

Glass Lewis Releases 2013 Voting Guidelines

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Glass Lewis recently released its 2013 Proxy Season Guidelines for the 2013 proxy season, which will go into effect for shareholder meetings taking place after January 1, 2013, an [abridged version](#) of which is publicly available. These updates should be viewed in conjunction with Glass Lewis's policies on its say-on-pay analysis, which it updated in July, as discussed [here](#).

One of the more notable changes is regarding board responsiveness to a "significant" shareholder vote. Glass Lewis's new policy provides that it will scrutinize board responses to any vote by 25% or more of shareholders (excluding abstentions and broker non-votes) against management's recommendation on any proposal, including "against" or "withhold" from a director nominee, "against" a management-sponsored proposal or "for" a shareholder proposal. Glass Lewis will assess board responsiveness on a case-by-case basis and will include a review of the company's public disclosures following the annual meeting at which the vote took place.

Similarly, Glass Lewis's policy is that at companies that received a shareholder vote of greater than 25% against their say-on-pay proposals, the board shall demonstrate engagement with and responsiveness to shareholders and that they will look for disclosure to this effect. In the absence of such disclosure, Glass Lewis will recommend holding compensation committee members accountable.

The updates also provide that in evaluating proposed equity-based compensation plans, plans shall not count shares in such a way as to understate the potential dilution or cost to shareholders (the "inverse" full-value award multipliers); should not contain excessively liberal administrative or payment terms; and should select performance metrics that are challenging and appropriate.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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