

Dodge & Cox Funds Proxy Voting Policies and Procedures

February 2026 vs. February 2025: a new blanket no on political-spending proposals, and a new yes on shareholder litigation rights

Dodge & Cox / Dodge & Cox Funds

Proxy Voting Policies and Procedures

Revised February 26, 2025 compared with revised February 24, 2026

Dodge & Cox added two brand-new voting rules that point in opposite directions: it will now typically vote against every political-spending disclosure proposal, and generally vote against mandatory arbitration clauses. It also removed DEI from the document.

Source: the two published policy documents, read in full. Both print their own revision date. Every quotation below is taken verbatim from them.

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The short version

Dodge & Cox's guidelines are a list of ballot items with a stated position attached to each, which makes changes easy to see. The 2026 revision adds two entirely new items, rewrites three existing ones, and deletes the firm's references to diversity, equity and inclusion and to its outside proxy research firms.

- New - Political Donations. Dodge & Cox "will typically vote against shareholder proposals requesting or requiring additional disclosure or reports on political contributions, lobbying, or trade association and other third-party memberships." There was no position on this at all in 2025. This is a category-wide no.
- New - Mandatory Arbitration. Dodge & Cox "will generally vote against management proposals to introduce or ratify mandatory arbitration clauses" and "will generally support reasonable shareholder proposals seeking to remove such provisions." A clear pro-shareholder addition.
- Rewritten - Reincorporation. A one-line deference to management became a shareholder-rights test with a presumption against redomiciliations that weaken protections.
- Rewritten - the section on shareholder proposals. "Omission of 'Irrelevant' Proxy Issues," in which Dodge & Cox deferred to SEC rules, became "Inclusion of Shareholder Proposals," and the deference sentences were cut.
- New filter - a general anti-prescriptive test now applies across environmental and social proposals: typically vote against proposals that are "overly prescriptive, seek to dictate a company's strategy or operations, or are not clearly linked to long-term shareholder value."
- Deleted - the DEI section heading, and the sentence saying Dodge & Cox might support proposals asking for EEO-1 reports and board diversity disclosure.
- Deleted - both references to the two outside proxy research firms Dodge & Cox used.

Direction of travel

Mixed, and unusually so. On shareholder rights against the company's own governing documents - arbitration clauses, reincorporation, written consent structured to favour a controller - Dodge & Cox got firmer and more protective. On shareholder proposals asking the company to disclose things - political spending, DEI metrics, environmental and social data - it got markedly less receptive. The distinction it is drawing is between rights and reporting.

1. Political spending: from no position to a standing no

The 2025 guidelines said nothing about political contributions or lobbying. The 2026 guidelines devote a new section to them and conclude with a category-wide vote against.

2026, new:

"We generally believe that existing laws and regulations already require meaningful disclosure of political contributions and lobbying and that management and the board are best positioned to determine any additional voluntary disclosure that is appropriate for the company. Accordingly, Dodge & Cox will typically vote against shareholder proposals requesting or requiring additional disclosure or reports on political contributions, lobbying, or trade association and other third-party memberships."

The section is not purely restrictive - it opens by saying Dodge & Cox expects boards "to oversee these activities appropriately, ensure compliance with applicable laws, and provide disclosure that enables investors to understand the governance and oversight framework for corporate political activity, including the role of the board and management." But that expectation is addressed to boards, not enforced by a vote. The operative sentence is the one quoted above, and it covers the three forms these proposals take: direct contributions, lobbying expenditure, and trade association and third-party memberships.

Why this matters

Political-spending and lobbying disclosure proposals are one of the largest recurring categories on US ballots and routinely attract 20-40% support. Dodge & Cox has now told you, in advance and without a case-by-case caveat beyond "typically," how it will vote on all of them. The stated rationale - that existing law already requires meaningful disclosure - is a contestable premise, since the proposals most commonly filed target exactly the payments that are not required to be itemised, such as trade association dues. Whether or not you agree, this is the clearest, most predictable change in the document.

2. Mandatory arbitration: a new protection

Running the other way, Dodge & Cox has taken a position on one of the sharper-edged governance fights of recent years - company attempts to force shareholder claims into private arbitration and out of class actions.

2026, new:

"Dodge & Cox will generally vote against management proposals to introduce or ratify mandatory arbitration clauses, or similar limitations on shareholder litigation rights in a company's governing documents, and we will generally support reasonable shareholder proposals seeking to remove such provisions or assess their impact on shareholder protections."

The section is grounded in a principle - "Dodge & Cox believes in strong shareholder rights that support long-term value, including meaningful access to the courts" - and it is symmetrical: against management proposals that introduce these clauses, and for shareholder proposals that remove them or assess their effect. It preserves a narrow exception for "limited circumstances in which such provisions could be financially prudent for shareholders as a whole."

Note that this is one of relatively few places in the 2026 document where Dodge & Cox commits to supporting a shareholder proposal. It sits alongside the pre-existing commitment to "generally support non-binding shareholder proposals that encourage companies to adopt a succession plan for senior management," which is unchanged.

3. Reincorporation and written consent: two shareholder-rights tightenings

Reincorporation

Moving the company's state or country of incorporation

2025:

"Dodge & Cox generally supports management's decision to reincorporate in another location for reasons other than to prevent takeover attempts."

2026:

"Dodge & Cox evaluates proposals to change a company's jurisdiction of incorporation primarily through the lens of long-term shareholder rights and protections and is generally not supportive of reincorporations that would weaken those rights or reduce accountability of boards and management."

One sentence became a paragraph, and a presumption in favour of management became a presumption against a particular kind of move. Dodge & Cox "will generally vote against proposals that materially diminish shareholder rights but may support reincorporations where the new jurisdiction provides equal or stronger shareholder rights, and where there is no meaningful deterioration in shareholders' ability to hold boards and management accountable," with a residual discretion where "the overall benefits outweigh the diminished shareholder rights." The 2025 test looked only for a takeover motive; the 2026 test asks whether shareholders end up worse protected, which is the question that matters in the current wave of US state-of-incorporation changes.

Written consent

2026, new sentence:

"Dodge & Cox may oppose management and shareholder proposals requesting the right to act by written consent in cases where the proposal is structured for the benefit of a majority shareholder to the exclusion of minority shareholders."

The rest of the written-consent guidance is unchanged - Dodge & Cox "typically supports the right of shareholders to take action by written consent" while weighing the minimum consent threshold and other governance rights. The new sentence carves out the controlled-company case, where a written-consent right can be a tool for the controller rather than a check on it. It applies to management and shareholder proposals alike.

4. Shareholder proposals: the SEC deference is gone, and a new screen is in

A section that had existed for years under the heading "Omission of 'Irrelevant' Proxy Issues" was retitled and cut down.

Whether Dodge & Cox takes a view on what belongs on a proxy

2025:

"Dodge & Cox has made it a policy not to get involved in determining what is appropriate for a company to include or exclude in its proxy statements, as there are very specific rules laid out by the SEC governing this issue. Dodge & Cox considers the proxy process to be a very important part of corporate governance, and would consider any effort to limit this shareholder forum as an effort to reduce the accountability of management. Dodge & Cox defers to the SEC rules on this matter."

2026:

"Dodge & Cox considers the proxy process to be a very important part of corporate governance, and would consider any effort to limit this shareholder forum as an effort to reduce the accountability of management."

The retained sentence is the pro-shareholder one, and the heading change from "Omission" to "Inclusion" reads the same way. What was removed is the two-part commitment not to get involved in inclusion and exclusion questions and to defer to the SEC on them. In a period when the SEC's no-action standards for excluding shareholder proposals have been in flux, dropping an explicit promise of deference leaves Dodge & Cox more room to form its own view - in either direction.

The new anti-prescriptive screen

2026, new:

"To the extent not addressed elsewhere in these Policies and Procedures, Dodge & Cox will review management and shareholder proposals regarding social and environmental issues on a case-by-case basis with a primary focus on long-term shareholder value. We will typically vote against proposals that we believe are overly prescriptive, seek to dictate a company's strategy or operations, or are not clearly linked to long-term shareholder value."

The second sentence is new at this level. An equivalent test already existed lower down, applied only to disclosure proposals; it has now been promoted to the head of the whole environmental and social section and broadened with a third limb - "not clearly linked to long-term shareholder value." That limb is the significant one, because it shifts the burden: a proposal must now demonstrate the link rather than merely avoid being prescriptive.

A second, quieter tightening sits in the disclosure sub-section. In 2025 Dodge & Cox "may consider supporting shareholder proposals requesting information or data that enables us to better assess the financial materiality of ESG risks ... such as climate change, energy transition, and human capital." In 2026 that affirmative sentence is gone, replaced by a test: it "will evaluate whether the proposed disclosure is likely to improve our ability to assess the financial materiality of the relevant risks and opportunities, and whether existing disclosure is sufficient." Also deleted: "Additionally, Dodge & Cox will review current company disclosures to determine whether the shareholder proposal is additive or unnecessary" - though the same idea survives in the new clause about existing disclosure.

5. DEI removed as a heading, retained as a phrase

Dodge & Cox has not scrubbed the words "diversity, equity, and inclusion" from the document, but it has demoted them from a section heading to an item in a list, and deleted the only voting commitment attached to them.

The section heading and its opening line

2025:

"D. Diversity, Equity and Inclusion (DEI) - Dodge & Cox recognizes that diversity, equity, and inclusiveness in the workplace can contribute to a company's long-term value."

2026:

"D. Social Considerations - Dodge & Cox recognizes that social factors such as employee health and safety, diversity, equity, and inclusion, human rights and community relations, can contribute to a company's long-term value."

2025, deleted:

"As such, Dodge & Cox may consider supporting shareholder proposals that request information and data on DEI metrics such as Equal Employment Opportunity (EEO-1) reports, disclosure of board skills and disclosure of a board diversity."

The broadened heading is a real widening of scope - health and safety, human rights and community relations are now named where they were not before. But the deleted sentence was the only place the guidelines said Dodge & Cox might vote yes on anything in this area, and it named the specific disclosure most commonly requested on US ballots, the EEO-1 report. What remains is the closing sentence, carried over unchanged from 2025: "We believe management is in the best position to determine board and company composition and will typically vote against shareholder proposals that mandate specific board and employee characteristics."

Net effect on a real ballot

On a proposal asking a company to publish its EEO-1 data, the 2025 guidelines pointed towards possible support and the 2026 guidelines point nowhere in particular - it falls back to the general environmental and social test, with its new "not clearly linked to long-term shareholder value" limb. On a proposal setting board composition targets, both editions say no. The change is at the disclosure end, not the mandate end.

6. The outside research firms disappeared

Two separate sentences describing Dodge & Cox's use of external proxy research were deleted, and nothing replaced them.

2025, deleted:

"Additionally, Dodge & Cox has retained the services of two outside proxy research firms to provide Dodge & Cox with research relating to proxy issues and to make proxy voting recommendations."

2025, deleted:

"Dodge & Cox uses two independent proxy research firms that provide research on proxy issues as a source to help determine the dilutive effects of each plan."

The 2026 document still describes "an outside proxy administrator to administer proxy voting and reporting," and still says the Proxy Officer is responsible for "overseeing the outside proxy administrator." What it no longer discloses is that anyone outside Dodge & Cox supplies research or voting recommendations, or that two independent sources were used to test the dilution of equity plans. That could reflect a change of practice or only a change of disclosure; the document does not say. Either way, an investor can no longer see from the policy what external input, if any, informs a Dodge & Cox vote.

7. What did not change

The great majority of the guidelines are carried across verbatim, including the general framing that sets Dodge & Cox's baseline.

- The general policy is unchanged: "Dodge & Cox typically votes in support of company management, but votes against proposals that Dodge & Cox believes would negatively impact the long-term value of its clients' shares."
- The decision process is unchanged: a designated Proxy Officer or delegate reviews every proxy, with escalation to the Proxy Policy Committee and then to the relevant investment committee.
- Compensation: still typically supports plans in line with prevailing practice, still evaluates dilution, still "will typically vote against any proposal to authorize replacement or repricing of underwater options." Golden parachutes and clawbacks are unchanged.
- Directors: uncontested and contested election guidance, board structure, independent chairman, tenure, classified boards, cumulative voting, stock ownership requirements, proxy access, retirement benefits and director compensation are all unchanged.
- Anti-takeover: the poison-pill test is unchanged - support where put to a ratification vote within 12 months or carrying a two-to-three-year sunset. Opt-out proposals, fair price, greenmail and M&A guidance are unchanged.
- Shareholder rights: confidential voting, the right to call meetings, supermajority provisions, one share one vote, electronic communications, virtual meetings and exclusive venue are all unchanged.
- Climate: the climate and energy transition section is carried over almost word for word, including "Dodge & Cox will typically vote in favor of well-considered management climate-related proposals" and "will typically vote against shareholder climate-related proposals that dictate a company's strategy rather than leaving the strategy up to management and the board."
- Conflicts of interest, recordkeeping, the mutual fund proxy section and the policy review process are unchanged.

The bottom line

Dodge & Cox has drawn a line in 2026 that was not visible in 2025. Where a proposal is about what shareholders can do - sue, vote, hold a board accountable after a redomiciliation - the firm moved towards protecting the shareholder. Where a proposal is about what a company must publish - political spending, EEO-1 data, environmental and social metrics - it moved towards trusting the board and away from stated support. On political spending specifically, a whole category of ballot item now has a predictable answer where previously it had none.