rating personnel may not share confidential information relating to ESG rating activities with any person not directly involved in those activities – including employees of other Glass Lewis business lines and employees of entities directly or indirectly linked to Glass Lewis by control. All Confidential Information must be protected in accordance with the Ethics Code.

Non-public rating information must not be used for any purpose other than the ESG rating activity itself. This includes trading on the basis of rating information before publication. These obligations continue after termination of employment.

Gifts, Favors, and Improper Benefit Prohibition (Article 17(5)(d))

ESG rating personnel are strictly prohibited from soliciting or accepting money, gifts, favors, or anything of value from any entity with whom Glass Lewis does business in connection with ESG rating activities, regardless of value.

Training, Competence, and Annual Reinforcement (Article 17(1))

All ESG rating personnel must complete training appropriate to their role in ESG rating activities. This training includes:

- the requirements of this Supplemental, the Core Policies, and the Commercial and Analyst Interaction Protocols SOP;
- the identification and escalation of conflicts of interest in the ESG rating context;
- where relevant to the role, a sufficient understanding of the potential material financial risks to rated items and the potential material impact of rated items on the environment and society (the double materiality principle); and
- the personal trading restrictions, recusal obligations, and post-employment provisions applicable to the individual's category.

Training must be completed promptly upon commencing covered duties and annually thereafter. The Compliance Department maintains records of training completion. All covered persons must provide an annual attestation confirming compliance with this Supplemental.

Internal Reporting Channel and Non-Retaliation (Article 17(6))

Where any person involved in ESG rating activities becomes aware that another covered person has engaged in conduct that may be illegal or may otherwise violate this Supplemental or the Core Policies, that person must immediately report the conduct to the Compliance Department and to the ESG Ratings Oversight Function.

Glass Lewis ensures that persons who report misconduct in good faith are not subject to any negative consequences. This non-retaliation commitment supplements the whistleblower protections in the Ethics Code.

Post-Employment Conflict Review and Cooling-Off (Article 17(7) and (8))

Post-departure review.

Where an ESG rating analyst leaves Glass Lewis and within one year joins a rated item or issuer of a rated item whose individual rating the analyst was directly involved in determining, Glass Lewis will conduct a documented review of the analyst's work over the preceding 12 months for potential conflicts.

Cooling-off period.

No person who participated in the determination of an ESG rating for a rated entity or an issuer may, for a period of nine months after the date of that rating determination, take up a senior

management position with that rated entity or issuer. Covered persons should consult the Compliance Department before accepting, or making any commitment regarding a role that may be subject to this restriction.

Breach Escalation and Remediation

Any actual or perceived breach of the safeguards in this Supplemental – whether intentional or inadvertent – must be reported immediately to the Compliance Department. Glass Lewis will take appropriate steps to investigate, remediate, and document the outcome, consistent with the escalation process in the Core Policies. The Compliance Department will assess whether any breach requires disclosure to ESMA or other regulatory notification.

Independence and Avoidance of Conflicts of Interest

This section implements the requirements of Article 25 of the Regulation. The Conflicts Policy remains the primary framework governing conflict identification, mitigation, and disclosure across Glass Lewis' business. The provisions below set out additional or heightened requirements specific to ESG rating activities.

Obligation to Prevent Conflicts (Article 25(2))

Glass Lewis shall take all necessary steps to ensure that no ESG rating is affected by any existing or potential conflict of interest arising from Glass Lewis itself, its shareholders, managers, rating analysts, employees, or any other natural persons whose services are placed at Glass Lewis' disposal or under its control, or from any third-party providers to whom functions, services, or activities relating to ESG rating have been outsourced.

Ownership and Control Conflicts (Article 25(3) and (5))

Where a risk of conflict of interest arises due to Glass Lewis' ownership structure, controlling interests, or the activities of any entity owning or controlling Glass Lewis or any affiliate or third-party provider, Glass Lewis shall identify such risks through the annual conflict review, implement and document appropriate mitigation measures, and disclose all existing or potential conflicts of interest – including those arising from ownership and control – to ESMA. The Compliance Department maintains a log of all such disclosures.

The Conflicts Policy establishes the existing safeguards governing Glass Lewis' ownership structure, including restrictions on owner involvement in policy formulation and rating determinations, and restrictions on advance access to research. These safeguards apply equally to Glass Lewis' ESG rating activities.

Prohibition on Cross-Influence Among ESG Rating Providers (Article 25(4))

Any shareholder or member of Glass Lewis exercising significant influence over Glass Lewis, or over any undertaking which has the power to exercise control or dominant influence over Glass Lewis, is prohibited from: exercising significant influence over any other ESG rating provider; holding the right or power to appoint or remove members of the administrative or supervisory board of any other ESG rating provider; or serving as a member of the administrative or supervisory board of any other ESG rating provider.

ESG-Specific Conflict Policies and Annual Review (Article 25(6) and (7))

Glass Lewis maintains the policies, procedures, and organizational arrangements described in this Supplemental for the identification, disclosure, prevention, management, and mitigation of conflicts arising in connection with ESG rating activities. These are reviewed and updated at least annually and on an ad hoc basis following any material change in Glass Lewis' business, ownership, or affiliate relationships.

The Compliance Department and ESG Ratings Oversight Function conduct an annual review of Glass Lewis' ESG rating operations to identify potential conflicts of interest. This review results in a report to the Compliance Committee and informs any updates to this Supplemental or the Core Policies.

Glass Lewis Ownership Structure

The ESG rating activity is conducted by Glass Lewis Netherlands B.V (Netherlands), a wholly owned subsidiary of Glass Lewis Europe, Ltd. (Ireland), part of the Glass Lewis global group (Glass, Lewis & Co., LLC). Glass Lewis is majority owned by Peloton Capital Management (Canada) and Stephen Smith (Canada).

Associated Glass Lewis entities contributing to ESG ratings activities include, Glass, Lewis & Co., LLC (United States), Glass Lewis Canada Corp. (Canada), GL&M UK., Ltd. (United Kingdom), IVOX Glass Lewis GmbH (Germany), and Glass Lewis Philippines, Inc. (Philippines).

Approach to Ownership Disclosure

Glass Lewis discloses its ownership structure to ensure transparency regarding potential sources of influence over ESG rating activities.

This disclosure includes:

- The full chain of parent undertakings up to the ultimate controlling entity
- The principal ownership interests at the ultimate parent level
- Relevant subsidiaries and affiliated entities whose activities may give rise to conflicts of interest

The scope of disclosure is based on control and ability to exercise influence, and relevance to ESG rating activities and conflicts of interest. Glass Lewis does not disclose passive or indirect investors where they do not have control or influence over ESG rating activities.

Conflicts of Interest Related to Ownership and Group Structure

Glass Lewis has identified the below potential conflicts of interest arising from its ownership structure and group organization. The table below summarizes the principal categories of conflicts of interest arising from Glass Lewis’ ownership structure and group organization, together with the measures in place to mitigate those risks. Further details are outlined in Glass Lewis’ [Policies and Procedures for Managing and Disclosing Conflicts of Interest](#) and this Supplemental COE and Conflict Policy on ESG Ratings.

<i>Conflict Category</i>	<i>Potential Impact</i>	<i>How Glass Lewis Mitigates the Risk</i>
<i>Group ownership and financial sponsor influence</i>	Glass Lewis is ultimately owned by financial investors and management shareholders through PCM GL Holdings, LP.	
	Perceived or indirect influence on ESG rating activities based on financial or strategic objectives.	ESG rating activities operate independently, with governance controls ensuring no influence from shareholders on methodologies or rating outcomes.
<i>Multi-service business model</i>	Glass Lewis provides proxy advisory, governance research, and ESG analytics services to institutional investors and companies.	
	Potential conflicts where rated entities may also have commercial relationships with the group, or where ratings intersect with other services.	Separation of ESG ratings from commercial and client-facing activities; restrictions on issuer influence; internal controls governing service interactions.
<i>Intra-group activities and information flows</i>	Multiple affiliated entities operate across jurisdictions and business lines.	
	Risk of inappropriate information sharing or alignment pressures between ESG ratings and other group outputs.	Information barriers, access controls, and policies governing use of confidential information; independent oversight of ESG rating processes.
<i>Regional and functional integration</i>	European and global entities contribute to research, data, or analytical inputs relevant to ESG ratings.	

Risk of bias or pressure arising from shared methodologies, resources, or reporting structures.

Independent methodology governance, clear analytical standards, and controls ensuring objectivity of ESG rating outputs.

Management of Conflicts of Interest

Glass Lewis maintains a comprehensive framework designed to identify, manage, and mitigate conflicts of interest, including those arising from its ownership structure.

Key measures include:

- Independence of ESG rating activities, including separation from commercial and sales functions
- Governance controls, including oversight of ESG rating methodologies and decisions
- Information barriers to restrict inappropriate sharing of confidential or non-public information
- Policies restricting influence from rated entities and other business activities
- Transparency and disclosure of material conflicts of interest

These measures are designed to ensure that ESG rating activities are conducted independently, objectively, and in the interests of market integrity and users of ESG ratings.

Disclosure

Glass Lewis is committed to transparent disclosure of conflicts of interest in connection with its ESG rating activities, consistent with the requirements of the Regulation. In particular, Glass Lewis will:

- maintain and, where required, disclose to ESMA all existing or potential conflicts of interest, including those arising from ownership or control relationships;
- publicly disclose, in a dedicated section of its website, information that enables users to understand its ownership links and the main risks of conflicts of interest identified in its organizational structure;
- provide the relevant conflict-related disclosures to users of ESG ratings and, as applicable, to rated items and issuers on an ongoing basis, ensuring that where a user is authorized to disclose an ESG rating, a link to the required public conflict disclosures accompanies that rating.

Governance and Administration

This Supplemental Guidance has been developed and approved by the Oversight Group and the Glass Lewis Compliance Committee. The Compliance Committee has primary responsibility for ensuring that all potential

conflicts of interest arising from ESG rating activities are addressed in a timely manner, consistent with its broader responsibilities under the Conflicts Policy.

Annual Review and Amendments

The Compliance Committee will review this Supplemental Guidance on an annual basis and more frequently if required by material changes in the ESG Ratings Regulation, ESMA guidance, Glass Lewis' business, or its ownership or affiliate relationships. Amendments will be communicated to all affected covered persons, who will be required to acknowledge receipt consistent with the annual attestation process.

ESG Ratings Oversight Function

Pursuant to Article 15(10) of the Regulation, Glass Lewis maintains a permanent, independent, and effective oversight function for its ESG rating activities. This function is responsible for overseeing compliance with all conflict of interest and personal conduct obligations in this Supplemental Guidance; receiving and acting on reports of potential misconduct; conducting the annual conflict review; and reporting to the Compliance Committee at least quarterly and on an ad hoc basis as required. The Oversight Function has direct access to the Compliance Committee and to all information necessary to perform its duties.

Breach Reporting and Inquiries

Any actual or perceived breach of the safeguards in this Supplemental Guidance must be reported to the Compliance Department immediately. Inquiries about this Supplemental Guidance, the Core Policies, or other policies may be directed to Glass Lewis' Compliance department.

Glass Lewis' Conflicts Policy, Code of Ethics, and related governance documents are publicly available at www.glasslewis.com.