

Glass Lewis Releases Its 2017 Policy Guidelines

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by Kimberley R. Anderson

Glass Lewis released its updated policy guidelines for the 2017 proxy season for several countries, including the United States and Canada. The most significant change in the United States guidelines relates to director overboarding and was expected. The changes to the United States guidelines include:

Director Overboarding Policy

As indicated in last year's guidelines, in 2017, Glass Lewis will generally recommend voting against a director who:

- Is an executive officer of any public company and serves on a total of more than two public company boards, or
- Serves on a total of more than five public company boards.

Glass Lewis generally will not recommend that shareholders vote against overcommitted directors at the companies where they serve as an executive.

Board Evaluation and Refreshment

With respect to board evaluation, succession planning and refreshment, Glass Lewis clarified that it believes "the board should evaluate the need for changes to board composition based on an analysis of skills and experience necessary for the company, as well as the results of the director evaluations, as opposed to relying solely on age or tenure limits."

Governance Following an IPO or Spin-Off

With respect to corporate governance at newly-public entities, Glass Lewis will review the terms of the company's governing documents in order to determine whether shareholder rights are being severely restricted from the outset. If Glass Lewis believes that the board has approved governing documents that significantly restrict the ability of shareholders to effect change, Glass Lewis will consider recommending shareholders vote against members of the corporate governance committee or directors that served at the time of adoption of the particular governing documents.

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For 2017, Glass Lewis has outlined the specific areas it reviews when determining if shareholder rights are being restricted, including:

- The adoption of anti-takeover provisions, such as a poison pill or classified board
- Supermajority vote requirements to amend governing documents
- The presence of exclusive forum or fee-shifting provisions
- Whether shareholders can call special meetings or act by written consent
- The voting standard provided for the election of directors
- The ability of shareholders to remove directors without cause
- The presence of evergreen provisions in the company's equity compensation arrangements

The updated proxy guidelines can be found [here](#).