



## Investment Committee

# Agenda Item 6e

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**November 17, 2025**

**Item Name:** Responsible Contractor Policy Annual Review

**Program:** Sustainable Investments

**Item Type:** Information

### **Executive Summary**

This agenda item provides the required annual update for the Real Assets (RA) program's compliance with CalPERS Responsible Contractor Program (RCP) Policy (Policy). For Fiscal Year (FY) 2024-25, 100% of qualifying contract payments were made under the Policy to certified responsible contractors. Managers reported that implementing the Policy did not have an adverse material impact on CalPERS' investment returns.

### **Strategic Plan**

This agenda item supports the CalPERS Strategic Plan goals to strengthen the long-term sustainability of the pension fund and cultivate risk-intelligent decisions.

### **Investment Beliefs**

The annual RCP report supports the following Investments Beliefs:

Investment Belief 3 – Investment decision may reflect wider stakeholder views, provided they are consistent with CalPERS' 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

### **Background**

CalPERS has had an RCP Policy since the 1990s. We have a deep interest in the condition of workers employed by CalPERS and our managers and delegates. The RCP Policy supports fair wages and benefits based on small business development, local market conditions, subject to

fiduciary principles and control of operating costs. The RCP Policy exists to ensure prudent and careful action to domestic Real Estate and Infrastructure investment managers where:

- CalPERS has greater than 50% ownership interest
- The Policy requirements are met
- Contract amount is \$100,000 or more

### **Analysis**

Core, Non-Core, and Housing Program investment managers paid 100% of their total qualifying contracts to certifying responsible contractors under the RCP Policy, totaling more than \$746 million dollars in FY 2024-25. All managers certified they and their delegates complied with the Responsible Contractor Policy.

### **Budget and Fiscal Impacts**

Existing budgetary resources fund the ongoing costs for implementation, administration, and management of the RCP Policy for the CalPERS Investment Office.

### **Benefits and Risks**

The design of this Policy is intended to require investment managers, and their delegates, to take prudent and careful action when selecting and employing contractors on RCP assets. The Policy helps CalPERS manage both human capital and reputational risk by supporting the use of responsible contractors. This Policy also helps manage costs through competitive bidding, which benefits CalPERS' long-term investment returns.

### **Attachments**

Attachment 1 – Responsible Contractor Policy Annual Review-PPT

Attachment 2 – Investment Manager Compliance Report

Attachment 3 – RCP Bidding Notification Method and Contact Sheet

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Sustainable Investments

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Michael Cohen  
Chief Operating Investment Officer

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Stephen Gilmore  
Chief Investment Officer