Responsible Contractor Program Policy Annual Review

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Overview

Purpose

- The Responsible Contractor Program (RCP) Policy (Policy) supports fair market wages and benefits based on local conditions for workers employed by contractors and subcontractors, subject to fiduciary principles[1]
- Applies when the Real Assets program makes investments in the service, maintenance, development, and improvement of CalPERS' domestic Real Estate and Infrastructure assets

Scope

- U.S. Real Estate and Infrastructure assets where CalPERS holds more than 50% interest
- Contracts greater than $100K
- Managers[2] provide an annual RCP Policy compliance and certification report

History

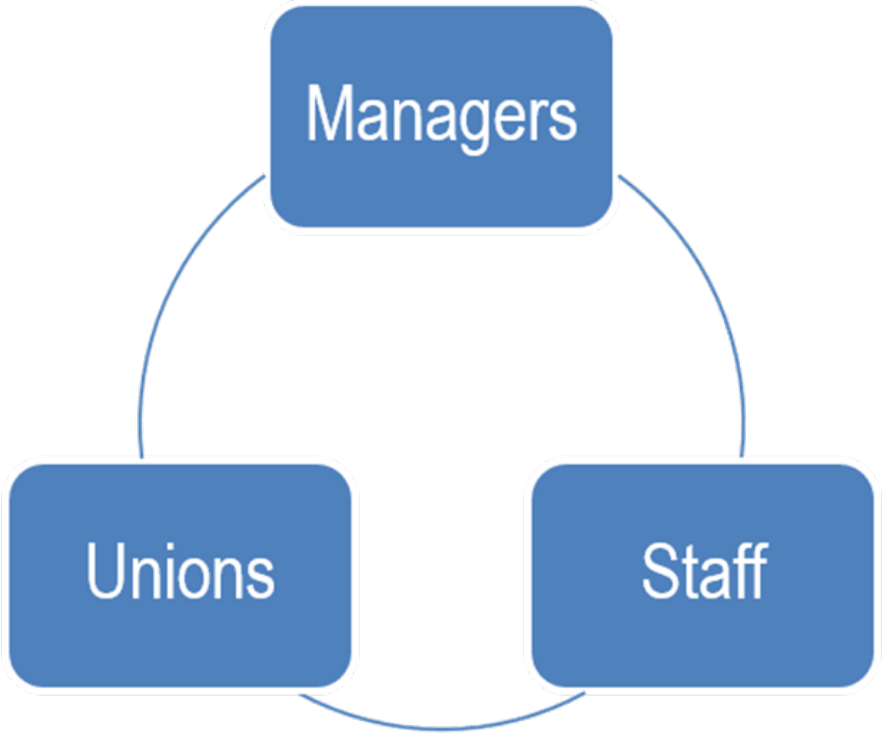
Year	Event
1998	Investment Committee approves establishment of the Policy
2010	Five-year policy review and engagement process begins[3]
2012	RCP policy enhanced and revised
2015	Extensive 18-month policy review and engagement process RCP policy enhanced and revised[4]
2023	Extensive 18-month policy review and engagement process begins
2025	RCP policy enhanced and revised RCP policy fact sheet published
2026	Launched the new Responsible Contractor Bidding Opportunities website

See Appendix for full list of footnotes.

Fiscal Year 2025-26 Summary Results

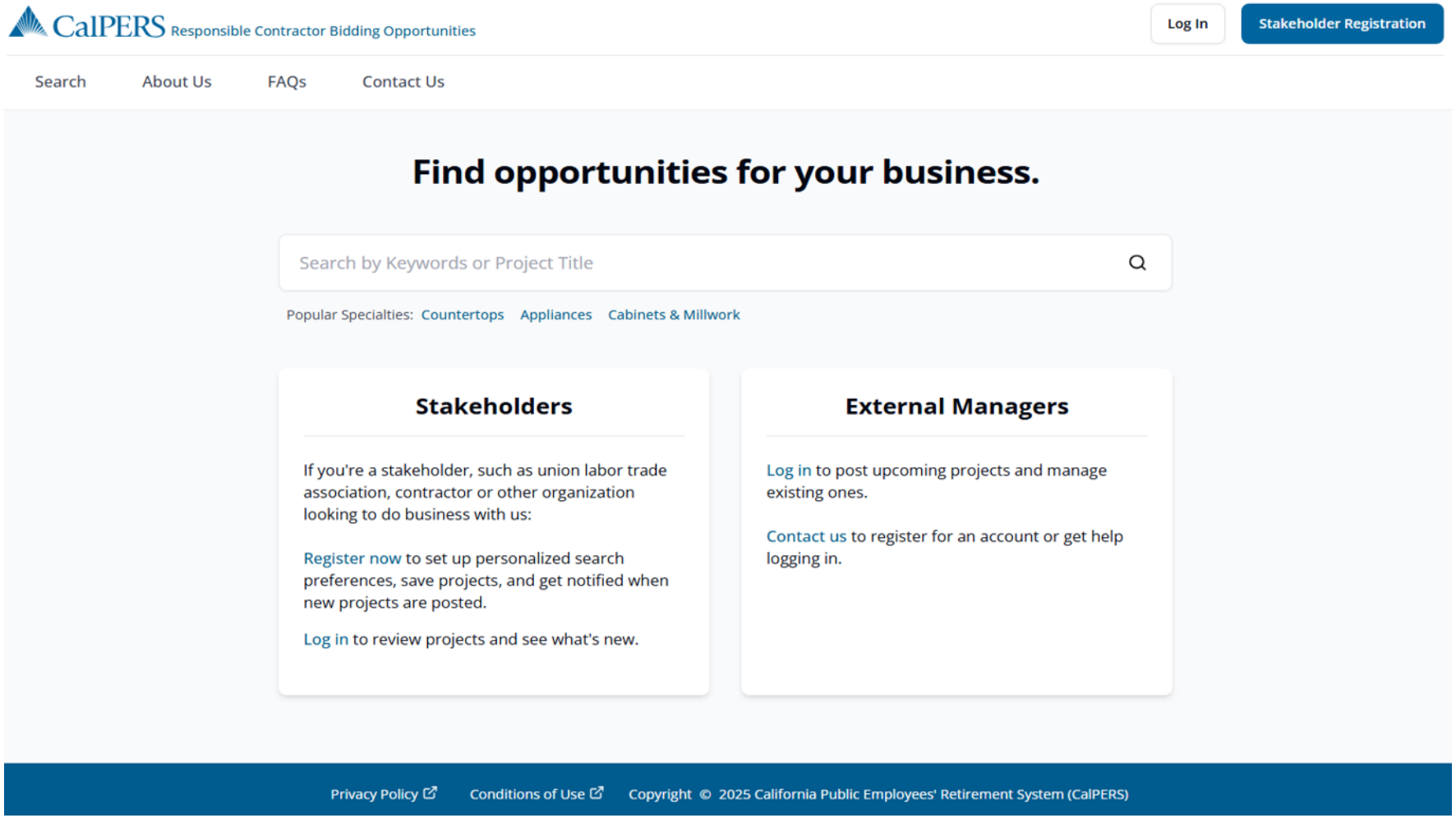
- All 18 managers reported in aggregate 100% compliance[5]
- Over $839 million paid to certifying responsible contractors
- All managers certified that they and their contractors / sub-contractors complied with the RCP Policy to the best of their knowledge
- For the 2025-26 Fiscal Year (FY), the increase in the total amount paid to certifying responsible contractors was attributed to several factors including: increased development activity; tenant improvement projects; undertaking more value-add projects; and higher capital expenditures and service contracts related to growth projects.
- All managers reported the RCP Policy had no adverse material impact on CalPERS' investment returns
- No formal complaints were filed during the reporting period

Communication & Engagement



- INVO staff communicates regularly with labor, union, and trade association stakeholders and Real Assets managers regarding implementation of the RCP Policy
- The RCP Policy, information on its implementation, annual reports and links to contact Real Assets managers to request information on RCP bidding opportunities are available on the CalPERS website and the RCP bidding opportunities website
- Staff continue to address labor issues as they occur, in accordance with the RCP Policy. Some RCP concerns fall outside of the RCP scope such as:
  - CalPERS has no ownership interest in the asset
  - Contract is less than $100,000

Communication & Engagement



Launched in January 2026

Provides all stakeholders with centralized communication on bidding opportunities for CalPERS Real Estate and Infrastructure[6] construction and building services projects

See Appendix for full list of footnotes.

Compliance and Total Contracting

Fiscal Year	RCP Compliance (%)	Total Paid to Responsible Contractors ($Billions)	Real Assets Ending Market Value ($Billions)[7]
2015-16	99.73	1.22	29.89
2016-17	99.97	1.18	34.32
2017-18	100.00	0.86	36.12
2018-19	99.98	0.84	39.20
2019-20	100.00	0.84	42.80
2020-21	100.00	0.46	44.42
2021-22	100.00	0.98	68.80
2022-23	100.00	0.81	70.10
2023-24	100.00	1.04	66.10
2024-25	100.00	0.74	72.70
2025-26	100.00	0.83	79.7
Total		**$9.8b**	

See Appendix for full list of footnotes.

Appendix

Footnotes

Slide 2:

- [1] RCP Policy is applied without significant adverse effect on investment returns, access to investment opportunities, or cost impacts.
- [2] Housing managers report on a voluntary basis.

Slide 3:

- [3] Established the Neutrality Trial for Core managers on service contracts; Core investments are those that produce a predictable current net income yield after debt service; See slide 12 for Neutrality information
- [4]Neutrality Trial for Core managers becomes permanent policy; New Neutrality Trial established for select Non-Core managers; Investments not considered Core; 'select' are certain identified non-core investments

Slide 4:

- [5]Qualifying contract payments were made under the Policy to certifying responsible contractors

Slide 6:

- [6]U.S. Real Estate and Infrastructure assets where CalPERS holds more than 50% interest + Contracts greater than $100K

Slide 7:

- [7]Market value of Real Estate and Infrastructure Portfolios as of 06/30/2026 as reported under the CalPERS Trust Level Review; page # 7 of 24

Slide 11:

- [8]Information is for 15 managers that have RCP activity during the reporting period
- [9]Partners or general contractors

CalPERS Investment Beliefs

Investment Belief 4

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

Investment Belief 3

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

Manager Responsibilities Report [8]

Investment managers that reported costs to administer the RCP estimated between $5,000 and $350,000 per year

- Estimates vary according to the number of qualifying contracts and unique staffing and implementation practices of each investment manager

All investment managers (or their delegates [9]) reported that they:

- Maintained written policies and procedures for implementing and complying with the RCP; provided training on administering the RCP
- Communicated the RCP Policy, and their own written policies or procedures relating to the RCP, to their employees and contractors
- Monitored and enforced their own and delegates' compliance with the RCP, including the investigation of potential violations
- Used a 30-day pre-bid notification procedure when appropriate