

CalPERS Governance & Sustainability Principles

November 2023 vs. September 2019: one new appendix, and nothing else

California Public Employees' Retirement System

Governance & Sustainability Principles

Last revised September 2019 compared with last revised November 13, 2023

Across four years and 38 pages of governance principles, CalPERS changed exactly one thing: it added a set of Labor Principles. Every voting expectation, every board standard and every disclosure demand is word for word what it was in 2019.

Source: the two published documents, read in full, with running headers and page numbers stripped before comparison. Both print their own revision date on the cover. Every quotation below is verbatim.

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Read this first: what is actually being compared

The file published as CalPERS' current Principles states on its own cover "Last Revised: November 13, 2023." The earlier archived file states "Last Revised: September 2019." This report is titled by those dates rather than by the years the files were captured, because a previous version of this comparison described them as 2026 and 2023 documents, which neither is.

That matters for a second reason. The November 2023 revision is still the document CalPERS publishes today - the file has not changed since. So the practical reading is that CalPERS' stated governance expectations have moved once in the last six years, and that single move is described below.

The finding, stated plainly

After stripping page furniture, the two documents are 93% word-for-word identical and there are thirteen differences. Twelve are re-lettered headings, a relocated sentence fragment, a duplicated line cleaned up, and a dead hyperlink removed. The thirteenth is a new appendix. No numerical threshold, no board standard, no compensation test and no disclosure expectation changed. For a fund of CalPERS' size and activism, that stability is itself the story.

1. The one substantive addition: CalPERS' Labor Principles

The November 2023 revision inserts a new Appendix A setting out five labour standards and, against each, what CalPERS undertakes to do. The five headings track the International Labour Organization's core conventions plus occupational safety.

- Freedom of association and the effective recognition of the right to collective bargaining - "Seek to support and improve the well-being of employees as part of human capital management strategy and in compliance with applicable laws."
- The elimination of all forms of forced or compulsory labor - "Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize forced labor."
- The effective abolition of child labor - the same undertaking, applied to child labour.
- The elimination of discrimination in respect of employment and occupation - see below.
- A safe and healthy working environment - "Seek to support and improve the well-being of employees as part of human capital management strategy that includes providing a safe and healthy workplace."

The fourth is the one that goes beyond restating an international convention:

November 2023, new:

"Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that maintain discriminatory policies. Seek to improve diversity, equity, and inclusion in portfolio investments to address recruitment, retention, and compensation."

That second sentence is the only explicit diversity, equity and inclusion commitment added anywhere in the document, and it is framed as something CalPERS does with its own capital - improving DEI "in portfolio investments" across recruitment, retention and compensation - rather than as a voting test applied to companies. It was adopted at a moment when several large US managers were beginning to delete comparable language.

How much weight to give this

These are principles, not voting rules. The appendix attaches no vote to any of the five standards - it does not say CalPERS will vote against directors at a company found to use forced labour, for example. Its practical function is as a reference point CalPERS can cite in engagement, in its own stewardship reporting and when explaining votes, and as a statement of what the fund expects of itself. Read it as a statement of intent that strengthens the existing human-capital language in the body of the Principles rather than as a new trigger.

2. The rest of the changes: all housekeeping

Listing these is worth doing, because it is the evidence for the claim that nothing else moved.

- The appendices were renumbered. What was Appendix A - the United Nations supported Principles for Responsible Investment - is now Appendix B, and what was Appendix B - the list of memberships and endorsements - is now Appendix C. Both are reproduced with identical text.
- The document gained roman-numeral section numbering (I. Introduction, II. Purpose, III. Governance & Sustainability Principles, IV. Appendices). The five lettered principle groups - Investor Rights; Board Quality: Diversity, Independence and Competence; Executive, Director and Employee Compensation; Corporate Reporting; Regulatory Effectiveness - are unchanged in name and order.
- The dead URL after "The Global Sullivan Principles" was removed; the entry itself remains, and the other six entries had their links updated to https.
- A duplicated line about assurance and objective metrics - an artefact in the 2019 layout - was cleaned up.
- The running header changed from "Governance & Sustainability Principles / Rev. September 2019" to "CalPERS' Governance & Sustainability Principles," and the document repaginated from 38 pages to 45. That repagination, not new content, accounts for almost all of the apparent difference between the two files.

3. What did not change - which is the useful part

Because the body of the Principles is carried over verbatim, everything an investor might want to check is still exactly where it was. A few of the more consequential positions, confirmed present and unaltered in both editions:

- Board evaluation: "A process by which these established board, key committee and individual director expectations are evaluated on an annual basis should be disclosed to shareowners," with re-nomination "based on any other basis being neither expected nor guaranteed."
- Board diversity, in full and unqualified: "Board diversity should be thought of in terms of skill sets, gender, age, nationality, race, sexual orientation, gender identity, disability, and historically under-represented groups," going "beyond the traditional notion of diversity to include a more broad range of experience, thoughts, perspectives, and competencies." This survived the 2023 revision untouched.
- The named disclosure frameworks in the corporate reporting section - TCFD, SASB, the Global Reporting Initiative standards, the IIRC and the Carbon Disclosure Project - are all retained, described in both editions as offering "useful investor endorsed disclosure guidance."
- Environmental commitments: companies should disclose "environmental commitments the company has made including timelines, targets, and impact on financial statements, and business strategy."
- Board independence, committee composition and the majority-independent board standard are unchanged, as are the compensation principles in section C and the regulatory principles in section E.
- Every numeric threshold in the document appears identically in both editions.

The bottom line

If you are trying to detect whether the 2022-25 pressure on ESG-inflected stewardship reached CalPERS' formal Principles, the answer from this comparison is no - and in one respect the opposite. The only new content is a labour and human-rights appendix that includes an explicit DEI commitment. Everything else, including the fullest board-diversity definition of any manager reviewed on this site, is exactly as it was in 2019. Whether CalPERS' actual voting has tracked that stability is a separate question, answerable only from its published voting record.