The Proxy Pivot

Glass Lewis and ISS Reframe Their Role. What Comes Next?

Glass Lewis Accelerates the Shift

Glass Lewis's decision to retire its long-standing "house policy" marks a pivotal shift in the proxy advisory landscape. By 2027, the firm will instead offer clients a menu of four customizable research perspectives:

- Management-Aligned
- Governance Fundamentals
- Active Owner
- Sustainability

While Glass Lewis cites AI and regional investor divergence as drivers, the real catalyst is regulatory pressure. In June 2025, Texas enacted SB 2337, a law regulating proxy advisors that triggered lawsuits from both Glass Lewis and ISS, citing First and Fourteenth Amendment violations. This legal backdrop, combined with growing scrutiny from issuers and policymakers, has forced proxy advisors to rethink their influence model. The shift isn't just about modernization, it's about survival.

ISS Chooses Parallel Path, With a Softer Approach

On October 7, 2025, ISS introduced two new products:

- GOV360: A data-only platform offering analytics without voting recommendations
- Custom Lens: Tailored recommendations based on client-defined policies

ISS hasn't yet abandoned its house policy, but the direction is clear. Within the next three to five years, both firms will likely converge toward a model where recommendations disappear entirely. Proxy advisors are evolving into tech-enabled infrastructure providers, with voting decisions resting in the hands of asset managers, supported by AI rather than dictated by a single "standard."

Kingsdale's Perspective: We've Been Ahead of This Curve

Kingsdale has long recognized that the future of proxy engagement lies in precision and personalization. Two guiding principles shape our approach:

- Investor segmentation will outpace proxy advisor influence. Understanding how investors align with governance, sustainability, or management perspectives is more valuable than knowing who subscribes to ISS or Glass Lewis.
- Customized engagement will become the norm. Issuers must tailor messaging and strategy to investor-specific priorities, not generic policy benchmarks.

These principles are embedded in our advisory model, from thematic mapping to campaign-specific "buckets" that guide engagement strategies and elevate outcomes.

We Saw This Coming Seven Years Ago - Click To Read

What's Next, and What's Unclear

While Glass Lewis is the more aggressive mover, neither firm is fully exiting the influence of the business. Their roles in proxy contests and M&A remain to be seen and may continue to carry weight even as their influence over AGM matters diminishes.
Technology is close, but not quite there. Glass Lewis' 2027 timeline reflects the reality that AI-enabled voting frameworks are still maturing. Expect rapid acceleration in the next one to two years.

The regulatory landscape is also shifting fast. In addition to Texas SB 2337, now under appeal after being preliminarily enjoined in August, federal proposals like H.R. 4098 (Stopping Proxy Advisor Racketeering Act) signal continued political momentum. These proposals aim to curtail perceived overreach, adding further pressure to evolve.

As proxy advisors move toward data-only models, stewardship teams will face greater pressure to interpret complex inputs without standardized guidance. This could lead to more fragmented vote outcomes and increased reliance on internal governance frameworks.

Final Take

This is more than a policy change; it's a structural transformation in how proxy advice is delivered and consumed. The future is decentralized, data-driven, and investor-led. Reach out to Kingsdale to ensure your organization is ready.