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Glass Lewis Previews Changes to Pay-for-Performance Model for 2026 Proxy Season

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Last week, Glass Lewis issued the client communication below previewing changes to its quantitative pay-for-performance (P4P) model that will become effective for shareholder meetings starting in 2026. The announcement signals significant revisions to the structure and scope of the Glass Lewis P4P assessments for US and Canadian companies. Glass Lewis also indicated it will be expanding its services to cover companies listed on major exchanges in the UK, Europe and Australia.

Most notably, Glass Lewis will replace its historical A – F letter grade system for US and Canadian companies with a new 0 – 100 numerical scorecard system, with an associated concern level. In addition, its evaluation period for key P4P tests will be lengthened from three to five years. The announcement also hinted at the introduction of new P4P assessment tools that will cover additional facets of compensation.

A brief video accompanying the announcement includes a chart illustrating the relationship between short-term incentive payouts and a company's total shareholder return ranking over a five-year period, suggesting a potential shift toward more targeted evaluations of the link between short-term incentive outcomes and long-term value creation. However, the announcement and video otherwise provide essentially no other information about the new methodology.

The timing of this announcement is puzzling, coming months earlier than when Glass Lewis typically publishes policy updates. That may reflect both the scope of the planned changes and Glass Lewis' desire to address growing pressure from institutional investors. According to Glass Lewis, it is making the enhancements in response to investor feedback calling for clearer, more comprehensive assessments incorporating a longer-term perspective and broader geographic coverage.

No immediate action is required by companies and indeed, none is possible until further guidance is provided. We understand that Glass Lewis will provide additional guidance in the coming weeks and will continue to track developments and share updates as they become available.

Glass Lewis client communication

> **"Notice to Glass Lewis Clients: Updates to 2026 Pay for Performance Assessments**
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> In response to feedback from our institutional clients, Glass Lewis is updating our pay-for-performance assessments in 2026 Proxy Papers to deliver more comprehensive insights into pay alignment across your portfolio companies.
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> Updates to our quantitative Pay for Performance analysis will include:
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> 1. A clear 0-100 score output and concern level, replacing historical A-F letter grades.

2. An expanded 5-year assessment timeframe for key tests.
3. First-time coverage of European, U.K., and Australian companies.

> To learn more about what's driving these enhancements, we encourage you to **watch a brief video** featuring Krishna Shah, Director of Executive Pay Research, and Jon Elkin, Director of Executive Pay Products.
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> Should you have questions about the coming changes, please contact us or get in touch with your account representative.**"**

Key Contacts

Alessandra Murata Palo Alto	amurata@cooley.com + 1 650 843 5696
Michael Bergmann Washington, DC	mbergmann@cooley.com +1 202 728 7008
Vince Flynn San Diego	vflynn@cooley.com +1 858 550 6119