

GLASS LEWIS

Policy Survey 2025

Results & Key Findings

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Table of Contents

Introduction 4

Methodology & Demographics 5

Results & Findings 6

- Board Oversight & Performance 6
  - Board Diversity (United States) 6
  - Ownership Thresholds for Shareholder Actions (United States) 8
  - Addressing Director Performance When Directors Are Not on the Ballot (Investor-Focused) 10
- Executive Pay 11
  - Downward Benchmarking 11
  - Assessing the Size of Long-Term Incentive Grants 12
  - Approach to Significant Non-Executive Director Fee Increases 13
  - Impact of Tariffs on Executive Pay 14
  - Compensation Disclosures (United States) 15
  - Reporting of Executive Security Costs (United States) 16
  - Make Whole Awards (North America) 17
  - Time-Based Awards (North America) 18
  - Equity Plan Considerations (North America) 19
  - Ad Hoc Severance Adjustments (North America) 21
  - Severance Reductions for Good Leavers (EMEA) 22
  - Defense Windfall (EMEA) 23
  - Safeguards on Non-Financial Payouts (EMEA) 24
  - Incentive Plans with Poor Disclosure (Emerging Markets; Investor-Focused) 25
- ESG Issues 27
  - Response to Anti-ESG Sentiment 27
  - Company-Wide Workforce Diversity 29
  - ESG Approach Across Markets (Investor-Focused) 30
  - Biodiversity (Investor-Focused) 31
  - Say on Climate (Investor-Focused) 32
- Shareholder Rights 34
  - Reincorporation (United States) 34

Multi-Class Vote Disclosure 35
Virtual Meetings Based on Security Concerns 36
Multi-Class Share Structure (Investor-Focused) 37
General Approach 38
Basing Governance Votes on Financial Performance 38
Approach to AI Across Markets 40
Board Responsiveness to Material Voting Opposition 41
Change to U.S. Active/Passive Investor Status (Investor-Focused) 42
Qualified Opinion on Non-Financial Reporting (Investor-Focused) 43
Circumstances for Abstention (Investor-Focused) 44
Thank You 45
About Glass Lewis 46
Connect with Glass Lewis 47

Introduction

This document provides an overview of Glass Lewis' 2025 Policy Survey, conducted to inform our annual policy guideline updates.

The survey should be understood in the context of Glass Lewis' approach to proxy research, which serves a global client base with a broad range of views on corporate governance issues. We do not employ (nor does this survey seek to establish) one-size-fits-all rules for proxy voting. Instead, our approach combines broad initial filters, used to identify outliers based on market best practices and investor expectations, with a deeper level of nuanced, case-by-case analysis that reflects each company's unique circumstances.

For more information on our approach to proxy research, please contact us or see Glass Lewis' library of Benchmark and Thematic Policy Guidelines, available on our website.

Glass Lewis Policy Updates

Glass Lewis evaluates its library of voting policy guidelines on an ongoing basis, updating them annually, and when material changes to regulation or market practice occur during the year. Most annual policy updates are published in November and December or, for markets that hold their proxy season later in the calendar year (Australia, India, New Zealand and South Africa), one-to-two months ahead of the season.

In developing and updating our policies, we consider a diverse range of perspectives and inputs, with ongoing analysis of regulatory developments, academic research and evolving market practices as a starting point, incorporating insights gleaned from discussions with institutional investors, trade groups and other market participants. Further, our corporate issuer engagement program helps to shape our guidelines by adding essential market- and industry-specific context.

We augment this process by gathering feedback via the policy survey, providing investors, corporate issuers and other stakeholders with the opportunity to weigh in on various corporate governance matters. The goal is to formalize our existing processes for incorporating client and market perspectives. The survey is not exhaustive, focusing on policy areas where we have recently observed new practices or where our previous discussions and engagements with investors, corporate issuers and other stakeholders have not yielded a clear consensus.

Thank You

We are deeply grateful to all respondents who took the time to share their views. Thank you. We encourage any interested parties to contact us if they have questions or feedback.

Methodology & Demographics

Types of Respondents

Investors	Asset Managers	39
	Asset Owners	33
	Other	4
	Sub-Total	*76*
Non-Investors	Corporate Issuer	256
	Stakeholder	54
	Sub-Total	*310*
	Total	***386***

Investor Assets Under Management

AUM (US$)	Number of Respondents
Over $1 trillion	5
$500 billion to $1 trillion	8
$100 to $500 billion	16
$10 billion to $100 billion	18
$5 billion to $10 billion	7
Under $5 billion	22

Principal Location of Organization

Region	Investors	Non-Investors
United States	47%	38%
Europe	25%	29%
Canada	9%	7%
United Kingdom	11%	8%
Oceania	3%	4%
Asia	4%	12%
Central/South America	-	1%
Middle East/Africa	-	<1%
Other	1%	<1%

Results & Findings

Board Oversight & Performance

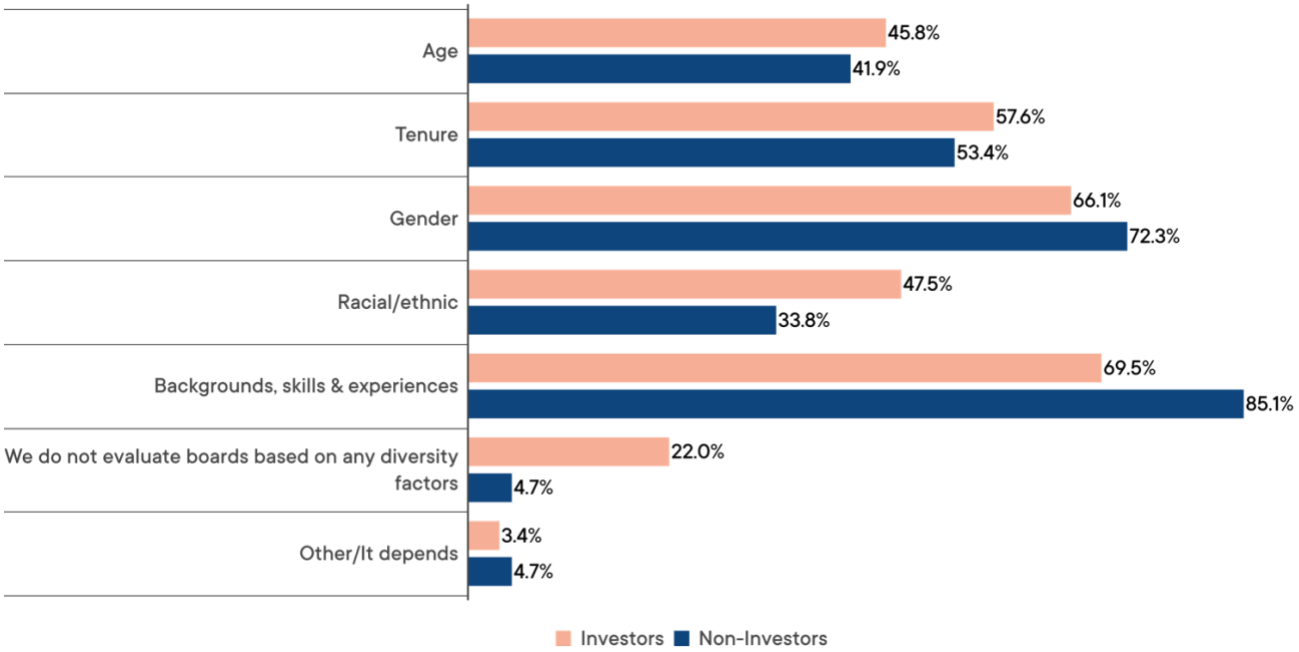
Board Diversity (United States)

During the 2025 proxy season, we observed that many companies had made significant changes in the way that they disclosed information on their board-level diversity-related policies and considerations. In addition, some investors have revised their board diversity policies for U.S. companies. With that in mind, we wanted to better understand expectations for board diversity, and related disclosure.

When we asked about the relevance of specific areas of diversity, *background, skills and experience* was the most common response among both investors and non-investors, followed by *gender*. There was a notable geographical split among investors, with U.S. based respondents far more likely to ignore diversity factors (42%) compared to investors from other regions (6%). In addition to the categories included in our question, several respondents (both investors and public companies) mentioned that they considered directors' nationalities to be significant in diversity discussions, depending on a company's structure and scope.

In the comments, investors described taking a contextual, holistic approach, with some noting that they had moved away from employing specific thresholds.

Do you expect boards of directors to maintain certain levels of board diversity in the following categories?



	Investors	Non-Investors
Total Responses	66	140
Total Comments	20	17

The results of our follow-up question, about specific proxy statement disclosures, appeared to reflect the same sentiments. The two most popular answers among both investors and non-investors were board skills disclosure (with several investors specifying their preference for this information to be presented in a matrix format) and a description of the board's overall approach.

Once again, both investors and non-investors acknowledged a shift in the landscape. A Canadian public company that operates in the U.S. stated that:

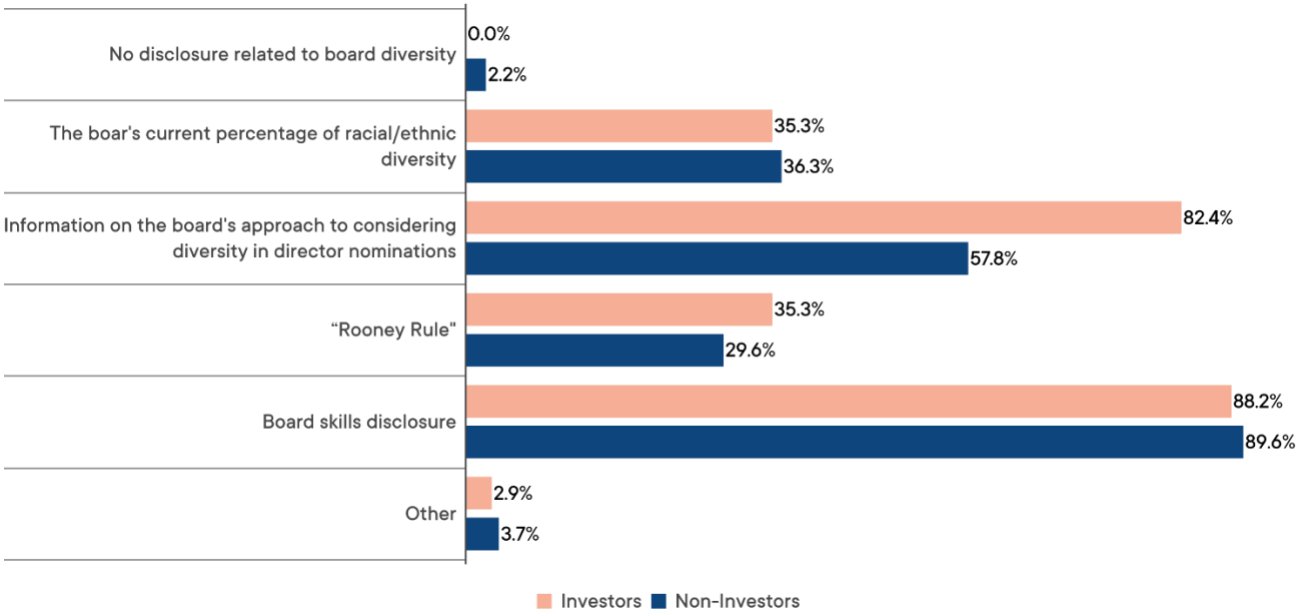
"policies and disclosure have become very tricky. We will likely do the bare minimum of disclosure as required by Canadian law to try to lessen risk of US lawsuits/investigations. But we are committed to diversity and will continue our practice of including gender/racial diversity in candidate pool and aiming to have diversity on board and in exec management."

Among investors, while many were understanding of the uncertainty public companies face, reporting and transparency remained key. As one U.S. public sector pension said:

"We do not expect boards to consider gender or ethnic diversity in director nominations or to have a policy regarding women and minorities to be included in candidate pools, but if a company does have a related policy, we would prefer it be disclosed. "

As with the prior question, there was a geographical split among investors. Whereas U.S.-based respondents put more emphasis on skills disclosure and the board's overall approach, investors from other regions were far more likely to expect disclosures relating to racial/ethnic and gender diversity.

When assessing company proxy statement disclosures relating to board diversity and skills, what disclosure do you expect companies to provide?



	Investors	Non-Investors
Total Responses	35	134
Total Comments	7	22

Ownership Thresholds for Shareholder Actions (United States)

There appears to be a significant gap between investor and non-investor views on the adoption of increased ownership thresholds for submitting proposals and filing derivative actions without shareholder approval. Whereas a majority of investors found this concerning, with 49% stating that directors should be held accountable when they stand for re-election, 82% of non-investors did not find the practice to be concerning.

Most comments reflected this divide. To put it simply:

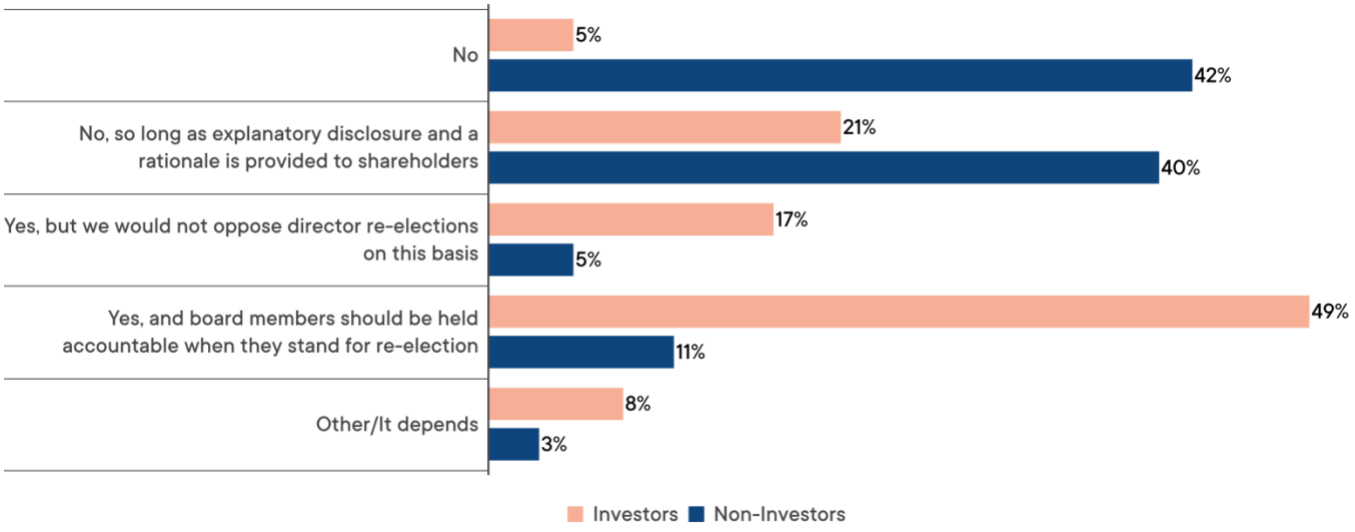
"This is a basic principle."(UK asset manager)

"Boards should retain flexibility to protect companies from frivolous activity" (U.S. public company)

A U.S. stakeholder who viewed the increases as "*prima facie defensible*" also noted a potential side effect:

"some of this legislation may have the effect of ending shareholder engagement rather than reforming it. Companies should seek shareholder input and adopt internal policies which allow genuine good faith engagement but not the hi-jacking of the annual meeting."

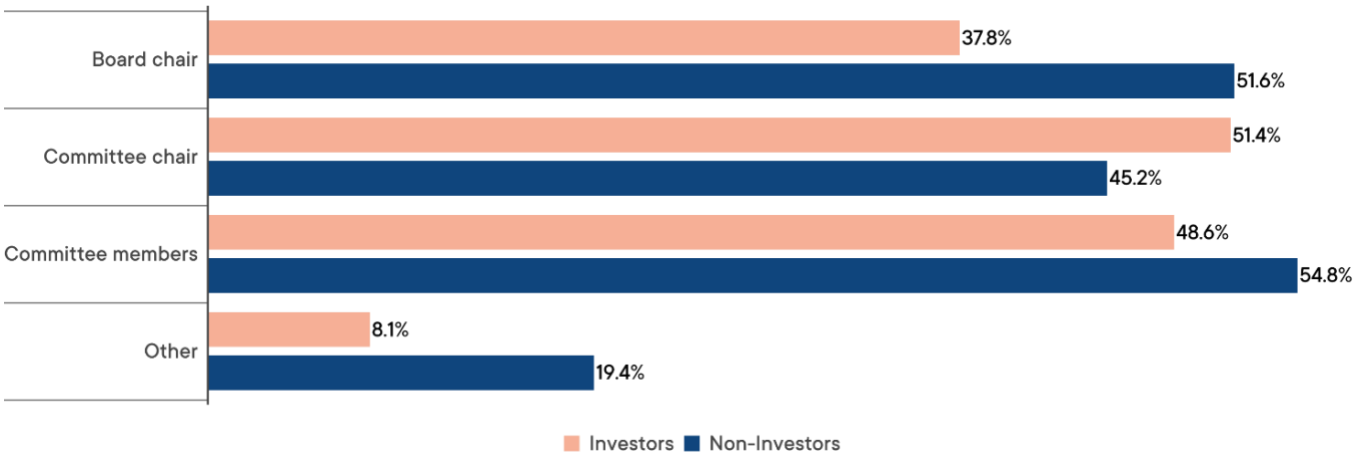
Do you consider the adoption without shareholder approval of increased ownership thresholds for shareholders to submit proposals or file derivative actions to be concerning?



	Investors	Non-Investors
Total Responses	67	109
Total Comments	10	11

On our follow-up question, asking which board members to hold accountable, U.S. investors appeared less inclined to target board and committee chairs compared to investors from other regions, and instead favored targeting committee members as a group.

If you believe an increase to ownership thresholds without shareholder approval warrants action against the board, which board members would you hold accountable?



	Investors	Non-Investors
Total Responses	40	27
Total Comments	5	9

Addressing Director Performance When Directors Are Not on the Ballot (Investor-Focused)

When we asked about how to hold board members accountable for performance where there is no director election or ratification proposal on the ballot, investors were more likely to favor continued engagement along with taking a symbolic vote against a routine agenda item, whereas two-thirds of non-investors preferred an engagement-only approach. Several public companies expressed concerns around symbolic votes:

"Symbolic votes are not helpful. If there is an issue with director performance, shareholders should engage. If engagement doesn't satisfy concerns, the shareholder should submit a shareholder nominee or other proposal." (U.S. public company)

"Symbolic votes gives a wrong picture of the investors view on the voting topic (Fx a lot of abstain votes against the chairman does not indicate a specific negative view of the person but a negative view of some other issues)." (European public company)

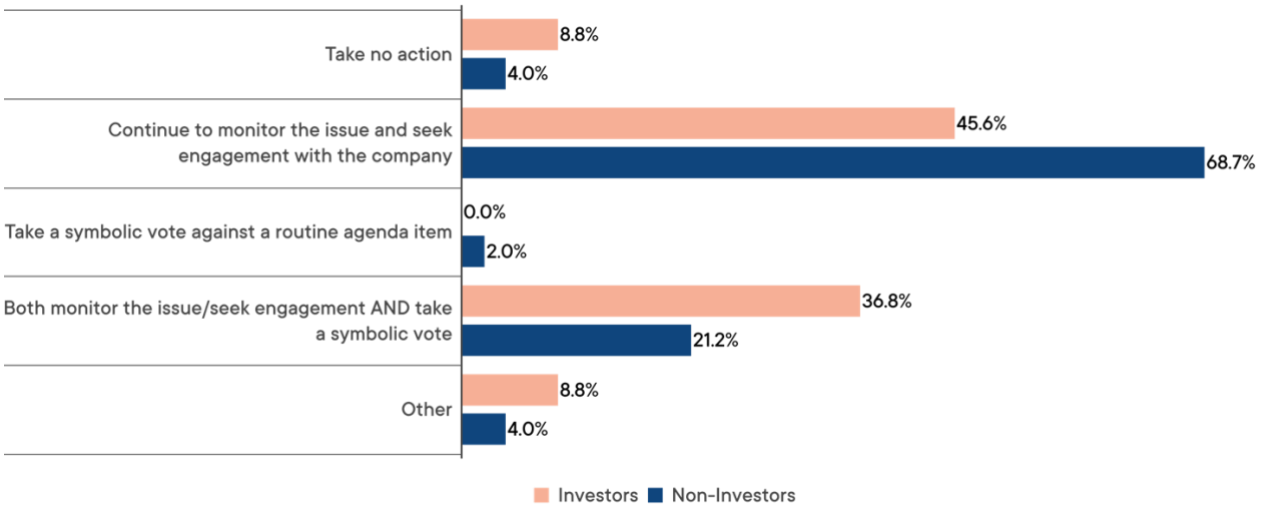
Some commentors suggested additional alternatives:

"We may vote against directors at other boards on which they serve depending on the severity of the issue." (U.S. asset manager)

"We will sell (or not purchase in the first place) positions in companies who have material governance problems that we believe adversely affect an investment in the company." (U.S. asset manager)

"One under-utilized tool which could be useful in cases like this is the filing of a notice of exempt solicitation." (U.S. stakeholder)

Where a shareholder has material concerns with director performance and there is not a directly relevant proposal on the agenda of a shareholder meeting, what do you believe is the most suitable course of action?



	Investors	Non-Investors
Total Responses	63	95
Total Comments	13	13

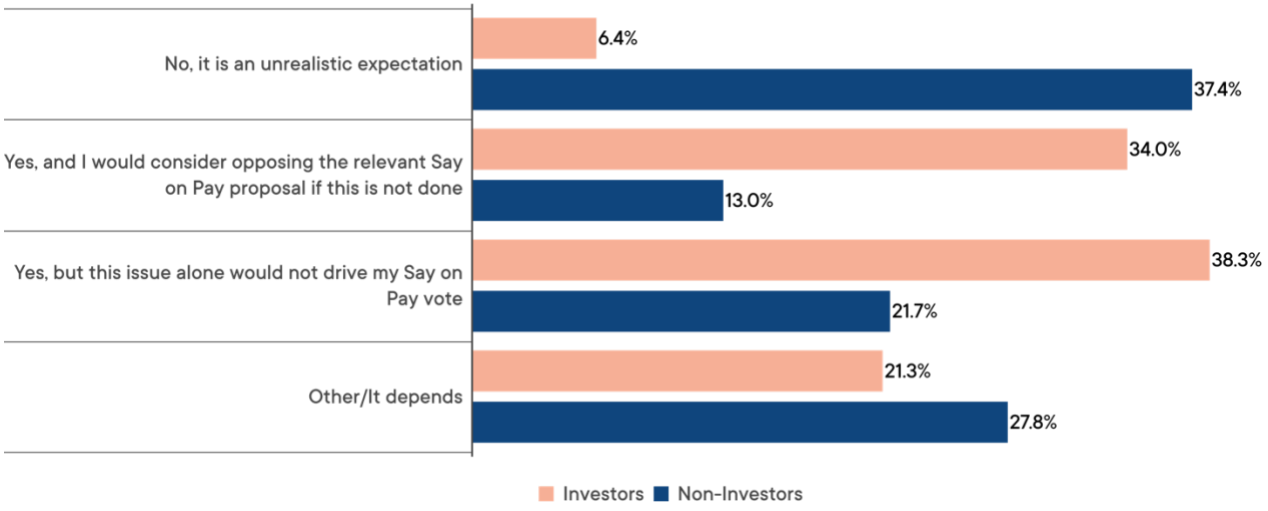
Executive Pay

Downward Benchmarking

Perhaps unsurprisingly, non-investors were far more likely to view the downward adjustment of executive pay following a decrease in the company's scope or size resulting from strategic transactions (e.g., a spin-off or large divestment) as unrealistic. That said, many investors clarified that while pay and benchmarking strategy should be reviewed and potentially adjusted downwards going forward, they did not expect a short-term change to incumbent executives' pay packages.

Several public companies echoed these sentiments, noting that downwards adjustment would occur naturally over time presuming that the company's peer group changed. One European public company stated that the expectation for immediate pay reductions *"would incentivise not to do spin offs etc although it would be in favour of the company."*

If the size and/or scope of the company decreases as a result of strategic transactions under management's control, do you expect executive pay to be reviewed and adjusted downwards?



	Investors	Non-Investors
Total Responses	56	108
Total Comments	18	34

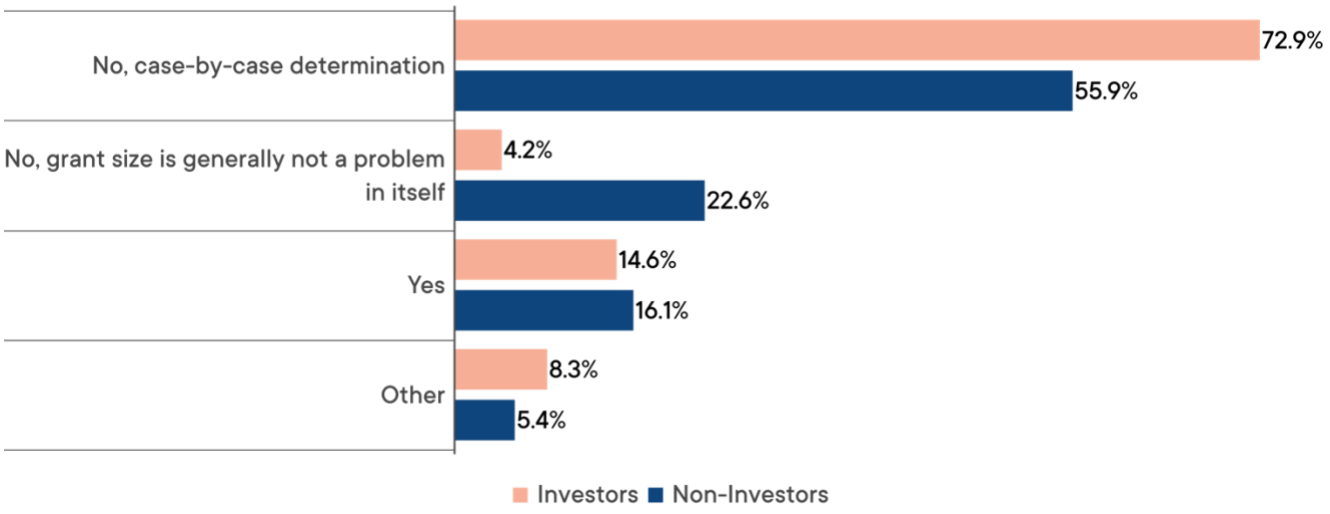
Assessing the Size of Long-Term Incentive Grants

Views on the use of an absolute threshold for LTI grant size were relatively aligned, with a case-by-case approach the most popular response among both groups. That said, investors were far less likely to see grant size as "generally not a problem in itself".

Among investors that do employ a threshold for identifying concerning grants, most set the limit as a percentage of salary/fixed pay, with one using a dollar value. One U.S. asset manager that employs a threshold commented that:

"Where the ratio is greater than 10x, we have concerns with potential outsize quantum in years of good performance and potential need for artificial inflation of pay in years where performance is poor for retention's sake. The recent in-cycle modifications made to long-term awards at Pfizer are an example of where this played out problematically."

Does your voting policy/approach to executive compensation include an absolute threshold for the size of LTI grants (e.g., as a percentage of base salary or specific cash value), after which additional scrutiny/justification is needed?

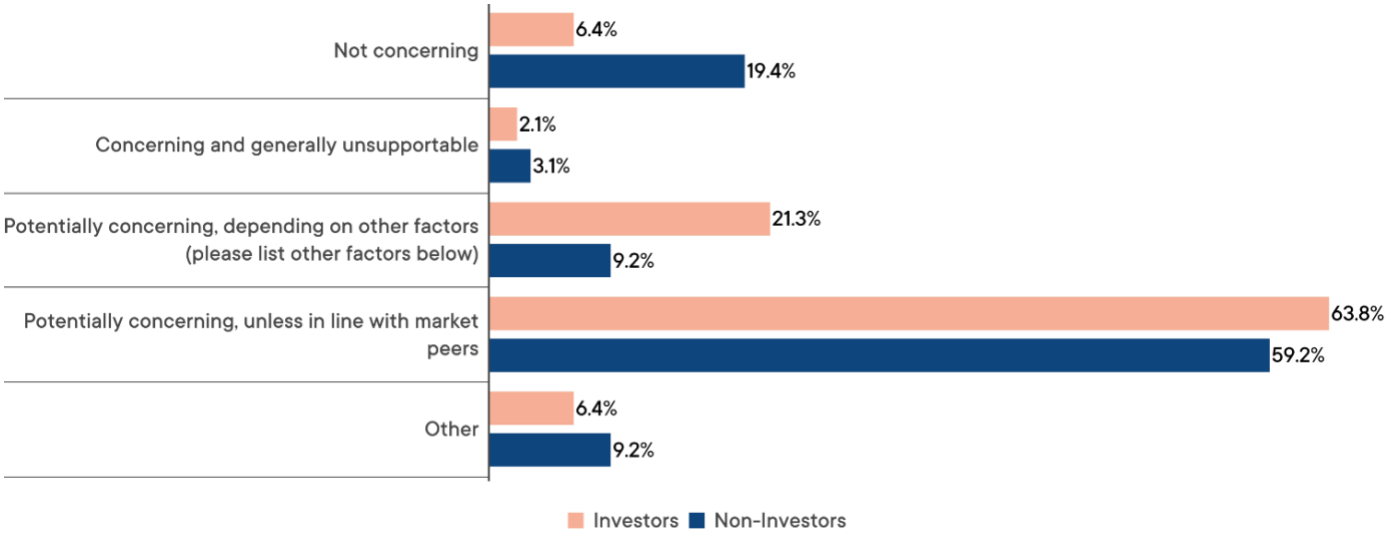


	Investors	Non-Investors
Total Responses	57	86
Total Comments	13	27

Approach to Significant Non-Executive Director Fee Increases

When we asked for views on significant increases to non-executive director fee levels, investors were twice as likely to see them as potentially concerning, and vice versa. However, responses were generally aligned, with most respondents in both categories looking at fee levels in the context of market peers.

How do you generally assess and/or determine significant increases in non-executive directors' fees?



	Investors	Non-Investors
Total Responses	56	91
Total Comments	16	18

Impact of Tariffs on Executive Pay

There was a significant gap between investor and non-investor views on how the impact of tariffs should be accounted for in executive pay outcomes. While a significant portion of both groups responded that it was context dependent, investors were twice as likely to favor taking no action and leaving executive outcomes aligned with those of shareholders. As a UK asset manager put it,

"Adjustments to financial results/targets should not be necessary for tariffs as peers are also impacted. There are many factors affecting performance which don't get adjusted for, which may benefit management but not shareholders. Should sales targets get adjusted down for inflation/pricing."

By contrast, nearly a quarter of non-investors (and only 2.3% of investors) favored taking action to remove the impact of forces outside executive control.

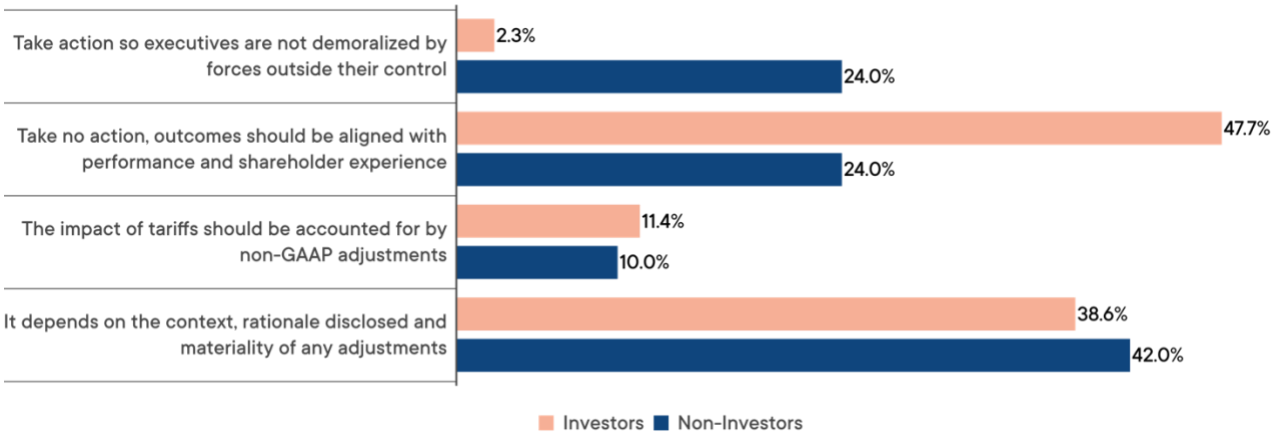
Several respondents expressed an expectation that boards account for tariffs in their planning, rather than waiting until after the fact:

"For long-term awards granted in 2025, companies should proactively address the risk of windfall gains. For example, a temporary drop in share price at the time of grant could inflate the number of instruments awarded under equity-based plans, potentially leading to disproportionate outcomes. We expect companies to mitigate this risk through appropriate safeguards and disclosures." (European asset manager)

Among investors who took a pragmatic approach, disclosure was a key factor:

"We would consider the rationale for adjustment, including the necessity and quantum of adjustment. It is also helpful to understand any retention concerns." (U.S. asset manager)

Where executive incentive outcomes reflect elements of a company's financial, operational or share price performance that have been materially impacted by trade tariffs, how do you typically expect the board to respond?



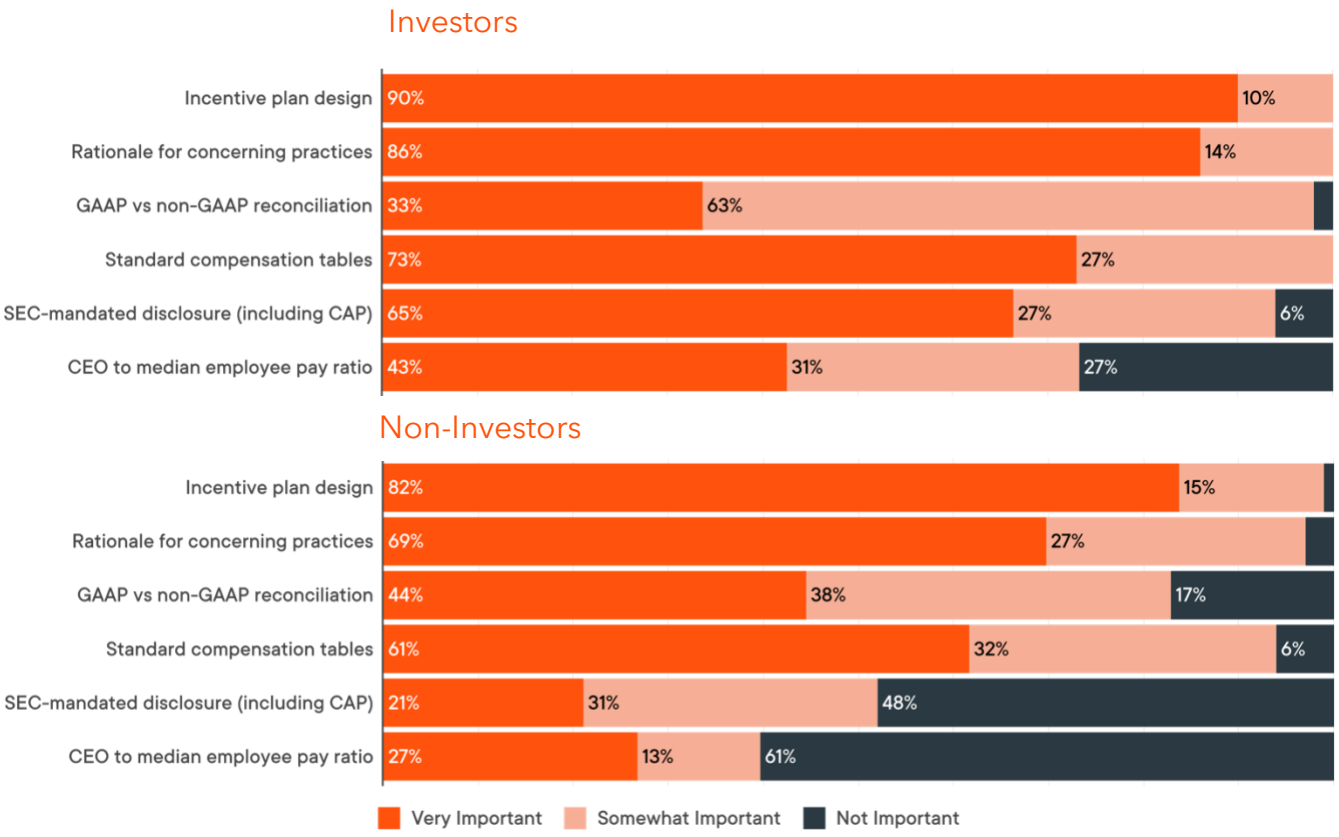
	Investors	Non-Investors
Total Responses	54	96
Total Comments	17	14

Compensation Disclosures (United States)

To prepare for the possibility of reduced disclosures from the SEC regarding executive compensation, we asked for feedback on what elements of reporting are considered important to communicating and assessing U.S. executive compensation programs.

While most views were roughly aligned, non-investors were more skeptical regarding the SEC's 'compensation actually paid' (CAP) figure, the CEO to median employee ratio, and GAAP vs non-GAAP reconciliation. There was also a geographic split among investors on the pay ratio, with 44% of U.S. respondents viewing it as not important, compared to just 8% among investors from other regions.

How importantly do you view each of the following compensation disclosures:



	Investors	Non-Investors
Total Responses	53	67
Total Comments	4	9

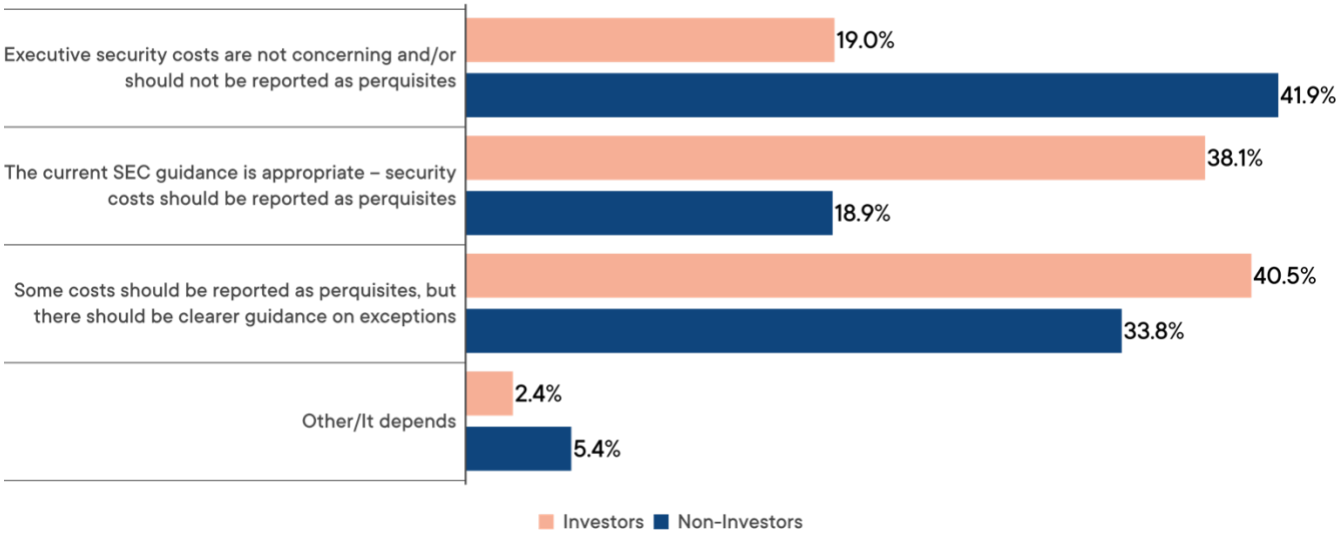
Reporting of Executive Security Costs (United States)

There was almost an inverse split between investors and non-investors on whether the current SEC guidance is appropriate (19% of investors, vs 41.9% of non-investors), or security costs should not be reported as perquisites (38.1% of investors, vs 18.9% of non-investors). However, a significant portion of both groups responded that while some security costs should continue to be reported as perquisites, guidance on exceptions should be clarified. Several comments echoed the view of a Canadian stakeholder:

"There is a difference between every day security for general purposes and security in relation to a credible threat."

Notably, non-U.S. investors were twice as likely to view security costs as 'not concerning' (26%, compared to 13% among U.S. investors).

What is your opinion of how executive security costs should be reported?

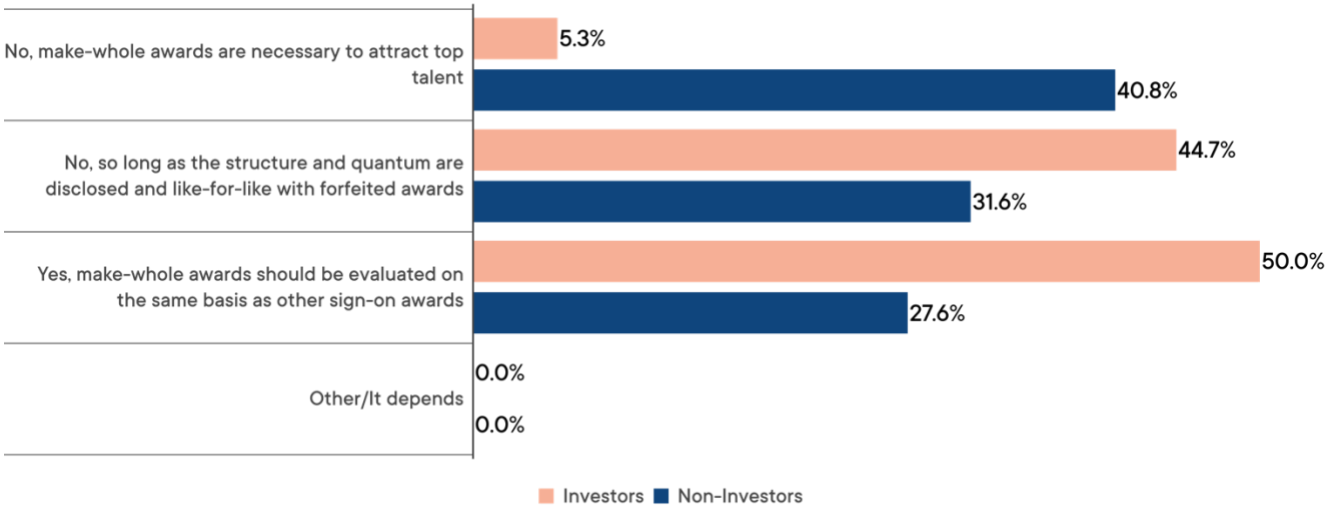


	Investors	Non-Investors
Total Responses	51	67
Total Comments	7	12

Make Whole Awards (North America)

Non-investors were far more likely to view make whole awards as fundamentally different from other sign-on awards. Investors were split; while the top answer was to treat make whole grants on the same basis as other sign on awards, nearly as many were willing to view them differently so long as the grants are fully disclosed and clearly equivalent to what was forfeited.

Should the quantum of make-whole awards be evaluated on the same basis as other sign-on awards?



	Investors	Non-Investors
Total Responses	51	71
Total Comments	8	6

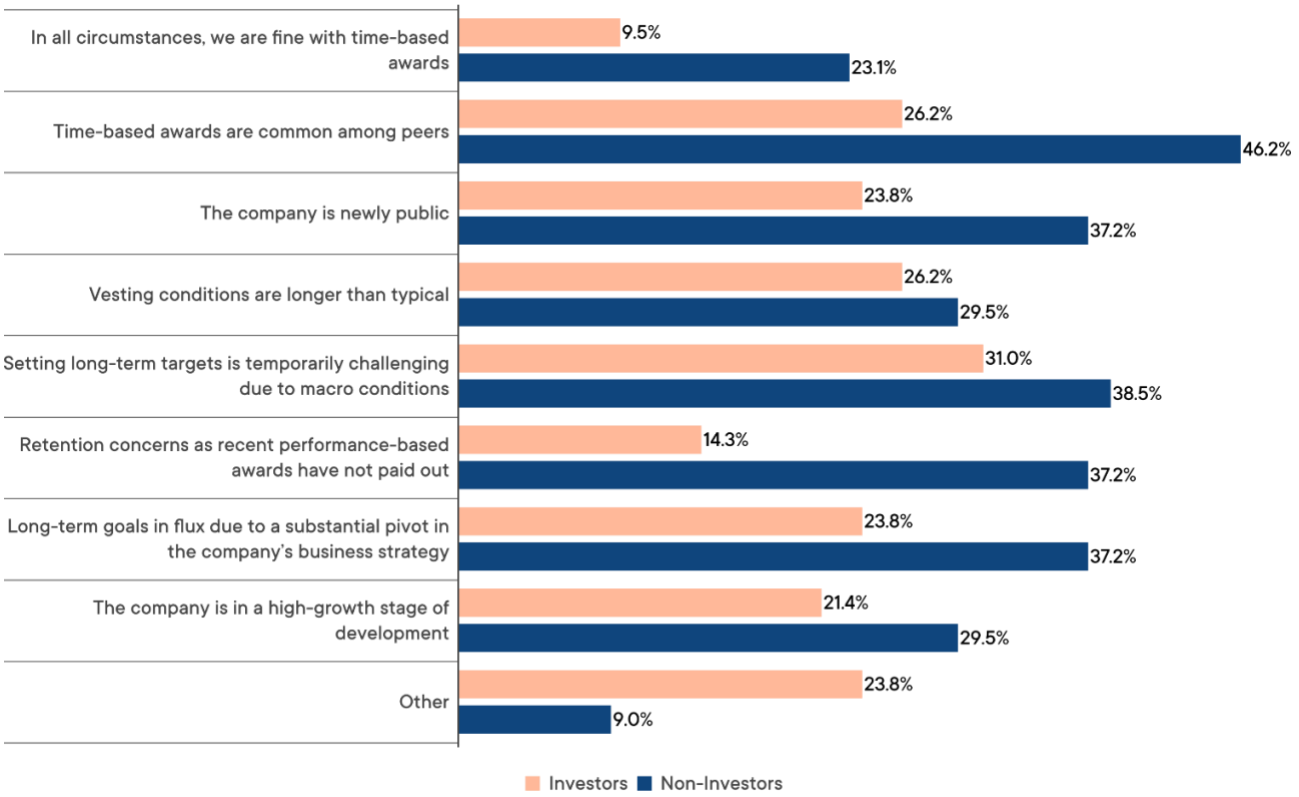
Time-Based Awards (North America)

Perhaps unsurprisingly, non-investors were more likely to view the sole use of time-based awards (not subject to performance conditions) as reasonable in every situation we proposed. Investors were most open to the practice when target-setting is impacted by macro conditions, when the vesting period is extended, and when such awards are common among peers. A European asset manager commented that:

"Time-based equity compensation is particularly appropriate for the biotech sector when companies are not yet commercially viable. The share price in such situation remains the best metric to measure the executives performance at the only condition that exercise price cannot be at a discounted price and should be at market price at the time of the exercise. Consequently, incentivizing executives to have remuneration that will vest after a sufficiently long time could incentivize them and be comparable to performance shares. This is the only sector where it is applicable"

Compensation committees may wish to note that investors were relatively unsympathetic to the use of time-based awards to address retention concerns caused by a lack of payouts from recent performance-based incentives.

In what specific circumstances would you consider use of only time-based awards under a long-term incentive plan reasonable?



	Investors	Non-Investors
Total Responses	48	72
Total Comments	14	10

Equity Plan Considerations (North America)

When we asked respondents to rank the importance of different equity plan considerations, there was a notable level of alignment between investors and non-investors.

In the rankings, and in the comments, both groups strongly emphasized qualitative terms and a best practice plan structure, including the absence of repricing and evergreen provisions, above any specific metric. Indeed, a Canadian asset owner that listed out all the reasons they would vote against a stock option plan included nine qualitative considerations, and only two quantitative. Several investors also emphasized plan oversight, including the independence of relevant directors. Among the quantitative factors, both groups considered dilutive impact the most important.

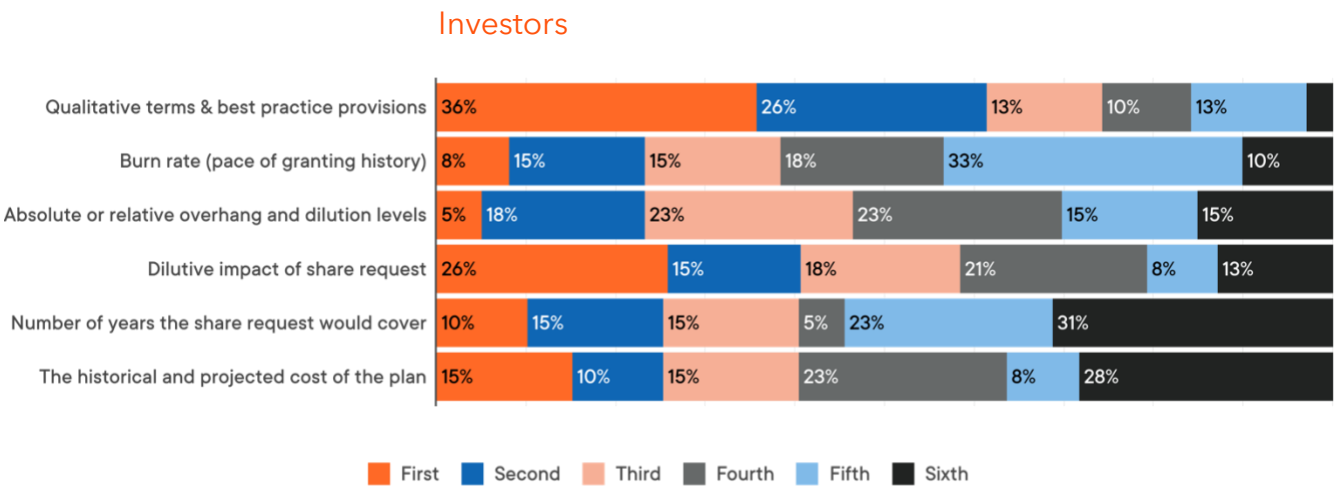
The topic elicited a wide range of views, with many respondents emphasizing the need for a case-by-case approach, and for any analysis to be conducted in the context of peer practices. Some other notable comments:

"Size of the share request and plan cost shouldn't factor into the analysis. If companies are unable to make larger share requests, then they'll make more frequent, smaller requests, which ultimately increase costs of plan administration and negatively impact shareholders. Similarly, cost of the plan shouldn't be factored in because companies who are unable to successfully administer an equity plan will use cash incentive plans instead, which have their own costs and generally less retentive effect and ownership mentality." (U.S. public company)

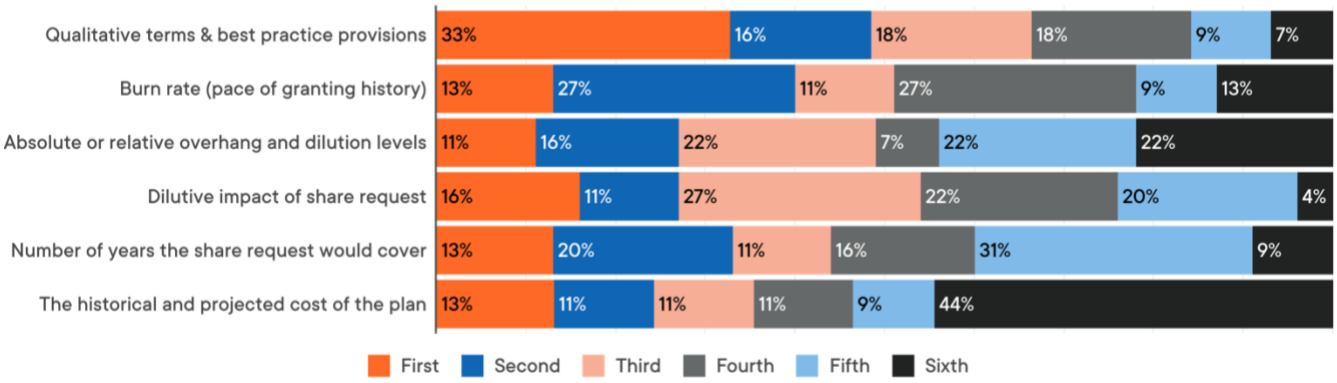
"You shouldn't punish current and future employees due to past grant practices, so overhang should not be given much weight. (U.S. public company)

"Many burn rate calculations fail to take into account prudent dilution management undertaken by the company (e.g., stock buyback programs)." (U.S. public company)

Please rank the following in order of relative importance when evaluating equity compensation plans



Non-Investors



	Investors	Non-Investors
Total Responses	44	56
Total Comments	12	12

Ad Hoc Severance Adjustments (North America)

Compared to investors, non-investors were significantly more likely to view ad hoc severance adjustments as generally acceptable so long as quantum is not excessive. However, responses to other circumstances were roughly aligned. That said, some investors expressed skepticism:

"My guess is that most add-ons are done with unequal bargaining power." (U.S. public sector pension)

"Can signal concerns with succession planning - ex. the changes made to Karen Lynch's contract at CVS recently" (U.S. asset manager)

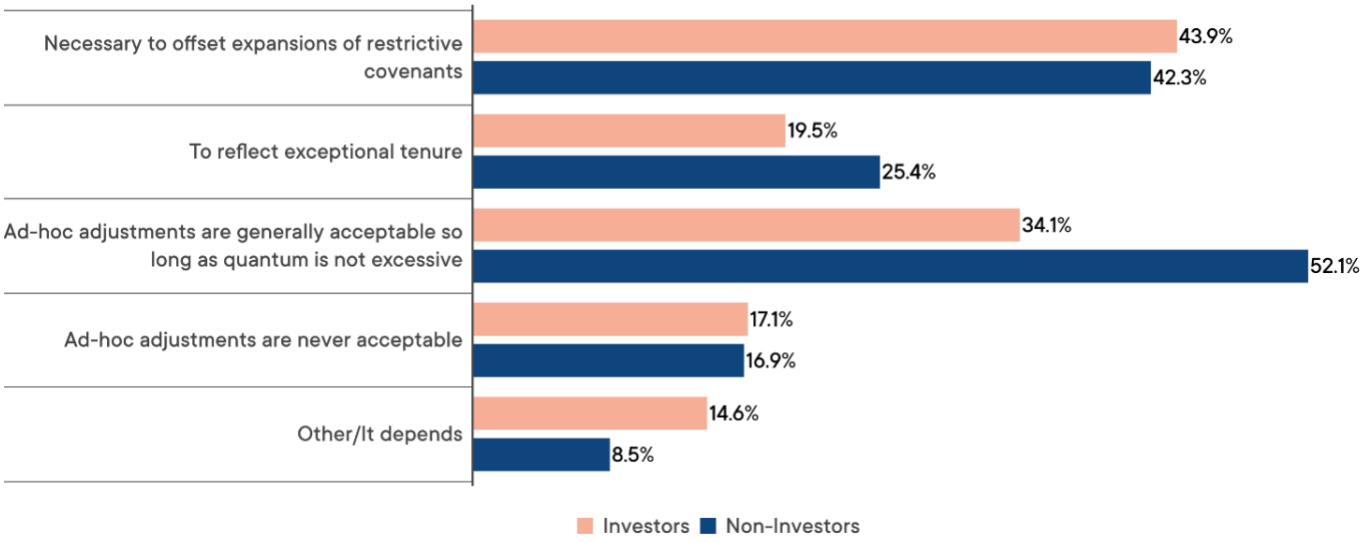
By contrast, non-investor commentors largely focused on the need for flexibility:

"Generally not acceptable, but we believe it is important to maintain Compensation Committee discretion for severance benefits." (U.S. public company)

"Ad-hoc adjustments may be appropriate and may arise for a number of reasons, so limiting the types of ad-hoc adjustments that are "acceptable" per se, meaning other adjustments are unacceptable per se, is inappropriate. If ad-hoc adjustments are made, the Compensation Committee should clearly explain why the adjustment was made." (U.S. public company)

Notably, U.S. investors were far more likely to view ad hoc adjustments as unacceptable (27%, compared to 5% among investors from other regions).

Select any of the following statements related to ad-hoc adjustments to contractual severance benefits that you generally agree with, if any:



	Investors	Non-Investors
Total Responses	48	64
Total Comments	10	8

Severance Reductions for Good Leavers (EMEA)

Investors were more likely to support reducing termination entitlements for "good leavers". Once again, there was a geographic split among this group; only 50% of U.S. based investors saw ongoing legal proceedings as a reason to reduce severance, compared to 82% of investors from other regions.

"In the absence of a compelling explanation, we do not think good leaver benefits should pay out in full in situations where shareholders have been left facing significant legal costs and / or facing serious performance concerns. … Also, why do so many pay plans exclude litigation costs from adjusted financial targets? Are these not real costs for which management and the board should be held accountable?" (UK asset manager)

"Nestlé is a perfect case example. Same with Boeing in the US." (European asset manager)

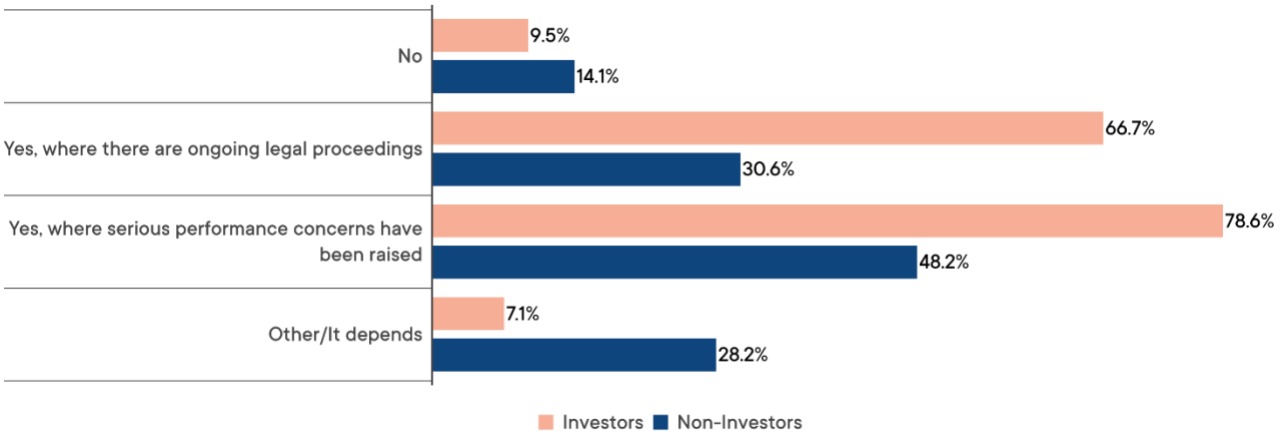
By contrast, several public companies raised concerns with the potential complications of such reductions:

"Top executives exits are very commonly the result of a tailored negotiation where the reputational harm of keeping legal proceedings open and public is larger than allowing for the executive to remain as a good leaver to help reach an amicable termination and close the matter as soon as possible." (European public company)

"The value of releases are too often overlooked. The cost of severance can pale in comparison to litigation costs; plus if there are legal proceedings you don't want a disgruntled former employee testifying on your behalf." (European public company)

While one U.S. public company highlighted that *"Companies may need to terminate employees with full severance before all of the facts regarding performance concerns or the results of any legal proceedings are known",* many commentors, including both investors and non-investors, emphasized the importance of clawback and malus provisions to provide flexibility.

Departing executives may be classified by companies as "good leavers" despite ongoing legal proceedings and/or serious performance concerns. In such cases, should termination entitlements be reduced?



	Investors	Non-Investors
Total Responses	48	79
Total Comments	10	24

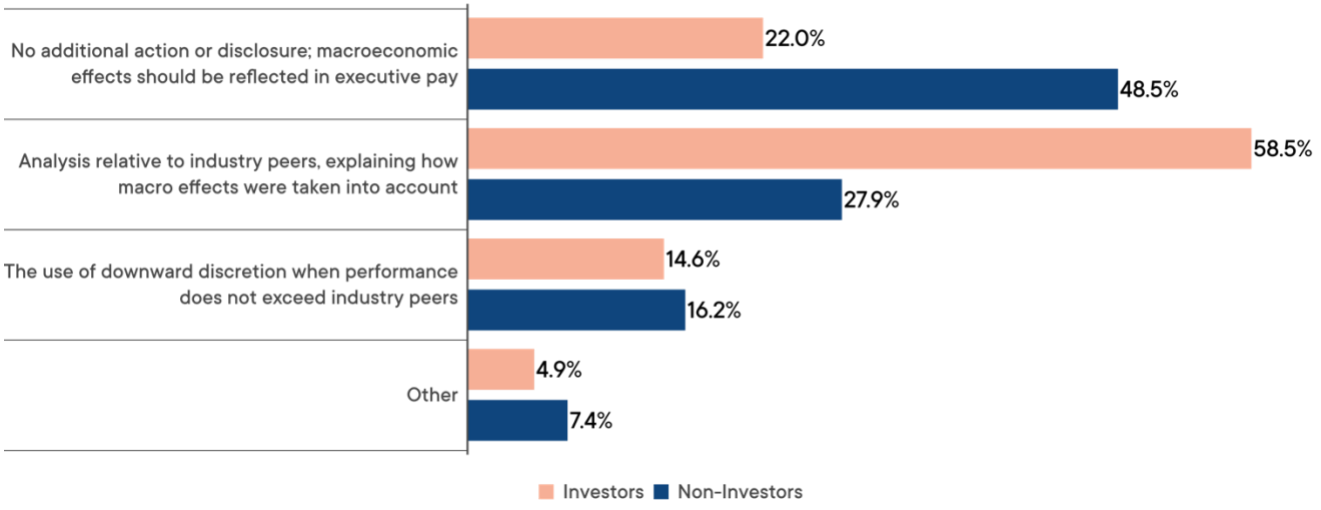
Defense Windfall (EMEA)

Recently, European companies in defense and aerospace sectors have experienced a systemic, market-wide spike in share price and financial results, which could have a significant impact on the ultimate value of incentive awards that have already been granted. We asked how companies that experience a windfall should address it.

While investors and non-investors appear to be in alignment on the (non-)use of downward discretion, significantly more investors (58.5%) than non-investors (27.9%) expect companies to provide disclosure addressing the macroeconomic impact. This expectation was particularly strong among non-U.S. investors, 75% of whom expect to see an analysis of pay-for-performance relative to industry peers, compared to just 43% of U.S.-based investors.

Several commentors suggested that if the situation arose, it could be an indicator of an overly narrow incentive structure, pointing out that using a mix of incentive metrics would likely limit the impact of macroeconomic factors.

What will you expect to see in their remuneration reports for FY2025?



	Investors	Non-Investors
Total Responses	47	64
Total Comments	9	7

Safeguards on Non-Financial Payouts (EMEA)

Views regarding the use of safeguards on non-financial payouts were roughly aligned. Based on their comments, several investors appear to be more concerned with overall approach, transparency, and materiality of metrics, rather than complex structural tinkering:

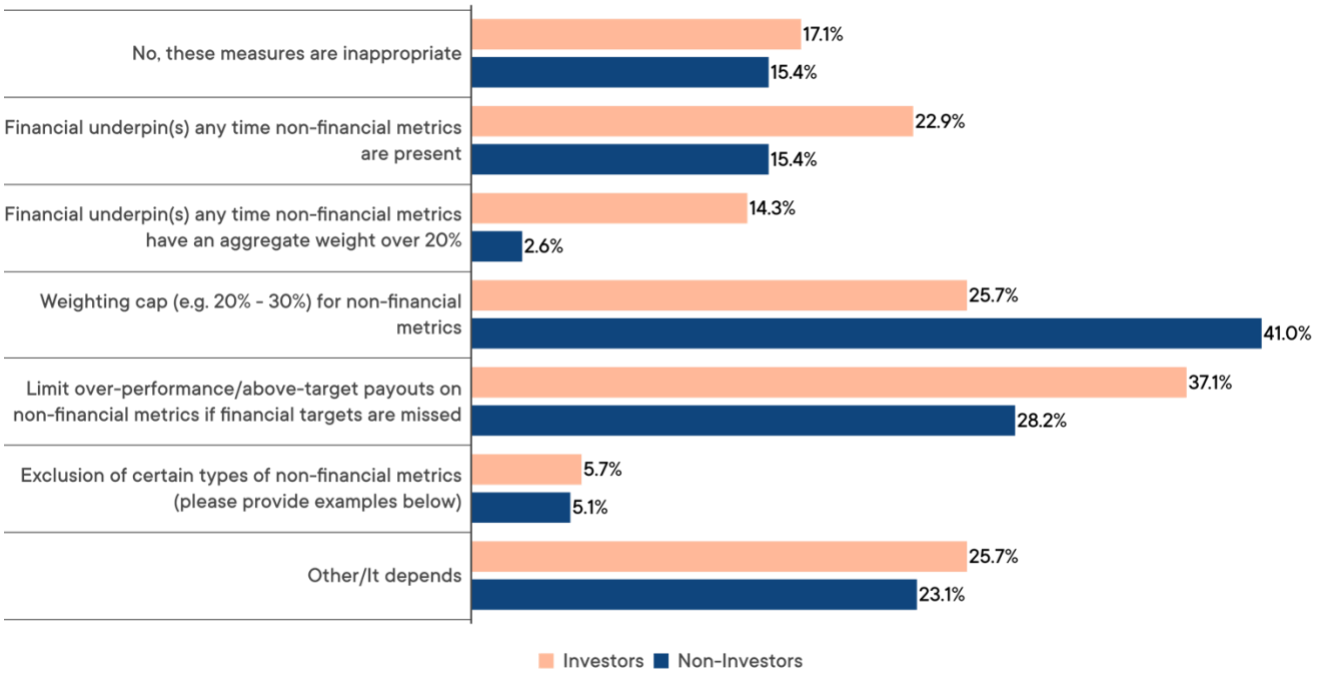
"disclosure and quantifiable assessment is key here as well as any explanations helping to understand the link between the pay level and performance on those KPI" (European asset manager)

"Boards should be willing to use their discretion to reduce payouts across all metrics in situations where financial performance has been unacceptably poor. They should also avoid non-financial metrics which are opaque / subjective in favour of tangible, measurable metrics which are disclosed in advance." (UK asset manager)

"Exclude vaguely worded non-financial KPIs, such as "development of business strategy"" (UK asset manager)

"The main issue is the choice of metrics. Proxy advisors should be able to do a materiality assessment of the chosen metrics" (European asset manager)"

Do you believe any of the following measures are appropriate to limit/prevent payouts based on non-financial performance when financial performance is poor?



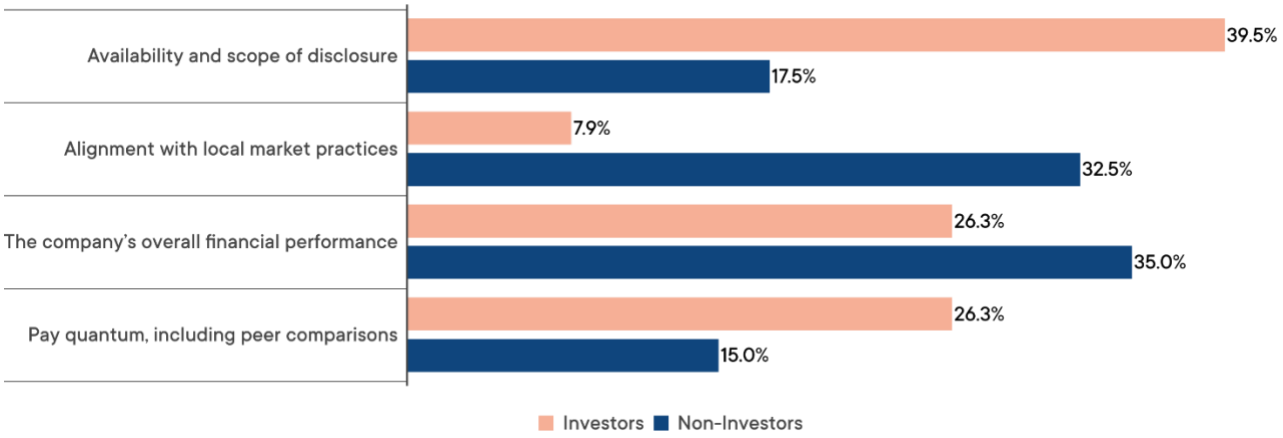
	Investors	Non-Investors
Total Responses	36	38
Total Comments	14	15

Incentive Plans with Poor Disclosure (Emerging Markets; Investor-Focused)

Outside of developed markets, disclosures around stock-based compensation plans remain limited—often lacking detail on share volume, recipients, the performance metrics employed, or (where metrics are disclosed) the relevance of those metrics.

When we asked respondents how they assessed these plans, investors were most likely to emphasize the availability and scope of disclosure. Notably, alignment with local market practice was the least popular answer among investors. This may reflect a general theme that was expressed throughout the survey, that investors — and other stakeholders — should be focused on promoting governance best practices.

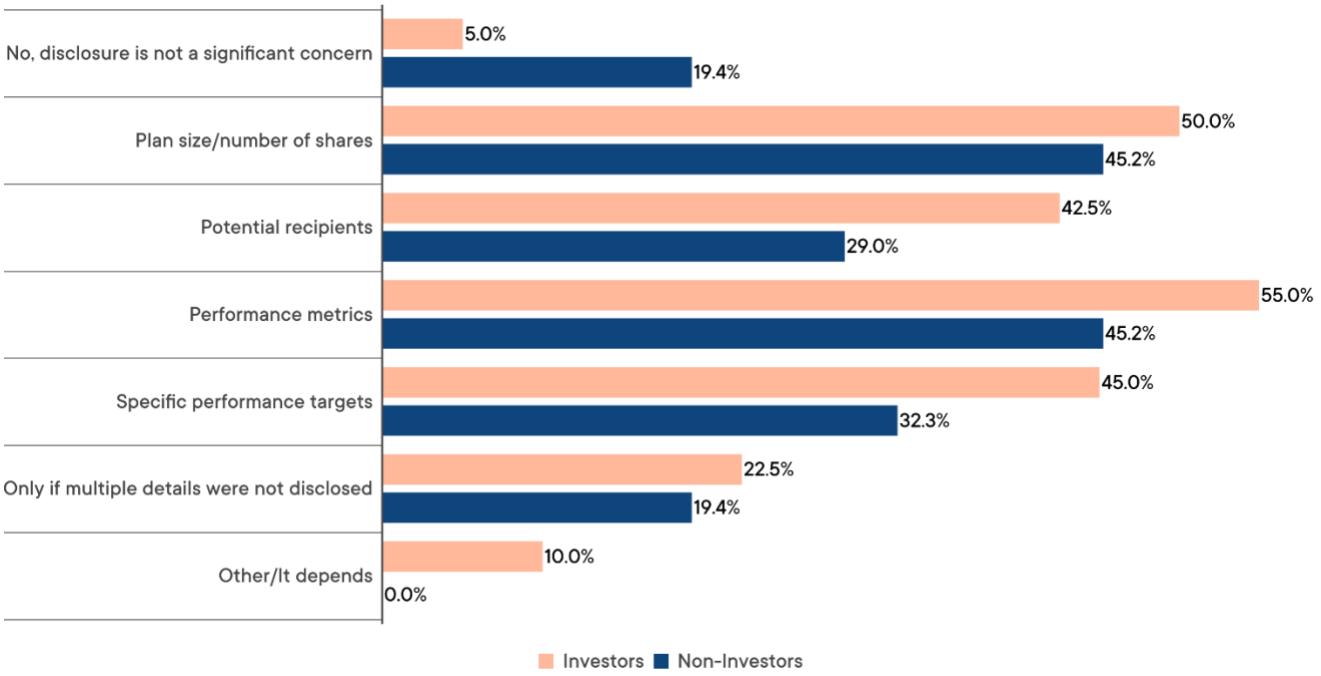
In markets where plan details, including performance targets and metrics, are not fully disclosed, which factor do you believe is most important when evaluating equity plans for executive directors?



	Investors	Non-Investors
Total Responses	44	39
Total Comments	6	4

When we followed up to ask which areas of non-disclosure might prompt an against vote, a significant proportion of investors expressed a willingness to take action based solely on non-disclosure of any one of several plan details.

Would you consider voting against a stock-based compensation proposal if any of the following plan details were not disclosed?



	Investors	Non-Investors
Total Responses	43	28
Total Comments	12	4

ESG Issues

Response to Anti-ESG Sentiment

When we asked about the impact of anti-ESG sentiment and the rapidly developing regulatory landscape, the overwhelming majority of both investors and non-investors (including 100% of non-U.S. investor respondents) responded that they had not changed their approach. That said, several asset managers clarified that they were making adjustments to how that approach was applied in different markets:

"Maintaining ESG initiatives but focusing on non-US companies, for more productive engagement, and implementing carve-outs in our stewardship policy for US clients given legal risks." (European asset manager)

In addition, a common sentiment among both investors and public companies was that although their underlying approach remains unchanged, they had adjusted how these initiatives were being disclosed.

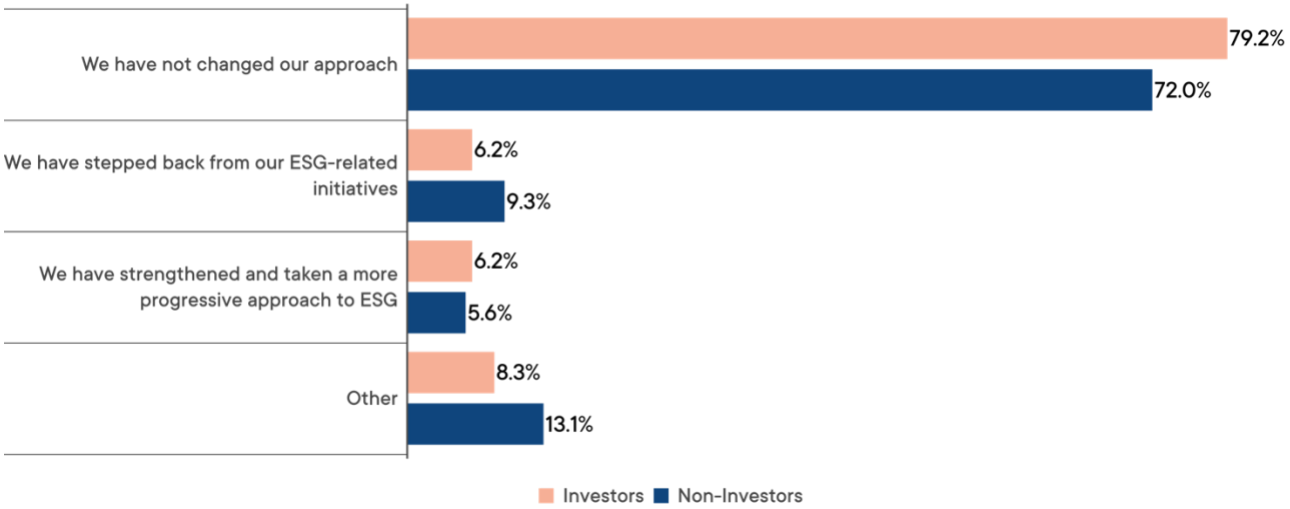
"We have shifted to avoid problematic language like DEI and homed in on the financial connectivity of ESG topics, but they are still considered and engaged upon extensively. (U.S. asset manager)

"We have not changed our approach, we have changed the reporting approach in the U.S." (European public company)

"We have not changed the substance of our initiatives but have scaled back how we describe those initiatives publicly." (U.S. public company)

"We have modified language to be market [specific], but retained our perspective and approach." (U.S. public company)

How is your firm responding to the growing anti-ESG sentiment in the U.S.?



	Investors	Non-Investors
Total Responses	55	102
Total Comments	8	24

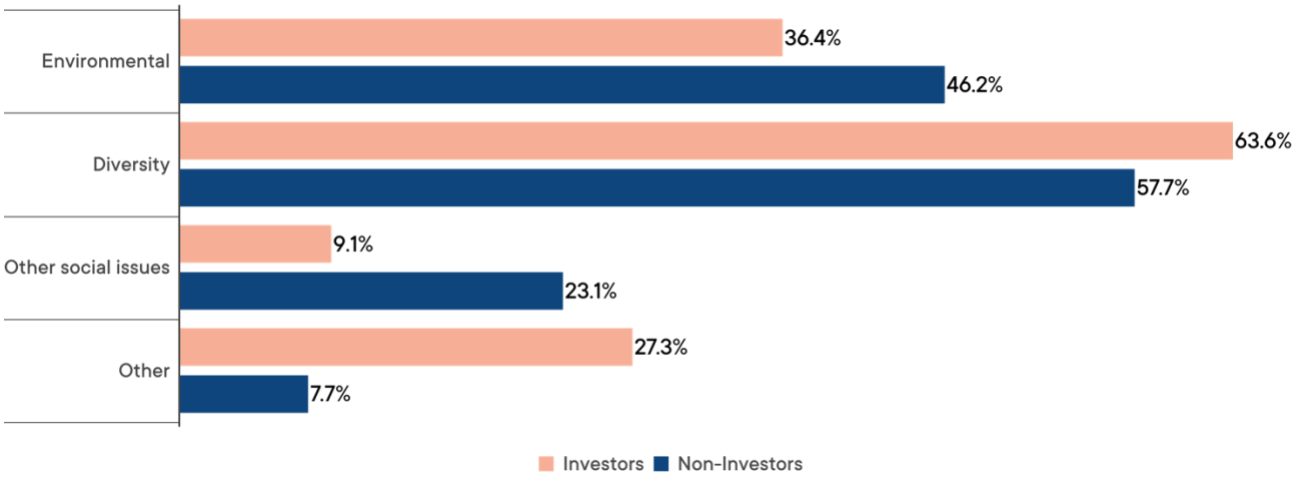
With most participants not changing their approach, there was a limited number of responses to our follow-up question asking which issues were being reconsidered. Within that small sample size, diversity was the most common response among both investors and non-investors.

Most comments echoed the sentiments expressed on the prior question:

"We take a more nuanced approach for DEI and take into account the context of the country in which the company is based." (U.S. asset manager)

"We have stepped back on some of our board diversity goals in light of the current administration's targeting of companies/schools with more explicit diversity disclosure/goals". (U.S. public company)

Which issues have you reconsidered your approach on, if any?



	Investors	Non-Investors
Total Responses	14	27
Total Comments	10	15

Company-Wide Workforce Diversity

With regard to workforce diversity disclosures for U.S. companies, whereas a majority of non-investors were satisfied with minimum 10-K requirements (and one U.S. stakeholder considered even this unnecessary), less than a quarter of investors agreed. In particular, investors expressed a desire for EEO-1 reporting and narrative disclosure regarding diversity considerations. In addition to the categories included in the question, several investor respondents called for *"Employee retention, promotion and attrition by demographic group." (U.S. public sector pension).*

Most investor comments acknowledged the current environment, while also highlighting the value of disclosure:

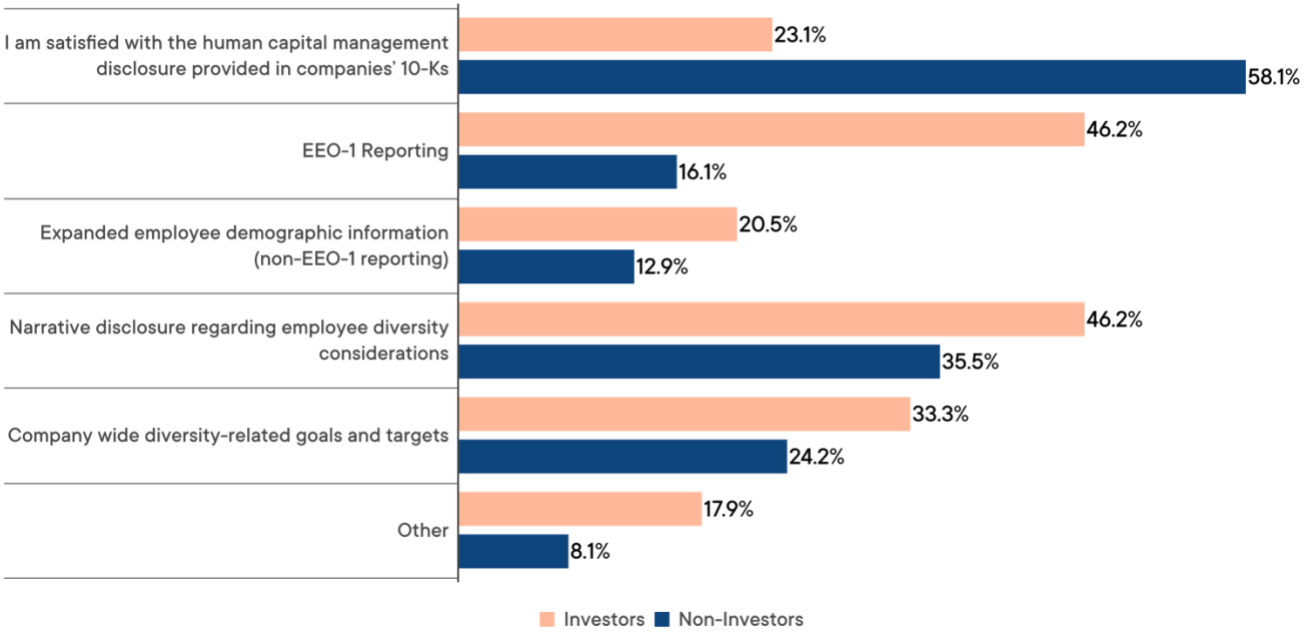
"Likely no goals/ targets given the current market environment but we still value and consider the data, including representation, engagement (ex. employee sentiment scores), and mobility metrics (ex. turnover)." (U.S. asset manager

"We expect companies to provide the above disclosure. We do take into consideration that companies fear legal impacts from diversity disclosures." (Canadian public sector pension)

"I expect diversity disclosures to drop significantly and even Form 10-K disclosures will be toned down." (U.S. public company)

Most non-investor comments focused on the importance of taking a case-by-case approach.

What disclosures and policies do you expect U.S. companies to provide concerning company-wide diversity-related issues?



	Investors	Non-Investors
Total Responses	44	57
Total Comments	10	10

ESG Approach Across Markets (Investor-Focused)

A majority of investors generally take the same approach to ESG across all markets, with limited deviations based on local market norms and regulations. Notably, U.S. based investors were more likely to take the same approach regardless of local practice (37%, compared to 15% among investors from other regions).

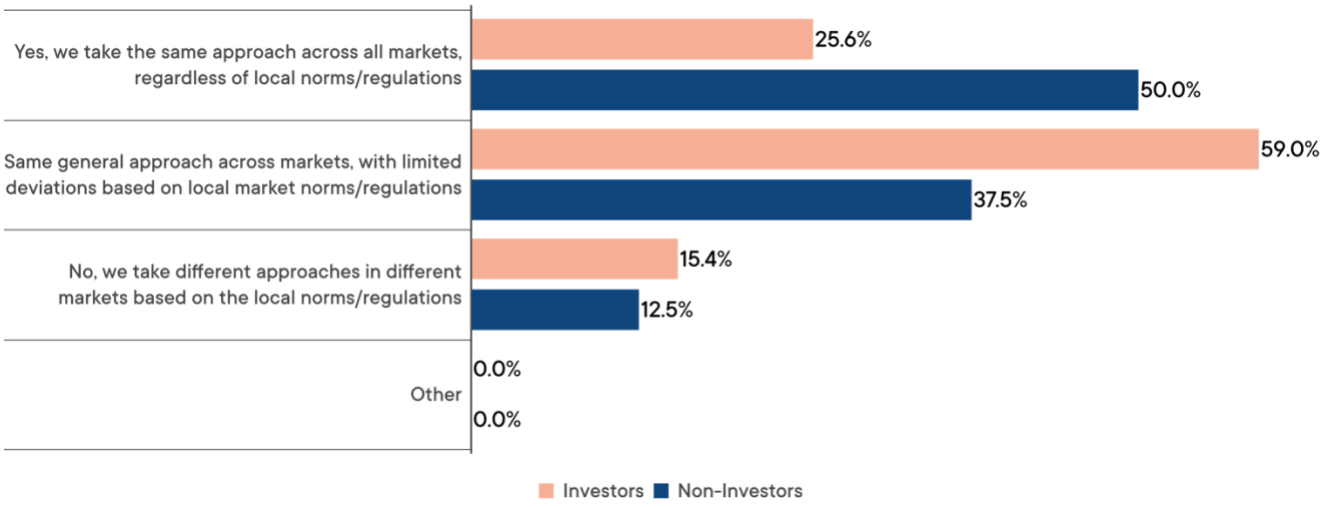
This emphasis on a unified approach was espoused by a variety of institutions:

"We expect the same end goals for EM and DM companies and issuers and expect that they have credible plans to transition their business, but we may adjust timelines and interim expectations for EMs. This is to acknowledge constraints in these markets because of policy stability, infrastructure and cost of capital." (European asset manager)

"We take the same approach with all companies, regardless of their local norms, because proxy voting should represent our interests and values, not those of the regions in which our clients are invested. Our commitment to exclusive duty to shareholders is not conditional on, for example, European norms and ideology. If they'd like our capital, then they need to listen to what we think." (U.S. stakeholder)

Even among respondents who take different approaches in different markets, there was a mix. Whereas some make adjustments in order to address local-market practices that may impact shareholder rights (e.g., Japanese cross-shareholdings), others appear to be more focused on the external landscape, with one U.S. asset manager noting that they are "*[s]ignificantly more cautious in the US market compared to others.*"

Setting sectoral/operational differences aside -- are you taking the same approach to voting and engaging with companies on ESG issues across all markets?



	Investors	Non-Investors
Total Responses	49	28
Total Comments	10	6

Biodiversity (Investor-Focused)

When we asked how participants about their approach to biodiversity, the most popular response among both investors and non-investors was that they do not, and do not plan to, incorporate it. This is consistent with the response we received when we asked the same question in our 2023 Policy Survey. However, whereas in 2023 only 5.6% of investors and 3.8% of non-investors responded that biodiversity-related issues were routinely considered, two years on this had grown to 25% of investors and 11.5% of non-investors. The proportion of respondents who are either in the initial phases of incorporating biodiversity, or seeking to do so in the next two years, remained roughly stable.

There was a notable geographic split among investors. In particular, U.S.-based investors appear to have already made their decision on this topic – while significantly more U.S investors do not plan to incorporate biodiversity (65%, compared to 35% among investors from other regions), they were also more likely to already routinely incorporate it (31%, compared to 21% among investors from other regions). No U.S. investors replied that they were in the early stages of incorporating biodiversity, and only 8% expressed an interest in doing so in the future, compared to 37% for both categories among investors from other regions.

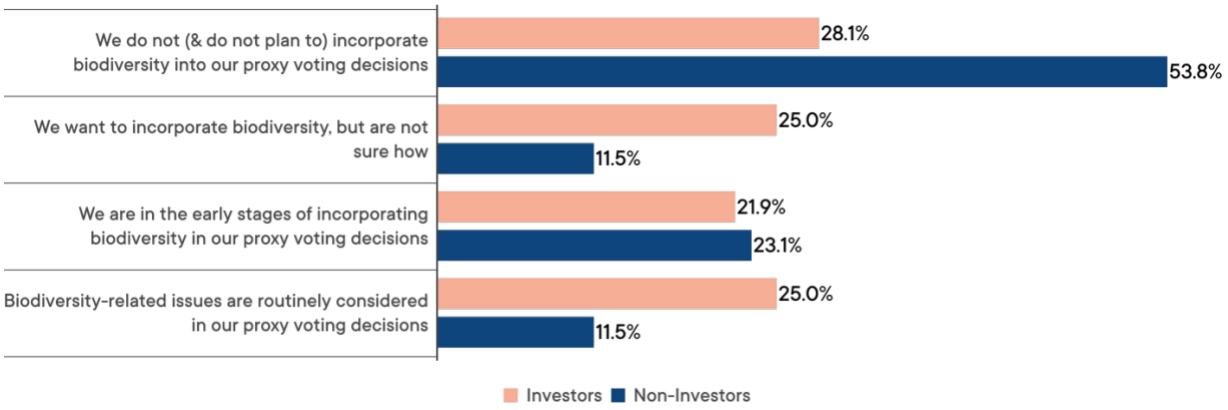
A lack of standardized, quantifiable data was raised by both investors and non-investors:

"While we consider various biodiversity-related issues like deforestation, water and pollutants, we do not address biodiversity by name. We found it challenging to systematically incorporate biodiversity in proxy voting analyses due to lack of reliable and consistent data." (U.S. public sector pension)

"We consider biodiversity-related issues, but due to a lack of 1) data and 2) corporate biodiversity literacy, especially for companies where this is a newly material area, it isn't easy to underwrite compared to climate, water, and energy-related factors." (U.S. asset manager)

"Biodiversity is too complex to quantify into a number, i.e., unlike greenhouse gas emissions in metric tons or safety performance in TRIR. Standardizing on a unit(s) of measurement is needed to better understand biodiversity impacts." (U.S. public company)

How are you considering issues related to biodiversity?



	Investors	Non-Investors
Total Responses	49	28
Total Comments	12	7

Say on Climate (Investor-Focused)

There was a significant geographic divide in how investors rated the importance of various factors in relation to voting on climate transition plans, or 'Say on Climate'. Across the board, U.S. investors were less likely to view any of the listed categories as a Strong or Moderate factor (58% on average) compared to investors from other regions (87% on average). This is perhaps unsurprising, given that over the past two years Say on Climate votes have largely been focused on the European market, and to a lesser extent Australia.

U.S. and non-U.S. investors were closest on shareholder engagement on climate issues, which may reflect a preference among North American investors to address climate related issues via engagement rather than Say on Climate votes. Indeed, concerns regarding the Say on Climate format were expressed by a range of North American respondents, including investors who put emphasis on climate issues:

"We generally vote against say on climate proposals, as vote result is difficult to interpret and less decision-useful than other avenues available (such as engagement)" (U.S. asset manager)

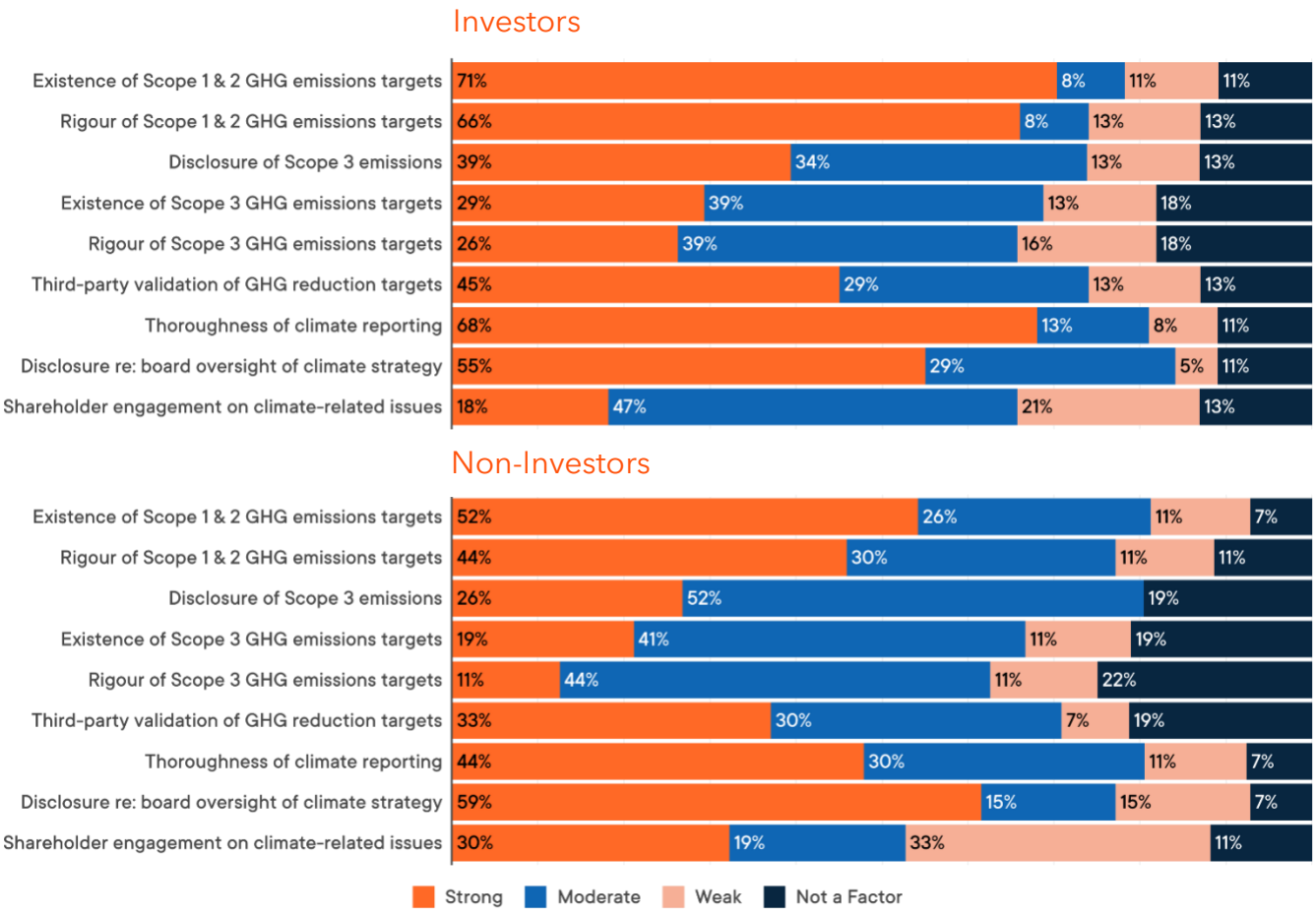
"[We do] not support reducing the complex exercise of evaluating transition plans to a simple advisory vote, therefore we abstain on these and direct our votes to the appropriate directors." (Canadian asset owner)

"We do not vote on say on climate votes as we do not believe this is the best way for shareholders to communicate their views to companies. We prefer direct engagement." (Canadian public sector pension)

*"Say-on-climate proposals are essential, but it is key to understand what the shareholder is proposing, if it's feasible and material, and if the investor has any idea what they are doing. Good intentions pave the road to hell, and frankly, most Say-on-Climate proposals are developed by ideological dumb****s who have climate expertise. It is also critical for shareholders to show evidence of their engagement with companies (i.e. is it feasible and material), which many don't." (U.S. asset manager)*

"Say on Climate is a risky idea - the topic is far too complex for a binary yes/no vote." (U.S. public company)

When voting on a company's climate transition plan (Say on Climate), please rate the importance of the following factors:



	Investors	Non-Investors
Total Responses	43	22
Total Comments	15	8

Shareholder Rights

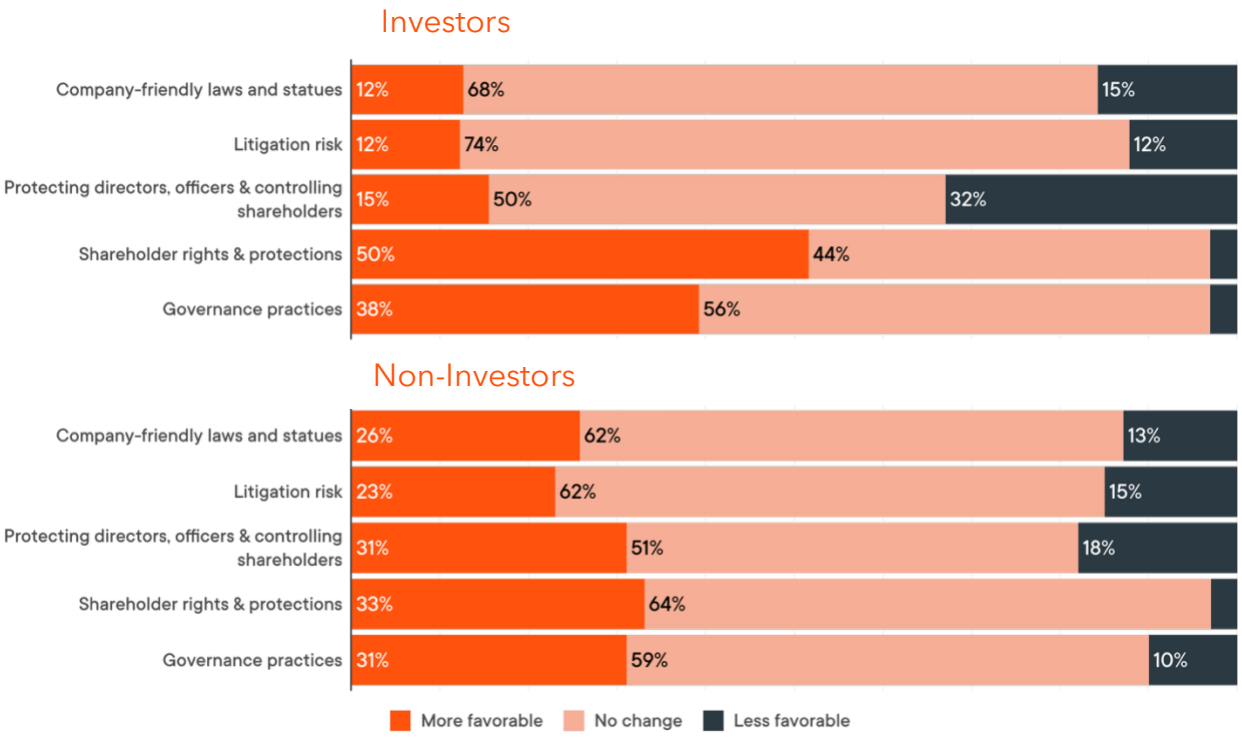
Reincorporation (United States)

Half of investors reported that they are putting more emphasis on shareholder rights and protections, compared to just one-third of non-investors. Conversely, compared to investors, non-investors were over twice as likely to have become more favorable to company-friendly laws and statutes, litigation risk, and protecting directors, officers and controlling shareholders.

"We continue to think decisions should be made on a case-by-case basis. Where the company is requesting to move to a state with lesser protections/rights, shareholders should consider the company's track record [on] corporate governance, shareholder engagement and accountability. Shareholders should also assess the probability of needing to utilise shareholder protections/rights as an accountability mechanism, and the likelihood of the reduction/removal of these impacting future shareholder value." (UK asset manager)

"We've generally been supportive of reincorporations to places which are generally more business friendly. However, we are concerned that states might confuse management friendly policies with business friendly policies. Two areas of specific concern are board member exculpation policies in Delaware which appear to weaken fiduciary obligation. In addition, we are concerned about shareholder ballot access rules which go beyond quality control to raising the bar in such a way as to make it impossible for investors to place proposals on ballots, even in cases where the investors are properly aligned and have significant holdings." (U.S. stakeholder)

In light of recent developments, have you changed your approach to any of these considerations when evaluating reincorporations?



	Investors	Non-Investors
Total Responses	40	33
Total Comments	7	6

Multi-Class Vote Disclosure

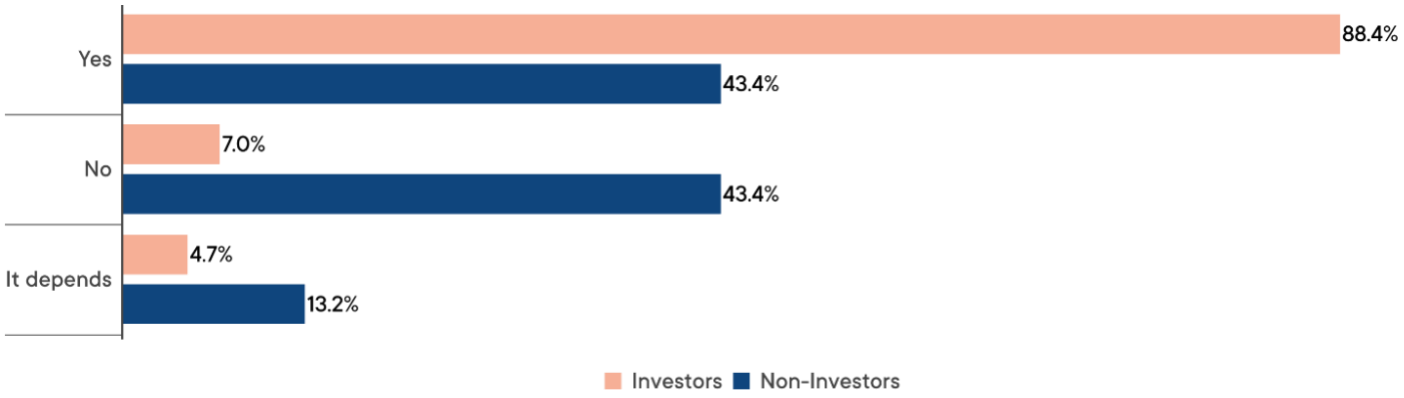
Investors overwhelmingly expect companies with multi-class share structures to disclose their vote results on a "one-to-one" basis, whereas non-investors were evenly split, and more likely to view the issue contextually.

"It would be ideal if they disclosed results in both ways, accounting for the multi-class share structure and removing it." (U.S. public sector pension)

"The voting results for each class of shares should be disclosed, at least when adopting relevant resolutions and/or when the holder of the majority of voting rights has a conflict of interest." (European public company)

"Any reporting system which erases the distinction between a shareholder with billions invested and a shareholder with hundreds of dollars invested would create misleading data aggregations. Shareholder suffrage is not a matter of one-person one-vote, it is a matter of one-share one-vote, as it should be." (U.S. stakeholder)

Should companies with multi-class share structures be expected to disclose vote results on a "one to one" basis? (e.g., removing the impact of shares with higher voting rights)



	Investors	Non-Investors
Total Responses	50	48
Total Comments	7	10

Virtual Meetings Based on Security Concerns

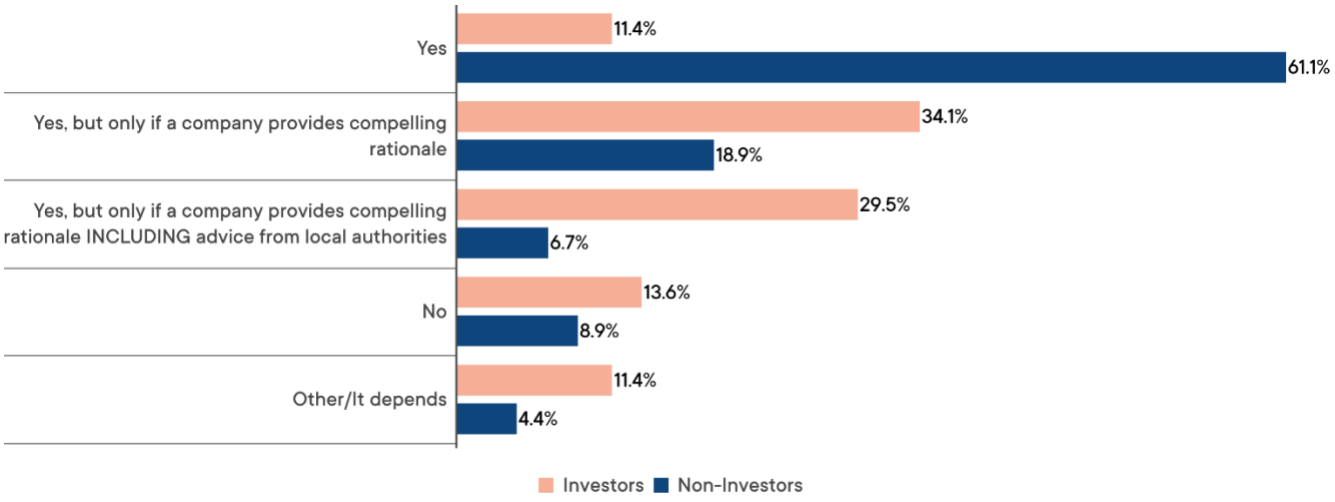
While outright rejection of using security concerns as a basis for holding a virtual-only meeting was limited amongst all categories of respondent, investors were far more likely to look for a compelling rationale and/or advice from local authorities. Notably, zero non-U.S. investors responded "Yes" without qualification, compared to 23% of U.S.-based investors.

"[I]t depends on what "security" means. Generally not in favor and any exceptions shall be duly explained with compelling rationale and shall be limited in time (max. 1-2 years)" (European asset manager)

"The AGM is not a place for troublemakers and noisy interruptions. We as a public company had several issues at our general meetings with these and had to increase security measures heavily." (European public company)

"Important to ensure that virtual only meetings allow proper shareholder participation. The cost of these platforms to enable virtual voting is huge (for what you get) and a barrier for smaller companies. In my opinion, the entire voting system needs an overhaul as it is needlessly complex - all of these governance concerns are meaningless given it takes a dozen steps and phone calls for a retail investor to be able to figure out HOW to actually vote." (Canadian public company)

Do you generally believe that safety and security concerns are a valid reason for holding a virtual-only meeting?

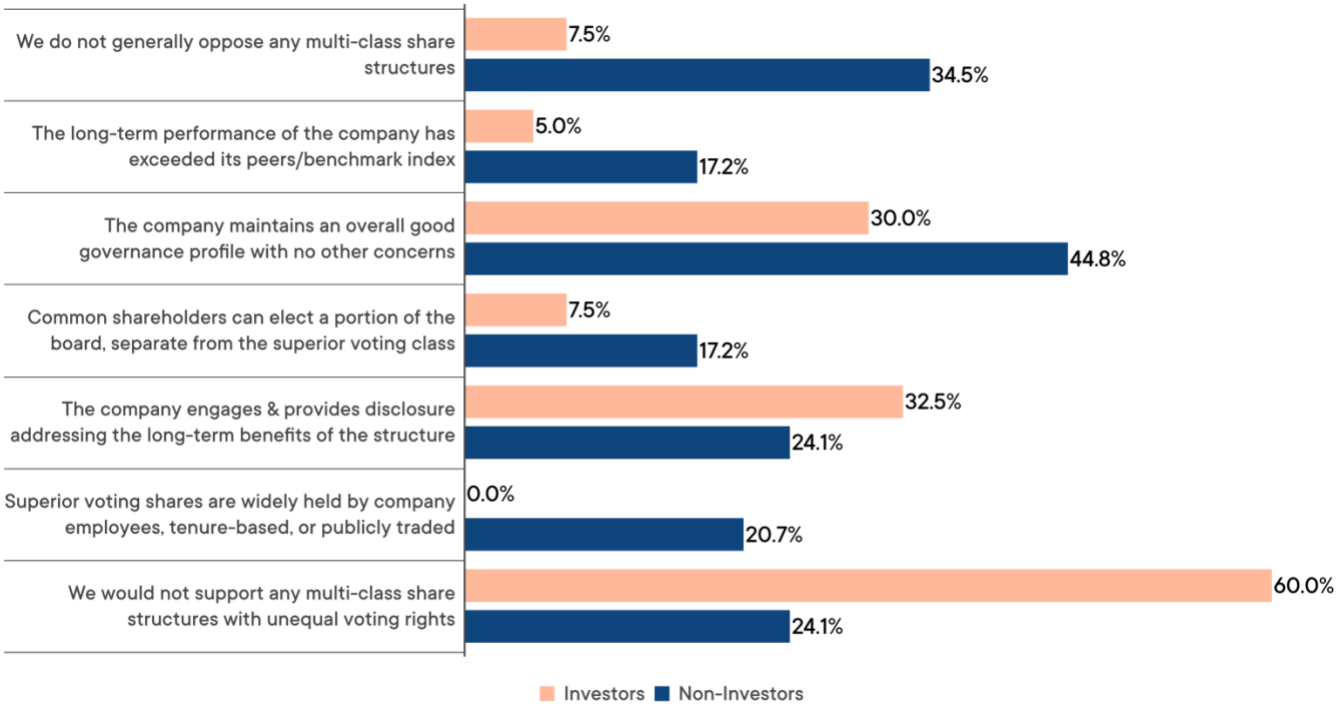


	Investors	Non-Investors
Total Responses	51	85
Total Comments	11	8

Multi-Class Share Structure (Investor-Focused)

Similar to our question on multi-class vote disclosure, investors were far more likely to oppose multi-class share structures regardless of the circumstances. Among investors who were open to the structure, good governance practices and a track record of engagement and transparency were much more likely to attract support compared to company performance, distribution of superior voting shares, or a mechanism allowing common shareholders to elect a portion of the board. Notably, U.S. investors were more likely to reject any multi-class share structure (72%, compared to 50% among non-U.S. investors).

If your firm generally considers multi-class share structures with unequal voting rights not to be in the best interests of all shareholders, in which of the following circumstances would you be likely support such a structure?



	Investors	Non-Investors
Total Responses	46	23
Total Comments	8	6

General Approach

Basing Governance Votes on Financial Performance

A significant majority of both investors and non-investors rejected the notion of basing voting decisions for director elections, bylaw amendments and other governance-centric proposals solely on financial factors. This includes all participating asset managers. U.S. investors were more likely to respond "Yes" (16%, compared to 5% for other regions), with all of these representing state public sector pensions.

In the comments, two participants who responded "Yes, in certain circumstances" appeared to qualify their positions, with a U.S. public sector pension noting that *"There can be non financial reasons to NOT vote for directors, auditors etc.",* and a U.S. public company stating that *"Exceptional financial performance and shareholder outcomes may inform flexibility on certain items, but also important to consider governance best practices".* One U.S. stakeholder specified that they *"support or oppose board election and executive compensation proposals based on financial performance*", and one U.S public company stated simply "*Case-by-case*". All other comments expressed support for the consideration of non-financial factors.

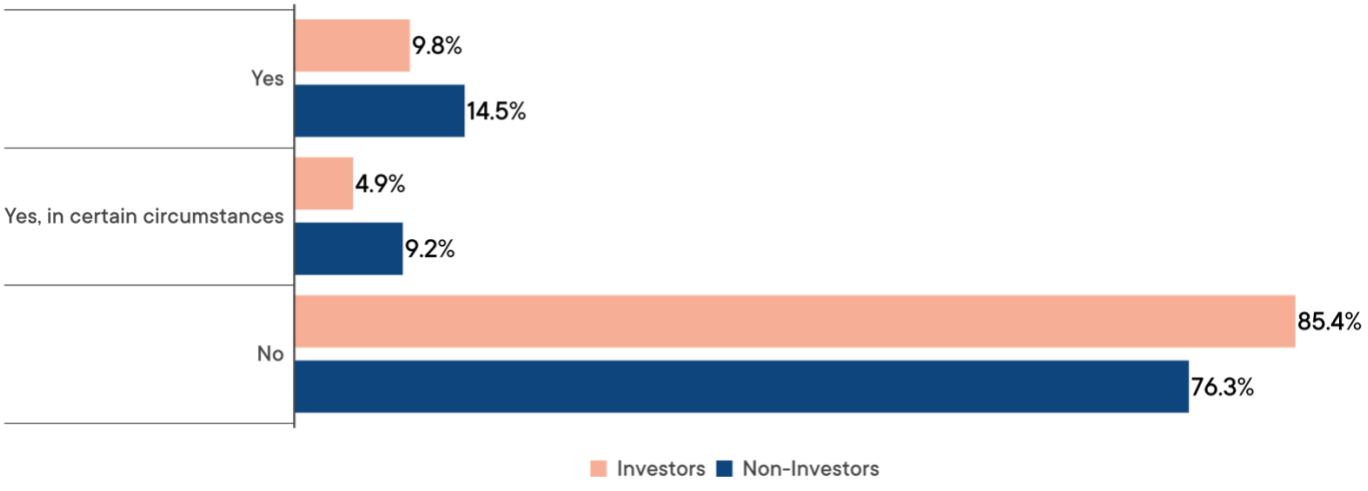
"Corporate governance best practices influence financial performance" (U.S. public sector pension)

"Agenda items must be reviewed in the overall context of what's best for a company's economic outlook. Recent financial under-performance may be caused by factors unrelated to director elections or bylaw amendments." (U.S. asset manager)

"Financial performance shouldn't be determinative for all votes. For instance, charter and bylaw amendments should be voted based on whether they're in the best interest of the company, not what its EBITDA was last year." (U.S. public company)

"Financial performance are historical numbers and backward looking. There should be other considerations to determine the health of the company to ensure [long term] sustainability." (European public company)

Does your firm (or, would you expect investors to) base voting decisions solely on financial factors for agenda items which many investors more typically analyze, and vote, based on alignment with corporate governance best practices?



	Investors	Non-Investors
Total Responses	49	70
Total Comments	14	14

We followed up to ask how financial performance was measured. Only one of the investors who answered "Yes" or "Yes in certain circumstances" on the prior question explained their approach, stating that they assess performance *"Compared to peers and overall market"* (U.S. public sector pension). Other factors listed by companies and stakeholders included balance sheet strength, cash flow, EBITDA, EPS, growth, IRR, operational efficiency, ROE, TSR and WACC.

Many responses focused on general approach rather than specific metrics – perhaps for commercial reasons. As one Canadian stakeholder put it, *"That's one of our secret sauces, so no answer."*

If financial performance is a component of these proxy voting decisions, how does your firm measure performance and/or use financial analysis?

	Investors	Non-Investors
Total Responses	12	16

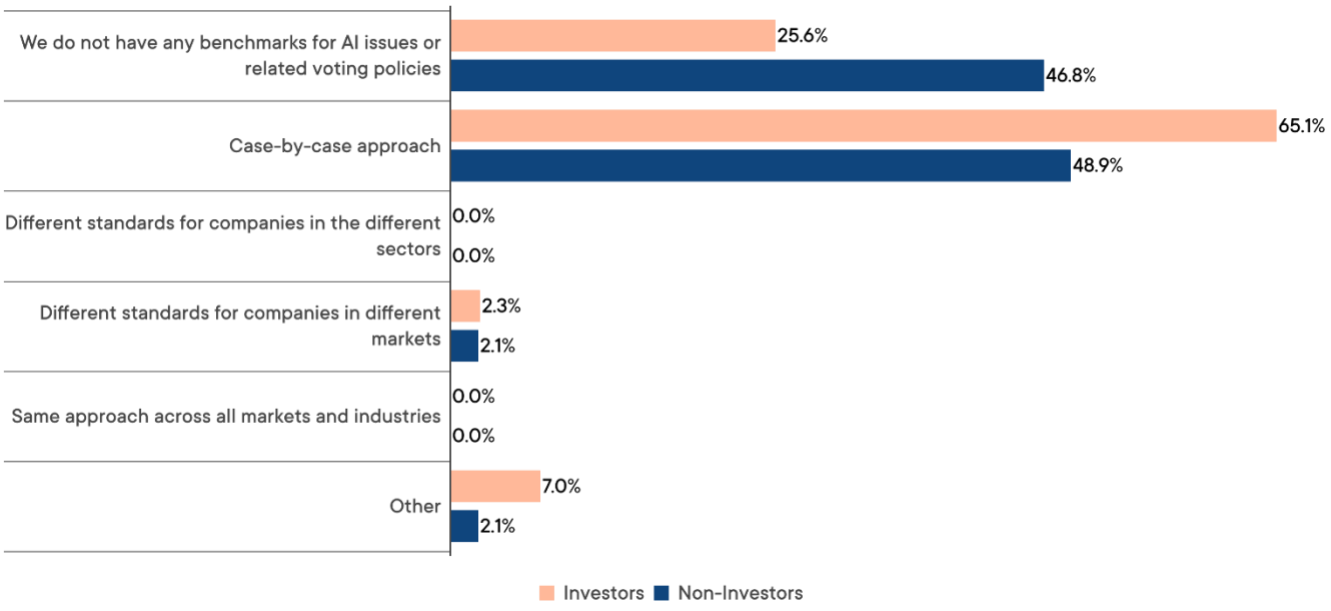
Approach to AI Across Markets

The vast majority of both investors and non-investors either take a case-by-case approach to artificial intelligence, or have not developed any benchmarks for related issues.

"Our sense is that it is too early to settle on set frameworks. However, we do have recurring expectations: if a company is developing AI, that they have robust governance in place appropriate for an emergent technology. If they are deploying AI, that they incorporate AI related considerations into existing governance structures while also being mindful of the potential need for new governance arrangements for novel technology use cases." (UK asset manager)

"We use both a market and industry specific approach. For example we would expect all Telecom operators in Developed Markets to have an AI policy (or principles [or] guidelines) but we would have lower expectations in Emerging Markets. Another example: In the Auto sector we would only expect only a few leading firms to write a report on AI adoption in their operations, and we would have no such expectations in Emerging markets." (European asset manager)

Are you using the same AI benchmarks and standards for all markets and industries?



	Investors	Non-Investors
Total Responses	50	48
Total Comments	9	2

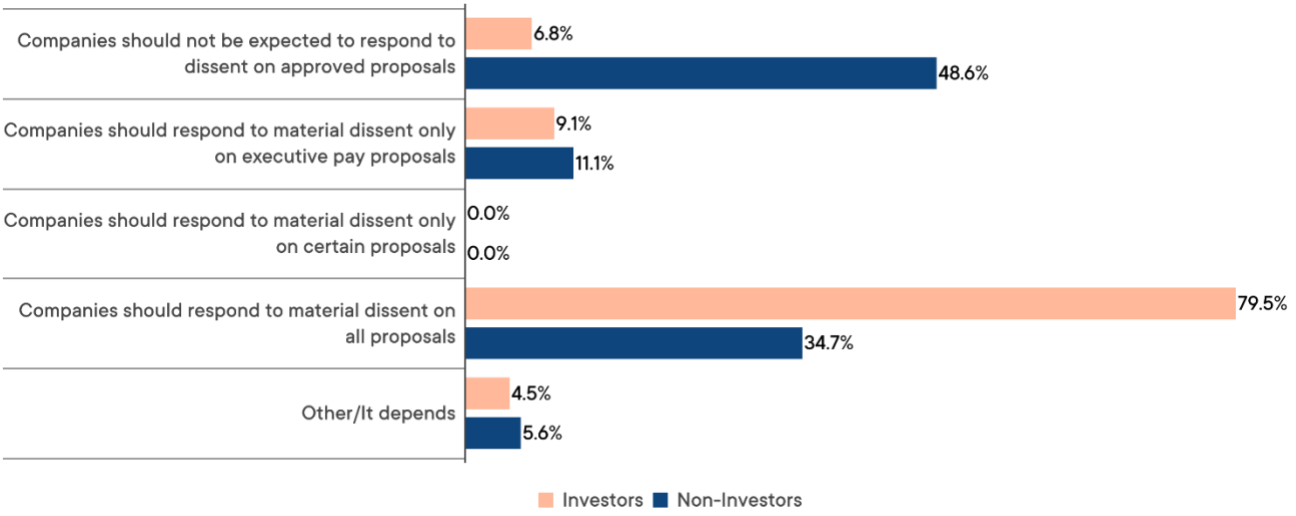
Board Responsiveness to Material Voting Opposition

Investors and non-investors expressed very different expectations for how a board should respond to material voting dissent on non-compensation-related proposals, with over three-quarters of investors expecting a response to material dissent on all proposals, and nearly half of non-investors responding that companies should not be expected to respond to dissent if a proposals is approved (compared to only 6.8% of investors). There was also a limited geographic split among investors, with U.S. institutions somewhat less likely to expect a response on all proposals (68%, compared to 91% among investors from other regions).

One European investor raised a practical consideration:

"Not all proposals are of equal importance and sometimes investors use an item to vote against because of other reasons or other agenda items, which makes it harder to understand and to reflect on."

What are your firm's expectations for companies to publicly report on their response to material voting dissent for other types of proposals unrelated to executive pay?



	Investors	Non-Investors
Total Responses	53	70
Total Comments	5	10

Change to U.S. Active/Passive Investor Status (Investor-Focused)

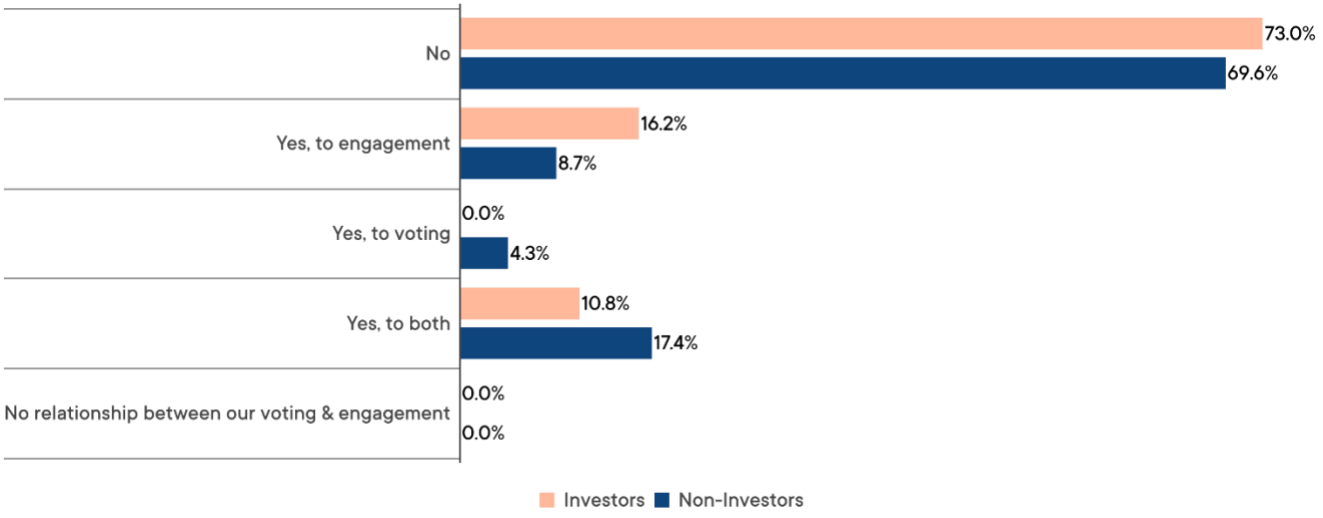
Among the minority of investors who reported having made (or considering) changes to their stewardship policies and practices in response to the potential loss of passive investor status, none have solely focused on their voting. Notably, investors outside of the U.S. were more than twice as likely to report changes to their engagement practices (24%, compared to 10% among U.S. based investors).

"We consider the revised SEC guidance on a case-by-case basis for engagement purposes (e.g. collaborative engagements) but have not made any specific changes to our voting or engagement policies at this time". (Canadian public sector pension)

"We have made a minor change to our engagement practices. For companies that are in scope of this regulation (i.e. US issuers where our holding is >5% of issued share capital) we will no longer share or discuss our future voting intentions with the company in question." (UK asset manager)

"No change in the rules and principles, however, rules around action in concert and importance of fiduciary duties have been strengthened in wording." (European asset manager)

Have you made (or are you considering making) changes to your voting and engagement policies or practices in response to the U.S. SEC's 13D-G rule change and potential loss of passive investor status?



	Investors	Non-Investors
Total Responses	44	22
Total Comments	9	3

Qualified Opinion on Non-Financial Reporting (Investor-Focused)

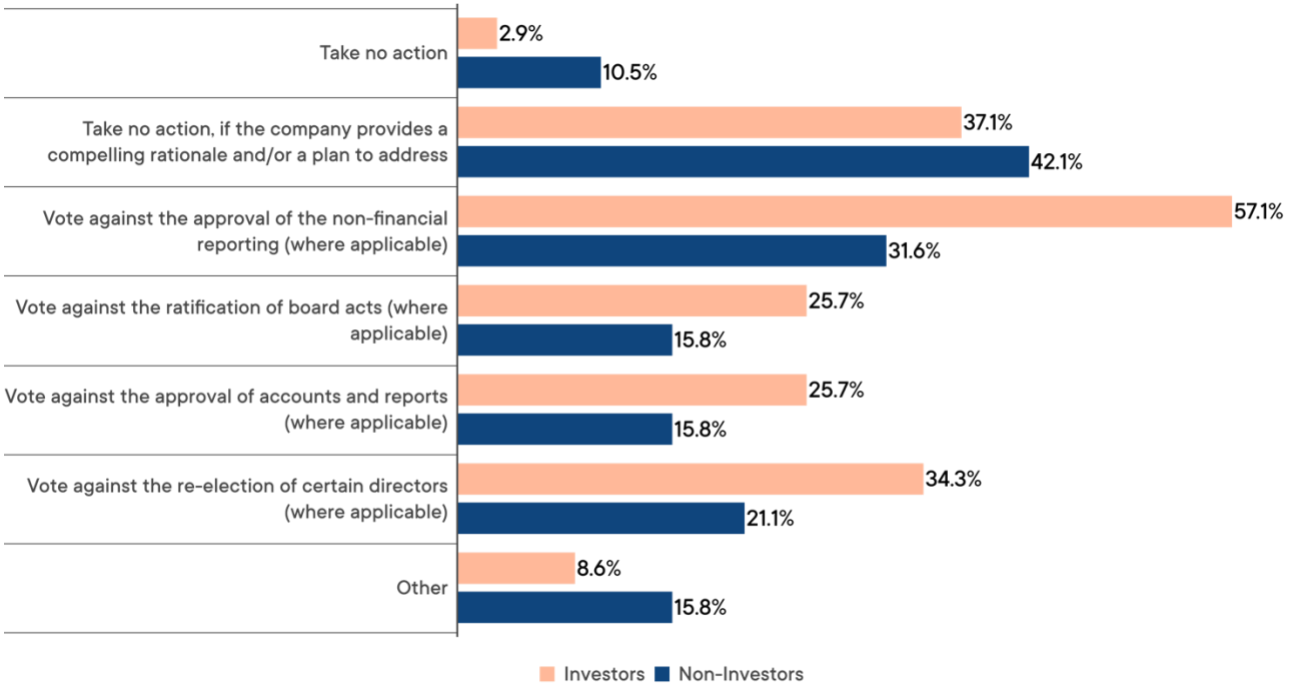
Where an auditor provides a qualified opinion on a company's non-financial reporting, investors were more likely than non-investors to support each of the voting options, whereas non-investors were more likely to support both "take no action" options. Directly opposing approval of the non-financial reporting (where this is an agenda item) was the most popular voting option. There was also a limited geographic split, with U.S. investors somewhat more likely to take no action and less likely to pursue an against vote compared to investors from other regions.

"We review this on a case-by-case basis and the course of action will be company-specific. Generally, if this is the first-time the audit opinion is qualified and we do not have serious governance concerns we may choose to engage with the company in the first instance rather than voting action." (UK asset manager")

"This situation would be a first for us, and so we would likely seek to engage / view the matter on a case by case basis before settling on a voting stance." (UK asset manager)

"gradual escalation among those four actions." (European asset manager)

Where the auditor issues a qualified or adverse opinion, or otherwise refuses to provide an opinion on a company's non-financial reporting, what action would you take? (check all that apply)



	Investors	Non-Investors
Total Responses	37	17
Total Comments	11	6

Circumstances for Abstention (Investor-Focused)

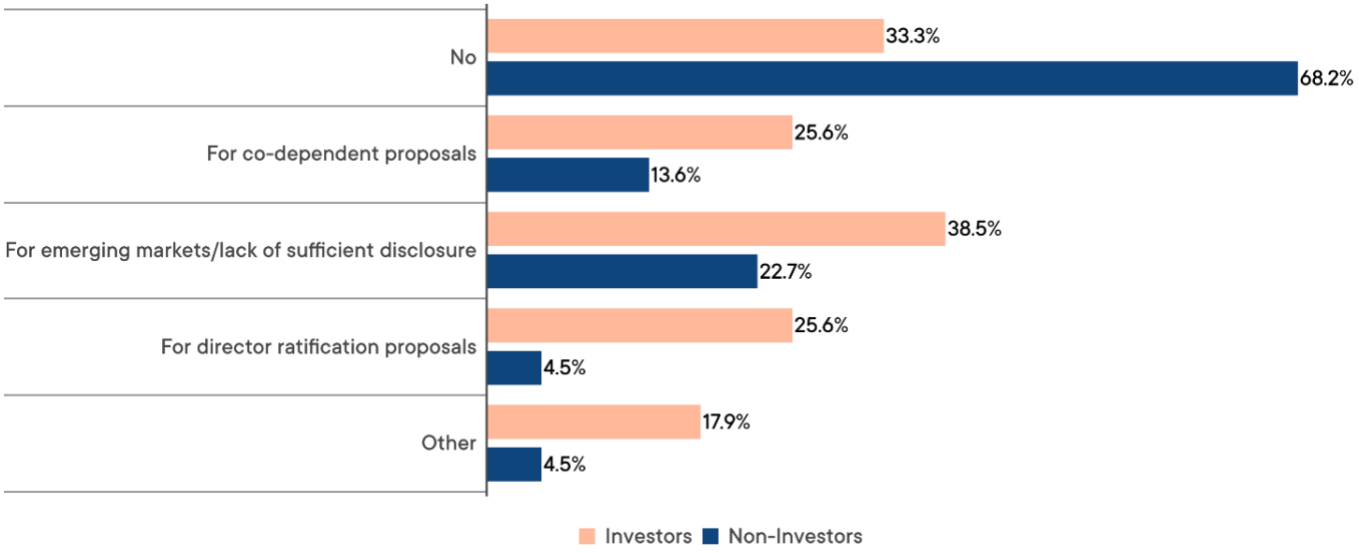
Glass Lewis's benchmark policy may issue an "abstain" recommendation for several reasons, including co-dependent proposals, a lack of sufficient disclosure to understand what is being voted on, and on director ratification proposals. As these "abstain" recommendations sometimes raise questions from both investors and companies, we wanted to get a better understanding of market views.

While U.S. investors were slightly more likely to reject the approach of abstaining (38% answered "No", compared to 30% among investors from other regions), they were also significantly more likely to consider abstaining based on a lack of sufficient disclosure (56%, compared to just 26% among investors from other regions).

"[We do] not support reducing the complex exercise of evaluating transition plans to a simple advisory vote, therefore we abstain on these and direct our votes to the appropriate directors." (Canadian public sector pension)

"Case by case approach for particular situations where a company demonstrates by a convincing rationale a reason to support an item but we can't support it due to proxy voting policy." (European asset manager)

Outside of situations where you are managing a conflict of interest, are there any situations where you believe it is in minority shareholders best interests to abstain from voting on a proposal?



	Investors	Non-Investors
Total Responses	42	19
Total Comments	10	5

Thank You

We sincerely thank everyone who took the time to provide informed and thoughtful input through our Policy Survey. Updates to our policy guidelines will be released in the November/December timeframe and will be accessible through our web site.

About Glass Lewis

Glass Lewis is the world's choice for corporate governance solutions. We enable institutional investors and publicly listed companies to make informed decisions based on research and data. We cover 30,000+ meetings each year, across approximately 100 global markets. Our team has been providing in-depth analysis of companies' corporate governance policies, practices and performance since 2003.

Our customers include the majority of the world's largest pension plans, mutual funds, and asset managers, collectively managing over $40 trillion in assets. We also help companies understand corporate governance best practices and how investors view them. We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on the important governance issues.

Investors around the world rely on Glass Lewis to inform their proxy voting policies and to support them in executing on their proxy voting responsibilities.

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