Sustainable Investment Responsible Contractor Program Annual Report

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December 18, 2017



Annual Report: Investment Beliefs

Investment Belief 3

CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries

Investment Belief 4

Long-term value creation requires effective management of three forms of capital: financial, physical and human



Annual Report: Program History

Year	Event	
1990's	 Program first approved by the Investment Committee 	
2010	 Establishment of the Neutrality Trial for core Managers on service contracts 	
2012	 RCP Policy enhanced and revised 	
2015	 18 month policy review and engagement process RCP Policy enhanced and revised Neutrality Trial for core Managers becomes permanent policy New Neutrality Trial established for select non-core Managers 	



Annual Report¹: RCP Policy Scope

- Real Estate and Infrastructure assets where CalPERS holds greater than 50% interest
- Contracts that are \$100k or greater
- Annual Report includes:
 - Contract dollars awarded under the policy
 - Annual Report on Manager Responsibilities
- "Spirit language in place when the RCP Policy does not apply"

¹ Housing managers report on a voluntary basis



Annual Report: RCP Compliance and Total Contracting

Fiscal Year	Compliance	Total Contract Dollars Paid to Responsible Contractors
2011-12	99.18%	\$671 Million
2012-13	98.63%	\$726 Million
2013-14	99.87%	\$950 Million
2014-15	99.49%	\$1.36 Billion
2015-16	99.73%	\$1.22 Billion
2016-17	99.97%	\$1.18 Billion
Total		\$6.1 Billion



Annual Report: RCP Bidding and Notification

- Managers notify unions when expanding into new areas
- Unions provide Managers with lists of responsible contractors

Managers

- Managers communicate with Contractors before and during bidding process
- Contractors must provide information on wages and benefits and sign a certification of responsible contractor status

Contractors

Unions

 Unions establish contact with local signatories and identify interested and qualified responsible contractors



Annual Report: RCP Communication and Case Studies

Staff, Managers, and Unions Feedback and Engagement Loop Notable Cases Managers Commonwealth / SFIU / Green Cleaning Hines / LiUNA Centerpoint / Revive Oakland / SEIU Unions Staff

