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Glass Lewis Issues 2026 US Benchmark Policy Guidelines

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Glass Lewis has released its 2026 US Benchmark Policy Guidelines, which will apply to shareholder meetings held on or after January 1, 2026. Consistent with recent years, the updates are incremental rather than structural, but they include refinements and clarifications of practical significance for US public companies.

Among the notable changes, Glass Lewis addresses the Securities and Exchange Commission's (SEC) recent procedural shift away from providing substantive responses to no-action requests under Rule 14a-8 of the Securities Exchange Act of 1934 – a significant development that ISS did not address in its 2026 policy updates. However, the 2026 Benchmark Policy does not clarify how Glass Lewis would evaluate companies that exclude proposals following representations to the Securities and Exchange Commission (SEC) that such exclusion is merited under Rule 14a-8.

Consistent with its previously announced transition, Glass Lewis also emphasizes that the Benchmark Policy represents only one of several policy offerings it now maintains. Other primary updates for 2026 address mandatory arbitration provisions and enhancements to its pay-for-performance methodology.

Below, we summarize key developments and practical considerations for companies preparing for the 2026 proxy season.

Shareholder proposals

Responding to the SEC's recent decision to cease issuing Rule 14a-8 no-action letters for the 2026 proxy season (other than under Rule 14a-8(i)(1)), the 2026 Benchmark Policy removes prior language providing for negative recommendations against all governance committee members when a shareholder resolution was excluded from the meeting agenda in circumstances where the SEC declined to provide no-action relief.

Although the updated policy does not otherwise specify how Glass Lewis will respond to the SEC's ongoing changes and their ramifications (e.g., companies unilaterally excluding shareholder proposals from their proxy), Glass Lewis reiterates its fundamental view that shareholders should be afforded the opportunity to vote on matters of "material importance," describing "the basic right of shareholders to file proposals as critical to the proper functioning of our system of corporate governance and in the best economic interest of all shareholders." The firm also notes that its Benchmark Policy may be updated before or during the 2026 proxy season if regulatory developments or market practices warrant an update.

While not explicit, the policy leaves open the possibility that Glass Lewis could recommend against directors if "material" proposals are excluded, but it provides no insight into how such determinations would be made or whether Glass Lewis would challenge company arguments for excluding proposals under Rule 14a-8. The overall tone of the policy updates suggest that Glass Lewis is still considering how to calibrate its reactions to shareholder proposal exclusions, while reserving the possibility of pushing back if many companies begin systematically and broadly excluding proposals, including traditional governance proposals or core environmental and social topics that have historically survived SEC review.

The 2026 updates to Glass Lewis' separate policy document regarding shareholder proposals and issues related to environmental, social and governance (ESG), Benchmark Policy Guidelines – Shareholder Proposals & ESG-Related Issues, generally align with the changes reflected in the 2026 Benchmark Policy and do not introduce significant revisions to the firm's approach to specific ESG shareholder proposal topics.

Pay-for-performance methodology

As previewed earlier this year, Glass Lewis adopted enhancements to its proprietary pay-for-performance model, which informs vote recommendations on say-on-pay proposals and, in certain circumstances, the election of compensation committee members. Glass Lewis replaced its prior "A" through "F" letter grade model with a scorecard-based approach consisting of up to six quantitative tests. Each test will receive an individual rating, which will then be aggregated on a weighted basis to determine an overall score ranging from 0 (indicating a severe pay-for-performance concern) to 100 (indicating negligible concern).

Among other additional changes, the quantitative analysis expands from a three-year assessment to a five-year window, with the most recent year generally weighted most heavily. Glass Lewis views the five-year approach as strengthening the model against external factors like macroeconomic volatility. The new pay-for-performance model also incorporates a test focused on qualitative design aspects, which may only reduce a company's overall score, not increase it. This new qualitative test does not replace the firm's historic reliance on a qualitative assessment of the structure of a company's compensation program and the accompanying disclosure to complement its pay-for-performance analysis. See a comprehensive overview of the revised methodology.

Mandatory arbitration

In its 2026 Benchmark Policy, Glass Lewis expanded the list of governance provisions it views as "highly restrictive" to include mandatory arbitration provisions. Under the updated policy, Glass Lewis may recommend against governance committee members when boards approve governing documents containing such provisions in connection with an initial public offering, spinoff or direct listing. This approach is consistent with Glass Lewis' existing policy of opposing other restrictive provisions that are adopted at the time of a public offering, such as classified boards, supermajority vote requirements and exclusive forum provisions.

More broadly, Glass Lewis will generally recommend against any bylaw or charter amendment seeking to adopt a mandatory arbitration provision, unless the company provides a compelling argument on why the provision would benefit shareholders, provides evidence of abuse of legal processes, narrowly tailors the provision to the risks involved, and maintains a strong record of good corporate governance practices.

These updates follow the SEC's recent shift away from its long-standing position disfavoring the inclusion of mandatory arbitration provisions in a company's governing documents, under which the SEC would not accelerate the effectiveness of a registration statement if the company's bylaws had a provision mandating arbitration. While the SEC has adopted a more neutral stance, companies considering such provisions will need to weigh the potential for adverse proxy advisor recommendations, as well as state law limitations.

Board diversity

Unlike ISS and many institutional investors that withdrew quantitative board diversity voting policies in 2025, Glass Lewis maintained its existing board diversity policies throughout the 2025 proxy season and, beginning in March 2025, flagged in its Proxy Papers when vote recommendations reflected diversity considerations, providing transparency to investors who may not wish to vote based on such factors. The 2026 Benchmark Policy reaffirms this approach, which remains unchanged:

- For Russell 3000 companies, Glass Lewis generally recommends voting against the nominating committee chair of a board that is not at least 30% gender diverse or all nominating committee members of a board with no gender diverse directors.
- For companies outside of the Russell 3000 index, Glass Lewis will recommend voting against the nominating committee chair if there are no gender diverse directors.
- For Russell 1000 companies, Glass Lewis generally recommends voting against the nominating committee chair of a board with fewer than one director from an underrepresented community.

Shareholder rights

The 2026 Benchmark Policy expands the list of board actions that may result in negative recommendations for the governance committee chair, or the entire committee, to include additional amendments that restrict shareholder rights. Under the updated policy, Glass Lewis may recommend against governance committee members when boards unilaterally adopt provisions that limit the ability of shareholders to file derivative lawsuits, replace a majority voting standard for director elections with plurality voting, or limit the ability of shareholders to submit shareholder proposals. Notably, in September, SEC Chair Paul Atkins raised the prospect that companies could amend their bylaws to introduce additional procedural limits on shareholder proposal submissions in excess of Rule 14a-8, and the 2026 Benchmark Policy unsurprisingly suggests that Glass Lewis would take a skeptical view of such bylaw provisions.

Other 2026 updates

Supermajority vote requirements

Proposals to eliminate supermajority vote requirements will be evaluated on a case-by-case basis under the 2026 Benchmark Policy. Where a company has a large or controlling shareholder, Glass Lewis may view supermajority provisions as appropriate to protect minority shareholder interests and, in such cases, may oppose their removal. While Glass Lewis' existing shareholder proposal policy document already provides for the possibility of opposing proposals at controlled companies where supermajority provisions may act to protect minority shareholders, the 2026 update may signal a willingness to extend this approach to other companies where there are large shareholders.

Amendments to certificates of incorporation or bylaws

The 2026 Benchmark Policy consolidates Glass Lewis' approach to charter and bylaw amendments into a single section, stating that it evaluates proposals on a case-by-case basis and opposes the bundling of multiple amendments into a single vote. In general, Glass Lewis will support amendments that do not materially diminish shareholder rights or interests.

Majority voting standards for director elections

The 2026 Benchmark Policy's discussion on voting standards for director elections has been revised to update outdated references and make certain clarifying changes that affirm Glass Lewis' preference for a majority vote standard.

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Cooley's corporate governance and securities regulation team and compensation and benefits team are available to help you understand how these revised policies may affect your particular circumstances. If you would like assistance or have any questions, please contact one of the Cooley lawyers listed below.

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