

2025 Proxy Season Wrap-Up



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Overview

For proxy season 2025, CalPERS continued to support shareowner proposals that can mitigate investment risks to our \$556.3 billion portfolio.¹ These proposals advocated for enhanced corporate transparency on climate change risks and stronger corporate adherence to international human rights standards that protect employees.

In addition, CalPERS remained focused on director accountability, aligning executive compensation with performance, and board recruitment and refreshment.

The annual proxy season report highlights some summary statistics and CalPERS voting trends, including the following:

- There was decreased support for directors in the U.S. but steady support for directors globally.
- Our rate of opposition to executive compensation proposals was comparable to that of the 2024 proxy season.
- Our support for ESG shareowner proposals increased in the U.S.
- There was a substantial decrease in votes on ESG shareowner proposals voted on, especially for social and environmental proposals.

In addition to the summary statistics and proxy vote trends during the 2025 proxy season, which covers the 2024-25 fiscal year, this report highlights selected corporate engagements.

How We Voted and Voting Trends

Below are the summary statistics on how we voted and trends for some common proposal categories. Additional information regarding our proxy votes is available on our website.

Director Votes

Our 59% support level for global director votes was similar to last year, even though the number of global directors voted on was slightly higher than last year, as shown in Figure 1. Our support level for directors in the U.S. decreased slightly to 72% from 75% compared to last year (Figure 2).

Why it matters: Voting in uncontested elections of directors is the most important and frequent voting item for asset owners. We believe that high-quality corporate boards should be comprised of mostly independent directors and be diverse, with an appropriate balance of skills, expertise, and tenure.

By the numbers: We voted on 34,057 global director elections, including 8,983 director elections in the U.S. (Figures 1 and 2). We continue to focus on the following considerations:

- Holding directors accountable for **climate-related risks**, focusing on the highest emitters in our equity portfolio
- Holding directors accountable for preserving **shareowner rights**
- Increasing efforts to seek improved **board composition**

¹ The overall value of the Public Employees' Retirement Fund as of June 30, 2025.

- Holding directors accountable for failed oversight surrounding **human capital management** and **labor issues**
- Continuing our opposition to **compensation committee members** where we observed pay issues

Reality check: When we vote against a director in an uncontested election, it is not for the purpose of removing that director. Rather, it's a signal to the board that there is some aspect of governance or board oversight that we believe needs improving. These board signals generally lead to productive engagements and improvement over time.

Figure 1. Global Director Votes

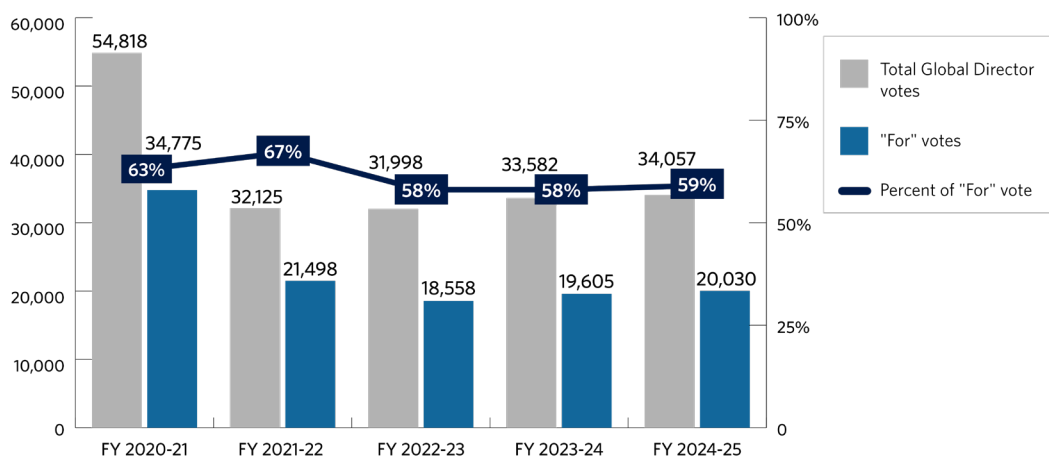
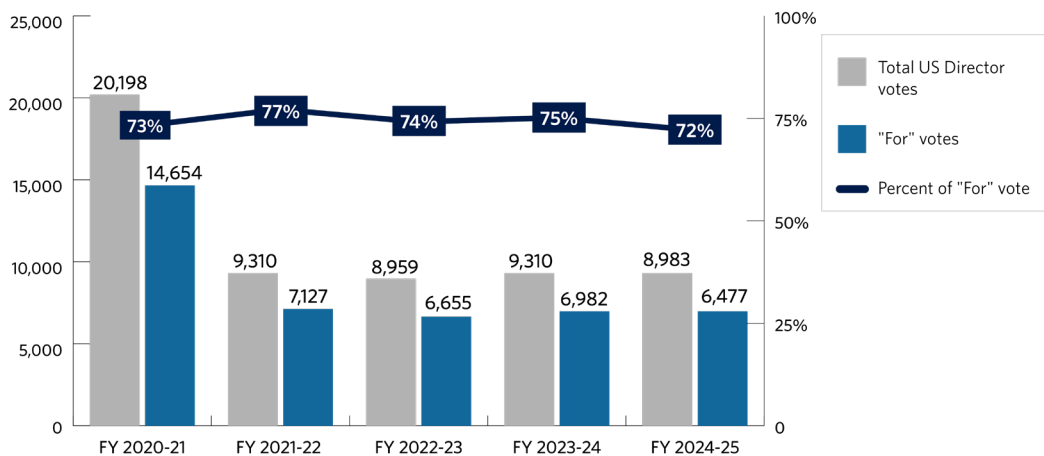


Figure 2. United States Director Votes



Executive Compensation

CalPERS' level of opposition for advisory votes on executive compensation (also known as "say on pay") was slightly higher in FY 2024-25 at 42%, versus 40% in the prior year, as shown in Figure 3.

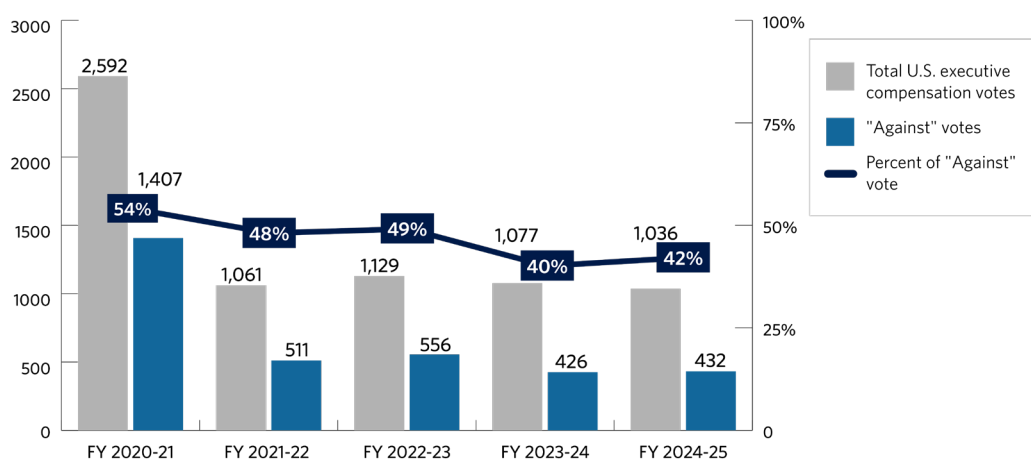
Why it matters: Well-designed compensation programs can be a powerful and effective tool to reward value-creating executives and appropriately align their interests with shareowners' interests to achieve sustainable, long-term investment returns.

By the numbers: We voted for 1,036 say-on-pay proposals and opposed 432 (42%). As in prior years, we continue to engage companies with poor pay practices to help them improve their compensation programs. Our votes against these proposals stemmed primarily from the following:

- Misalignment of pay and performance
- Short performance and/or vesting periods for long-term incentives
- One-time awards without sufficient justification or performance periods
- Lack of comprehensive disclosure

Reality check: Voting against a say-on-pay proposal is not intended as a signal to pay the CEO nothing – rather, it's a signal to the board and compensation committee that we have identified issues with some aspect of the pay design or relative quantum to peers through the performance lens. Executive compensation is a key focus for the CalPERS engagement program. In contrast to other asset managers and owners, our votes against proposals may seem high. However, we believe there are many structural issues in U.S. pay compensation plans, such as short vesting for equity awards, that could be improved in the U.S. market. The U.S. market conditions were not as strong in 2024 as in 2023, potentially creating a misalignment of pay for performance – hence the slightly lower support for say-on-pay proposals this year than the prior year.

Figure 3. United States Executive Compensation Votes



Environmental, Social, and Governance (ESG) Shareowner Proposals

In FY 2024-25 we voted on 473 ESG shareowner proposals, supporting 321, or approximately 68% (Figure 4).

Why it matters: The shareowner proposal process is an important mechanism giving investors the ability to recommend a company take a specific action on a variety of ESG topics. We analyze and vote on shareowner proposals consistent with the interests of our beneficiaries and consistent with the CalPERS Governance & Sustainability Principles.

Behind the numbers: Over the past five fiscal years, the total number of ESG shareowner proposals put to a vote decreased from 513 in FY 2020-21 to 473 in FY 2024-25 (a decrease of approximately 8%), as shown in Figure 5. However, the total number of ESG shareowner proposals decreased by more than 20% in FY 2024-25 compared to the prior year. The significant decrease may be attributed to the Securities and Exchange Commission's decision to allow more companies to exclude shareowner proposals based on ordinary business matters or matters that are not economically relevant to the company.

Our overall support of 68% for ESG shareowner proposals was slightly higher than last year's 65% but lower compared to prior fiscal years (Figure 5). The slight year-over-year increase in support was largely attributed to the following:

- Proposal request(s) being aligned with our Governance & Sustainability Principles and Proxy Voting Guidelines
- The increase in the number of governance-related proposals filed this year (see Figure 8) that protect shareowner rights
- The substantially lower number of ESG shareowner proposals voted compared to last year, especially ones related to environmental and social issues (Figures 6 and 7)

While the percentage of overall support increased, CalPERS voted in favor of fewer environmental and social shareowner proposals (Figures 6 and 7). The number of environmental shareowner proposals CalPERS supported decreased from 74 in FY 2023-24 to 51 in FY 2024-25, a 31% decrease. The number of social shareowner proposals supported decreased by 38%, from 136 to 84, during that time. However, the number of governance shareowner proposals supported increased from 138 to 160, a 16% increase over the same period (Figure 8). This is due to less overall proposals filed this proxy season.

Reality check: Some shareowner proposals are binary, like a typical governance-related proposal to declassify the board, which we typically support. However, many proposals highlight some potential risk to a company where a report or additional disclosures can aid shareowners in better understanding that risk. We support shareowner proposals on their merit, which are typically high-quality, well-targeted proposals asking for additional disclosure where we deem that disclosure pertinent to our enhanced understanding of potential risks to the company (Tables 1-3).

Figure 4: United States ESG Shareowner Proposals in Fiscal Year 2024-25

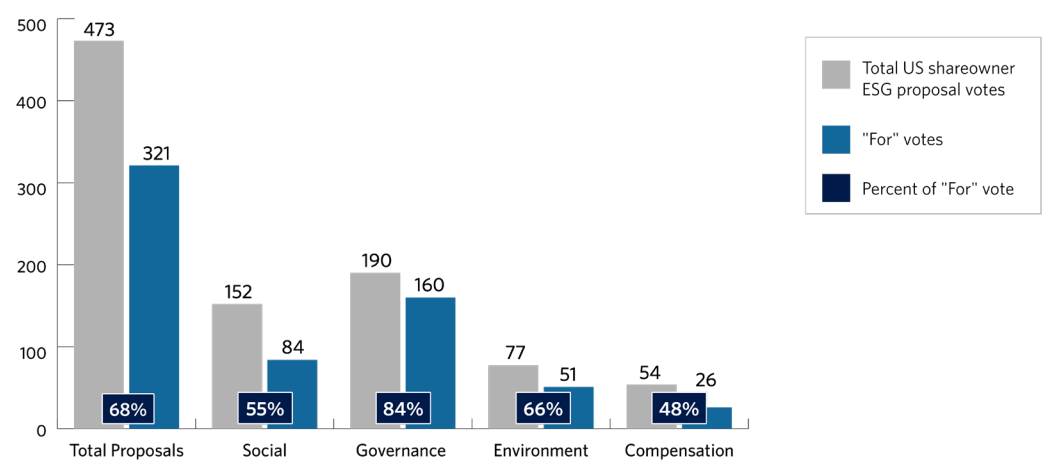


Figure 5: United States ESG Shareowner Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

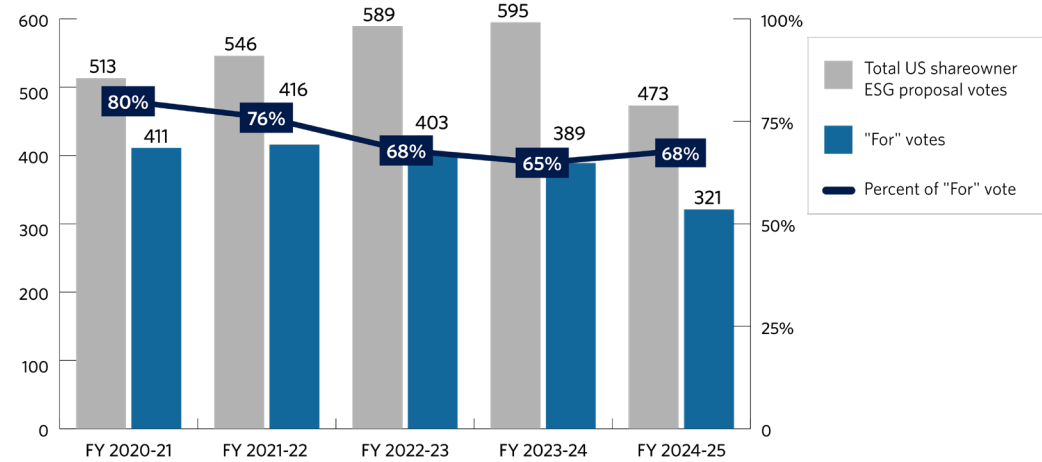


Figure 6: United States Environment Shareowner Proposals (Fiscal Year 2023-24 and Fiscal Year 2024-25)

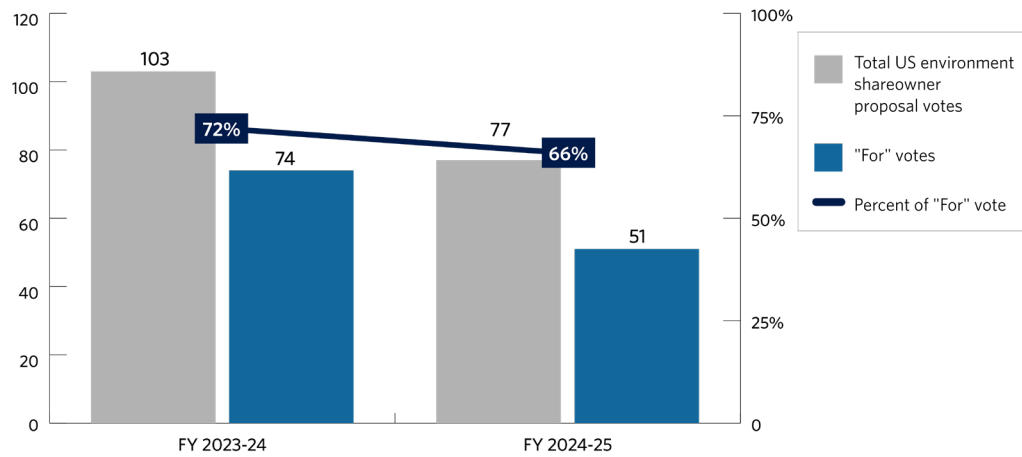


Figure 7: United States Social Shareowner Proposals (Fiscal Year 2023-24 and Fiscal Year 2024-25)

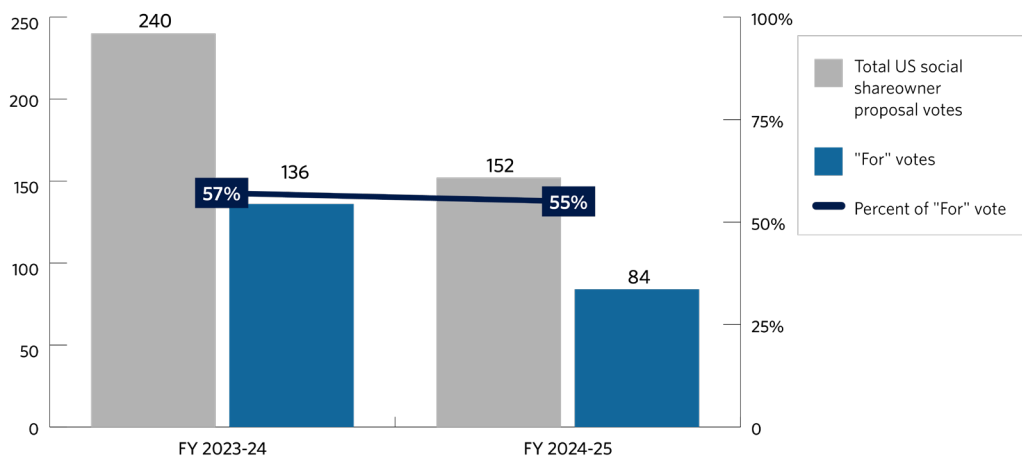


Figure 8: United States Governance Shareowner Proposals (Fiscal Year 2023-24 and Fiscal Year 2024-25)

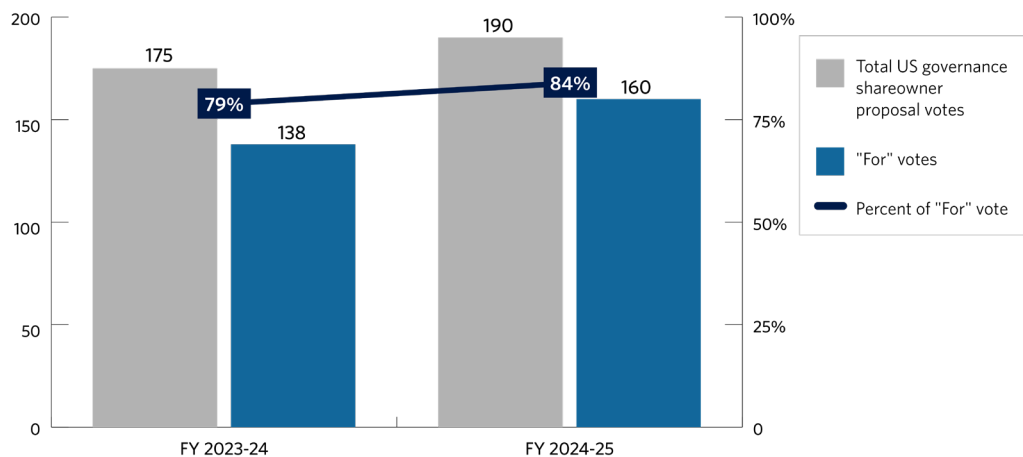


Table 1: Most Common United States Environment Shareowner Proposals in Fiscal Year 2024-25

Proposal	Proposals (#)	FOR (#)	FOR (%)
Regarding Reporting and Reducing Greenhouse Gas Emissions	16	14	88%
Report/Action on Climate Change	27	14	52%
Environmental Report	19	17	89%

Table 2: Most Common United States Social Shareowner Proposals in Fiscal Year 2024-25

Proposal	Proposals (#)	FOR (#)	FOR (%)
Reviewing Political Spending or Lobbying	25	23	92%
Human Capital Management	35	15	43%
Reporting on Company's Compliance with International Human Rights Standards	18	13	72%

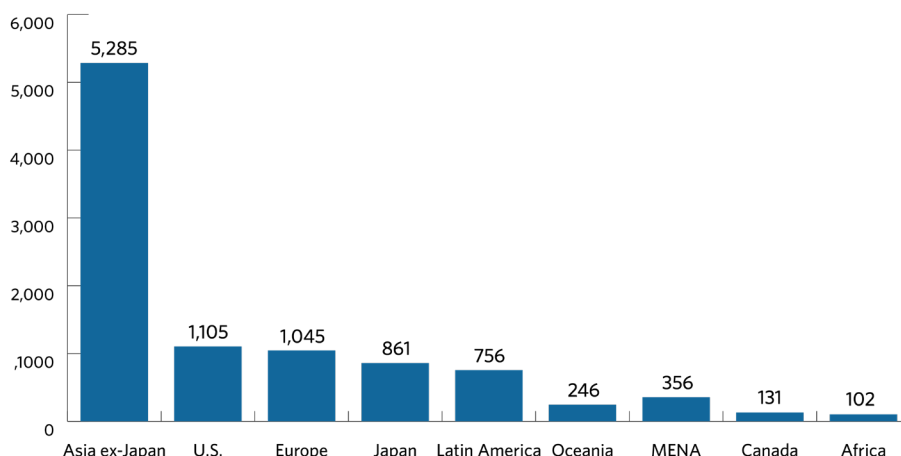
Table 3: Most Common United States Governance Shareowner Proposals in Fiscal Year 2024-25

Proposal	Proposals (#)	FOR (#)	FOR (%)
Eliminating Supermajority Provisions	26	26	100%
Independent Board Chairman/Separation of Chair and CEO	26	25	96%
Right to Call a Special Meeting	59	53	90%

Meetings Voted

In FY 2024-25, we voted in 1,105 U.S. meetings and 9,887 meetings globally, compared to 1,150 U.S. meetings and 9,768 global meetings in the previous year. Figure 9 shows a breakdown of the meetings by region. More than half of the voted meetings were from the Asia ex-Japan region. In FY 2024-25, we voted on 12,267 U.S. proposals and 93,483 global proposals. This compares to 12,804 U.S. proposals and 92,024 global proposals in the previous year. The number of meetings and proposals voted on domestically was slightly lower than last year, while the number of global meetings and proposals voted was slightly higher than in FY 2023-24. Additional detailed information on our global and domestic votes can be found in the Appendix.

Figure 9: Meetings by Region in Fiscal Year 2024-25



Corporate Engagement

CalPERS engages our portfolio companies to encourage them to consider how ESG risks and opportunities may impact their long-term value creation. More information about our corporate engagement process is available on our [website](#). Below are selected examples of our corporate engagements.

Environmental Issues

Engagement Example 1

Introduction: During 2024-2025, CalPERS engaged with a global oil and gas production company concerning its methane mitigation and disclosure practices.

Background: Management of methane emissions is critically important for oil and gas companies because methane is a powerful greenhouse gas that contributes significantly to global warming. Methane emissions also represent lost product and energy waste and are subject to increasingly

stringent government regulations. Mitigation strategies such as advanced leak detection and repair and improved operational practices have significantly reduced global methane emissions from the sector.

Objective: We engaged with the company to gain a deeper understanding of its methane mitigation strategies and the potential impact of new government regulations.

Outcome: CalPERS held an off-season proxy call with management in fall 2024 where we explained our proxy voting approach at top GHG emitters. CalPERS also held multiple calls with management in 2024 and 2025 to discuss potential EPA methane fees, methane mitigation, and methane disclosure practices. The company's most recent sustainability report published in June 2025 includes a summary of its methane mitigation strategies, and new enhanced disclosure concerning risks and the potential impact of the EPA's New Source Performance Standards and Emissions Guidelines that were finalized in early 2024 for U.S. assets.

Next steps: CalPERS expects to continue its dialogue with the company about its sustainability best practices and general governance practices.

Engagement Example 2

Introduction: During our multiyear role in Climate Action 100+, we engaged with a U.S.-based industrial company on climate transition risk, decarbonization strategy, and emissions disclosure.

Background: The company operates multiple product lines with material environmental impacts, including significant Scope 1 and Scope 3 emissions.

Objective: CalPERS' objective was to assess the credibility of the transition plan, encourage transparent reporting, and monitor implementation of decarbonization measures aligned with long-term value creation.

Outcome: In 2025, the company released its first climate transition action plan outlining energy efficiency projects, fleet electrification by 2030, and a commitment to 100% renewable electricity by 2040. It also issued a nature impact assessment aligned with the Taskforce on Nature-related Financial Disclosures. Operational emissions have declined, and the company reports 237 million metric tons of CO₂ avoided through product use. Energy-efficient products are central to growth and embedded in core operations. Scope 3 remains the key challenge due to customer energy use, but progress continues.

Next steps: Maintain engagement on execution milestones, Scope 3 pathways, renewable electricity sourcing, and disclosure quality, with emphasis on linking targets to capital allocation and measurable interim results.

Social Issues

Engagement Example 1

Introduction: During 2023-2025, CalPERS engaged with a global financial services company concerning its employee hiring practices.

Background: The company faced scrutiny over its hiring practices after reports surfaced that it conducted sham interviews with diverse candidates for positions that had already been filled. These reports also indicated that the company retaliated against employees who raised concerns about these

practices. Furthermore, the company has also been subject to multiple consent orders and regulatory actions stemming from investigations into its business practices that initially began with revelations of fraudulent sales practices.

Objective: CalPERS engaged with the company to confirm it had taken corrective actions concerning its hiring practices, such as improving oversight, fostering a stronger corporate culture, and enhancing transparency.

Outcome: In 2023, a shareowner submitted a proposal for the annual meeting requesting that the company disclose and quantify its efforts to prevent harassment and discrimination against employees in protected classes. The proposal, supported by CalPERS, received majority shareowner approval. As of 2025, the company's proxy statement now includes detailed information on the materials reviewed by the Board of Directors regarding oversight of potential harassment and discrimination issues. Additionally, the company has established a centralized conduct management office to support these efforts.

Next steps: CalPERS remains committed to ongoing dialogue with the company about its human capital strategies and general governance practices.

Engagement Example 2

Introduction: CalPERS engaged a large information technology company surrounding human capital management (HCM) practices and disclosures.

Background: In advance of the 2025 proxy vote CalPERS had a routine engagement with the company surrounding a variety of ESG issues. Staff had a specific discussion surrounding HCM disclosure and the lack of EEO-1 reporting.

Objective: Consistent with the CalPERS Governance & Sustainability Principles we believe “Boards should annually disclose their demographic information including race, ethnicity and gender. Ideally, companies should disclose their Employer Information Report, known as the EEO-1 report, or similar workforce demographic data to enable shareowners to assess the board’s diversity relative to its workforce and compare companies in similar industries.” Based on this principle, CalPERS informed the company we were voting “against” members of the Environment & Sustainability Committee.

Outcome: Shortly after the engagement, the company notified staff that they had plans to disclose EEO-1 information on the ESG section of their website. Based on this commitment, staff did not withhold votes from director nominees.

Next steps: CalPERS remains committed to ongoing dialogue with portfolio companies surrounding best practice HCM disclosures.

Engagement Example 3

Introduction: While many U.S. companies made changes to their diversity, equity, and inclusion (DEI) commitments, a large warehouse retailer took a different path. At the company’s 2025 annual general meeting, more than 98% of shareowners, including CalPERS, voted against a shareowner proposal requesting an audit of the company’s DEI program.

Background: In response to heightened regulatory scrutiny, some companies reduced or rebranded DEI initiatives. In contrast, this company has long viewed inclusion as central to its operations, with programs designed to support a diverse workforce and create inclusive customer experiences.

Objective: Our goal was to engage with the company to better understand why it views inclusion as important to its business strategy and long-term value creation.

Outcome: Through engagement, we learned that the company's board strongly supports its longstanding inclusion commitment, emphasizing that inclusion is a core company value. Leadership highlighted inclusion as a driver of stronger employee engagement, better customer service, and greater innovation. This approach aligns closely with CalPERS' belief that diversity and inclusion can contribute to better governance, stronger long-term performance, and sustainable value creation. Shareowners reinforced this position at the annual general meeting, overwhelmingly voting against the shareowner proposal to audit the company's inclusion program.

Next steps: CalPERS will continue to monitor portfolio companies making changes to their DEI programs and share insights from our perspective and other company examples.

Governance Issues

Engagement Example 1

Introduction: CalPERS engaged with a global financial services company concerning money laundering violations.

Background: In late 2024, the company reported that it had pleaded guilty to Bank Secrecy Act (BSA) and money laundering conspiracy violations following a U.S. Justice Department investigation. The violations included failure to maintain an anti-money laundering program that complies with the BSA, failure to file accurate currency transaction reports, and laundering money. The U.S. Justice Department concluded that the company had become the "bank of choice" for several targeted money-laundering organizations. After the guilty plea it was reported that a former employee of the bank allegedly used their position to facilitate money laundering and was arrested for allegedly facilitating money laundering into Colombia.

Objective: CalPERS sought to engage with the company to discuss governance and oversight enhancements following the guilty plea.

Outcome: In early 2025, CalPERS held multiple calls with both management and director representatives concerning the violations. In response to the anti-money laundering settlement, the company:

- Accelerated changes to the executive team and replaced the CEO
- Added four new independent directors
- Significantly reduced CEO/executive pay in 2024
- Established a dedicated board-level remediation committee to oversee and direct its regulatory remediation efforts
- Verified that it will retain its independent board chair structure with no planned changes

In 2025, CalPERS opposed the say-on-pay proposal and withheld support for two long-tenured Compensation Committee members, reflecting concerns over the company's failure to address prior incentive outcomes that did not appear fully justified. We were further concerned that the company opted not to pursue compensation clawbacks following deficiencies in anti-money laundering oversight.

Next steps: CalPERS plans to continue engaging with the company about its evolving corporate governance best practices.

Engagement Example 2

Introduction: CalPERS engaged with a large-cap health company regarding executive compensation.

Background: In May 2025, the company's CEO resigned, and its chairman and former CEO regained their position as CEO and received a large upfront award that included stock options worth \$60 million for three years of employment. The front-loaded award was granted after the stock price had recently dropped by approximately 20% to 30% following announcements of a Department of Justice investigation and the CEO resignation.

Objective: We sought to share our concerns that the front-loaded award was sizable, did not have performance requirements beyond a three-year vesting period, and could result in an excessive payout for the CEO if the share price rebounded from the approximately 20% to 30% decline that occurred in the previous one to two months.

Outcome: The company's management and board engaged with CalPERS to explain their rationale for granting the CEO front-loaded stock options. Nevertheless, CalPERS opposed the pay package (say on pay vote) due to our pay practice concerns. At the company's shareowner meeting, the say on pay vote received only around 60% support, which is considered low for a major CEO award.

Next steps: CalPERS will maintain ongoing discussions with the company regarding executive compensation.

Engagement Example 3

Introduction: CalPERS reviewed a large automotive company's executive compensation program to inform our vote on the say-on-pay proposal at its 2025 annual general meeting. During the review, we identified operational and strategic challenges under the CEO's tenure that have impacted long-term performance.

Background: During the CEO's tenure, the company has faced a number of operational and strategic challenges. Vehicle production has declined by 40% and revenue has become more concentrated in the U.S. while declines in China have had a particularly negative impact. EBITDA margin improved through 2021, but has since softened, and since 2022, the company has reduced CAPEX as a percentage of sales while increasing stock repurchases, coinciding with notable share price gains. At the same time, the CEO ownership remains relatively modest. The CEO held a peak of 0.36% of the company's outstanding shares and now holds 0.28%, highlighting an opportunity for stronger alignment between executive and shareowner interests.

Objective: The purpose of our review was to better understand how the company's executive compensation reflects long-term performance and strategic priorities, and whether the structure appropriately aligns the CEO's incentives with sustainable shareowner value.

Outcome: Our review found that while the company has made gains in areas such as EBITDA margin and stock price, executive pay outcomes have not consistently aligned with long-term shareowner returns. Stock repurchases and incentive structures have contributed to CEO compensation even as vehicle production and revenue diversification declined. Additionally, median worker pay remained flat, adjusting for inflation, while the total workforce declined, highlighting broader pay equity considerations. Based on these findings, CalPERS voted against the say-on-pay proposal and withheld support from the chair of the Compensation Committee to communicate that executive compensation should be more closely aligned with long-term company performance, strategic outcomes, and equitable treatment of the workforce.

Next steps: CalPERS will continue to engage with the company on executive pay alignment, CEO ownership, and long-term value creation. These discussions aim to support compensation practices that reinforce sustainable performance, balance capital allocation, and maintain alignment between the company, its workforce, and shareowners.

Engagement Example 4

Introduction: At a large retailer's 2025 annual general meeting, CalPERS reviewed the company's executive compensation in light of longstanding underperformance and other related concerns. Our analysis focused on whether the board demonstrated effective oversight in linking executive pay to company performance and long-term shareowner value.

Background: Over the past decade, the company has faced persistent challenges, including declining margins and increasing competition. While the company has announced multiple restructuring initiatives and leadership changes, these efforts have delivered limited improvement in financial performance. At the same time, executive pay has remained elevated, raising questions about whether compensation is aligned with shareowner returns.

Objective: Our goal was to assess whether the company's executive pay practices appropriately reflect its long-term performance, and whether the board's oversight supports sustainable value creation for shareowners.

Outcome: The review found that executive compensation was not adequately aligned with long-term shareowner value, and that limited board refreshment may have contributed to governance concerns. Based on these findings, and consistent with the CalPERS Governance & Sustainability Principles, we voted against the say-on-pay proposal and withheld support from long-tenured directors. These actions were intended to signal to the board that stronger oversight is needed to ensure executive pay aligns with long-term performance and accountability.

Next steps: CalPERS will continue to engage with the company during the off-season to discuss executive pay alignment and strategies for improving long-term company performance.

Additional Proxy Voting Information

As a long-term shareowner, we view proxy voting as one of our primary tools to influence a company's corporate governance practices. For additional information on our [proxy voting approach](#) and [vote results](#), refer to our [Governance & Sustainability Principles](#) and [Proxy Voting Guidelines](#), as well as our [website](#).

Appendix

Figure 1: Number of Meetings Voted Globally (Fiscal Year 2020-21 to Fiscal Year 2024-25)

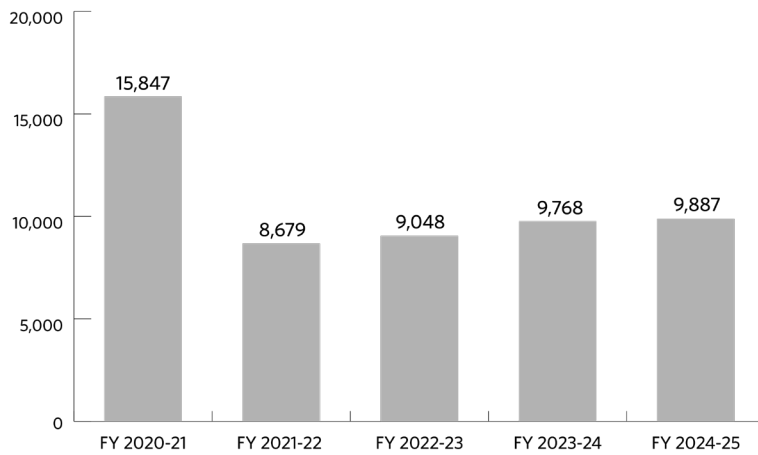


Figure 2. Number of Proposals Voted (Fiscal Year 2020-21 to Fiscal Year 2024-25)

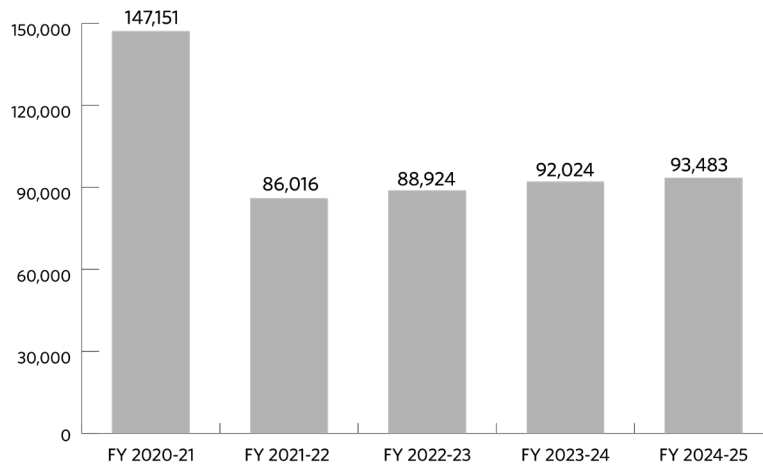


Figure 3. Global Management Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

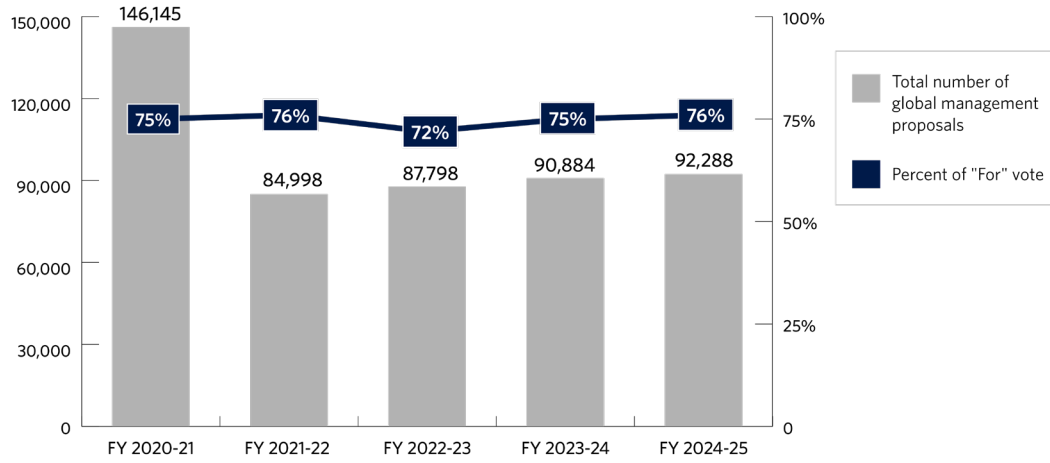


Figure 4. Global Shareowner Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

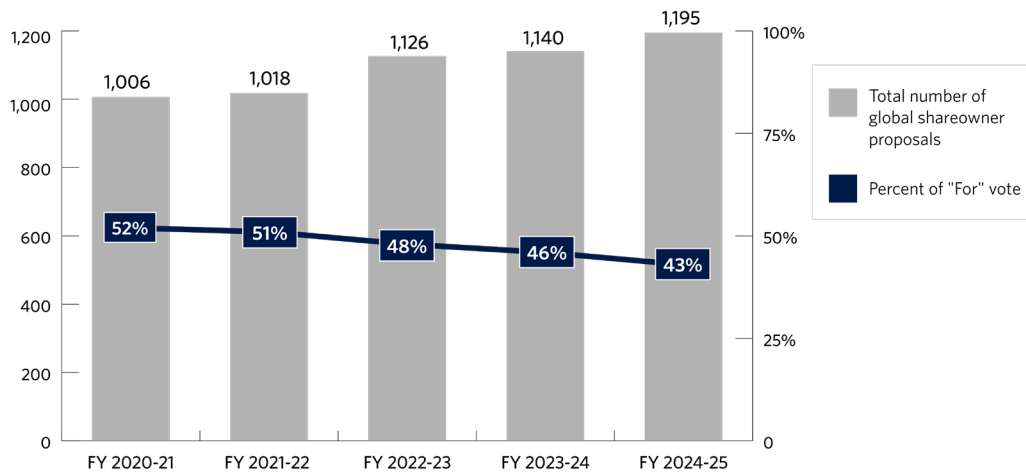


Figure 5. United States Management Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

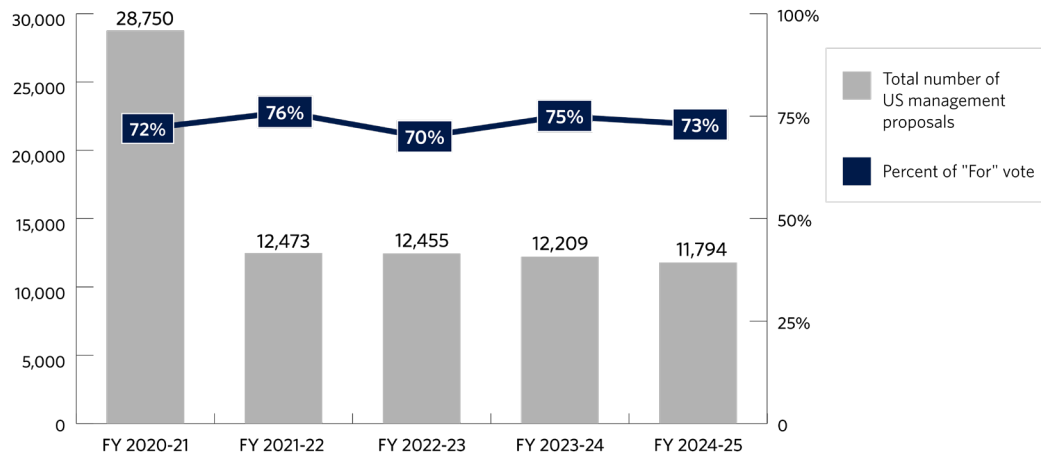


Figure 6. United States Shareowner Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

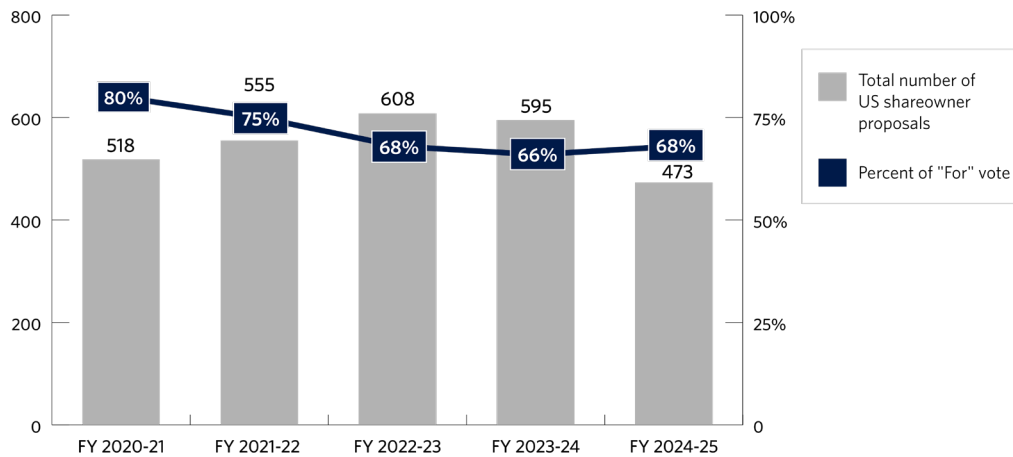


Figure 7. International Management Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

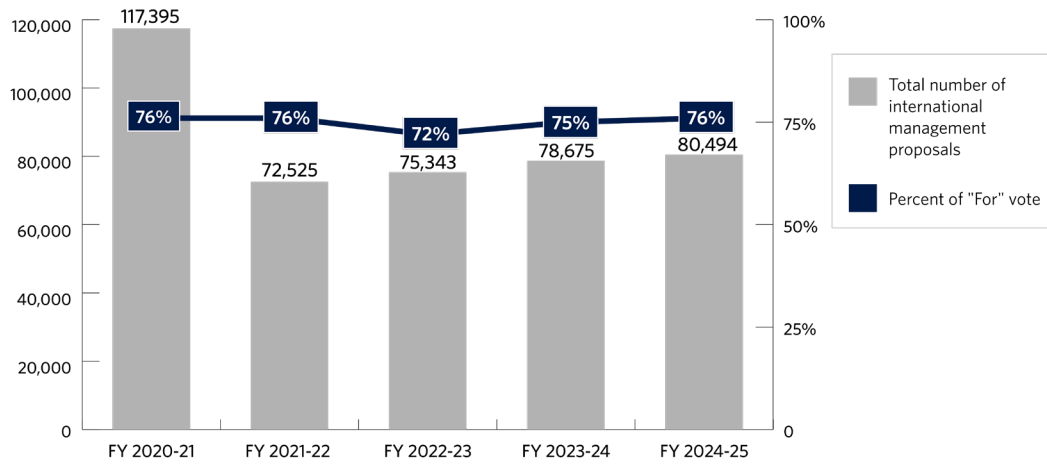


Figure 8. International Shareowner Proposals (Fiscal Year 2020-21 to Fiscal Year 2024-25)

