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Date: May 9, 2014

TO: MEMBERS, BOARD OF DIRECTORS

I. AGENDA ITEM # AND TITLE :	Open Agenda Item 9ai - Governance, Compliance & Privacy
II. NAME AND PROGRAM:	Barbara Simmons - Governance, Compliance & Privacy
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

2014 Code of Conduct as approved by the Board and targeted Code compulsory training launched April 16.

First quarter compliance reporting consists of: Statement of Economic Interest Annual filing results for designated filers. Reported ethics and privacy related issues.

VI. ANALYSIS: The following summarizes compliance related activity for the 1Q 2014 and is in alignment with the Compliance Model¹:

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 Code is posted online internally for access by all employees and externally on www.statefundca.com for access by members of the public.

2014 Code Training and Certification

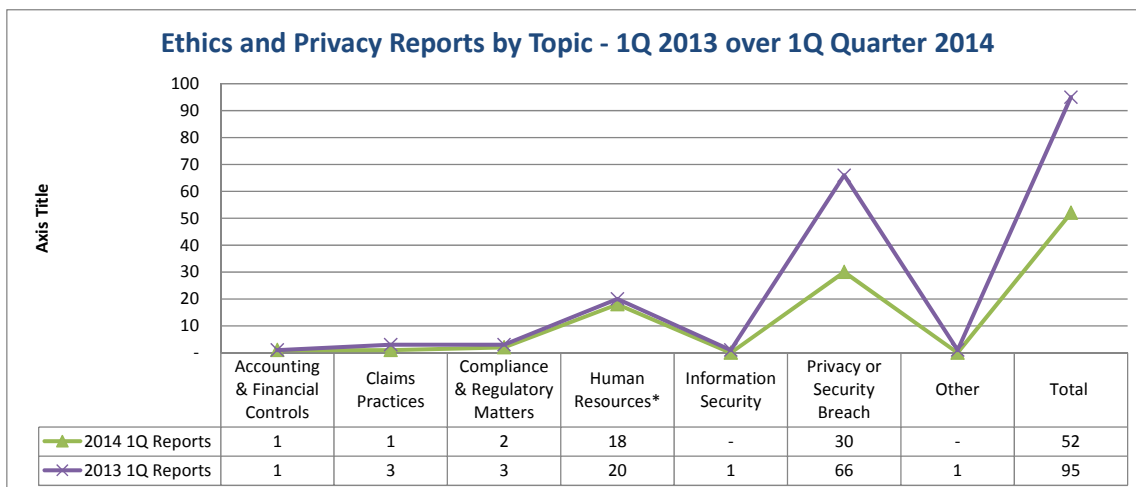
Annually State Fund deploys targeted mandatory training related to the Code of Conduct, aligning with industry best practices. For 2014, Privacy and Cyber Security was selected as the topic to reinforce State Fund’s obligations and responsibilities for

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

protecting data of our stakeholders. Included with the training is the Annual Code of Conduct Certification.

Training and Certification is scheduled for completion June 1 and is compulsory for the State Fund Workforce.

Consistent monitoring, evaluation & reporting
1Q 2014 Ethics & Privacy Hotline Reported Issues – All Sources



*Human Resources reporting volume for 1Q 2014 includes 20% suspected misconduct; 20% suspected theft of time; and 20% suspected discrimination or conflict of interest.

Effective training, communication & awareness
Statement of Economic Interest (Form 700) Annual Filing Compliance

One hundred percent compliance achieved by employees and consultants who are designated filers in State Fund's Conflict of Interest Code. Statutory annual filing with the Fair Political Practices Commission for Board members, and Chief Executive Officer (CEO), Chief Investment Officer (CIO), and Chief Financial Officer (CFO) positions completed pursuant to Cal. Gov't Code § 87200.

For the interim CEO, regulation 18735 applies when a designated filer moves to become head or interim head of an organization. In this case, leaving and assuming office statements were filed within the appropriate 10-day statutory period. The next annual statement for the interim CEO, if still designated, will cover 2014, and be due April 1, 2015.

Form 700 Designated Filers	# Submissions	# Form 700s Outstanding Active Members	Active Workforce Compliance Rate	# Form 700s Outstanding Inactive/Separated Members
Board of Directors	12	0	100%	0
Employees	3,370	0	100%	102
Consultants	239	0	100%	2
Total	3,621	0	100%	104

VII. RECOMMENDATION: N/A

VIII. PRESENTATION EXHIBITS:

Appendix I – 2014 Code of Conduct as posted to www.statefundca.com

APPENDIX I: 2014 Code of Conduct Posting

www.statefundca.com

The screenshot shows the State Fund website's home page. The browser address bar displays the URL: <http://www.statefundca.com/Home/StaticIndex?id=http://old.statefundca.com/about/Code...>. The navigation menu includes links for About, Obtain a Policy, Claims Services, Safety & Seminars, Forms, and Careers. A search bar and buttons for LOG IN and SIGN UP are also present. The main content area features a sidebar with a navigation menu and a central section titled "Code of Conduct".

Code of Conduct

Honesty, integrity, accountability, flexibility, and collaboration are State Fund values. The Code of Conduct (Code) gives State Fund a framework to put our values in action. It articulates and promotes expectations for behavior by presenting clear, written standards. State Fund is committed to responsible organizational citizenship, and invites you to review the highlights of our Code of Conduct through the links below.

- **Code of Conduct**
- **Privacy & Confidentiality**
- **Complaint Reporting and Anti-Retaliation**
- **Incompatible Activities**
- **Business Ethics**
- **Statement of Economic Interests and Financial Disclosure**
- **Use of State Fund Facilities for Non-Business Activities**
- **Equal Employment Opportunity**
- **Sexual Harassment**
- **Close Personal Relationships**

The screenshot shows the "2014 Code of Conduct For All State Fund Employees" page. The browser address bar displays the URL: www.statefundca.com/home/StaticIndvPage?id=http://old.statefundca.com//about/t. The page features a header with the State Fund logo and the title "2014 Code of Conduct For All State Fund Employees". A sidebar on the left lists the "Code Contents" with expandable links. The main content area includes a "Dear Colleagues" message from the Executive team, a photo of a woman, and introductory text about the code's purpose and the company's 100th anniversary.

2014 Code of Conduct For All State Fund Employees

Code Contents

- President's Message >
- Our Code of Conduct >
- State Fund's Vision, Values, and Purpose >
- What's New in this Edition of the Code >
 - Being Ethical >
 - Ethics Decision Tree >
 - Governing State Fund >
 - Communicating Openly and Honestly >
 - Upholding the Law >
 - Protecting and Respecting Information >
 - Being a Responsible Member of the Workforce >
 - Complying with our Corporate >

Dear Colleagues,

The Executive team and I thank you for your contributions in 2013. Your commitment to making State Fund a respected member of the industry is its measure of success.

As we celebrate 100 years of service to California, we are in the midst of a significant transformation which gives each of us the opportunity to leave our legacy at State Fund. Think about how you will make your mark – living the vision, respecting individuals, adhering to the highest ethical standards, making our workplace safer, providing the best service, asking hard questions, striving to be the best, giving 100 percent of your effort. The choice is yours.

As we reflect back to 1914, we recognize that we can't just rest on our past achievements. Our vision is to be recognized as the industry leader and best value in California. Achieving our vision will position State Fund to serve its customers for the next 100 years. It also means that we must commit ourselves to continuous improvement.

In the spirit of continuous improvement, we have updated our Code of