

Glass Lewis Controversy Alert Methodology

Glass Lewis analysts regularly review all companies in our coverage universe for evidence of potential controversies, significant issues, and proposals that may be problematic for shareholders. These are routinely analyzed in our Proxy Paper research reports prepared for annual and extraordinary general shareholder meetings.

Through our Controversy Alert, Glass Lewis flags a small subset of those issues analyzed in our Proxy Papers that are most likely to pose heightened reputational risk for institutional investors and that they are likely to want to give special consideration to prior to voting. The Glass Lewis Controversy Alert provides a brief summary of the relevant issues covered in our Proxy Paper, a categorization of the relevant ESG issue, and an overview of the management or shareholder proposals that may warrant some consideration of the issue or controversy prior to voting. The Glass Lewis Controversy Alert may also be relevant for prioritizing engagement on relevant issues with public companies.

Information Sources

Glass Lewis analysts regularly review and track public company filings for evidence of unusual proposals or issues that could be deemed controversial or significant to institutional investors. In addition, Glass Lewis analysts monitor a number of other sources, including, but not limited to, reputable newspapers, industry publications, and any alerts from regional investor associations or representative organizations covering issues that are relevant to their geographic region and areas of expertise. Finally, Glass Lewis analysts monitor issues that may be relevant for a Controversy Alert through engagement with public companies, shareholder proponents or other stakeholders.

In all cases, the information contained within a Controversy Alert is based solely on publicly available information. While Controversy Alerts are not themselves proxy advice and contain only a summary of the relevant issues, they include a prominent reference to Glass Lewis's Proxy Paper with our complete analysis of the relevant issues, voting recommendations and other information.

Process

Glass Lewis analysts flag meetings for review for a potential Controversy Alert throughout the year. Alerts are issued shortly after publication of our Proxy Paper for the relevant company and contain a summary of the key issues analyzed therein, which is subject to rigorous editing and quality control procedures. All Glass Lewis Controversy Alerts are also subject to an additional level of review before issuance by a research Manager, Director, Vice President, or the Senior Vice President of Research.

ESG Issue Categories

Glass Lewis categorizes each Controversy Alert in the following relevant categories:

Environmental Issues

- Climate Change & Greenhouse Gas Emissions
- Environmental Incidents
- Other Environmental Issues

Social Issues

- Community/Stakeholder Relations
- Data Security & Privacy
- Employee Health & Safety
- Human Capital Management
- Supply Chain
- Other Social Issues

Governance Issues

- Board Diversity
- Board Responsiveness
- Ethics
- Executive Pay
- Oversight Issues
- Shareholder Rights
- Other Governance Issues

Defining Reputational Risk

Glass Lewis Controversy Alerts flag issues that our analysts judge most likely to represent heightened reputational risk to an institutional investor, and that investors may want to give special consideration to prior to voting or engaging with a company. Reputational risk may be assessed against the following criteria:

- Widespread media coverage of the issue which is likely to be considered relevant by shareholders.
- Vocal public opposition from relevant stakeholders, including shareholders, employees, regulators, or political figures.
- Proposals that set a precedent for a new, unusual, or highly controversial ESG issue that may result in some form of public debate.
- Highly unusual issues that are likely to represent a material risk to shareholder value.
- M&A transactions that contain seriously problematic governance concerns, particularly when it appears a board or management team conducted a suboptimal review of strategic alternatives.

Shareholder Proposals, Contests and Special Situations

In theory, most shareholder proposals, contests, and other special situations such as “vote no” campaigns could be considered controversial by the very nature of conflict between management and shareholder positions. Glass Lewis offers many options for institutional investors to flag and review these issues separately through our data-driven [custom policy](#) offerings in our [Viewpoint](#) voting platform.

The Glass Lewis Controversy Alert flags only those contested meetings or shareholder proposals which are particularly high profile or controversial. The Controversy Alert is designed to help institutional investors identify those proposals that may require extra consideration due to the profile of the issues at hand.

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This document is intended to provide an overview of the Glass Lewis Controversy Alert service. It is not intended to be exhaustive and does not address all potential issues. Glass Lewis’ proxy voting guidelines, as they apply to certain issues or types of proposals, are further explained in supplemental guidelines and reports that are made available on Glass Lewis’ website – <http://www.glasslewis.com>.

The criteria for a Glass Lewis Controversy Alert have not been set or approved by the U.S. Securities and Exchange Commission or any other regulatory body. Additionally, none of the information contained herein is or should be relied upon as investment advice. The content of this document has been developed based on Glass Lewis’ experience with proxy voting and corporate governance issues, engagement with clients and issuers, and review of relevant studies and surveys, and has not been tailored to any specific person or entity.

Glass Lewis’ proxy voting guidelines are grounded in corporate governance best practices, which often exceed minimum legal requirements. Accordingly, unless specifically noted otherwise, a failure to meet Glass Lewis guidelines should not be understood to mean that the company or individual involved has failed to meet applicable legal requirements.

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