

CalPERS

Proxy Voting Policy Evolution: 2017-2026

Analysis of 6 policy versions across 4 revision cycles
Based on archived versions from the Wayback Machine
and CalPERS's public website

Prepared March 2026

Executive Summary

This report analyzes 6 versions of CalPERS's proxy voting guidelines spanning 2017-2026. Over this period, the guidelines grew from 38 pages to 45 pages and the number of identifiable policy statements grew from 46 to 74. Policy revisions were detected in 4 of the 5 year-over-year transitions examined.

Over the 2017-2026 period, CalPERS's proxy voting guidelines have grown substantially in scope and specificity, with actionable policy statements increasing from 46 to 74. The most notable expansion has been in Climate & Sustainability, reflecting evolving governance priorities.

The most significant revision occurred in 2023 (compared to 2019), with 2% textual similarity, 29 new statements added, and 35 removed. A second major revision occurred in 2024. These inflection points mark the key moments when CalPERS substantively rethought its governance approach.

Key Observations

- Board Composition & Diversity: Relatively stable (39 -> 57 references), suggesting consistent governance priorities in this area
- Climate & Sustainability: Significantly expanded from 84 to 138 keyword references, indicating growing governance attention to this area. Peak emphasis was in 2024.
- Executive Compensation: Relatively stable (163 -> 119 references), suggesting consistent governance priorities in this area
- Shareholder Rights & Proposals: Relatively stable (10 -> 8 references), suggesting consistent governance priorities in this area
- Board Independence & Oversight: Relatively stable (33 -> 42 references), suggesting consistent governance priorities in this area
- Human Capital Management: Relatively stable (47 -> 68 references), suggesting consistent governance priorities in this area
- Voting Approach & Engagement: Relatively stable (17 -> 20 references), suggesting consistent governance priorities in this area

Year-by-Year Policy Changes

2017

Document: 38 pages, 214 KB, approximately 14,812 words, 46 policy statements identified.

2018

Document: 37 pages, 704 KB, approximately 15,597 words, 63 policy statements identified.

A major restructuring or rewrite occurred compared to the 2017 edition (6% textual similarity). 4 policy statements were modified, 20 added, and 3 removed.

Key changes include: systematic replacement of 'economic' with 'financial' (1 instances). This revision represents a significant inflection point in CalPERS's governance approach.

New Sections:

- "Transparency encompasses the following:"

Notable Language Changes:

2017:

"Non- employee directors should not receive "sweeteners" for deferring cash payments into company stock. j."

2018:

"Non-employee directors should not CalPERS' Governance & Sustainability Principles receive "sweeteners" for deferring cash payments into company s tock. j."

2017:

"Recapturing Dividend Equivalent Payouts: Companies should develop and disclose a policy for recapturing dividend equivalent payouts on equity CalPERS' Governance & Sustainability Principles that does not vest."

2018:

"Recapturing Dividend Equivalent Payouts: Companies should develop and disclose a policy for recapturing dividend equivalent payouts o n equity that does not vest."

2019

Document: 37 pages, 1127 KB, approximately 15,574 words, 63 policy statements identified.

Moderate revisions were made compared to the 2018 edition (93% textual similarity). 0 policy statements were modified, 0 added, and 0 removed.

2023

Document: 41 pages, 706 KB, approximately 14,383 words, 57 policy statements identified.

A major restructuring or rewrite occurred compared to the 2019 edition (2% textual similarity). 11 policy statements were modified, 29 added, and 35 removed.

Key changes include: systematic replacement of 'require' with 'encourage' (5 instances); introduction of demographic diversity metrics, EEO-1 workforce demographics survey. This revision represents a significant inflection point in CalPERS's governance approach.

New Sections:

- "Figure 1: Core Issues in Long-term Value Creation"
- "The following summarizes our compensation principles:"

Notable Language Changes:

2019:

"Companies should not reincorporate to offshore locations where corporate governance structures are weaker, which reduces management accountability to shareowners. g."

2023:

"Companies should not reincorporate to offshore locations where corporate governance structures are weaker, which reduces management accountability to shareowners. g.Charitable and Political Contributions : Robust board oversight and disclosure of corporate charitable and political activity is needed to ensure alignment with business strategy and to protect assets on behalf of shareowners."

2019:

"Board Monitoring, Assessment and Approval: The board of directors should monitor charitable and political contributions (including trade association contributions directed for lobbying purposes) made by the company."

2023:

"Board Monitoring, Assessment and Approval : The board of directors should monitor charitable and political contributions (including direct or indirect lobbying and grassroots lobbying communications) made at the local, state, and federal levels by the company."

2024

Document: 45 pages, 491 KB, approximately 14,822 words, 74 policy statements identified.

A major restructuring or rewrite occurred compared to the 2023 edition (2% textual similarity). 16 policy statements were modified, 32 added, and 15 removed.

New Sections:

- "Disclosure on Environmental Risks and Opportunities"

Notable Language Changes:

2023:

"In particular we have identified five core issues that we believe have a long-term impact on risk and return: A.Investor Rights B.Board Quality: Diversity, Independence and Competence C.Executive, Director and Employee Compensation D.Corporate Reporting E."

2024:

"Regulatory Effectiveness As demonstrated in Figure 1 below , it is important to recognize that we believe that managing these five issues is mutually reinforcing."

2023:

"Internal pay equity is important for recognizing and incentivizing the contribution of the general employee base to the company's success as well as attracting and retaining employees. c.Peer Benchmarking: Companies should disclose the companies in peer groups used for benchmarking and/or other comparisons."

2024:

"Peer Benchmarking Companies should disclose the companies in peer groups used for benchmarking and/or other comparisons."

2026

Document: 45 pages, 491 KB, approximately 14,822 words, 74 policy statements identified.

This version is identical to the 2024 edition. No changes were detected.

Thematic Evolution: Board Composition & Diversity

CalPERS's coverage of board composition & diversity remained relatively consistent across the 2017-2026 period (39 to 57 keyword references), suggesting this represents a stable, mature area of CalPERS's governance framework.

2017 (39 references)

"Directors should also be enabled to regularly refresh their skills and knowledge to discharge their responsibilities. 3."

2018 (46 references)

"Corporate Culture: Boards should have an active role in setting a high- performance corporate culture, which includes: respectful treatment of employees; efforts to promote diversity, inclusion and innovation; providing a workplace free of sexual harassment and other forms of harassment; fostering trust between employees and management; and promoting ownership and accountability for an ethical..."

[Significant language shift from prior year]

2019 (46 references)

"Corporate Culture: Boards should have an active role in setting a high- performance corporate culture, which includes: respectful treatment of employees; efforts to promote diversity, inclusion and innovation; providing a workplace free of sexual harassment and other forms of harassment; fostering trust between employees and management; and promoting ownership and accountability for an ethical..."

2023 (53 references)

"Additionally, there should be routine discussions as part of a rigorous evaluation and succession planning process surrounding director refreshment to ensure boards maintain the necessary mix of skills, diversity, and experience to meet strategic objectives. e.Diversity Disclosure : Boards should annually disclose their demographic information including race, ethnicity and gender."

[Significant language shift from prior year]

2024 (57 references)

"CalPERS' Governance & Sustainability Principles Boards should annually disclose their demographic information including race, ethnicity and gender."

[Significant language shift from prior year]

2026 (57 references)

"CalPERS' Governance & Sustainability Principles Boards should annually disclose their demographic information including race, ethnicity and gender."

Why This Matters

Board composition and diversity language in proxy voting guidelines is one of the most politically sensitive areas, directly affecting how asset managers evaluate director nominees. Changes in this area signal how CalPERS balances skills-based evaluation against demographic diversity expectations.

Thematic Evolution: Climate & Sustainability

CalPERS's attention to climate & sustainability grew significantly over the 2017-2026 period, from 84 keyword references in 2017 to 138 in 2026. Coverage peaked at 138 references in 2024. This expansion indicates that climate & sustainability has become an increasingly important governance consideration for CalPERS.

2017 (84 references)

"We believe that shareowners should have an effective mechanism to stimulate healthy debate for the purpose of holding management accountable for performance through compensation programs; however we do not generally believe that it is optimal for shareowners to approve individual contracts at the CalPERS' Governance & Sustainability Principles company level."

2018 (68 references)

"GOVERNANCE & SUSTAINABILITY PRINCIPLES We believe that fully accountable governance structures produce , over the long term, the best returns to shareowners."

[Significant language shift from prior year]

2019 (68 references)

"GOVERNANCE & SUSTAINABILITY PRINCIPLES We believe that fully accountable governance structures produce , over the long term, the best returns to shareowners."

2023 (132 references)

"Directors should be provided meaningful information in a timely manner prior to board meetings and should be allowed reasonable access to management to discuss board issues. a.Board Access to Management : The board should have a process in place by which all directors can have access to senior management. b."

[Significant language shift from prior year]

2024 (138 references)

"Governance & Sustainability Principles We believe that fully accountable governance structures produce, over the long term, the best returns to shareowners."

[Significant language shift from prior year]

2026 (138 references)

"Governance & Sustainability Principles We believe that fully accountable governance structures produce, over the long term, the best returns to shareowners."

Why This Matters

Climate and sustainability provisions are among the most closely watched elements of proxy voting guidelines, as they influence voting on shareholder proposals, risk oversight assessments, and disclosure expectations. The trajectory of CalPERS's language in this area provides insight into the broader industry shift between prescriptive ESG frameworks and financial materiality approaches.

Thematic Evolution: Executive Compensation

CalPERS's coverage of executive compensation remained relatively consistent across the 2017-2026 period (163 to 119 keyword references), suggesting this represents a stable, mature area of CalPERS's governance framework.

2017 (163 references)

"Clawback Policy: Companies should recapture inc entive payments that were made to executives on the basis of having met or exceeded performance targets during a period of fr audulent activity or a material negative restatement of financial results for which execut ives are found personally responsible. 4."

2018 (170 references)

"CEO Pay Ratio Disclosure: Companies should disclose the ratio of CEO compensation to the median annual total compensation of all oth er employees, and the methodology used to determine the ratio. 2."

[Significant language shift from prior year]

2019 (170 references)

"CEO Pay Ratio Disclosure: Companies should disclose the ratio of CEO compensation to the median annual total compensation of all oth er employees, and the methodology used to determine the ratio. 2."

2023 (120 references)

"Furthermore, all equity awards, whether subject to equity ownership requirements or not, should not be hedged, pledged, or otherwise encumbered. c.Other Forms of Compensation: We believe that additional compensation awards granted outside of the company's incentive plans may potentially undermine the integrity of its regular incentive plans or the link between pay and performance, or both."

[Significant language shift from prior year]

2024 (119 references)

"Other Forms of Compensation We believe that additional compensation awards granted outside of the company's incentive plans may potentially undermine the integrity of its regular incentive plans or the link between pay and performance, or both."

[Significant language shift from prior year]

2026 (119 references)

"Other Forms of Compensation We believe that additional compensation awards granted outside of the company's incentive plans may potentially undermine the integrity of its regular incentive plans or the link between pay and performance, or both."

Why This Matters

Executive compensation language directly affects how CalPERS votes on say-on-pay proposals and equity plan approvals - among the most common and consequential proxy votes. Evolving expectations here have immediate practical implications for corporate boards and compensation committees.

Thematic Evolution: Board Independence & Oversight

CalPERS's coverage of board independence & oversight remained relatively consistent across the 2017-2026 period (33 to 42 keyword references), suggesting this represents a stable, mature area of CalPERS's governance framework.

2017 (33 references)

"Nearly all corporate governance commentators agree that boards should be comprised of at least a majority of "independent directors." But the definitional independence of a majority of the board may not be enough in some instances."

2018 (37 references)

"Nearly all corporate governance commentators agree that boards should be comprised of at least a majority of "independent directors." But the definitional independence of a majority of the board may not be enough in some instances."

2019 (37 references)

"Nearly all corporate governance commentators agree that boards should be comprised of at least a majority of "independent directors." But the definitional independence of a majority of the board may not be enough in some instances."

2023 (39 references)

"Nearly all corporate governance commentators agree that boards should be comprised of at least a majority of "independent directors." But the definitional independence of a majority of the board may not be enough in some instances."

2024 (42 references)

"Independent Executive Session : Independent directors should meet periodically (at least once a year) alone in an executive session, without the CEO."

[Significant language shift from prior year]

2026 (42 references)

"Independent Executive Session : Independent directors should meet periodically (at least once a year) alone in an executive session, without the CEO."

Thematic Evolution: Human Capital Management

CalPERS's coverage of human capital management remained relatively consistent across the 2017-2026 period (47 to 68 keyword references), suggesting this represents a stable, mature area of CalPERS's governance framework.

2017 (47 references)

"However, such investment alternatives offered under deferred compensation plans for directors should mirror those offered to employees in broad-based deferral plans."

2023 (58 references)

"Directors should be accountable to shareowners, and management accountable to directors. a.Long-term Vision : Corporate directors and management should have a long-term strategic vision that, at its core, emphasizes sustained shareowner value and effective management of both risk and opportunities in the oversight of financial, physical, and human capital."

[Significant language shift from prior year]

2024 (68 references)

"Boards should be accountable for companies to develop and implement company policies, procedures, integrated financial reporting, training and internal reporting structures to ensure commitment to the following: Universal Human Rights Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do..."

[Significant language shift from prior year]

2026 (68 references)

"Boards should be accountable for companies to develop and implement company policies, procedures, integrated financial reporting, training and internal reporting structures to ensure commitment to the following: Universal Human Rights Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do..."

Thematic Evolution: Voting Approach & Engagement

CalPERS's coverage of voting approach & engagement remained relatively consistent across the 2017-2026 period (17 to 20 keyword references), suggesting this represents a stable, mature area of CalPERS's governance framework.

2017 (17 references)

"Informed Directors : Directors should receive training from independent sources on their fiduciary responsibilities and liabilities."

2018 (19 references)

"We will also withhold our vote in limited circumstances where a company has consistently demonstrated long-term economic underperformance."

[Significant language shift from prior year]

2019 (19 references)

"We will also withhold our vote in limited circumstances where a company has consistently demonstrated long-term economic underperformance."

2023 (20 references)

"We will also withhold our vote in limited circumstances where a company has consistently demonstrated long-term economic underperformance."

2024 (20 references)

"We will also withhold our vote in limited circumstances where a company has consistently demonstrated long-term economic underperformance."

2026 (20 references)

"We will also withhold our vote in limited circumstances where a company has consistently demonstrated long-term economic underperformance."

Why This Matters

The evolution of CalPERS's voting approach and engagement language is foundational - it shapes how every other governance topic is addressed. Shifts from prescriptive to principles-based, or from adversarial to collaborative, affect the entire stewardship posture.

Overall Assessment

Over 6 versions spanning 2017-2026, CalPERS's proxy voting guidelines reveal a pattern of active evolution. Of the 5 year-over-year transitions examined, 4 involved policy changes. The evolution of these guidelines provides a window into how one of the industry's institutional investors has adapted its governance expectations in response to changing market conditions, regulatory developments, and stakeholder demands.

The number of actionable policy statements grew from 46 to 74 over the period, indicating increasingly granular and prescriptive governance expectations. More specific policy statements give companies clearer signals about expected governance practices and provide a more predictable framework for anticipating voting decisions.

1. Evolving Governance Priorities

The thematic analysis reveals expanded emphasis on Climate & Sustainability (84->138 refs). These shifts map the changing landscape of CalPERS's governance priorities and provide companies with a roadmap for understanding what governance areas will receive the most scrutiny going forward.

2. Revision Patterns and Inflection Points

The most significant revision years were 2023, 2024, 2018. These inflection points often correspond to external catalysts: changes in the regulatory environment, major governance failures in the market, or shifts in the political landscape around institutional stewardship. Understanding when and why an asset manager revises its guidelines helps governance professionals anticipate future changes.

3. Current Governance Priorities

As of the 2026 edition, CalPERS's governance priorities ranked by emphasis are: Climate & Sustainability (138 refs); Executive Compensation (119 refs); Human Capital Management (68 refs); Board Composition & Diversity (57 refs); Board Independence & Oversight (42 refs); Voting Approach & Engagement (20 refs). Companies engaging with CalPERS should prioritize these areas when preparing for proxy season and governance discussions.

The evolution of CalPERS's proxy voting guidelines over 2017-2026 reflects the broader transformation of institutional stewardship from a compliance exercise into a strategic governance function. As the regulatory and political landscape continues to shift, these guidelines will likely continue to evolve. Governance professionals, corporate secretaries, and investor relations teams should monitor these changes to anticipate CalPERS's governance expectations and voting behavior.

Source Documents

All documents were retrieved from the Wayback Machine (web.archive.org) and the manager's public website:

Year	Pages	Size	Words	Statements	Source
2017	38	214 KB	14,812	46	Wayback Machine
2018	37	704 KB	15,597	63	Wayback Machine
2019	37	1127 KB	15,574	63	Wayback Machine
2023	41	706 KB	14,383	57	Wayback Machine
2024	45	491 KB	14,822	74	Wayback Machine
2026	45	491 KB	14,822	74	Live URL