2026 Updates

Policy Guideline Changes for 2026

INTRODUCTION

Glass, Lewis & Co. LLC ("Glass Lewis" or "GL") has updated its 2026 policy guidelines for the U.S. and Canada. These updates clarify that the guidelines reflect broad investor views and governance principles. In October 2025, Glass Lewis announced that starting in 2027, it will stop publishing annual benchmark guidelines and instead offer customized voting policies for clients.

KEY HIGHLIGHTS: CANADIAN & U.S. MARKETS

For 2026, the pay-for-performance model has been redesigned. Instead of a single letter grade ("A"–"F"), Glass Lewis will use a scorecard with up to six tests. Each test gets its own rating, and the combined score will be on a 0–100 scale. This aims to provide clearer insight into how executive pay aligns with company performance.

The Canadian policy adds new standards for audit committees. The U.S. policy clarifies rules for shareholder proposals and mandatory arbitration provisions. It also explains how Glass Lewis will handle charter and bylaw amendments and supermajority voting requirements.

POLICY 2026 UPDATES - CANADA

Glass Lewis will recommend withholding votes from audit committee members if multiple financial statements are restated and any of these apply:

1. The restatement results in a greater than 5% adjustment to cost of goods sold, operating expense, or operating cash flows.
2. The restatement results in a greater than 5% adjustment to net income, 10% adjustment to assets or shareholders equity, or cash flows from financing or investing activities.
3. The restatement involves negligence, fraud, or manipulation by insiders.
4. The restatement is accompanied by an investigation by a provincial securities commission or a federal investigation.
5. The restatement involves revenue recognition, fraud, or manipulation by insiders.

POLICY 2026 UPDATES - U.S.

Shareholder proposals: The SEC no longer provides detailed responses on exclusions. Glass Lewis will now review these case-by-case and may recommend voting against governance committee chairs if boards limit shareholder voting rights on matters of material importance.

Mandatory arbitration: Glass Lewis generally opposes any bylaw or charter amendment seeking to adopt a mandatory arbitration unless the company provides strong reasons and full disclosure.

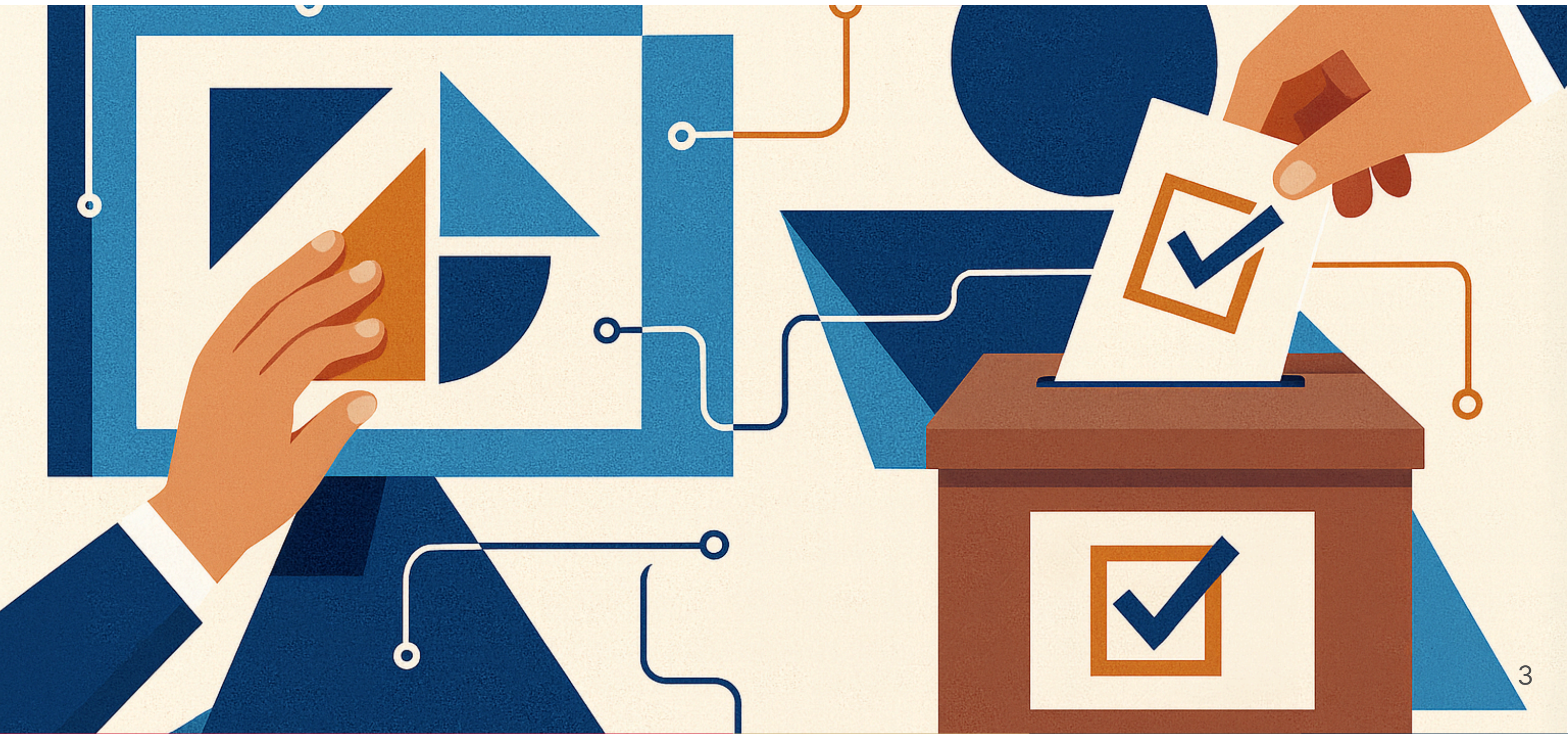
Governance clarifications: Charter and bylaw amendments should be voted on individually. Supermajority voting rules will be reviewed case-by-case and may remain if they protect minority shareholders.

Glass Lewis may also recommend voting against governance committee members if restrictive provisions are adopted during IPOs or similar events.

CLARIFYING AMENDMENTS - U.S.

Glass Lewis clarified its approach to amendments and voting standards:

- Amendments to charters/bylaws should not be bundled together.
- Supermajority voting requirements may stay if they protect minority shareholders.



KINGSDALE PERSPECTIVE

2026 is a transition year before customized policies launch in 2027. Most changes are modest except for the new pay-for-performance model. Companies should engage shareholders, protect voting rights, and provide clear disclosures to maintain trust. To our knowledge, the benchmark policies will form the basis of one of four investor perspectives in 2027.

The new pay-for-performance scorecard (0–100 scale) replaces letter grades and aims to make results easier to understand. Same as before, additional qualitative analysis will be needed on top of the model results to formulate a say-on-pay vote recommendation.

Companies now have more discretion but also more accountability. Strategic exclusions of shareholder proposals will not be accepted. Regular engagement and transparency are key to maintaining trust.

SIMILARITIES TO ISS UPDATES

Glass Lewis and ISS are both moving towards longer time horizons with a focus on pay-performance alignment, disclosure, and shareholder engagement. Committee performance will face more scrutiny, and both firms will review shareholder proposals case-by-case. This allows for an industry or even company specific approach. Clear disclosure and understanding shareholder needs will help maintain trust and reduce the need for proposals.

NEXT STEPS: To discuss how these policy changes may impact your upcoming proxy season, contact Kingsdale Advisors at strategy@kingsdaleadvisors.com