

Glass Lewis Details Proposal to Fundamentally Shift Proxy Voting Guidelines: Implications for Say on Pay



WRITTEN BY | Soren Meisheid, Linda Pappas, and Jon Weinstein

KEY TAKEAWAYS

- ◆ **Prepare for multiple voting lenses.** Glass Lewis is proposing to replace its singular benchmark policy with four perspectives beginning in the 2028 U.S. proxy season.
- ◆ **Expect the fundamentals to endure.** Each perspective retains core standards for pay reasonableness, pay-for-performance alignment, disclosure, non-employee director pay, responsiveness, and other key governance items.
- ◆ **Anticipate divergent outcomes.** Relative TSR, pay levels, sustainability metrics, and stakeholder outcomes may lead to different Say on Pay recommendations on the same program.
- ◆ **Be investor-informed, not framework-driven.** Understand which perspectives align with key shareholders, then tailor engagement and disclosure.

The Glass Lewis Proposal

Glass Lewis released additional details behind one of the most significant changes to its proxy advisory methodology in recent years: replacing its longstanding single benchmark voting policy with four distinct proxy voting perspectives. Subject to feedback during a consultation period ending in October 2026, the four perspectives are expected to apply to U.S. companies beginning with the 2028 proxy season.

Glass Lewis's new approach to its voting guidelines more explicitly recognizes that institutional investors do not share a single view of governance, pay, or sustainability. This mirrors broader developments already occurring across the shareholder landscape:

- ◆ Expanded use of customized voting policies
- ◆ Increased reliance on proprietary investor voting frameworks
- ◆ Growing divergence in voting among large institutional investors

Under the proposal, investors would choose one of the four perspectives or select the option to further customize any of the Glass Lewis perspectives. The four perspectives place differing emphases on financial performance versus broader stakeholder outcomes. The shift recognizes that investor policies—and not one proxy advisor standard—may increasingly drive voting decisions.

Exhibit: The Four Perspectives at a Glance¹

Perspective	Primary Lens	Compensation Implications	Predicted % of Funds*
1. Business Fundamentals	Financial performance	Top-quartile relative TSR may earn “high-performing” status and greater tolerance for higher pay or certain design features; there will be a limited emphasis on environmental and social factors absent financial harm.	10%
2. Foundational Governance	Traditional governance	Applies core pay and governance standards without added flexibility for strong relative TSR performance.	41%
3. Global Stewardship	Governance and financially material sustainability risks	Considers sustainability factors when financially material while retaining core pay expectations.	44%
4. Sustainability Focused	Stakeholder outcomes	Places greater weight on sustainability oversight, stakeholder alignment, and sustainability measures in pay.	5%

**Glass Lewis analyzed actual voting results from SEC Form N-PX data and identified four distinct voting clusters that align with each of the four perspectives. The “predicted % of funds” represents the proportion of the total funds with voting patterns that most closely align with each perspective across all proposal types, including both management- and shareholder-sponsored proposals (not isolated to Say on Pay).*

In our view, Foundational Governance most closely resembles Glass Lewis’s current single benchmark policy, although elements of the existing approach overlap with the other perspectives.

How the Four New Perspectives Could Impact Say on Pay

The four perspectives share a common compensation foundation. All perspectives maintain core expectations around reasonable pay levels, pay-for-performance alignment, disclosure quality, severance practices, incentive design, non-employee director pay programs, and other key governance topics.

The major differences among the models lie in how the perspectives may weigh performance, sustainability, and stakeholder outcomes. Business Fundamentals could treat top-quartile relative TSR as an explicit mitigating factor, allowing greater tolerance for higher pay or certain design features. Sustainability Focused may instead expect material sustainability considerations in performance measurement and assess whether pay outcomes align with the broader stakeholder experience. Thus, a company’s Say on Pay proposal may draw different recommendations—particularly when pay is high, relative TSR is strong, sustainability metrics are absent, or stakeholder and executive outcomes diverge.

Implications for Compensation Committees

Despite Glass Lewis's changes, compensation committees should continue to take a practical, investor-first perspective for proxy season preparation. Accordingly, committees should:

- ◆ **Understand the priorities of key investors.** Identify the perspectives and voting policies most relevant to the shareholder base – and therefore which Glass Lewis model will influence the vote most profoundly.
- ◆ **Stress-test the programs.** Consider how pay levels, relative TSR, incentive metrics, discretion, and stakeholder outcomes may be viewed under each relevant lens.
- ◆ **Sharpen disclosure.** Explain how pay supports strategy, long-term value creation, and accountability; despite the new Business Fundamentals lens, strong performance should not be expected to cure weak design.
- ◆ **Target engagement.** Focus on investors whose policies or voting history signal potential concern.

Finally, we note that the SEC's executive pay disclosure rules that could potentially reshape the information available to proxy advisors and investors remain unsettled. In light of this uncertainty, companies should anticipate the possibility of further changes to Glass Lewis's methodology, but should stay anchored to their core compensation philosophy.

The proposed Glass Lewis pivot on advisory reports changes the lens through which programs are viewed, but not the fundamentals. Compensation committees should continue to design pay to align with business strategy, performance, and long-term value creation, supported by rigorous governance and an investor-informed rationale. The best-positioned companies will not attempt to tailor their programs to each Glass Lewis perspective; rather, they will understand their shareholders and explain why their programs are right for their business.

1 Derived from the Glass Lewis consultation paper, titled "The Four Perspectives, A Model for Differentiated Proxy Voting Guidelines" published in September 2026.