

Implementation of Labor Principles

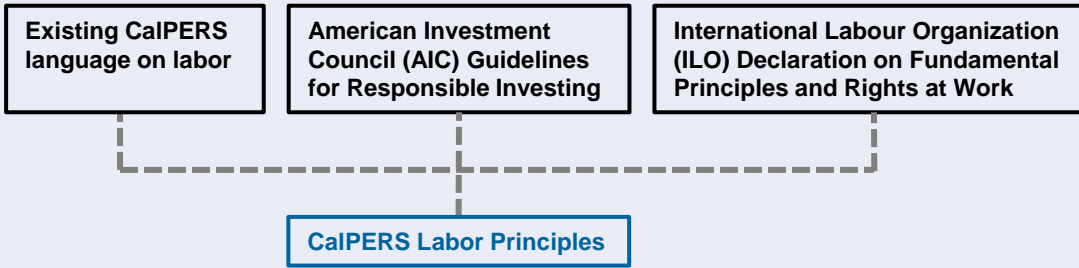
Sustainable Investments

June 10, 2024

Overview

- Process to date
- Attestation Portal
- Attestation status for current managers
- Implementation for new allocations
- Accountability

Process to Date

Time	Action Items
July 2023	<ul style="list-style-type: none"> Staff presented labor principles benchmarking and current practices Staff recognized CalPERS Board request to better highlight CalPERS labor practices
Sept 2023	<ul style="list-style-type: none"> Staff presented draft of the CalPERS Labor Principles based on industry leading labor frameworks and CalPERS current language on labor  <pre> graph TD A[Existing CalPERS language on labor] -.- B[CalPERS Labor Principles] C[American Investment Council (AIC) Guidelines for Responsible Investing] -.- B D[International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work] -.- B </pre>
Nov 2023	<ul style="list-style-type: none"> CalPERS Board approved the CalPERS Labor Principles and revisions to the CalPERS Total Fund Policy including Governance and Sustainability Principles
Dec-Mar 2024	<ul style="list-style-type: none"> INVO, LEGAL, and IT collaborated on process and portal development Received feedback from Investment partners on Labor Principles implementation
April 2024	<ul style="list-style-type: none"> INVO and IT launched the CalPERS Labor Principles attestation portal and sent out attestation requests to all of CalPERS private asset managers

Attestation Portal – Notification to current private asset class managers



Dear Manager,

The California Public Employees' Retirement System (CalPERS) has officially implemented the CalPERS Labor Principles, a five-point framework of beliefs that are fundamental to our investment strategy across the total fund.

These principles are a foundation of CalPERS' Sustainable Investments program, an effort to address both short-term and long-term risks and opportunities. Proper management of human capital has been a cornerstone of our program as we see it vital to the success of the companies we invest in.

In November 2023, the CalPERS Board of Administration approved the adoption of the Labor Principles in a dedicated section of CalPERS Governance & Sustainability Principles. This action was taken to ensure that both our investment partners and our members are clear about what we stand for, and why, when it comes to how companies approach issues related to human capital, one of their most valuable resources.

We believe these five standards speak a common truth about the importance of safe and healthy workplaces, as well as those who give their time and talents to work that creates value for investors like CalPERS.

As part of this process, we are sharing the CalPERS Labor Principles with all external managers and we are asking to acknowledge receipt and confirmation of broad alignment with the Labor Principles.

The link to the CalPERS Labor Principles is [here](#).

Please acknowledge receipt of the CalPERS Labor Principles by responding to the following attestation request ([https://\[REDACTED\]](#)) by April, 30, 2024.

If you have any questions regarding these Labor Principles or the CalPERS Sustainability Attestation portal, you can reach out to the SI team at [\[REDACTED\]@calpers.ca.gov](#).

Thank you for your continued partnership with CalPERS.

Kind regards,

CalPERS Sustainable Investments

Attestation Portal – Attestation for current private asset class managers

CalPERS requires all investment managers it contracts with to review and confirm their broad alignment with the CalPERS Labor Principles.

Please have an appropriately qualified representative of the investment manager complete this electronic form and make the required confirmation below.

I have read the CalPERS Labor Principles and on behalf of the investment manager below confirm the investment manager's broad alignment with the [CalPERS Labor Principles](#). A copy of the CalPERS Labor Principles is linked.

First Name	Last Name
<input type="text"/>	<input type="text"/>
Title	Investment Manager
<input type="text"/>	<input type="text"/>
Fund Name	Email
<input type="text"/>	<input type="text"/>

Submissions cannot be edited once submitted. An attestation receipt and link to the CalPERS Labor Principles will be sent to your email.



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First Name	Last Name
<input type="text" value="James"/>	<input type="text" value="Smith"/>
Title	Investment Manager
<input type="text" value="Compliance Manager"/>	<input type="text" value="Acme Asset Management"/>
Fund Name	Email
<input type="text" value="Acme Fund III"/>	<input type="text" value="JSmith@Acme.com"/>

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Attestation Status for Current Managers

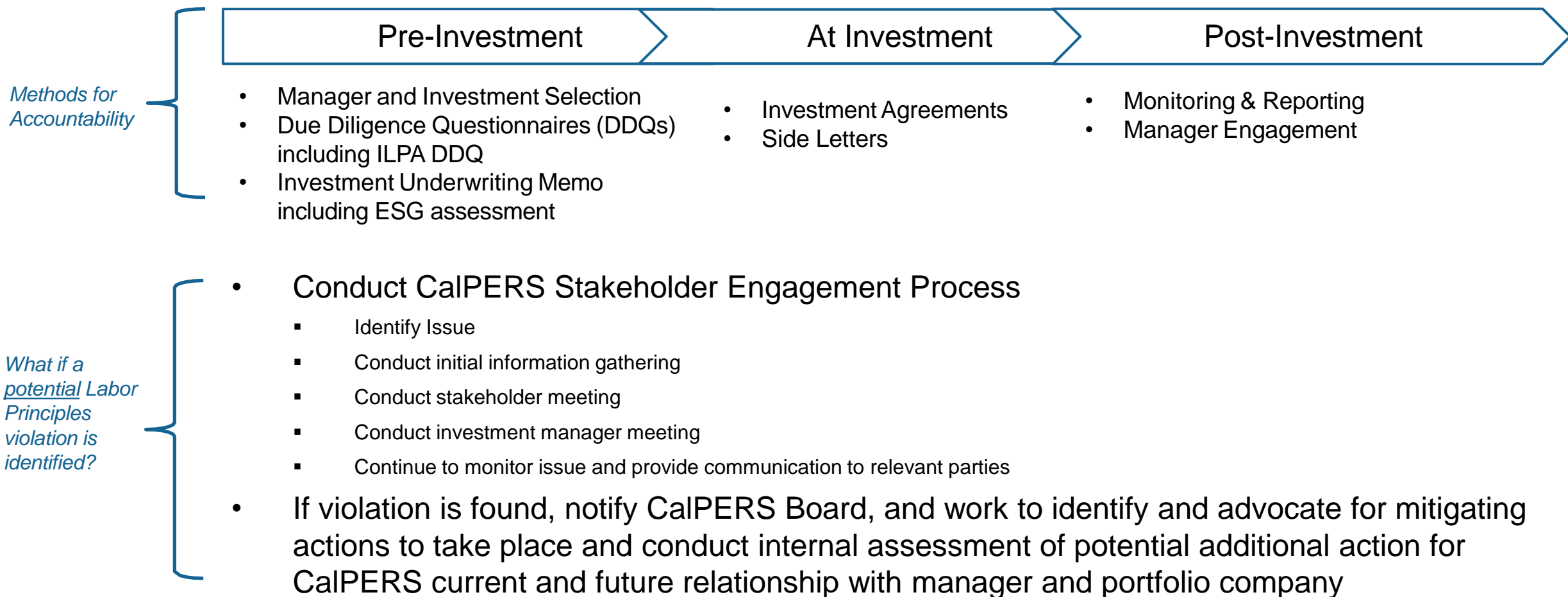
Attestation request
sent to **161** private
asset class
managers and
representatives

Attestations
received:
97
Percent received:
60%
As of May 20, 2024

Implementation for New Allocations

- CalPERS has begun to ask new managers to participate in the Labor Principles attestation and referencing the attestation in the legal contact/side letter
- Provide regular updates to CalPERS Board as part of CalPERS Sustainable Investments 2030 Strategy progress update in November each year

Accountability



Appendix

CalPERS Labor Principles

Freedom of association and the effective recognition of the right to collective bargaining

Seek to support and improve the well-being of employees as part of human capital management strategy and in compliance with applicable laws.

The elimination of all forms of forced or compulsory labor

Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize forced labor.

The effective abolition of child labor

Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child labor.

The elimination of discrimination in respect of employment and occupation

Respect the human rights of those affected by their investment activities and seek to conform that their investments do not flow to companies that maintain discriminatory policies. Seek to improve diversity, equity, and inclusion in portfolio investments to address recruitment, retention, and compensation.

A safe and healthy working environment

Seek to support and improve the well-being of employees as part of human capital management strategy that includes providing a safe and healthy workplace.

Stakeholder Engagement Process

We promote collaboration, support, and transparency through our stakeholder engagement and investor relations initiatives

In doing so, we strive to identify and mitigate risks to our portfolio companies that can negatively affect CalPERS' investment returns, reputation, and trust.

