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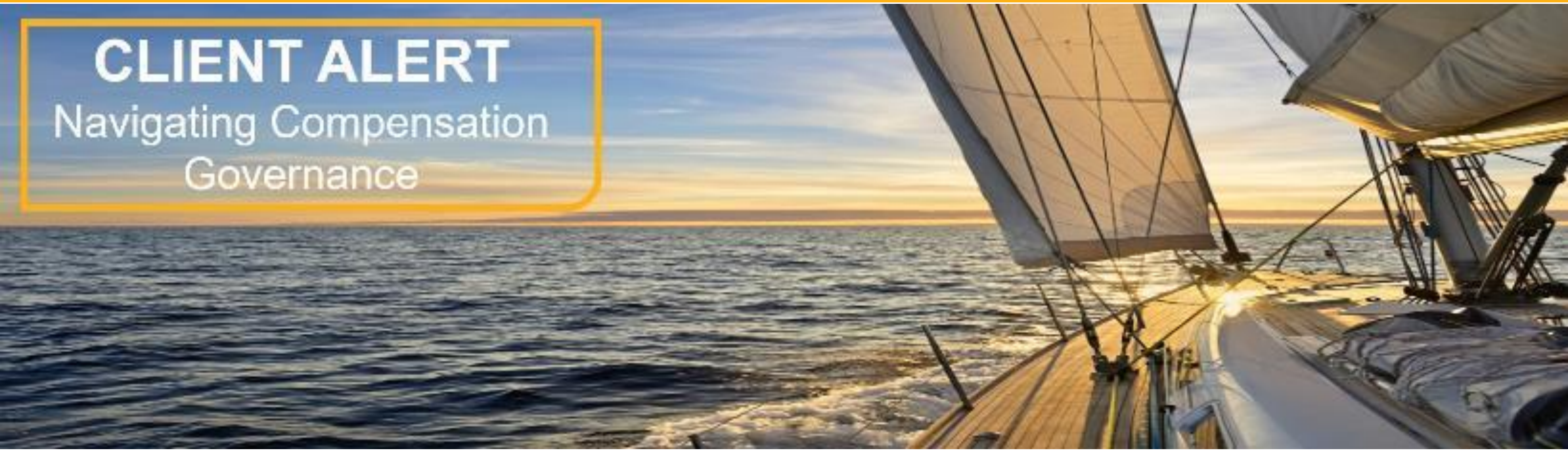

Glass Lewis to End Benchmark Vote Recommendations in 2027

Starting in 2027, Glass Lewis (GL) will no longer issue a single proxy research report that includes vote recommendations and analysis based on "in-house" proxy voting guidelines.

Instead, GL will issue four separate custom research reports each of which addresses a different area of concern.[1]

These reports will be customized based on the profiles and preferences of GL investor clients. The customization means that GL's research analysis and voting recommendations may differ by category.

Currently, Glass Lewis issues a single proxy research report for a given company which sets forth proxy voting recommendations based on Glass Lewis' "in-house" proxy voting guidelines.

On October 15, 2025, Glass Lewis announced that it will be restructuring its long-standing approach in the development and communication of vote recommendations. Starting with the 2027 proxy season, Glass Lewis will issue to its investor clients the following four separate research reports covering a given company: (i) management-aligned, (ii) governance fundamentals, (iii) sustainability and (iv) active owner.[2]

In announcing its new approach to evaluating company practices and policies, GL's CEO, Bob Mann, observed that, "As institutional investors take increasingly different approaches to voting preferences investors want proxy voting frameworks and guidance that reflect their own unique investment strategies, stewardship goals and voting preferences."[3]

GL's reorientation closely follows a decision by Institutional Shareholder Services (ISS) to introduce governance research services that provide custom data, analysis and recommendations to its clients based on each client's proxy voting policies.[4]

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[1] *Responsible Investor, "Glass Lewis to ditch house policy from 2027 amid diverging investor preferences," dated October 14, 2025. Available here: https://www.responsible-investor.com/glass-lewis-to-ditch-house-policy-from-2027-amid-diverging-investor-preferences/*

[2] *Ibid.*

[3] *Glass Lewis press release dated October 15, 2025, which is available here: https://www.glasslewis.com/news-release/glass-lewis-leads-change-in-proxy-voting-practices*

[4] *ISS press release dated October 7, 2025, which is available here: https://insights.issgovernance.com/posts/iss-stoxx-introduces-new-research-services-to-support-investors-proprietary-stewardship-programs/*

GL's change in practice also aligns with what ISS has done for several years. ISS issues a "benchmark" report, along with Socially Responsible Investing, Taft-Hartley, Faith-based, Climate, Public Fund and Sustainability reports. The "benchmark" report is based upon ISS's standard proxy voting policies and therefore the one that heavily influences investor voting behavior.

Meridian Comments: Although this shift, on the surface, appears to be a sea change, it is likely to have limited impact on Say on Pay and election of director voting given the four reports will largely track how GL investor clients already use GL reports and execute their votes through custom vote policies.

As shown below, we expect certain investors will rely on one of the four new GL reports:

New GL Report Type	Institutional Investors Who Will Likely Rely on GL Report	Predicted Influence Over Say on Pay and Director Vote Outcomes
Governance Fundamentals	Indexed mutual funds and public pension funds	Substantial
Management-Aligned	Compliance-only investors, such as asset managers with small assets under management	Limited
Active Owner	Asset managers that actively trade in public company securities	Limited outside of proxy contests; may sell stock in a company that has a governance or compensation issue, instead of voting against proxy proposals
Sustainability	ESG or sustainability-oriented asset managers	Negligible; more prevalent among European asset managers than those in the U.S.

GL research shows approximately 30% of GL-advised investors follow its recommendations, which presumably would be those concentrated in Governance Fundamentals category.

The Glass Lewis change appears, in part, to be a response to (i) the recently enacted Texas law intended to limit proxy advisor's consideration of nonfinancial factors in their research[5] (which is currently the subject of a legal challenge) and (ii) the Texas Attorney General's investigation into proxy advisor firms' practices.[6] In addition, GL's new approach to advising investors signals that it is following the preferences of its investor clients, rather than issuing advice based on the firm's ESG policy or political agenda.

It remains to be seen whether these recent developments at Glass Lewis and ISS will relieve external pressures for the proxy advisors to further reform their business practices.

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The ***Client Alert*** 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 847-347-2524 or dkalfen@meridiancp.com.

[5] *See Meridian Client Alert dated July 21, 2025, which is available here:* https://www.meridiancp.com/insights/texas-enacts-landmark-law-targeting-proxy-advisory-firms/

[6] *See Attorney General of Texas Ken Paxton's press release dated September 16, 2025, which is available here:* https://www.texasattorneygeneral.gov/news/releases/attorney-general-ken-paxton-investigates-proxy-advisors-glass-lewis-and-iss-misleading-public