CalPERS

Investment Committee

Agenda Item 7d

November 16, 2026

Item Name: Responsible Contractor Program Policy Annual Review

Programs: Sustainable Investments and Investment Relations

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) 2025-26,100% 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-tern 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 $839 million dollars in FY 2025-26. All managers certified they and their delegates complied with the Responsible Contractor Policy. There were no formal complaints during FY 2025-26.

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 Presentation

Attachment 2 – Investment Manager Compliance Report

Attachment 3 – RCP Bidding Notification Method and Contact Sheet

Attachment 4 – RCP Policy

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