

CLIENT ALERT

Navigating Compensation Governance

Glass Lewis Releases 2026 Policy Survey

Glass Lewis recently issued its 2026 Policy Survey Questionnaire, which generally previews potential changes in Glass Lewis's proxy voting policies.

Through its annual policy survey, Glass Lewis seeks feedback from institutional investors, public companies, corporate directors and the consulting and legal communities on emerging trends in corporate governance, executive compensation and other matters as part of its policy formulation process. The policy survey often provides an early read on Glass Lewis's emerging views on particular issues.

The Policy Survey will be open for participation until September 15, 2025. The Survey can be completed online by going to the following webpage:

<https://www.surveymonkey.com/r/MS8P7SP>

The results of the Policy Survey are expected to be published in November.

Summary of Glass Lewis Policy Survey

The Survey asks respondents to answer questions related to the following compensation, governance and shareholder proposal matters¹:

Executive Compensation Matters

- Adjusting Pay for Transactions: Should executive pay levels decline in response to a reduction in a company's size and/or scope due to a strategic transaction under management's control?
- Sizing LTI Awards: Should long-term incentive awards to executive officers that exceed an absolute dollar threshold (e.g., as a percentage of base salary or specific cash value) trigger additional scrutiny?
- Impact of Tariffs on Incentive Awards: How should the board respond to a situation in which trade tariffs would materially impact executive incentive outcomes absent adjustments to incentive goals?
- Personal Security: Should executive security costs be included in the Summary Compensation Table?
- Make-Whole Awards: Should Glass Lewis evaluate the quantum of make-whole awards in the same manner as it assesses other sign-on awards?

¹ The Survey also includes questions on (i) investor engagement on ESG matters, (ii) shareholder proposals on biodiversity-related impacts, (iii) Say on Climate proposals, (iv) reincorporation proposals, (iv) multi-class vote structures, (v) AI governance and risk management, (vi) proxy voting solely on financial factors and (vii) investor voting and engagement policies or practices in response to SEC guidance and potential loss of passive investor status.

- Proportion of Time-Based and Performance-Based Awards: Under what circumstances, if any, should a company exclusively grant time-based equity awards under its long-term incentive program?
- Severance Payments: Under what circumstances, if any, should a company adjust contractual severance benefits?
- Executive Compensation Disclosures: Identify your view on various executive compensation disclosures that are often included in proxy statements.

Other Compensation Matters

- Equity Plan Proposals: What are the most important features in evaluating an equity compensation plan?
- Director Compensation: How should Glass Lewis evaluate significant increases in non-executive directors' compensation?

Governance Matters

- Board Accountability: Where Glass Lewis has found material concerns regarding director performance and there is not a directly relevant proposal on the agenda of a shareholder meeting, how should such concerns be reflected in the Glass Lewis analysis?
- Board Diversity and DEI: Should boards of directors maintain certain levels of diversity in terms of specific categories (e.g., age, tenure, gender, racial or ethnic, background, skills and experience)?

Shareholder Proposals

- Company-Adopted Ownership Limitations: If a company adopts ownership limitations for shareholders to submit shareholder proposals or similar provisions without shareholder approval, should such action be concerning to investors?
- Anti-ESG Sentiment: How has your organization responded to the growing anti-ESG sentiment in the United States? In what respects, if any, have you reconsidered your approach to ESG matters?
- Company-Wide Diversity-Related Disclosures and Policies: What should a company disclose regarding company-wide diversity-related initiatives?

A detailed description of each of the Glass Lewis policy survey questions related to compensation, governance and shareholder proposal matters is provided in the Appendix.

Meridian comments. The Survey suggests that Glass Lewis will make modest changes to its proxy voting policies related to executive compensation for 2026. However, as we discussed in our [Client Alert dated August 4, 2025](#), Glass Lewis recently announced a significant change to its quantitative pay-for-performance (PfP) assessment methodology for U.S. and Canadian companies starting in 2026. It remains to be seen whether the revised PfP methodology and other potential changes will impact the frequency in which companies receive Glass Lewis against voting recommendations on Say on Pay and other proposals.

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The **Client Update** is prepared by Meridian Compensation Partners' Governance and Regulatory Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or dkalfen@meridiancp.com.

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Appendix: Detailed Summary of Glass Lewis Policy Survey

Below is a detailed summary of the Glass Lewis policy survey, which largely addresses questions that are not covered by Glass Lewis's current proxy voting policies.

Executive Compensation

Adjusting Pay for Transactions

The Survey asks respondents to identify whether executive pay levels should decline in response to a reduction in a company's size and/or scope due to a strategic transaction under management's control by choosing among the following responses:

- No, it is an unrealistic expectation.
- Yes, and I would consider opposing the relevant say on pay proposal if this is not done.
- Yes, but this issue alone would not drive my vote.
- Other/It depends.

Sizing LTI Awards

The Survey asks respondents to identify whether long-term incentive awards to executive officers exceeding an absolute dollar threshold (e.g., as a percentage of base salary or specific cash value) should trigger additional scrutiny or warrant the company to disclose the rationale by choosing among the following responses:

- No, grant size is generally not a problem.
- No, case-by-case determination.
- Yes (specify threshold).
- Other.

Impact of Tariffs on Incentive Awards

The Survey asks respondents to identify how a board should respond to a situation in which trade tariffs would materially impact executive incentive outcomes absent adjustments to incentive goals by selecting among the following responses:

- Take action to ensure that executives are not demoralized/unfairly punished by forces outside their control (e.g., supplementary grants or discretionary adjustments).
- The impact of tariffs should be accounted for by non-GAAP adjustments.
- Take no action, performance-based executive pay outcomes should be aligned with business performance and shareholder experience.
- It depends on the context, rationale disclosed and materiality of any adjustments (please explain below).
- Other.

Personal Security

The Survey asks respondents to identify how executive security costs should be reported in the proxy by selecting among the following responses:

- Executive security costs are not concerning and/or should not be reported as perquisites.
- The current SEC guidance is appropriate – security costs (including those related to personal use and travel) should be reported as perquisites.

- Some costs should be reported as perquisites, but there should be clearer guidance on exceptions (e.g., for ongoing security threats related to the company).
- Other/It depends.

Make-Whole Awards

The Survey asks respondents to identify how Glass Lewis should evaluate the quantum of make-whole awards in the same manner as it assesses other sign-on awards by choosing among the following responses:

- No, we believe make-whole awards are necessary to attract top talent, deferring to the compensation committee to determine the quantum of make-whole awards.
- No, so long as the structure and quantum of make-whole awards are clearly disclosed and demonstrably like-for-like with forfeited awards.
- Yes, make-whole awards should be evaluated on the same basis as other sign-on awards.
- Other/It depends.

Long-Term Equity Awards – Proportion of Time-Based and Performance-Based Awards

The Survey asks respondents to identify circumstances in which a company may reasonably grant exclusively time-based equity awards under its long-term incentive program by choosing among the following responses:

- Time-based awards are common among the company's competitors and/or industry.
- The company is newly public and has a grace period before transitioning to more standard market practices.
- The overall vesting conditions are longer than typical, offsetting concerns of no performance-based awards.
- Due to macroeconomic factors and/or industry-wide instability, setting long-term targets is too challenging currently, but structure will be revisited annually to reflect changing operating environments.
- There are retention concerns as performance-based awards are at least half of all long-term incentives and recent performance-based awards have not paid out.
- Long-term goals for the company may be in flux due to a substantial pivot in the company's business strategy.
- The company is in a high-growth stage of development and setting long-term goals would needlessly hamper innovation.
- Other.

Severance Payments

The Survey asks respondents to identify whether they agree with any of the following statements related to ad-hoc adjustments to contractual severance benefits:

- Ad-hoc adjustments may be warranted to secure commensurate expansions of restrictive covenants (ex. increasing cash severance from 1.0x base salary to 1.5x base salary in exchange for increasing the length of a non-compete agreement from 12 to 18 months).
- Ad-hoc adjustments may be reasonable to recognize tenure that is exceptionally long (ex. 15 years at the company).
- Ad-hoc adjustments are generally acceptable as we typically defer to the judgement of the committee as to when they are necessary, as long as any resulting compensation amounts are not excessive.
- Ad-hoc adjustments are never acceptable.
- Other/It depends.

Executive Compensation Disclosures

The Survey asks respondents to indicate how they view each of the following executive compensation disclosures:

- Incentive plan design (metrics, weightings, performance goals and vesting provisions).
- Rationale for potentially concerning pay practices (upward discretion, one-off awards, etc.).
- Reconciliation between GAAP and non-GAAP metrics used in incentive plans.
- Standard compensation tables (Summary Compensation Table, Grants of Plan-Based Awards Table, Outstanding Equity Awards Table, Options Exercised and Stock Vested Table, etc.).
- SEC-mandated Pay versus Performance disclosure (including Compensation Actually Paid).
- CEO to median employee pay ratio (including median employee pay disclosure).

Other Compensation Matters

Equity Plan Proposals

The Survey asks respondents to rank the following factors from 1-6 in order of relative importance when evaluating equity compensation plans (1 being most important and six being least important):

- Qualitative terms and best practice provisions, such as provisions related to repricing, single trigger, independent administration
- Absolute or relative burn rate (pace of granting history).
- Absolute or relative overhang and dilution levels.
- Dilutive impact of share request.
- Size of share request compared to past usage and current need (i.e. the number of years that the share request would cover).
- The historical and projected cost of the plan.

Director Compensation

The Survey asks respondents to identify their general view on significant increases in non-executive directors' compensation by selecting among the following responses:

- Not concerning.
- Potentially concerning, unless in line with market peers.
- Potentially concerning, depending on other factors.
- Concerning and generally unsupportable.

Governance Matters

Board Accountability

The Survey asks respondents to identify how Glass Lewis should evaluate a situation in which Glass Lewis has found material concerns regarding director performance and there is not a directly relevant proposal on the agenda of a shareholder meeting by selecting among the following responses:

- Take no action.
- Continue to monitor the issue and seek engagement with the company.
- Take a symbolic vote against a routine agenda item (e.g., accounts and reports).
- Both the second and third courses of action described above.
- Other/It depends.

Board Diversity and DEI

The Survey asks respondents to identify whether boards should maintain certain levels of diversity by selecting among the following categories:

- Age.
- Tenure.
- Gender diversity.
- Racial or ethnic diversity.
- Background, skills, and experience.
- We do not evaluate board based on any diversity factors.

The Survey also asks respondents to identify whether they expect a company to disclose certain board diversity and skills information in its proxy statement by choosing among the following responses:

- No disclosure related to board diversity.
- The board's current percentage of racial or ethnic diversity.
- Information on the board's approach to considering diversity in director nomination.
- Whether the board has adopted a policy requiring women and minorities to be included in the initial pool of candidates when selecting new director nominees (aka "Rooney Rule").
- Board skills disclosure.
- Other (specify).

Shareholder Proposals

Company-Adopted Ownership Limitations

The Survey asks respondents to indicate whether investors should be concerned about a company's adoption of ownership limitations as eligibility criteria for shareholders to submit shareholder proposals without shareholder approval by choosing among the following responses:

- No.
- No, so long as explanatory disclosure and a rationale is provided to shareholders.
- Yes, and board members should be held accountable when they stand for re-election.
- Yes, but we would not oppose director re-elections on this basis.
- Other/It depends.

For those respondents who answered that board members should be held accountable when they stand for re-election, the Survey asks which board member(s) should be held accountable by asking respondents to select among the following responses:

- Chair of the board.
- Chair of committee responsible for nominating and governance issues
- Committee responsible for nominating and governance issues.
- Other/It depends.

Anti-ESG Sentiment

The Survey asks respondents to identify how their organization is responding to the growing anti-ESG sentiment in the U.S. by choosing among the following responses:

- We have not changed our approach.
- We have stepped back from our ESG-related initiatives.
- We have strengthened and taken a more progressive approach to ESG.
- Other (specify).

The Survey asks respondents to in what respects, if any, their organization has reconsidered its approach to ESG matters by choosing among the following responses:

- Environmental.
- Diversity.
- Other social issues.
- Other (specify).

Company-Wide Diversity-Related Disclosures and Policies

The Survey asks respondents to identify which disclosures and policies that their organization expect U.S. companies to provide concerning company-wide diversity-related issues by choosing among the following responses:

- We are satisfied with the human capital management disclosure provided by companies in Form 10-Ks.
- EEO-1 Reporting.
- Expanded employee demographic information (non-EEO-1 reporting).
- Narrative disclosure regarding employee diversity considerations in sustainability reporting or on websites.
- Company wide diversity-related goals and targets.
- Other (specify).