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Date: February 7, 2014

**TO: MEMBERS, BOARD OF DIRECTORS**

|                                     |   |
|-------------------------------------|---|
| <b>I. AGENDA ITEM # AND TITLE :</b> | Agenda Item 3e – Governance and Compliance  |
|                                     |   |
| <b>II. NAME AND PROGRAM:</b>        | Governance, Compliance & Privacy  |
| <b>III. ACTIVITY:</b>               | <input type="checkbox"/> Informational<br><input type="checkbox"/> Request for Direction<br><input checked="" type="checkbox"/> Action Proposed<br><input type="checkbox"/> Exploratory |
| <b>IV. JUSTIFICATION:</b>           | <input checked="" type="checkbox"/> Standard/Required Item<br><input type="checkbox"/> Board Request – New Item<br><input type="checkbox"/> New Topic from Staff                        |

**V. EXECUTIVE SUMMARY:**

2014 Code of Conduct proposed revisions are based on employee feedback and ethics/privacy reports in 2013.

Fourth quarter compliance reporting includes: 2013 training results for employees and consultants; State Fund’s compliance with AB 370 (DoNotTrack), and quarter over quarter ethics and privacy related issues.

**VI. ANALYSIS:**

The following summarizes compliance related activity for the period and is in alignment with the Compliance Model<sup>1</sup>:

**Clear Written Standards of Conduct, Policies & Procedures**

**2014 Code of Conduct**

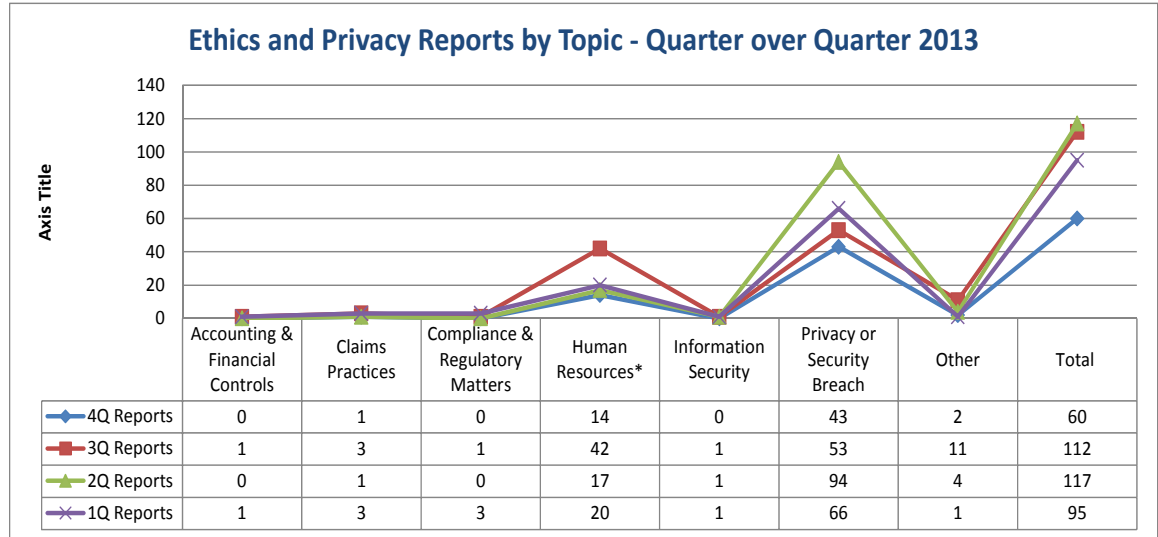
The Code of Conduct promotes State Fund’s values, behavior expectations, and standards promoting honest and ethical conduct to prevent and detect illegal conduct. The 2014 edition revisions (Appendix I) add real life examples as learning aids about topics important to our workforce, including incompatible activities, conflicts of interest, and privacy, as well as general revisions to improve tone and readability. This year, a ninth policy has been added as a supporting policy: Close Personal Relationships. This policy speaks to transparency regarding nepotism, favoritism, and other, and making business decisions independent from personal or financial interests (Appendix II).

<sup>1</sup> All Governance reports are grounded in State Fund’s Compliance Framework – resource USSG Ch. 8 Part B2.1(b)

**Regulatory – Privacy - AB 370 (Muratsuchi) – Do Not Track disclosure status**  
 State Fund revised and posted its website policy on 1/1/2104 (Appendix III) disclosing how it will respond to “Do Not Track” signals in compliance with the California Online Privacy Protection Act (Business and Professions Code section 22575). State Fund honors website visitors’ Do Not Track browser signals.

**Consistent monitoring, evaluation & reporting**

*2013 Ethics & Privacy Reported Issues – All Sources*



**Effective training, communication & awareness**

Employee Compliance training rate for 2013 – 99.5%

Consultant compliance rate for 2013 ranged from low compliance rates of 35% and 57% for the final ethics module and Fraud Awareness, respectively to a high of 100% for the first two ethics modules.

## Employees - Quarter by Quarter

|  | Quarter Deployed | Complete by | # Employees | Compliance Rate | # Out of Compliance | Non-compliance Rate |
|--|------------------|-------------|-------------|-----------------|---------------------|---------------------|
| Form 700   | Q1               | 4/1         | 3,466       | 100%            | 0                   | 0%                  |
| Code of Conduct<br>"Encouraging Speaking Up"                   | Q2               | 7/1         | 4,418       | >99%            | 18                  | <1%                 |
| Code of Conduct<br>Acknowledgement                             | Q2               | 7/1         | 4,418       | 99%             | 46                  | 1%                  |
| Ethics Module I<br>"Conflicts of Interest"                     | Q2               | 6/17        | 3,497       | >99%            | 2                   | <1%                 |
| Ethics Module II<br>"Travel Ban & Incompatible<br>Activities"  | Q3               | 9/6         | 3,494       | >99%            | 7                   | <1%                 |
| Ethics Module III  | Q4               | 11/30       | 3,489       | >99%            | 19                  | <1%                 |
| Ethics Module IV   | Q4               | 11/30       | 3,486       | >99%            | 31                  | >1%                 |
| 2013 Fraud Awareness   | Q4               | 11/30       | 3,560       | >99%            | 27                  | >1%                 |
| Preventing Workplace<br>Harassment – Supervisors &<br>Managers | Q4               | 11/30       | 739         | 99%             | 20                  | 2%                  |

## Consultants - Quarter by Quarter

|   | Quarter Deployed | Complete by | # Consultants | Compliance Rate | # Out of Compliance | Non-compliance Rate |
|---|------------------|-------------|---------------|-----------------|---------------------|---------------------|
| Code of Conduct<br>"Encouraging Speaking Up"                  | Q2               | 7/1         | 306           | 86%             | 40                  | 13%                 |
| Code of Conduct<br>Acknowledgement                            | Q2               | 7/1         | 306           | 89%             | 33                  | 10%                 |
| Ethics Module I<br>"Conflicts of Interest"                    | Q2               | 6/17        | 100           | 100%            | 0                   | 0%                  |
| Ethics Module II<br>"Travel Ban & Incompatible<br>Activities" | Q3               | 9/6         | 100           | 100%            | 0                   | 0%                  |
| Ethics Module III   | Q4               | 11/30       | 101           | 97%             | 3                   | 3%                  |
| Ethics Module IV  | Q4               | 11/30       | 100           | 65%             | 35                  | 35%                 |
| 2013 Fraud Awareness  | Q4               | 11/30       | 35            | 42%             | 20                  | 57%                 |

### VII. RECOMMENDATION:

To approve and endorse the proposed changes to the Code of Conduct for 2014 as presented and direct management to execute and publish the documents for the organization.

### VIII. PRESENTATION EXHIBITS:

Appendix I – 2014 Code of Conduct  
 Appendix II – Close Personal Relationships Corporate Policy  
 Appendix III – State Fund's 2014 External Website Policy

### IX. APPENDIX: See attached – Appendix IV - Summary of 2014 Code Changes

# APPENDIX 1

## Code of Conduct

### For All

## State Compensation Insurance Fund

### Workforce Members

## DRAFT 2014



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Board of Directors – February 20, 2014  
Open Agenda Item 3e – Consent Calendar: Governance and Compliance

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## OUR CODE OF CONDUCT

### ***Our Code of Conduct (Code):***

- Defines and promotes State Fund's values and expectations for behavior
- Presents written standards for honest and ethical conduct
- Promotes and requires every member of State Fund's Workforce to adhere and be accountable to the Code
- Shows the public State Fund is committed to being an honest, legally compliant, and responsible organization

### ***The Code:***

- Is a guide for making ethical choices for State Fund staff at all levels: the Board of Directors, Officers, Executive Committee members, managers, supervisors, rank and file employees, and consultants as provided by contract; and
- Is a living document State Fund reviews yearly to make sure its information is current and relevant.

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## State Fund's Vision, Values, Purpose, and Strategic Objective

### Vision

To be recognized as the industry leader and best value in California

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### Values

- ◆ Honesty
  - ◆ Integrity
  - ◆ Accountability
  - ◆ Adaptability
  - ◆ Collaboration
- 

### Purpose

Our purpose is why our organization exists:

- To provide fairly priced workers' compensation insurance
  - To make workplaces safe, and
  - To restore injured workers.
- 

### Strategic Objective

To serve all California employers as an efficient and fairly priced provider of workers' compensation insurance

## What's New in the 2014 Edition of the Code

| <b>Section</b>   | <b>Major Revisions</b>  |
|--|---|
| <b>Purpose, Vision &amp; Values</b>                                    | <p>Changed <b>Mission</b> from:</p> <p><i>“State Fund exists to serve California’s businesses as a strong, efficient and fairly priced choice for their workers’ compensation insurance while making California’s workplaces safer and helping injured employees return to work – all with no financial obligation to the public.”</i></p> <p>to:</p> <p><b>Purpose:</b></p> <ul style="list-style-type: none"> <li>• <b>To provide fairly priced workers' compensation insurance</b></li> <li>• <b>To make workplaces safe, and</b></li> <li>• <b>To restore injured workers.</b></li> </ul> |
| <b>Section II – Being Ethical</b>                                      | <p>Changed “competitive” pricing to <b>“fair pricing”</b></p> <p>Changed order of questions in Ethics Decision Tree for logical clarity: “Does it support our values” becomes question #2 and</p> <p>“Does it comply with State Fund policy” becomes question #3.</p>   |
| <b>Section III – Governing State Fund</b>                              | <p>Changed “Board supports” to <b>“Board approves”</b> ongoing revisions of the Code</p>  |
| <b>Section IV Communicating Openly and Honestly</b>                    | <p>Added: <b>“You should view reporting as upholding State Fund’s integrity and not as acting against a co-worker, manager, or department.”</b></p>   |
| <b>Section VI Protecting and Respecting Information, paragraph 1</b>   | <p>Added: <b>“You must also protect all private information you transmit outside of State Fund.”</b></p> <p>Added: One example about protecting and respecting information</p> <p>Added: Definition of private information:</p>   |
| <b>Section VIII Complying with our Corporate Policies, paragraph 1</b> | <p>Changed “mission” to <b>“purpose”</b> based on how State Fund now defines our Constitutional mandate.</p>  |
| <b>Section IX Providing Equal Employment Opportunity, paragraph 3</b>  | <p>Added: <b>“military and veteran status”</b> to the definition of protected class pursuant to a change in California law.</p>   |



|   |  |
|---|--|
| <p><b>Section XII</b><br/><b>Disclosing Conflicts of Interest;</b></p> <p><b>Financial Disclosures and the Statement of Economic Interests</b></p>      | <p><i>Added: Example about disclosing conflicts of interest</i></p> <p><i>Added: Two examples about financial disclosure.</i></p>  |
| <p><b>Section XIII Avoiding Incompatible Activities</b></p> <p><b>Using State Fund resources</b></p> <p><b>Using State Fund Information Systems</b></p> | <p><i>Changed from: "Doing any type of work that your loyalty with State Fund is compromised."</i></p> <p><b>To: "Doing any type of work that is contrary to the business interests of State Fund"</b></p> <p><i>Added: Two examples about Incompatible Activities</i></p> <p><i>Added: Example about sales of products or services</i></p> <p><i>Added: Example about systems use</i></p> <p><b>Changed:</b> "State Fund Systems User Information Notice provides guidance for proper use of State Fund electronic information systems."</p> <p><b>To: "State Fund's consolidated Privacy and Proprietary Systems Daily Use Notice provides you with guidance for protection of private and confidential information and use of State Fund electronic information systems."</b></p> <p><b>Added: "Your obligation to protect private and confidential information extends to information about our workforce, policyholders, claimants and third parties. Never access or use confidential information available to you through your employment at State Fund for personal gain."</b></p> |
| <p><b>Section XIV Voicing Your Legal, Ethical or Privacy Concerns</b></p>   | <p><i>Combined: Ethical and Privacy Reporting Concerns sections</i></p> <p><b>Changed section name to: Voicing Your Legal, Ethical, or Privacy Concerns</b></p>  |
| <p><b>Section XVII – Resources</b></p>  | <p><i>Added: <b>Close Personal Relationships Corporate Policy (EC&amp;F 2.8)</b> as a key policy supporting the Code.</i></p>  |

## I. Maintaining Trust and Credibility

The success of State Fund depends on the trust and confidence we earn from our Workforce members, customers, and stakeholders. State Fund gains credibility by keeping our commitments, showing honesty and integrity, and reaching company goals only by honorable conduct.

Our business ethics standards require all staff to treat their jobs as a public trust, avoid real and apparent conflicts of interest, and set good examples of public service.

It is easy to say what State Fund must do, but the proof lies in the actions of its Workforce members. In the end, State Fund will be judged on how we conduct business.

## II. Being Ethical

State Fund expects all members of its Workforce to maintain the highest standards of ethical and professional conduct and personal integrity. You can help uphold our values by making good choices.

State Fund is dedicated to ethical, fair, and responsible competition. We sell workers' compensation insurance products and services based on their merit, superior quality, usefulness, and fair pricing. We make independent pricing and marketing decisions. We do not improperly cooperate or coordinate activities with our competitors. No business outcome ever justifies deviating from State Fund's ethical standards. State Fund does not engage or help in unlawful boycotts of customers.

It is vital that the public and State Fund stakeholders have confidence in our Workforce. This confidence depends on how we perform our jobs. We must not have improper self-interest or influence by outside forces. We prohibit our Workforce from offering, asking for, or taking improper payments or gratuities for the purchase of goods or services by State Fund or for the sales of its products or services.

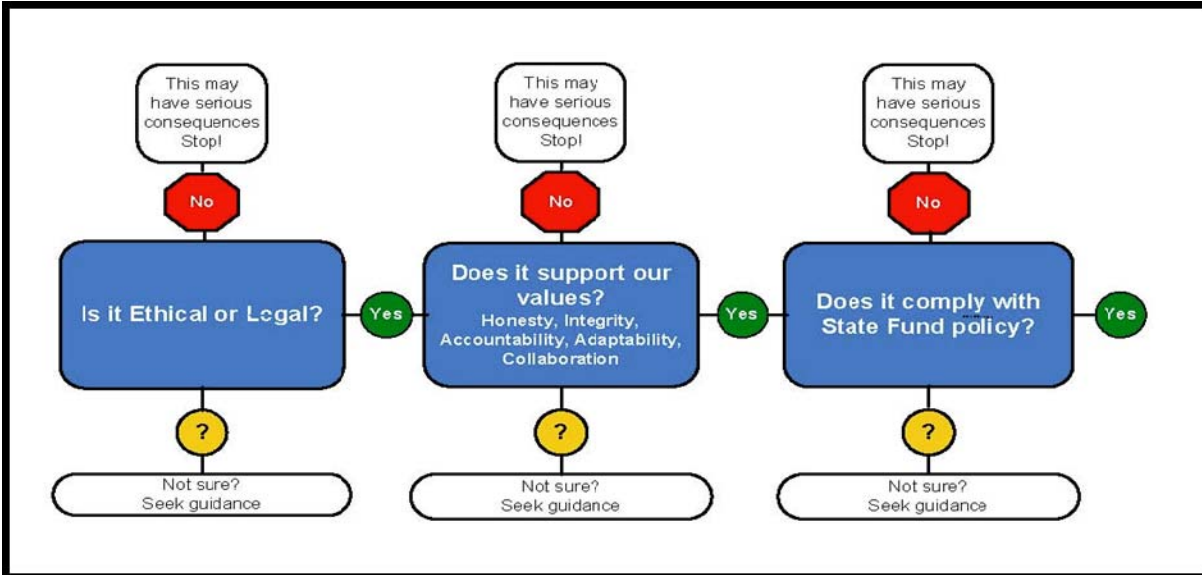
State Fund prohibits its Workforce from influencing, manipulating, or misleading authorized audits, or interfering with any auditor performing an internal or independent audit of State Fund books, records, processes, or internal controls.

You must have the courage to tackle tough decisions, make difficult choices, and be secure in knowing that State Fund commits to doing the right thing. We must be fair in practice and appearance. At times this will mean doing more than simply what the law requires. Acting a certain way just because we *can* does not mean ethically we *should* do so.

You can use our [Ethics Decision Tree](#) to help guide you through the decision making process.

## Ethics Decision Tree

When you need to choose how to act at State Fund, ask yourself these three questions:



If you think a certain action may violate State Fund's standards for ethics, law, or privacy, you have a duty to tell someone. You can tell your supervisor, manager, Program Manager, Regional Vice President, or the Ethics and Labor Relations Program. If you feel uncomfortable using these ways, you can report anonymously by phone hotline or at the site: (<http://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>)

### Code of Ethics or Rules of Professional Conduct for Other Professional Associations

Some Workforce members, like attorneys, medical professionals, accountants, and compliance staff, have codes of ethics and conduct for their profession. These Workforce members must also follow State Fund's Code of Conduct in addition to the codes they follow for their professional license, certificate, or membership in a professional association.

## III. Governing State Fund

Leadership, Policy and Procedure oversight, and accountability build a successful business foundation. State Fund governance is the set of laws, policies, and processes we use to run our business.

The Board of Directors (Board) has full power, authority, and jurisdiction over State Fund. The Board takes needed actions to make sure State Fund operates in a way that is legal, ethical, and responsible, both socially and financially.

The Board:

- Authorizes and endorses the Code's development

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- Approves and supports the Code's final content
- Approves Corporate Policies which support the Code
- Reviews and approves ongoing Code revisions

## IV. Communicating Openly and Honestly

State Fund benefits when our Workforce prevents mistakes or wrong choices by asking the right questions at the right time. At State Fund, everyone should feel comfortable raising concerns on ethical issues. Management sets the tone. Management has the duty to make an open environment so Workforce members feel at ease raising concerns.

If you do not want to go directly to a manager, you may raise concerns anonymously, without fear of retaliation at available [hotlines](#) or the link:

<http://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>.

You should view reporting as upholding State Fund's integrity and not as acting against a co-worker, manager, or department.

## V. Upholding the Law

State Fund's commitment to integrity begins with its Workforce knowing and following laws, rules, and regulations. You must understand State Fund's policies, laws, rules, and regulations for your specific role. They affect all State Fund business activities, as well as reporting work hours and valid business expenses.

If you are unsure about your responsibilities, seek advice from an [appropriate resource](#). You are responsible for stopping violations of law, speaking up if you notice possible violations, and cooperating during investigations. State Fund evaluates every concern that is submitted.

The information in State Fund's financial records, statements, and reports shall accurately reflect our financial condition, be prepared in accord with applicable laws and statutory accounting practices, and be filed timely with the correct regulatory agencies. State Fund Officers attest that our financial reports are accurate and complete each time they are issued.

State Fund complies with the collective bargaining agreements and laws. State Fund cooperates with CalHR and union representatives to negotiate terms and conditions of employment for State Fund employees and labor contracts.

### Transparency - California Public Records Act

State Fund commits to full compliance with the California Public Records Act (CPRA). State Fund's Public Records Office (PRO) is the only department authorized to evaluate, respond to, and manage State Fund's public record requests. Time limits exist for response to public records requests. Workforce members must send requests right away, in whatever form made, to the PRO.

State Fund Workforce members can request public records just as the public can under CPRA. The law prohibits retaliation for exercising these rights.

## Transparency - Bagley-Keene Open Meeting Act

State Fund is subject to the Bagley-Keene Open Meeting Act. This act declares that meetings of the Board and the Board Committees of Audit, Corporate Governance, and Investment shall be open to the public. The Act helps ensure that government actions are accountable and transparent and protect citizens' rights to take part in State government deliberations.

State Fund Workforce members have the same rights as the public under the Act. The law prohibits retaliation for exercising these rights.

## VI. Protecting and Respecting Information

### Protecting Privacy

Everyone at State Fund should protect private information entrusted to us by Workforce members, policyholders, claimants and other stakeholders. You must also protect all private information you transmit outside of State Fund.

**Private information** includes, but is not limited to the below.

- For Policyholders, Claimants, and Third parties – Information that identifies or describes a person gathered as part of an insurance matter. This includes information about a person's character, habits, hobbies, finances, or job. It also includes a person's name, address, and medical information.
- For Employees at State Fund – Information that identifies or describes a person who is a State Fund employee. This includes but is not limited to the social security number, physical description, home address, personal telephone numbers, education, financial matters, and medical and employment history. It includes statements made by or credited to the person. It excludes certain information, which California law, such as the California Public Records Act and the Fair Political Practices Act, allows to be disclosed.

You may only access, give out, or discuss a person's private information if you have an authorized business reason to do so. We must all prevent unauthorized release of private information.

### Example:

*A. A former State Fund co-worker called and asked me to look up his friend's claim and provide him with status on it. The former co-worker now works for another insurance company and is not part of the friend's claim. Should I provide the information?*

Before you release private information, make sure you verify:

- Who the person is, **and**
- The claims record lists the person as authorized information recipient, **and**
- You follow State Fund's procedures for releasing information

All California civil service employees are accountable under the Government Code to restrict release of private information only to authorized persons. State Fund's Incompatible Activities policy and Privacy and Confidentiality policy also restrict release of private information.

To report a suspected private information breach, contact the Privacy Office by calling 1-888-724-3237 or the Privacy Hotline toll free at (866) 294-1742, contact by email at [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com) or contact or submit on-line at: (<https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>). You may raise your concerns anonymously, without fear of retaliation.

### **Protecting Our Proprietary Information**

State Fund protects and keeps private its trade secrets and proprietary information up to the maximum extent allowed by law. Do not give State Fund's trade secrets or proprietary information to third parties unless expressly authorized.

### **Respecting the Works of Others**

State Fund does not infringe on the copyright interests of third parties. Works are copyrighted whether or not the party registers the copyright or whether the work bears the word "copyright" or the "©" symbol. Contact the Governance department with any questions before using works of others.

The Privacy Office and its website have resources for you about your privacy protection responsibilities.

## **VII. Being a Responsible Member of the Workforce**

State Fund Workforce members at all levels are vital members of our organization. Each person has a role to make State Fund a better place to work. As part of that, we should treat one another with respect and dignity. Professional people avoid exaggeration, insulting remarks, or improper descriptions of people and companies. All members should demonstrate fair, ethical, and responsible behavior at work. We reflect State Fund's values when we act with ethics as presented here in our Code.

Management at all levels has to create a workplace that values doing the right thing. In any business, ethical behavior does not simply happen. It comes from clear and direct communication about behavioral expectations. It is modeled from the top and shown by example.

Management will promptly address ethical concerns raised by Workforce members and take the correct steps to deal with them. Management must not consider ethical concerns as threats or challenges to authority. Ethical concerns must be an encouraged form of business communication. At State Fund, an ethics dialogue is a natural part of daily work.

## **VIII. Complying with Our Corporate Policies**

Corporate Policies are crucial to good decision-making and for the organization's success. Corporate Policies assure that our business practices line up with our vision, values, and purpose.

### **Your Corporate Policy Compliance Obligations**

In a successful work environment at State Fund, Workforce members consistently follow our Corporate Policies and Corporate Procedures. Following them takes care of the best interests of State Fund, our Workforce, and our stakeholders.

In your role, you should read, understand, and follow State Fund Corporate Policies and Corporate Procedures that deal with your work role. If you have any questions, ask for help and advice.

If you fail to follow State Fund's Corporate Policies and Procedures, this failure can result in disciplinary action up to and including termination as allowed under the California Government Code.

## IX. Providing Equal Employment Opportunity

State Fund values its diverse Workforce. Each member of our Workforce provides a unique viewpoint and input to State Fund. We then have a more productive and fulfilling work environment for all. All persons applying for work and Workforce members at State Fund are given equal employment opportunity and a workplace free from discrimination, including harassment.

Discrimination or harassment against a person due to membership in or association with a protected group is unlawful, prohibited, and not tolerated at State Fund.

Workforce members and job applicants will not be discriminated against or harassed based on their protected group status. Such status includes, but is not limited to: race, color, religious creed, national origin, citizenship, ancestry, physical disability, mental disability, medical condition, genetic characteristics or information, marital status, sex, gender identity and expression, age, political affiliation, sexual orientation, and, effective January 1, 2014, military, and veteran status.

## X. Prohibiting Harassment or Discriminatory Conduct

Workforce members who believe they have been subject to harassment or discrimination based on protected group status and that harassment or discrimination was within the State Fund's jurisdiction may file an informal or formal complaint of the alleged harassment or discrimination. You must file a complaint not more than one year after the conduct or by such deadlines as set by law. State Fund's harassment-free workplace policy extends to outside vendors, customers, professionals, and other providers of goods or services to any State Fund location.

State Fund prohibits and will not tolerate persons who retaliate against anyone who raises an ethics, privacy, harassment, or discrimination issue. Persons who harass or discriminate at State Fund or at State Fund-organized activities outside the workplace will be subject to disciplinary action up to and including termination. State Fund commits to take all steps necessary to prevent and correct harassment or discrimination.

## XI. Working in a Safe and Healthy Environment

State Fund is dedicated to a safe work place. You must follow Health and Safety Corporate Policies and Procedures. You must report potential safety hazards or threats of violence.

### Threats and Domestic and Workplace Violence

State Fund does not tolerate violence or threatening behavior.

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You must report all threats or acts of violence, including domestic violence, directed at State Fund's Workforce and/or property which may impact the workplace to the Threat Evaluation Team. The Threat Evaluation Team evaluates and responds to all reported threats or acts of violence.

State Fund follows statutes in the California Labor Code, Family Code, collective bargaining agreements and other applicable law affecting State Fund Workforce members who are victims of domestic violence. State Fund also takes part in Workplace Violence Prevention programs.

If you believe there is an imminent danger to you or to other people, contact the appropriate public safety officials first. Then report immediately to local management and to the [Threat Evaluation Team](#).

### **Substance Abuse-Free Workplace**

Substance abuse seriously threatens the safety, health, and productivity of our business, Workforce members, and customers.

The State of California's policy in California Code of Regulations Title 2, Rule 599.960 states that workplaces should be free from the effects of substance abuse. This avoids dangers that come from substance abuse in the workplace. Dangers can include death and injury to you, co-workers, or the public from accidents, poor judgment, and carelessness.

### **Functions Involving Alcohol**

There may be events you attend as a State Fund Workforce member where alcoholic beverages are available. In these instances, you are responsible for your conduct, must make your own decisions about alcohol consumption, and follow all appropriate laws.

Consumption of alcohol in excess or to the level of intoxication defined by California law is never acceptable or condoned and is prohibited at these events.

### **Employee Assistance Program**

At times, a personal issue or problem may get in the way of you doing your work well. The State Fund Employee Assistance Program (EAP) gives you a confidential and free service to help you or your family members. It provides professional review, helps solve problems, and refers you to services needed. EAP also supports State Fund managers by providing them with an expert resource.

The Employee Assistance Program toll-free telephone number: (800) 339-2099.

## **XII. Disclosing Conflicts of Interest**

### **When does a Conflict of Interest Occur?**

A conflict of interest happens when you get or look like you get private gain due to making a decision at your State Fund job that relates to outside relationships, activities, or jobs. Real or apparent conflicts can reduce the trust our stakeholders have in State Fund. Conflicts can also increase our legal risks and hurt our reputation. At all times State Fund must follow Federal and



California laws that affect State Fund Workforce member activities inside and outside the workplace

You must avoid situations that create, or appear to create, a conflict between your personal interests and State Fund interests. When a potential conflict arises, you must disclose it to management and to Ethics and Labor Relations right away.

### When to Disqualify Yourself from Decision-making or Contracting

State Fund Workforce members must disqualify themselves from making decisions or contracts when taking part in that process would violate the law, State Fund's Corporate Policies or *Code of Conduct*.

Potentially disqualifying situations include:

- Decisions in which you know or should know you have a personal financial interest; **or**
- Decisions related to a State Fund contract in which you have any type of personal direct or indirect financial interest; **or**
- Decisions related to a State Fund contract where you or an immediate family member also has an outside business matter with a party to that contract which:
  - Gives you better terms than members of the public get,
  - Is worth \$1000.00 or more, and
  - Your decision is made within the 12 months prior to State Fund's decision **or**
- Decisions for State Fund where the decision relates to or affects a person or entity with whom you:
  - Are negotiating with for a job; **or**
  - Will be employed with in the future,

California Law defines the above situations. If a conflict exists between the Code of Conduct and the California law, the California law controls.

### Personal Interest Disqualification

At times, to avoid conflict of interest or the appearance of it, you must remove yourself from making a decision or a contract process based on personal interest.

You must disqualify yourself from making, taking part in, or trying to use your position to influence a State Fund decision when you know or should know you have a personal interest in the outcome that differs from State Fund's interest.

State Fund strives to be fair, efficient, and neutral when making contracts. You must never give friends or family members an unfair or seemingly unfair advantage in the contracting process. This means you should:

- Remove yourself from considering or evaluating a business proposal made to State Fund by friends or family members.
- Never try to divert State Fund business opportunities to friends or family.

- Never provide friends or family members insider information that the public does not have to obtain work from State Fund.
- Avoid even the appearance of impropriety or favoritism in contracting matters.
- Seek guidance of management or Ethics and Labor Relations if you have any questions about business related conduct.

### Financial Disclosures and the Statement of Economic Interests – Form 700 (SEI)

The California Political Reform Act and State Fund's *Conflict of Interest Code* require certain members of State Fund's Workforce to file yearly financial disclosures. *Statements of Economic Interests, Schedules*, and ethics course certificates can be disclosed to the public.

For more information about annual disclosure requirements, contact the Fair Political Practices Commission (FPPC) Information line at (866) 275-3772; visit the FPPC [website](#); or visit the California Department of Justice, Office of the Attorney General [website](#).

#### Examples:

**A.** *I am a State Fund claims adjuster. My spouse just began working as an underwriter at another insurance company. Do I need to disclose this in my Form 700, Statement of Economic Interests?*

You should show your spouse's income on the Form 700 Statement of Economic Interests. At times, you may need to disqualify yourself from decision-making. This may come up if your spouse's company is involved in a business matter with State Fund and you can or it looks like you can, influence the matter's outcome. Contact [Ethics@scif.com](mailto:Ethics@scif.com) if this type of situation arises.

**B** *If I am a designated filer, how often do I need to file the Statement of Economic Interests, Form 700?*

You need to file:

- Once a year if you stay in the same position;
- Within 30 days of being appointed to a new position
- Within 30 days from the last day you performed the duties of the your job if you retire or separate

### Reporting Failures to Disqualify

If you believe a Workforce member failed to disqualify himself or herself when needed, you can report anonymously to the Ethics Hotline or the Ethics and Labor Relations department at <http://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>. You also can report confidentially and anonymously to The California State Auditor.

## XIII. Avoiding Incompatible Activities

State Fund has adopted an Incompatible Activities Statement Policy that prohibits Workforce members from taking part in actions that are contrary to their California civil service and State Fund employment. Our Policy is aligned with the California Government Code (GC Section

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19990) and the Labor Code (LC Section 3219). If you do not comply with the Incompatible Activities Policy, you may be subject to disciplinary action up to and including termination as provided by the California Government Code.

State Fund's Incompatible Activities Statement Policy requires you to tell Ethics and Labor Relations before doing certain acts, including but not limited to:

- Doing any type of work that is contrary to the business interests of State Fund, such as taking a job with a competitor, supplier, or contractor that may influence the decisions you make in your State Fund job; or
- Receiving any gift or service from anyone except the State related to performing your State Fund job; or
- Serving as a board member for a company or organization that competes with State Fund; or
- Hiring or supervising a close family member at State Fund.

#### Examples:

*A. Can I accept a gift basket from one of State Fund's computer services vendors I work with as a token of thanks for using their services?*

You should not take a gift from a vendor doing business with State Fund if it reasonably may influence your decision to use the vendor.

Government Code Section 19990 (f) prohibits you from taking gifts from someone who does or seeks to do business with State Fund if circumstances reasonably show the person wanted to influence your official decisions or to reward you for any official acts..

For example, if someone from Farm Bureau takes you to one lunch, this should not reasonably influence your State Fund decisions related to the Farm Bureau. However, you still must report this gift on the Statement of Economic Interests since you received a personal benefit.

**Claims adjusters** must follow special rules in Labor Code Section 3219. It prohibits you from taking a benefit that may look like a reward for referring or settling a claim. So, you could not take any gift from doctors, applicant attorneys, or other vendors of services for injured workers.

You must report gifts over \$50.00 from one source. In general, you may not accept more than \$440.00 in gifts during one calendar year from one source. You may take no more than \$10.00 a month from lobbyists or legislative employees. Contact Ethics and Labor Relations with your questions. You can also find more information at the Fair Political Practices Commission's website: <http://fppc.ca.gov/factsheets/StateGiftFactSheet2013.pdf>

*B. I have a brother and sister who work in the same department as me. We each work for different supervisors. Is this a problem for me?*

There is no conflict if you do not review, approve or appraise each other's work. If your situation changes, contact Ethics and Labor Relations to discuss what has changed.

### Other Outside (non-State Fund) Work by Workforce Members

You may wish to take on outside work with companies that are not our competitors, customers, or suppliers. You may wish to accept a voluntary, elected, or appointed position with a political entity. Outside work in itself is not an incompatible activity. However, you must keep your second job strictly separate from your State Fund job.

- You may not do outside work on State Fund time, on State Fund premises, or with State Fund resources.
- You must not market or sell products or services to State Compensation Insurance Fund, the business entity, related to your outside job.
- Your outside work must not interfere with or keep you from giving the time and effort needed to fulfill your duties as a State Fund Workforce member.

If you are unsure whether your outside work may be an incompatible activity, tell Ethics and Labor Relations in writing and get approval before you start the outside work.

Special provisions of the California Insurance Code apply to the Board of Directors that may supersede the provisions of this Code (Cal. Ins. Code §11770(f)). The Incompatible Activities Statement does not apply to Board of Directors members as they are not “state employees” as defined in the statute.

#### Example:

**A.** I am thinking of working as a part time sales representative for a life insurance company. Can I accept the job and still work for State Fund?

You cannot take the outside work if:

1. You cannot devote your full time and attention to your job with State Fund OR
2. The life insurance company also sells workers’ compensation insurance

Always contact the Ethics department when you are considering work at another company.

### Using State Fund Resources

State Fund resources, including time, material, equipment, and information, are for State Fund business use. You are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for their department’s resources and should resolve issues about their proper use. If you have questions about the proper use of State Fund resources, go to management or Ethics and Labor Relations.

#### Example:

**A.** Can I sell items such as cookies for a charitable organization, products from my personal business, or other items from my work area?

You cannot use your work area to sell items that benefit you either directly or indirectly.

You may use the Community Bulletin Board to post notices, sign-up sheets or catalogs about your activity. Use your personal contact information only in your posting.

You cannot set up or use tables in work areas to sell or pick up products. You must use your non-work hours (before or after work, lunch or breaks) to deliver or pick up a product. You may use the main lunchroom or parking lots to deliver items sold during non-work hours.

## Gambling

State Fund prohibits gambling on its premises. Gambling is any game of chance, contest, sweepstakes, or other form of gaming prohibited by the California Penal Code and California Business and Professions Code. Gambling activities include, but are not limited to gaming, lotteries, raffles, office pools, online betting, or where money is exchanged for a chance to win a prize.

## Using State Fund Information Systems

*State Fund's Privacy and Proprietary System Daily Use Notice* provides you guidance for protection of private and confidential information and use of State Fund electronic information systems.

Our information systems include computer equipment, internet, email, computer software, data, databases, electronic files, telephones, voice mail, fax machines, wireless devices, and any other similar information technologies that State Fund currently uses or may use in the future. Apart from minimal and incidental use permitted by law, contract, or specific management exception, State Fund systems are to be used exclusively to conduct State Fund business.

You should not expect privacy regarding use, including personal use of State Fund Information Systems.

Your obligation to protect private and confidential information extends to information about our workforce, policyholders, claimants and third parties. Never access or use confidential information available to you through your employment at State Fund for personal gain.

### Example:

A. *I would like to respond to a lunch invitation from a friend at a different company. Can I use the State Fund email system in this instance?*

Yes, if the invitation does not contain private information. Your response would be considered minimal and incidental use.

## XIV. Voicing Your Legal, Ethical, or Privacy Concerns

### Retaliation Prohibited and Not Tolerated

State Fund prohibits retaliating or harassing a Workforce member or employment applicant who reports ethics or business conduct concerns. The California Whistleblower Protection Act

prohibits retaliation for reporting improper activities. You may report retaliation to Ethics and Labor Relations. If you feel uncomfortable reporting through internal ways, you may report to the [State Personnel Board](#).

### Reporting Ethical and Privacy Concerns or Seeking Advice

State Fund encourages you to seek advice or raise your ethical or privacy concerns with supervisors or managers. You can also email your concerns to:

- [Ethics@scif.com](mailto:Ethics@scif.com) for ethics matters, including non-compliance with Corporate Policies and the Code of Conduct by State Fund Workforce members.
- [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com) for privacy matters, including reporting suspected breaches

If you cannot or are not comfortable going through these channels, you may instead go to State Fund's Ethics and Privacy Hotline.

The [Ethics and Privacy Hotline](#) is available to you 24 hours a day, 7 days a week. It is operated by an independent company and staffed by specially trained interviewers.

The Hotline provides you phone and online choices to report your questions, concerns, or suspicions about ethical or privacy issues. You may raise your concerns confidentially and/or anonymously without fear of retaliation. Your report is automatically routed directly to a member of State Fund's Board of Directors.

### Workers' Compensation Fraud

You can report suspected workers' compensation fraud by policyholders, injured workers, vendors, or State Fund Workforce members by calling toll free (888)-786-7372 or filing a TIP report through State Fund's Special Investigation Unit internal [website](#).

### Improper Activities - The California Whistleblower Protection Act

You may report improper activities such as theft, fraud, incompatible activities, misuse or abuse of state property, gross misconduct, and incompetence or inefficiencies by State of California employees. Whistleblower Notices are posted where other workforce notices are maintained.

To file a complaint, you can contact the California State Auditor by calling the toll-free [Whistleblower Hotline](#) at (800) 952-5665, submit your report online, or send your complaint by U.S. mail. The Act protects the identity of a reporting individual unless a law enforcement agency needs it to conduct a criminal investigation.

## XV. Acknowledging the Code and Supporting Policies

As part of your annual compliance obligations, you must electronically certify that you have read, understand, and will follow State Fund's *Code of Conduct* and its supporting Policies. If you do not complete this acknowledgement, you will be referred for disciplinary action up to and including termination.

## VI. Reviewing Important Points of the Code

You are responsible to learn and follow State Fund's values and standards. Ask questions if you are uncertain about State Fund policy.

You have a duty to report any Code or Policy violations. States Fund promptly investigates all reports of violations.

You have a duty to cooperate during an investigation of any reported Code violations.

Violations of the Code or Corporate Policies are cause for disciplinary action up to and including termination of employment.

When in doubt, ask for help. If you have questions, wish to discuss an issue, or want to report a possible violation, talk to your manager or contact Ethics and Labor Relations. If you wish to raise concerns or questions anonymously, contact the Ethics or Privacy Hotlines.

The Corporate Policy Library is located at: <http://governance.scif.com/CorpPolLibrary.html>.

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## XVII. Appendix - Resources

### 1. HOTLINES

|  |  |
|--|--|
| <b>State Fund Ethics and Privacy Hotline</b>   | <b>866-294-1742</b><br><br><a href="https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html">https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html</a> |
| Workers' Compensation Fraud                    | 888-786-7372   |
| California State Auditor Whistleblower Hotline | 800-952-5665   |

### 2. KEY STATE FUND POLICIES SUPPORTING THE CODE

| Corporate Policy                                       | Policy Type               | Policy Number |
|--|---------------------------|---------------|
| Privacy & Confidentiality                              | Ethics Compliance & Fraud | EC&F 2.0      |
| Complaint Reporting & Anti-Retaliation                 | Ethics Compliance & Fraud | EC&F 2.1      |
| Incompatible Activities Statement & Policy             | Ethics Compliance & Fraud | EC&F 2.2      |
| Business Ethics  | Ethics Compliance & Fraud | EC&F 2.3      |
| Statement of Economic Interests & Financial Disclosure | Ethics Compliance & Fraud | EC&F 2.4      |
| Use of State Fund Facilities for Non-Business Use      | Ethics Compliance & Fraud | EC&F 2.7      |
| Close Personal Relationships                           | Ethics Compliance & Fraud | EC&F 2.8      |
| Equal Employment Opportunity                           | Human Resources           | HR 4.1        |
| Sexual Harassment                                      | Human Resources           | HR 4.3        |

### 3. STATE FUND DEPARTMENTS

| Department                   | Contact for:   | Phone/email  | Internal Worksite Page  |
|------------------------------|--|--|---|
| Employee Assistance Program  | Confidential access, assessment, & referral to professional assistance for problem resolution  | (800) 339-2099   | <a href="http://orgdevelopment.scif.com/EAP.html">http://orgdevelopment.scif.com/EAP.html</a> |
| Equal Employment Opportunity | Diversity, Discrimination and Reasonable Accommodation Issues  | <a href="mailto:eeo@scif.com">eeo@scif.com</a>   | <a href="http://ethicslr.scif.com/EEO.html">http://ethicslr.scif.com/EEO.html</a>             |
| Ethics & Labor Relations     | Code of Conduct & FAQs, approval of outside activities, conflicts of interest disclosure, and Statement of Economic Interests filing | (855)-729-8890<br><a href="mailto:Ethics@scif.com">Ethics@scif.com</a>   | <a href="http://ethicslr.scif.com/">http://ethicslr.scif.com/</a>                             |
| Governance                   | <i>State Fund Corporate Policies &amp; Procedures; Copyright; State Fund Charter; Governance Guide</i>                               | (888) 724-3237<br><a href="mailto:corporatepolicies@scif.com">corporatepolicies@scif.com</a><br><a href="mailto:copyright@scif.com">copyright@scif.com</a> | <a href="http://governance.scif.com">http://governance.scif.com</a>                           |

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| Department                      | Contact for:   | Phone/email  | Internal Worksite Page  |
|---------------------------------|--|--|---|
| Internal Audit                  | Proper use of State Fund resources                     | (707) 624-4583   | <a href="http://internalaudit.scif.com/">http://internalaudit.scif.com/</a>                       |
| IT – Enterprise Security        | Proper use of information systems                      | (877)-782-7338   | <a href="http://sim.scif.com/">http://sim.scif.com/</a>   |
| Privacy Office                  | Privacy & Confidentiality questions                    | (888) 724-3237 (office)<br>(866) 294-1742 (breach reporting hotline)<br><a href="mailto:privacyoffice@scif.com">privacyoffice@scif.com</a> | <a href="http://privacyoffice.scif.com">http://privacyoffice.scif.com</a>                         |
| Public Records Office           | Records requests made under the Ca. Public Records Act | (888) 724-3237<br><a href="mailto:publicrecords@scif.com">publicrecords@scif.com</a>   | <a href="http://pro.scif.com/">http://pro.scif.com/</a>   |
| Real Estate Management Services | Threat reporting                                       | 925-523-5219<br>Imminent danger: 911<br><a href="mailto:threatmanagement@scif.com">threatmanagement@scif.com</a>                           | <a href="http://rpm.scif.com/ThreatManagement.html">http://rpm.scif.com/ThreatManagement.html</a> |
| Special Investigation Unit      | Workers' Compensation Fraud                            | (888) 786-7372<br>(323) 266-5138   | <a href="http://siu.scif.com/">http://siu.scif.com/</a>   |

**4. STATE AGENCIES**

| Department   | Contact for                                | Contact Information  | Website  |
|--|--|--|--|
| Attorney General's Office/California Department of Justice | Statements of Economic Interests, ethics   | PO Box 944255<br>Sacramento, CA 94244<br>800-952-5225  | <a href="http://www.ag.ca.gov">www.ag.ca.gov</a>               |
| California State Auditor Bureau of State Audits            | Whistleblower complaints                   | 555 Capitol Mall, Suite 300<br>Sacramento, CA 95814<br>(916) 445-0255  | <a href="http://www.bsa.ca.gov">www.bsa.ca.gov</a>             |
| Department of Insurance                                    | Insurance complaints                       | Consumer Communications Bureau<br>300 South Springs St.,<br>South Tower<br>Los Angeles, CA 90013<br>(800) 927-4357 | <a href="http://www.insurance.ca.gov">www.insurance.ca.gov</a> |
| Fair Political Practices Commission                        | Statements of Economic Interests questions | 428 J Street, Suite 620<br>Sacramento, CA 95814<br>(866) 275-3772  | <a href="http://www.fppc.ca.gov">www.fppc.ca.gov</a>           |
| State Personnel Board                                      | Whistleblower Retaliation complaints       | 801 Capitol Mall<br>Sacramento, CA 95814<br>(916) 653-0799   | <a href="http://www.spb.ca.gov">www.spb.ca.gov</a>             |

|   |                           |  |
|---|---------------------------|--|
|  | <h1>CORPORATE POLICY</h1> | Number:<br><b>EC&amp;F 2.8</b><br>Owner:<br><b>Ethics &amp; Labor Relations</b><br>Type:<br><b>Ethics, Compliance and Fraud</b><br>Effective Date:<br><b>04-2013</b><br>Last Revision Date: <b>12/01/2000</b><br><b>Supersedes 03-20-006</b> |
| Title<br><b>CLOSE PERSONAL RELATIONSHIPS</b>                                      |                           |  |

## SECTION 1 – PURPOSE

This policy provides a framework for members of the [State Fund Workforce](#), relating to [close personal relationships](#) to:

1. Reasonably assure that the employment considerations are the same for all State Fund Workforce members or candidates.
2. Establish and maintain a work environment based on merit.
3. Reasonably assure an ethical culture which separates personal and/or financial interests from business decisions.

## SECTION 2 – POLICY STATEMENTS

### 2.1 State Fund [Employment Action](#) Involving Close Personal Relationships Prohibited

A State Fund Workforce member will not initiate or participate, directly or indirectly, in employment actions involving State Fund Workforce members or job candidates with whom they have a close personal relationship.

To avoid the actual or appearance of favoritism, the definition of “close personal relationship,” which is covered by this policy, should be interpreted broadly.

#### 2.1.1 Employment Action Influence

State Fund Workforce members shall not be assigned to, or act in, a position where they can directly or indirectly influence the terms and conditions of employment for any individual with whom they have a close personal relationship.

### 2.2 Basic Criteria for Employment Action

The basic criteria for employment actions will be appropriate qualifications and performance according to the [merit principle](#). Employment will not be precluded solely due to a close personal relationship, provided the State Fund Workforce member meets and fulfills the appropriate appointment standards.

### 2.3 Disclosure of Personal Relationships

State Fund Workforce members must notify their Program Manager or equivalent if a close personal relation applies for a position under their responsibility or influence. The Ethics Office will be consulted on matters involving close personal relationships where necessary.

Where a close personal relationship exists or existed in the past, State Fund Workforce members are responsible to raise potential issues to the Ethics Officer: [Ethics@scif.com](mailto:Ethics@scif.com). This includes close personal relationships with members or work associates of entities that are State Fund business partners.

|                        |   |                          |
|------------------------|---|--------------------------|
| <b>Policy</b> EC&F 2.8 | <b>Title</b> Close Personal Relationships | <b>Effective</b> 04-2013 |
|------------------------|---|--------------------------|

## 2.4 Business Transactions Involving Financial Interest in Another Entity Prohibited

State Fund Workforce members must notify their Program Manager or equivalent if their State Fund employment involves transactions with, or referrals to, entities and persons with whom they have a personal and/or [financial interest](#), including:

1. An employee of an [interested party](#).
2. Any individual acting on behalf of an interested party, including the [family members](#) of the interested party or an employee of the interested party.

## SECTION 3 – APPLICABILITY, SCOPE, & BASIS

This policy applies to all members of the State Fund Workforce.

### 3.1 Related Laws and Regulations

Title VII of the Civil Rights Act of 1964

Civil Rights Act of 1991

Cal. Government Code:

§ [12900](#), California Fair Employment and Housing Act

§§ [12925-12928](#), Definitions

§§ [12940-12951](#), Unlawful Practices

§§ [19230-19237](#), Hiring of Disabled Persons

§§ [19400-19406](#), Upward Mobility

§§ [19790-19799](#), State Civil Service Equal Employment Opportunity Program

Cal. Labor Code, § [139.32](#), Division of Workers' Compensation

Cal. Code of Regulations, [Title 2](#),

§ [7287.6](#), [Particular Employment Practices. Terms, Conditions and Privileges of Employment](#)

§ [7291.1](#), [Sex Discrimination. Terms, Conditions and Privileges of Employment](#)

## SECTION 4 – AUTHORITY

The Senior Vice President & Chief Administrative Officer is responsible for policy assurance and oversight. The Ethics & Labor Relations Program Manager as policy owner is responsible for compliance with, updates to, and enterprise monitoring of this Corporate Policy.

## SECTION 5 – RELATED CORPORATE POLICIES

State Fund [Code of Conduct](#)

[EC&F 2.2](#) - Incompatible Activities Statement & Policy

[EC&F 2.3](#) - Business Ethics

[EC&F 2.4](#) - Statements of Economic Interest

[HR 4.1](#) - Equal Employment Opportunity

[HR 4.3](#) - Sexual Harassment

## SECTION 6 – DEFINITIONS

[Close Personal Relationship](#) – The term “close personal relationship” as used in this policy includes any relationship with individuals that extend beyond the work place where job-related decisions or actions can be influenced or perceived to be influenced by loyalty to the other party in the relationship.

|                        |   |                          |
|------------------------|---|--------------------------|
| <b>Policy</b> EC&F 2.8 | <b>Title</b> Close Personal Relationships | <b>Effective</b> 04-2013 |
|------------------------|---|--------------------------|

**Family Member** – Spouse; domestic partner; co-habitant, parent; sibling; biological, adopted, or foster child or stepchild; legal ward; grandparent; grandchild; blood or adopted relative such as cousin, aunt, uncle, niece, or nephew; in-laws such as parents, siblings, grandparents, grandchild, blood or adopted relatives; or corresponding relatives of the employee's partner; other persons for whom the employee is legally responsible; and anyone who stood in loco parentis (acting in place of a parent and assuming the parent's rights, duties, and responsibilities) to the employee as a child.

**Related** – A relationship between individuals associated by blood, adoption, marriage, domestic partnership, membership in the same household or persons with whom employees have an intimate relationship.

**Employment Action** – Personnel operations including hiring, promotion, reclassification, supervision, direction, evaluation, salary recommendation, assignment, approval of leave, provision of benefit, termination, or similar act.

**Financial Interest** – Any type of ownership, interest, debt, loan, lease, compensation, remuneration, discount, rebate, refund, dividend, distribution, subsidy, or other form of direct or indirect payment, whether in money or otherwise, between the interested party or a close personal relation of the interested party and an entity in which State Fund receives, has contracted for, or is pursuing a contract for services.

**Interested Party** – A participant to a financial transaction including, but not limited to, a State Fund Workforce member, a claimant, a policy holder, a provider of medical services or products, a claimant's attorney-at-law or law firm, a representative or agent of an interested party, copy and document reproduction services, interpreter services, and transportation services.

**Merit Principle** – Employment decisions will be made solely on a person's ability to perform.

**State Fund Workforce** – The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work for State Fund, including officers, employees, and non-employees. No employer-employee or agency relationship is intended or created by the use of the term. The use of the term does not alter State Fund's relationships with consultants or independent contractors.

## **SECTION 7 – HELP & ADVICE**

For help and advice regarding this Corporate Policy, contact the Ethics & Labor Relations Program at [Ethics@scif.com](mailto:Ethics@scif.com).

## **SECTION 8 – REVIEW HISTORY**

| Review Date | Action Date | Action             | Section(s) Revised  | Effective Date |
|-------------|-------------|--------------------|---------------------|----------------|
| 03/27/2013  | 03/27/2013  | Policy development | New - Comprehensive | 03/2013        |



## STATE COMPENSATION INSURANCE FUND WEBSITE PRIVACY POLICY

State Fund is committed to protecting and respecting your private information. Private information is information that can be used to identify or describe you.

We follow Article 1, Section 1 of the California Constitution, the Information Practices Act of 1977, and other applicable California and federal law to protect your private information. This policy describes how we collect, use, store, and disclose your private information.

### WE USE THE FOLLOWING PRINCIPLES WHEN COLLECTING AND MANAGING YOUR PRIVATE INFORMATION:

#### 1. Collection and use of private information

We use your private information to provide you with goods and services related to your workers' compensation insurance needs. We limit the collection of private information to what is relevant and necessary to transact business.

We collect information about your visit to our Web site, such as information volunteered by you through our online forms and programs, email initiated by you to State Fund, site visit data, and information collection devices. During your visit to this Web site you may initiate a transaction, such as requesting a premium quote or registering for State Fund Online. The information you provide is used by State Fund to operate its programs, which may include provision of goods, services, and information.

#### 2. Disclosure to third parties

We do **not** sell trade or transfer your private information to third parties for marketing purposes.

We may collect and provide information to third parties when required by law or regulation or when related to the transaction of workers' compensation insurance business.

We provide some of our services through contractual arrangements with medical and legal service providers, brokers, and other third parties (collectively, "service partners"). Our service partners may use your private information to carry out work as agreed upon in our contract with them. They are required to keep your private information confidential.

We may transfer your private information to third parties when you provide us with consent to release the information.

#### 3. Protection of Private Information

We take reasonable precautions to protect your private information against loss, unauthorized access, and illegal use or disclosure. We have established technical, administrative, and physical security measures, including firewalls, encryption, and other security software to provide this protection. We also review our security policies and procedures periodically to consider appropriate new technology and updated methods.

#### 4. Access to Private Information

We strive to keep your private information accurate, complete, and up to date. We will provide you with reasonable access to your private information to have it corrected, amended, or deleted where it is inaccurate or inappropriate for the specified purposes of processing.

To request access to your private information, you may contact the [Privacy Office](#) via email or at (888) 724-3237. The Privacy Office's address is 1010 Vaquero Circle, Vacaville, CA 95688.

## 5. Cookies Disclaimer

## APPENDIX III

We may use cookies on this site to monitor traffic patterns and improve the Web site so you use State Fund's Web site systems more efficiently. State Fund's cookies do not collect or disclose any private information about the person using the browser.

## 6. Do Not Track (DNT) Signals

We honor your Web browser's "Do Not Track" (DNT) signal. If you have turned on your Web browser's DNT signal, we do not track your online activities over time and across third-party Web sites or online services. Whether or not your Web browser's "Do Not Track" signal is turned on, we do not enable other Web sites to collect private information about your online activities over time in connection with your visit to State Fund's Web site and online services.

## 7. Contact Information

If you have any questions or comments related to State Fund's Website or the privacy policy, send an email or write to the Privacy Officer at:

Privacy Office  
State Compensation Insurance Fund  
1010 Vaquero Circle  
Vacaville, CA 95688  
E-mail address: [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com)

### Definitions:

#### 1. Private information includes, but is not limited to:

- **For Policyholders, Claimants, and Third parties – Any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, or an individual's name, address, and medical information.**
- **For Employees at State Fund – Information that identifies or describes an individual including but not limited to his or her social security number, physical description, home address, home telephone number, education, financial matters, and medical and employment history. It includes statements made by, or attributed to, the individual.**

#### 2. "Cookies" – Cookies are small files supplied by a Web server and stored by the Web browser software on your computer when you access State Fund's Web site.

#### 3. "Do Not Track" signals are mechanisms built into Web browsers that provide users the ability to exercise choice regarding the collection of private information about an individual's online activities over time and across third-party Web sites or online services.

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## Appendix IV:

### Major Revisions - 2014 Edition State Fund Code of Conduct

| <b>Section</b>  | <b>Major Revisions</b>  |
|---|---|
| <b>Purpose, Vision &amp; Values</b>                             | <p>Changed <b>Mission</b> from:</p> <p><i>“State Fund exists to serve California’s businesses as a strong, efficient and fairly priced choice for their workers’ compensation insurance while making California’s workplaces safer and helping injured employees return to work – all with no financial obligation to the public.”</i></p> <p>to:</p> <p><b>Purpose:</b></p> <ul style="list-style-type: none"> <li>• <b>To provide fairly priced workers' compensation insurance</b></li> <li>• <b>To make workplaces safe, and</b></li> <li>• <b>To restore injured workers.</b></li> </ul> |
| Section II – Being Ethical                                      | <p>Changed “competitive pricing” to: <b>“fair pricing”</b></p> <p>Changed order of questions in Ethics Decision Tree for logical clarity: “Does it support our values” becomes question #2 and</p> <p>“Does it comply with State Fund policy” becomes question #3.</p>  |
| Section III – Governing State Fund                              | <p>Changed “Board supports” to <b>“Board approves”</b> ongoing revisions of the Code</p>  |
| Section IV Communicating Openly and Honestly                    | <p>Added: <b>“You should view reporting as upholding State Fund’s integrity and not as acting against a co-worker, manager, or department.”</b></p>   |
| Section VI Protecting and Respecting Information, para 1        | <p>Added: <b>“You must also protect all private information you transmit outside of State Fund.”</b></p> <p>Added: One example about protecting and respecting information</p> <p>Added: Definition of private information:</p>   |
| Section VIII Complying with our Corporate Policies, paragraph 1 | <p>Changed “mission” to “purpose” based on how State Fund now defines our Constitutional mandate.</p>   |
| Section IX Providing Equal Employment Opportunity, paragraph 3  | <p>Added: <b>“military and veteran status”</b> to the definition of protected class pursuant to a change in California law.</p>   |
|   |   |

## Appendix IV:

### Major Revisions - 2014 Edition State Fund Code of Conduct

| <b>Section</b>  | <b>Major Revisions</b>   |
|---|--|
| <p><i>Section XII<br/>Disclosing Conflicts<br/>of Interest;</i></p> <p><i>Financial<br/>Disclosures and the<br/>Statement of<br/>Economic Interests</i></p>             | <p><i>Added: Example about disclosing conflicts of interest</i></p> <p><i>Added: Two examples about financial disclosure.</i></p>  |
| <p><i>Section XIII Avoiding<br/>Incompatible<br/>Activities</i></p> <p><i>Using State Fund<br/>resources</i></p> <p><i>Using State Fund<br/>Information Systems</i></p> | <p><i>Changed: “Doing any type of work that your loyalty with State Fund is compromised.”</i></p> <p><b><i>To: “Doing any type of work that is contrary to the business interests of State Fund”</i></b></p> <p><i>Added: Two examples about Incompatible Activities</i></p> <p><i>Added: Example about sales of products or services</i></p> <p><i>Added: Example about systems use</i></p> <p><b><i>Changed:</i></b> <i>“State Fund Systems User Information Notice provides guidance for proper use of State Fund electronic information systems.”</i></p> <p><b><i>To: “State Fund’s consolidated Privacy and Proprietary Systems Daily Use Notice provides you with guidance for protection of private and confidential information and use of State Fund electronic information systems.”</i></b></p> <p><b><i>Added: “Your obligation to protect private and confidential information extends to information about our workforce, policyholders, claimants and third parties. Never access or use confidential information available to you through your employment at State Fund for personal gain.”</i></b></p> |
| <p><i>Section XIV Voicing<br/>Your Legal, Ethical<br/>or Privacy Concerns</i></p>   | <p><i>Combined: Ethical and Privacy Reporting Concerns sections</i></p> <p><i>Changed section name to: <b>Voicing Your Legal, Ethical, or Privacy Concerns</b></i></p>   |
| <p><i>Section XVII –<br/>Resources</i></p>  | <p><i>Added: Close Personal Relationships Corporate Policy (EC&amp;F 2.8) as a key policy supporting the Code.</i></p>   |