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Glass Lewis 2026 Benchmark Policy Guidelines

December 2025

Glass Lewis has published its UK Benchmark Policy Guidelines for 2026. Following a similar approach to recent updates from both the Investment Association and ISS, the changes for the 2026 Guidelines are relatively limited. The most notable change is a new section describing Glass Lewis's new proprietary pay-for-performance (P4P) model.

The P4P model will apply to larger UK and European companies, including those listed on the FTSE350, and is designed to provide an assessment of how executive pay outcomes align with company performance relative to an independently selected peer group. The peer groups are built using Glass Lewis's methodology, incorporating European and UK large- and mid-cap companies. As a result, they may differ from a company's own disclosed peers, which Glass Lewis may reference in reports for additional context.

The model uses a scorecard approach, assessing up to five tests:

- CEO total vested pay vs. TSR
- CEO total vested pay vs. financial performance
- CEO STI payouts (in relation to maximum opportunity) vs. TSR
- CEO LTI payout (in relation to maximum opportunity) vs. TSR*
- Qualitative downward modifier (assessment of the implementation of policy, for example have any one-off awards been granted; has any upward discretion been applied; are incentive limits disclosed; are performance goals disclosed for awards granted in the year, etc.)

* Alternative STI/LTI payout test where no maximum opportunity disclosed: CEO total vested pay vs. company size measures ('multiple of median')

A final alignment score, ranging from *Severe Concern (0-20 points)* to *Negligible Concern (81-100 points)*, is calculated from the weighted results of these tests. Companies receiving a *Severe* or *High Concern* score are more likely to receive negative voting recommendations.

In addition, factors such as consideration of peers based in other regions (and therefore excluded from the peer group methodology), overall incentive structure, disclosure quality, future commitments and business context may mitigate quantitative concerns, and Glass Lewis will assess each score on a case-by-case basis before determining a final score.

Glass Lewis emphasises that while the P4P model will inform its analysis of executive pay, recommendations on remuneration reports and policies will continue to be based on a holistic assessment of the overall remuneration framework, disclosure standards, company practices and other relevant external factors.

Additional clarifying edits have been made to the Guidelines more generally for 2026. However, these are not material.

Ellason commentary

The main focus for Glass Lewis in 2026 will be the application of its new P4P model. The outputs from the model may give rise to greater scrutiny on pay outcomes or raise additional questions about alignment between pay and performance at FTSE350 companies. Clear and transparent disclosure in Directors' Remuneration Reports, particularly around performance metrics, incentive outcomes and the business context for reward, will be key.

Please do not hesitate to contact any of the Ellason team should you wish to discuss this further.