GLASS LEWIS

The Foundation Matters More Than the Model

Why Trusted Data—and Human-Centric AI—Will Define the Next Era of Investment Stewardship

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Forward

Artificial intelligence is rapidly transforming the way information is created, consumed, and acted upon across modern financial markets. For investment and stewardship professionals, this evolution presents extraordinary opportunities to improve efficiency, uncover insights, and strengthen decision-making. At the same time, it raises an important question: What will distinguish trusted institutions in a world where AI becomes increasingly accessible to everyone?

At Glass Lewis, we believe the answer is clear.

The future will not be defined solely by the sophistication of AI models or the elegance of software interfaces. It will be defined by the quality of the data that powers those systems, the expertise that governs them, and the accountability that ensures their outputs can be trusted. As AI becomes more capable, trusted data and human judgment become more—not less—important.

For more than two decades, Glass Lewis has helped investors navigate increasingly complex governance and stewardship decisions. Our clients rely on us because we combine deep domain expertise with rigorous, investor-grade data and transparent methodologies. Those same principles guide our approach to AI today. We view artificial intelligence as a powerful tool for enhancing research, improving scale, and accelerating workflows—but never as a substitute for expert oversight, accountability, or fiduciary responsibility.

This paper explores why the next era of investment stewardship will belong to organizations that can successfully unite proprietary data, governance frameworks, and human-centric AI. It examines how value is shifting across financial information markets, why stewardship is uniquely dependent on trusted data, and how investors can adopt AI responsibly while maintaining confidence in the decisions that matter most.

As our industry moves from AI experimentation to AI-enabled infrastructure, we remain committed to a simple principle: technology should strengthen trust, not replace it. We believe the organizations best positioned for long-term durability will be those that build their moat around trusted data and are able to combine innovation with discipline, automation with accountability, and intelligence with integrity.

Bob Mann
Chief Executive Officer

Executive Summary

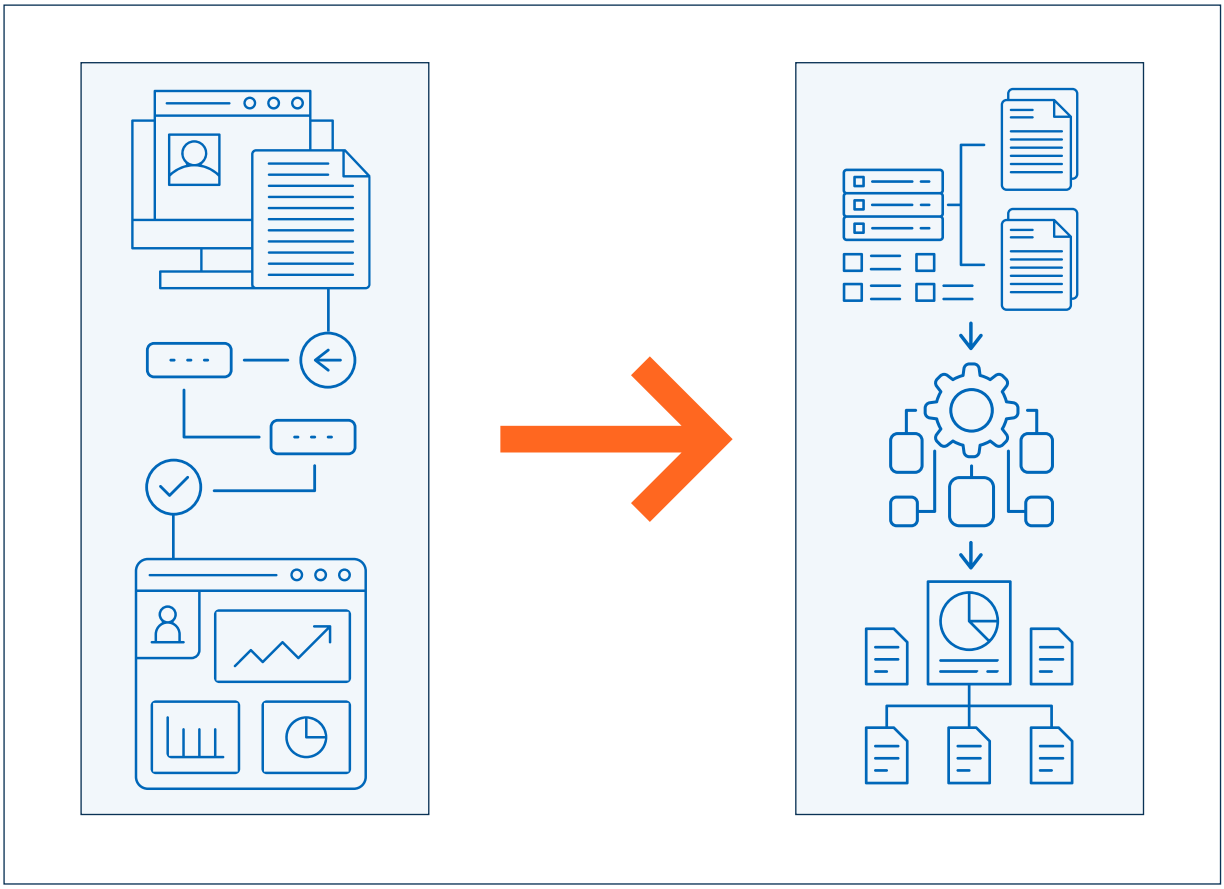
Artificial intelligence is rapidly reshaping financial services and, by extension, the stewardship and investment decision-making processes that depend on timely, defensible information. The change is not simply that AI can accelerate research, summarize disclosures, or automate repetitive workflows. The more consequential shift is that AI is changing where durable value resides: away from standardized software interfaces and toward trusted systems of record, proprietary data, domain expertise, and governance frameworks that make AI outputs reliable enough for institutional use.

For investment stewardship professionals, this distinction is critical. Stewardship workflows rely on information that is accurate, consistent across markets, timely, traceable to source documents, and aligned with the data used by portfolio management counterparts. AI can increase scale and speed and can enable creation of new products but only when it is grounded in investor-grade data and surrounded by strong human oversight, auditability, and accountability.

Glass Lewis believes AI should enhance expert judgment, not replace it. Our approach combines the structured production of proprietary governance and proxy voting datasets—derived from complex, jurisdiction-specific disclosures—with experienced analysts and methodologists, rigorous data-quality standards, and human-centric AI controls designed to preserve transparency, traceability, and trust.

1. The AI Reset: From Software Interfaces to Trusted Infrastructure

For much of the software era, value creation in enterprise technology was closely tied to improving the productivity of knowledge workers through structured applications and workflow systems. These platforms—whether supporting research, compliance, or investment processes—were designed to organize information, standardize tasks, and enable users to execute increasingly complex activities at scale. As a result, commercial models evolved to reflect this labor-centric paradigm: revenue growth was directly linked to the number of professionals using the system, with per-seat subscription pricing serving as a proxy for both usage and value. In practice, this created a reinforcing dynamic.



Generative and especially agentic AI are changing that model. As AI systems increasingly summarize information, draft analysis, retrieve evidence, monitor changes, and execute workflow steps, the value of a systematized interface declines. If an AI agent can perform a task that previously required several different users moving through a software tool, the traditional seat-based business model becomes less defensible.

This shift does not mean technology becomes less important. It means the basis of differentiation changes. In financial services, the most resilient providers are those that combine software with trusted data, deep vertical expert logic, institutional knowledge, regulatory awareness, and embedded workflow integration. Their advantage is not merely the screen a user sees; it is the governed information architecture beneath it that confidently supports their decision-making processes.

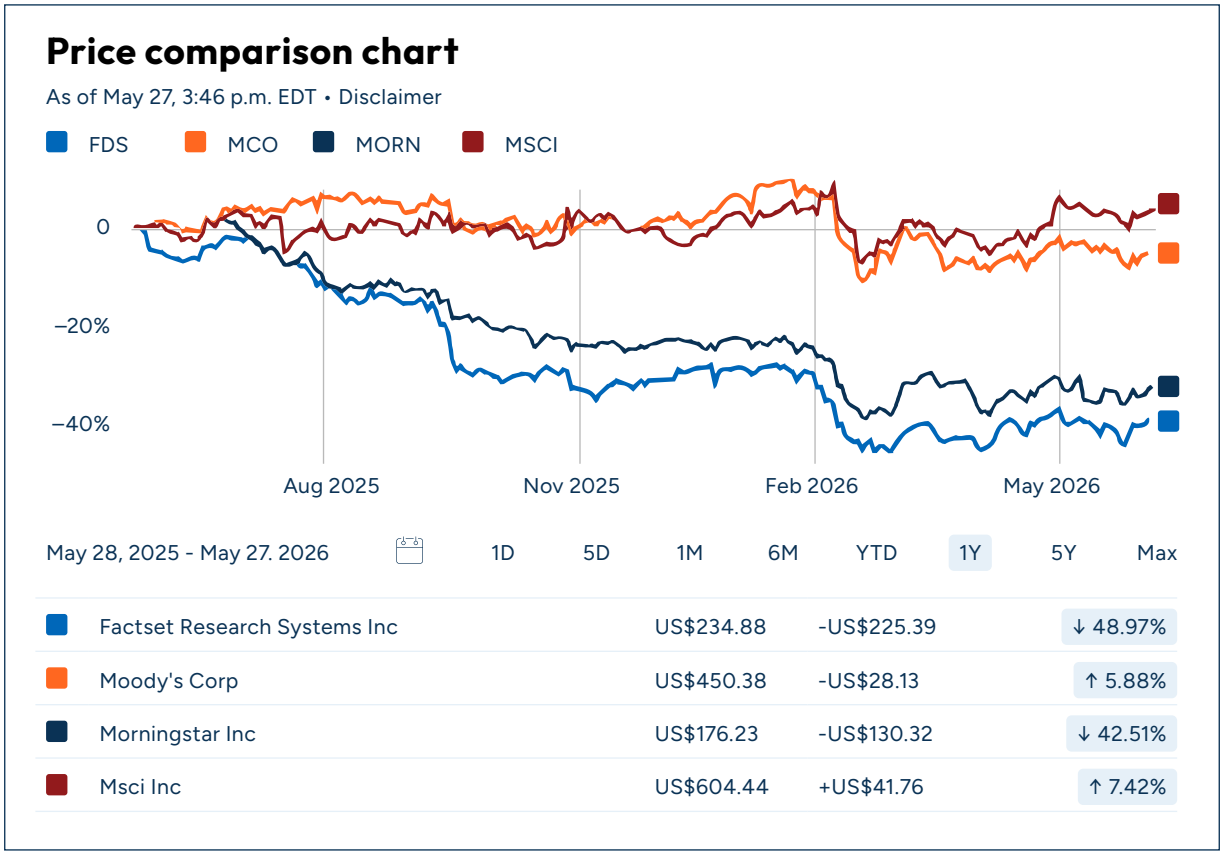
In effect, AI is shifting value away from the middle of the financial information stack and toward the endpoints: data production and expert-governed insight generation. Reliable data becomes the fuel, the constraint, and the control layer for responsible AI adoption.

2. Market Validation: How Financial Information Firms Diverged After the Correction

This structural shift is not theoretical. It has already been reflected in how financial information providers have been evaluated through recent market cycles. During the early2026 market correction, comparable firms diverged meaningfully based on their exposure to seat-based workflow economics versus their anchoring in proprietary data, standards, system-critical information assets and governed architecture.

System critical and standards-oriented companies such as MSCI, which control index methodologies and benchmark standards, experienced comparatively modest drawdowns and recovered quickly, returning to the low $600/share level in May 2026. Moody's—combining systems and highly governed data with wide distribution—experienced a deeper drawdown but then stabilized and recovered.

By contrast, firms whose economics are more exposed to productivity and workflow tools, particularly those dependent on analyst workstations and seat-based licensing, experienced larger declines and slower recoveries. FactSet, which is closely associated with workstations, is still down significantly, reflecting a more persistent market discount tied to structural concerns about seat compression. Morningstar, anchored in durable data assets and its Direct software, stabilized after a precipitous fall, but continues to struggle to regain its traction.



The pattern is consistent. As AI expands, markets increasingly differentiate between software that organizes work and data that defines decisions. For clients, the practical implication is equally clear: the most durable partners will be those whose value is anchored in trusted data, defensible standards, and governance frameworks that make AI outputs safe for institutional use. While Glass Lewis is not a company subject to stock price fluctuation, we model our durability on the latter.

3. Why Stewardship Is Especially DataDependent

Investment stewardship sits at the complex intersection of governance analysis, fiduciary responsibility, issuer engagement, voting policy, regulatory expectations, and portfolio priorities. Decisions often require a coherent view across multiple sources and jurisdictions, including corporate disclosures, board and committee structures, executive compensation metrics, ownership and voting rights, meeting agendas, proposal content, historical voting outcomes, engagement outcomes and market-specific governance rules.

The complexity is not only the volume of information. It is the requirement to interpret information consistently, document the basis for analysis, and maintain confidence that stewardship data aligns with the information used elsewhere in the investment process, especially within portfolio management. A stewardship team may evaluate a board refreshment issue while portfolio managers assess related financial risk, or strategic considerations. If underlying data differs across teams, AI-enabled speed can amplify inconsistency, allowing decision-makers to conduct further analysis.

In this environment, investor-grade data must do more than provide an information layer. It must support defensible analysis, consistent policy application, audit trails, client reporting, and internal governance. That is a higher bar than general-purpose AI summarization.

4. AI Alone Is Not Enough

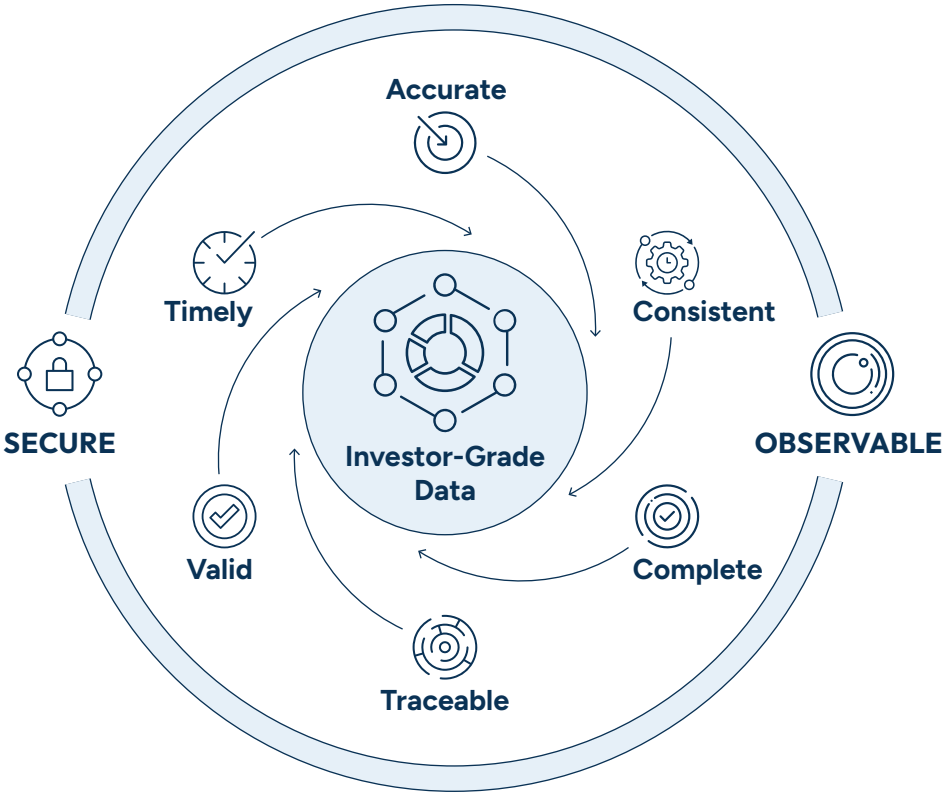
AI models can help acquire data, identify patterns, compare disclosures, implement reasoning, draft summaries, flag anomalies, and scale review across large universes of companies. Those capabilities are valuable, but they do not automatically produce investor-ready outputs. Without strong data foundations and governance controls, AI systems can introduce or magnify material risks, including unsupported outputs that appear plausible, inconsistent treatment of similar facts across markets or time periods, data drift, loss of provenance, unclear accountability, all leading to reduced confidence from investors, clients, regulators, and internal governance committees.

These risks are material because stewardship decisions influence voting outcomes, escalation strategies, issuer engagement priorities, and client reporting. In these contexts, an answer is not sufficient simply because it is fast or fluent. It must be explainable, reproducible, and appropriate for the specific decision at hand.

The practical implication is straightforward: AI must be treated as a governed, human-centric capability, not an unbounded substitute for expertise. The organizations best positioned for the AI era will be those that combine automation with institutional knowledge, documented methodologies, transparent controls, and clear human accountability.

5. What InvestorGrade Data Requires

Investor-grade data has defining characteristics that are not abstract quality principles; they determine whether AI-enabled workflows can be trusted in practice.



Six core properties describe the data as delivered, the qualities that can be verified on the information itself. Investor-grade data is accurate (validated against source evidence), consistent (normalized under clear rules), complete (coverage gaps identified and managed), traceable (linked to source materials and processing history), valid (conforming to defined formats and logic checks), and timely (updated fast enough for decision cycles).

Two further properties govern how that data is managed in production. Investor-grade data must also be secure (protected through appropriate access controls) and observable (monitored over time for exceptions, drift, and anomalies). These ensure the data remains trustworthy not only at the point of delivery but throughout its lifecycle.

Together, these attributes create the conditions under which AI can become a force multiplier. Without them, AI may increase throughput while weakening confidence. With them, AI can allow experts to focus on judgment, exception handling, higher-value analysis and data-supported decision-making.

6. The Glass Lewis Approach: HumanCentric AI Built on Governed Data

Glass Lewis is built as part of the trusted data layer within investment stewardship workflows. Our role is not to provide a replaceable interface, but to produce and govern investor-grade governance data and insights that underpin client decision-making. This positioning is explicit in our strategy: “Data is our MOAT…It allows Glass Lewis to be embedded in client workflows and decision-making.”

Data is managed by experts. Our data is defined, engineered, reviewed, and maintained by experienced data stewards, analysts, methodologists, and governance professionals. Their institutional knowledge is embedded in taxonomies, ontologies, data schemas, and model-level definitions. This ensures governance concepts remain meaningful over time and are not reduced to systematized text extraction.

Quality standards are operationalized. Glass Lewis applies strict requirements to make data suitable for both traditional analysis and AI-assisted workflows. Data extracted from corporate disclosure is validated against source evidence, normalized under human-governed rules, checked against schema requirements, and logged throughout its lifecycle.

Coverage gaps are tracked proactively, and provenance trails are preserved from source document to final data point. This approach aligns to rigorous data quality expectations, including ISO/IEC 5259 principles.

Human oversight remains central. We use AI within a framework that preserves accountability throughout the process. High-impact data points and client-facing outputs are reviewed and approved by experts; AI-powered dataflows and output streams are monitored for anomalies and drift; and human decision-makers retain authority to override, stop, or replace an AI process when it is not fit for purpose. This structure ensures that scale does not come at the expense of transparency, traceability, or trust.

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7. How This Supports Stewardship and Investment Teams

The practical value of this approach is that it connects AI-enabled efficiency with institutional-grade confidence. Stewardship teams can benefit from faster disclosure processing, broader monitoring, and more consistent evidence retrieval while maintaining the standards required for voting, engagement, and reporting.

For portfolio management teams, alignment matters. When governance data is structured, traceable, and consistent, it supports stronger integration between stewardship analysis and investment decision-making. This reduces fragmentation across teams and strengthens the ability to evaluate governance issues in the context of broader portfolio objectives.

For clients and regulators, expert-governed, human-centric AI workflows can provide clearer audit trails, stronger evidence linkage, and more transparent accountability. The objective is not only to make analysis faster, but to make it more reliable, reviewable, and fit for purpose in fiduciary and regulated contexts.

8. From AI Experimentation to Financial Infrastructure

Many organizations are experimenting with GenAI tools. The next stage requires moving from experimentation to infrastructure. In financial services, that means AI systems must be designed for reliability, observability, security, explainability, interpretability, and governance from the outset.

This transition will separate organizations that use AI as a productivity layer from those that can embed AI into compliance-critical, client-facing, and fiduciary workflows. The difference is trust. Trust depends on data provenance, quality controls, human accountability, and the ability to explain how an output was produced and why it is appropriate for a specific use case.

In this sense, proprietary data and human-centric AI are not separate strategies. They reinforce each other. High-quality data gives AI systems the grounding they need; AI helps experts scale the use of that data; and human oversight ensures that speed does not come at the expense of judgment.

Conclusion

The rise of AI is reshaping software, financial services, and investment stewardship. But the most important differentiator is not the model itself or the interface through which users access it. Long-term value increasingly comes from trusted data, strong governance, deep domain expertise, and human accountability embedded into critical workflows.

The market's repricing of financial information businesses through early 2026 offers a clear signal: firms anchored in proprietary data, standards, and durable information assets stabilized faster than those exposed to seat-based workflow compression. For stewardship professionals, the goal is not simply to adopt AI. The goal is to use AI responsibly: to improve efficiency, strengthen engagement, support consistency across stewardship and investment teams, and preserve the integrity of governance analysis and voting decisions.

Glass Lewis is positioned for this environment because our approach starts with the foundation: proprietary governance data, expert oversight, rigorous quality standards, and AI systems designed to be transparent, auditable, and accountable. In an investment ecosystem increasingly shaped by intelligent automation, advantage will not be determined by who builds the fastest models, but by who controls the most trusted data—and who can deploy it with the discipline required for institutional decision-making.

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