

PENSION CONSULTING ALLIANCE RCP PEER SURVEY REPORT POWERPOINT EXECUTIVE SUMMARY

CalPERS

December 2014



Background on RCP Survey of CalPERS Peers

- On behalf of CalPERS, PCA conducted a survey on the Responsible Contractor Policies (“RCP”) of 11 CalPERS peers, defined as the 11 largest U.S. public defined benefit pension plans after CalPERS, based on Total Assets Under Management (“AUM”), ranging from \$77 billion to \$181 billion AUM
- The purpose of the survey was to compare CalPERS’ RCP to peer policies and analyze key similarities and differences
- RCP is still far from mainstream. The survey found only four CalPERS peers have an RCP Policy. Seven peers have no RCP Policy. PCA is aware of four other non-peer U.S. public defined benefit plans with an RCP Policy
- All analyses and comparisons in this report are based on the four CalPERS peer pension systems
- PCA conducted a similar survey at CalPERS’ request in 2011, finding other plans’ RCP generally consistent with CalPERS; and CalPERS RCP more rigorous in some areas

U.S. Public Pension Plans Surveyed

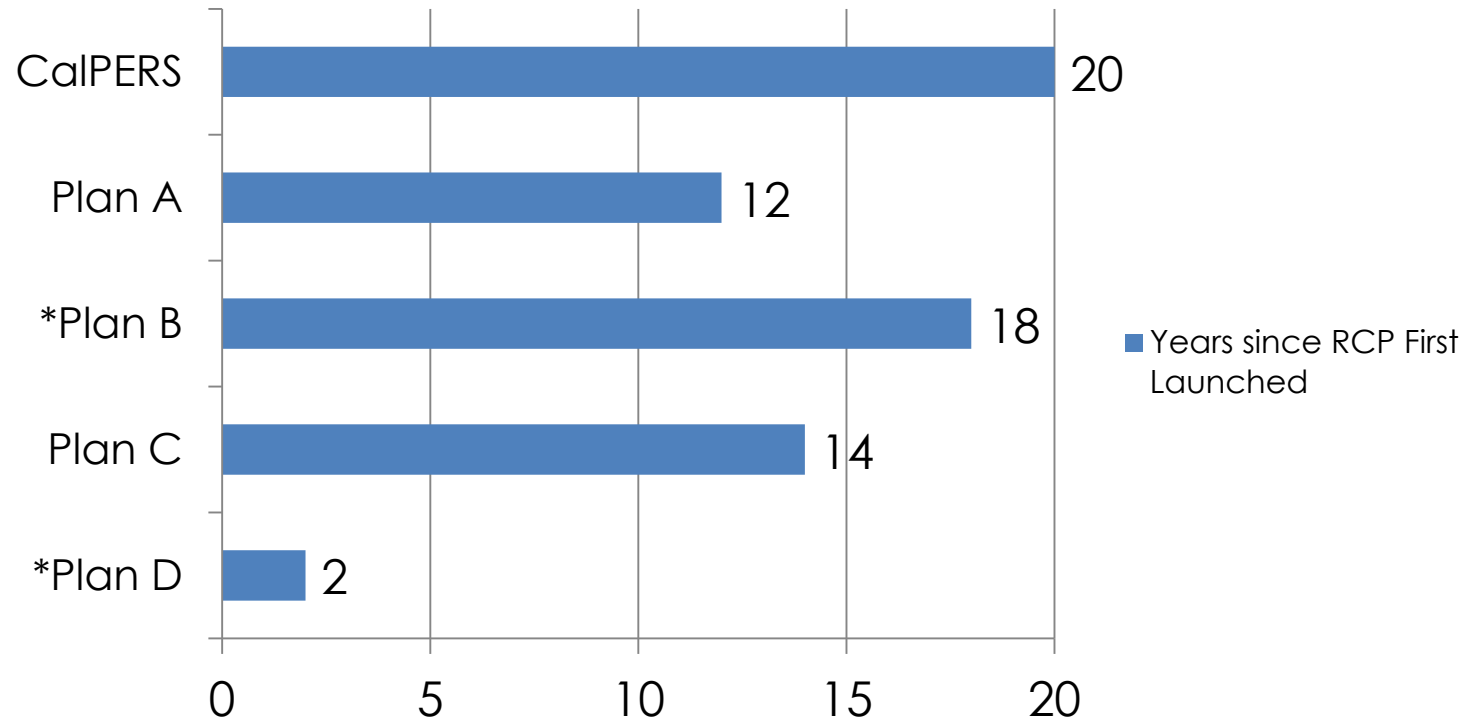
Name of Pension Plan	Plan Acronym	AUM (\$billions) 12.31.2013
CalPERS Peers – Largest U.S. Public Pension Plans		
California State Teachers' Retirement System	CalSTRS	\$181
New York State Common Retirement Fund	NYCRF	173
Florida State Board of Administration	SBAFLA	143
New York City Employees' Retirement System	NYCERS	138
Teachers' Retirement System of Texas	TRS	120
New York State Teachers' Retirement System	NYSTRS	103
Wisconsin Retirement System	WRS	101
Washington State Investment Board	WSIB	98
Ohio Public Employees' Retirement System	OPERS	89
North Carolina Retirement Systems	NCRS	83
New Jersey Public Employees' Retirement System	NJPERS	77

This report preserves the anonymity of individual plan responses

Executive Summary

Executive Summary

Years Since RCP First Launched

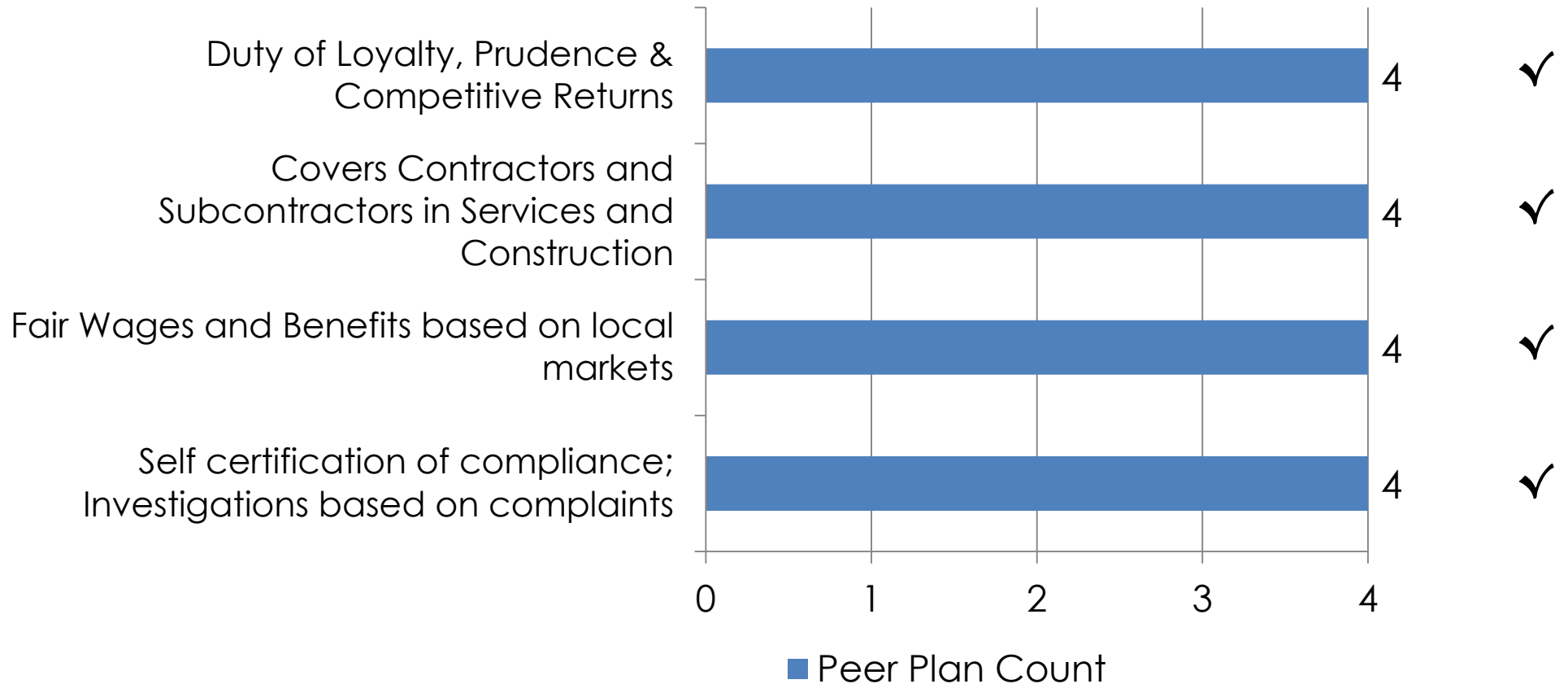


*Plan B and D indicate earliest known policy

- CalPERS launched RCP before peers; the CalPERS RCP Policy is more comprehensive than its peers.

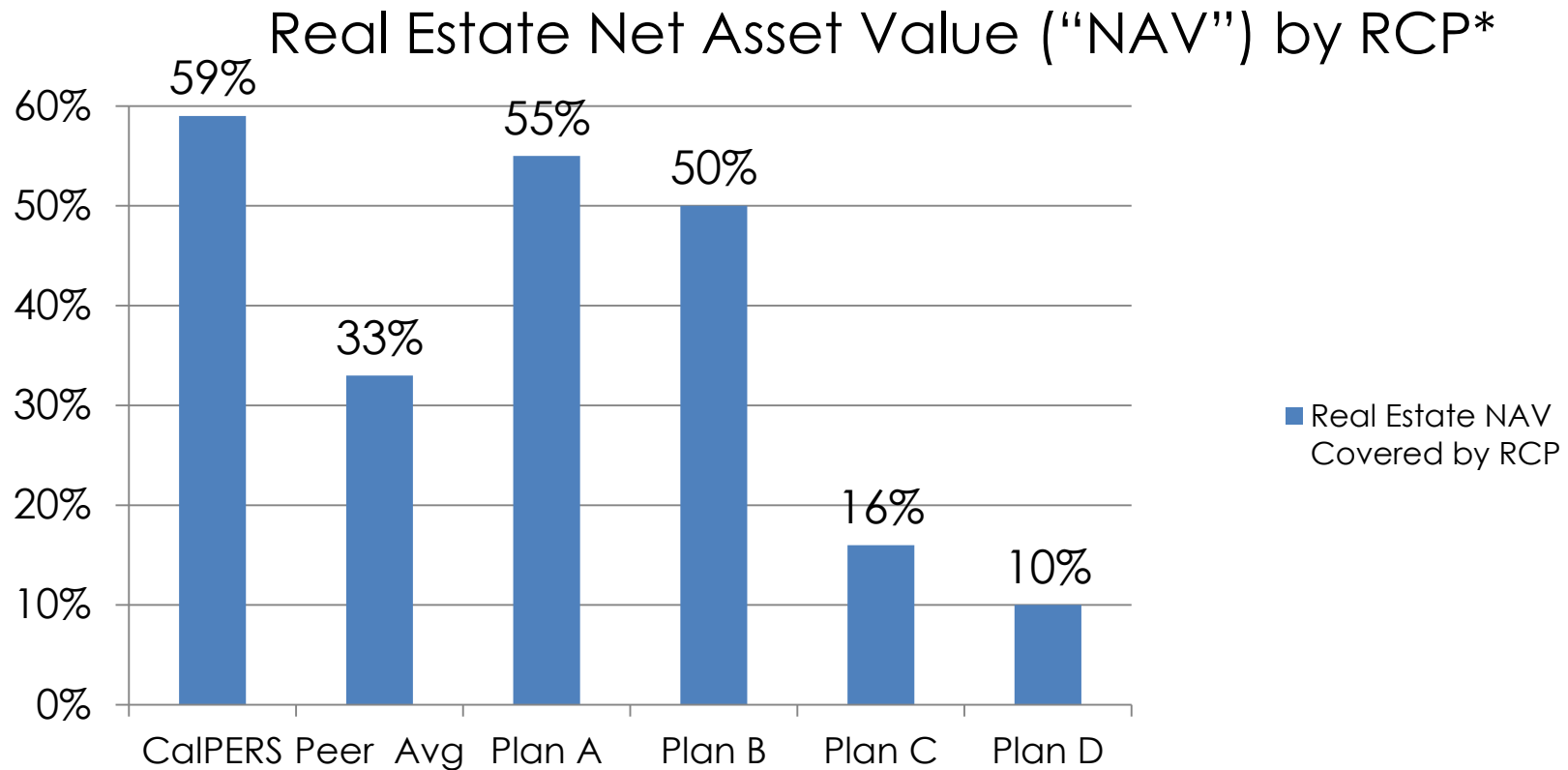
Executive Summary

RCP Peer Similarities with CalPERS



- Peer RCPs share many similarities with CalPERS

Executive Summary

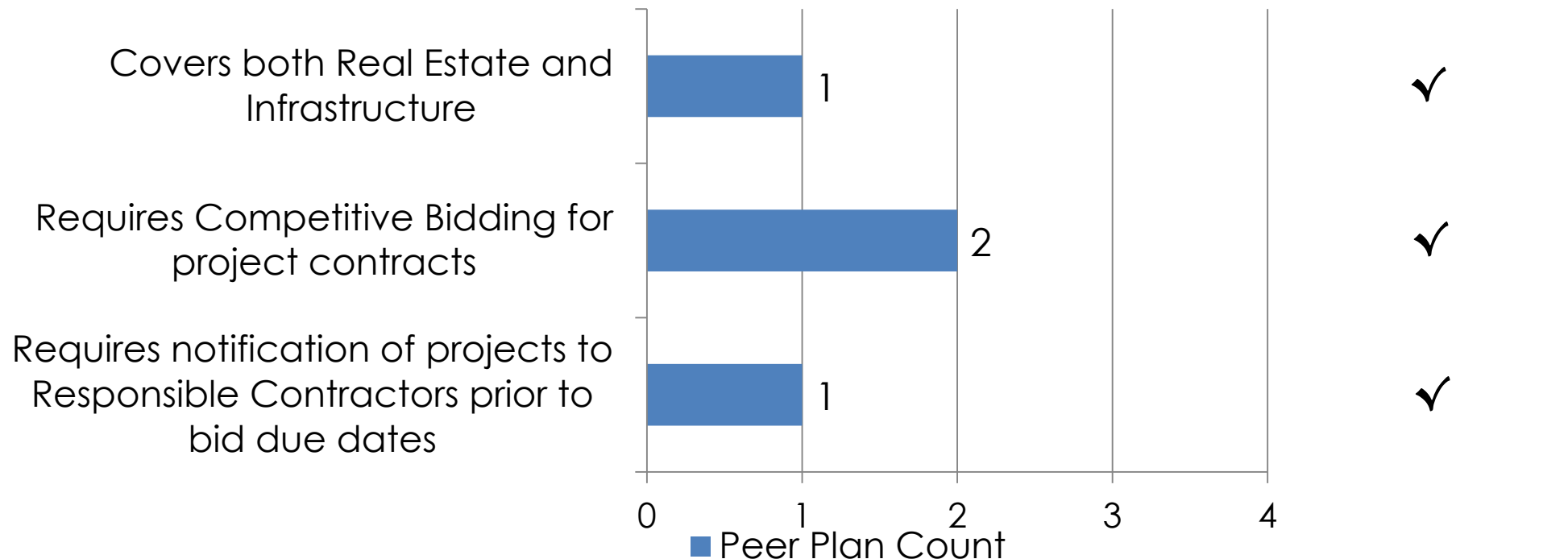


- CalPERS mandates RCP for 59% of its Real Estate portfolio, (\$13 billion), a larger percent and dollar amount than any peer
- CalPERS' 'spirit language' encourages RCP among all Real Estate and Infrastructure, similar to one peer; other peers encourage RCP but is not written in policy

*The percentage of assets covered depends in part on the Minimum Plan Ownership that is required. CalPERS requires more than 50% Minimum Plan Ownership; Plan C requires 100% Minimum Plan Ownership; Plans A, B and D have no Minimum Plan Ownership requirement.

Executive Summary

CalPERS requires more than peers

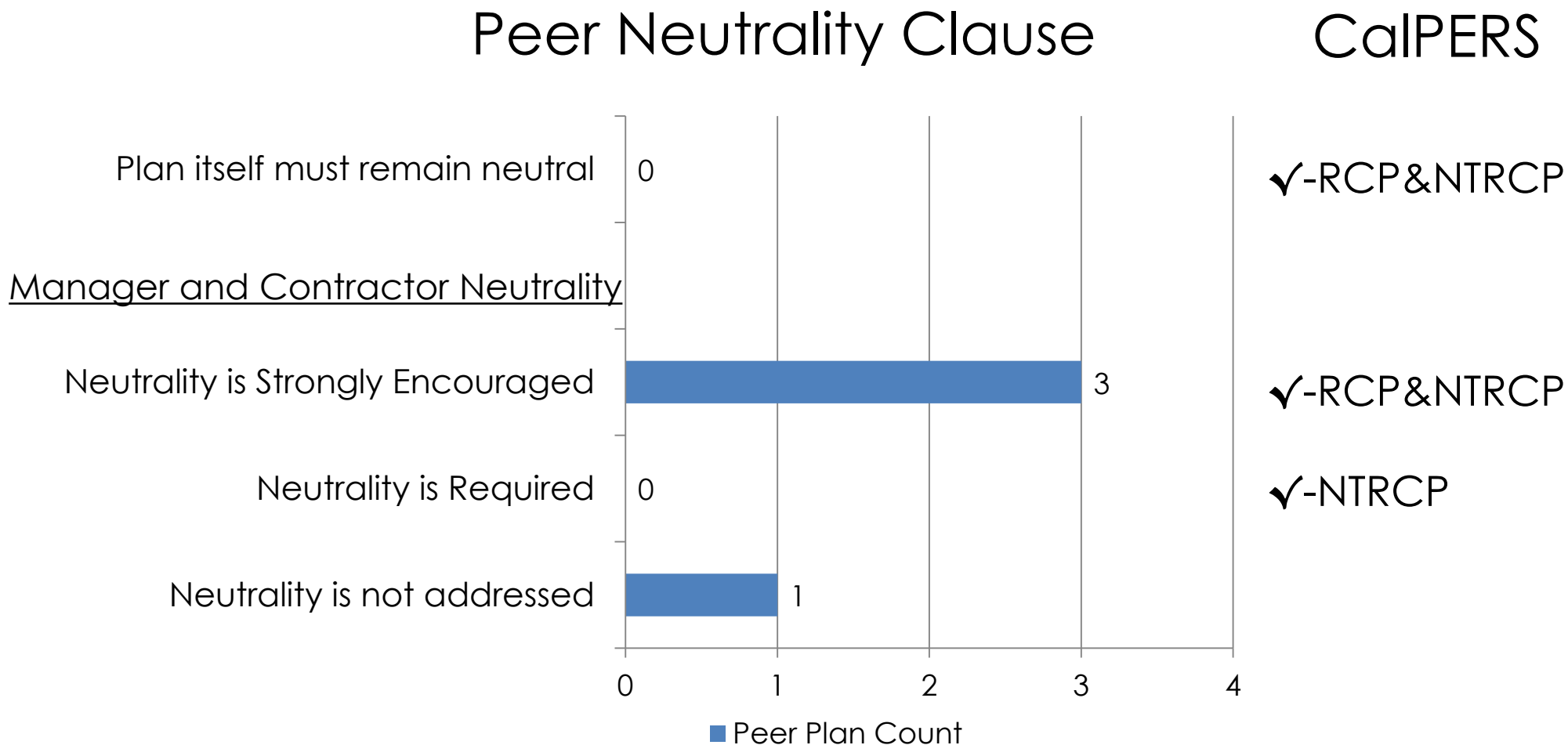


- CalPERS requirements exceed most peers

Executive Summary

- CalPERS RCP more robust in some areas:
 - Requires that managers and contractors generally have more stringent and specific responsibilities than peers
 - Provides stronger RCP enforcement processes than most peers
 - Engages managers and labor on RCP more regularly than peers
 - Devotes more resources (staff, time, budget) to RCP than peers

Executive Summary



- CalPERS RCP and NTRCP state that the Plan itself must remain neutral
- CalPERS RCP strongly encourages neutrality for all, similar to most peers
- CalPERS NTRCP mandates neutrality in Core Real Estate, services contracts