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Date: February 14, 2013

**AGENDA ITEM 5 – ACTION REQUIRED**

**TO: MEMBERS, GOVERNANCE COMMITTEE**

- I. SUBJECT:** Governance and Compliance Update
- II. PROGRAM:** EXECUTIVE
- III. RECOMMENDATION:** **Action Required** – To recommend to the Board of Directors to adopt the revisions to the 2013 Code of Conduct and its supporting policies as presented.

**IV. ANALYSIS:**

The Code of Conduct promotes State Fund’s values, behavior expectations, and standards promoting honest and ethical conduct to prevent and detect illegal conduct. Policies represent State Fund’s written standards for business operations which promote conduct to prevent and detect illegal conduct.

The following summarizes compliance related activity for the period<sup>1</sup>.

**Compliance Model alignment – Consistent monitoring, evaluation & reporting**

- 2012 Code of Conduct training/acknowledgement compliance rates as of 1/28/13
  - Employees, consultants and their management chain accountable
  - Raised consultant compliance from 50% to 100%. Physical & technological access revoked for non-compliant parties.
  - Employee compliance campaign scheduled to end January 30. Failure to comply will result in referral for possible disciplinary action up to & including termination.

**Compliance rates as of January 25:**

<i>State Fund Workforce</i>	<i>Members</i>	<i>CoC Training</i>	<i>CoC Acknowledgement</i>
Employees	4464 <sup>^</sup>	98%	94%
Consultants	153	100%	100%

<sup>^</sup>125 employees on leave 1/25/13

**Compliance Model alignment – Effective training, communication & awareness**

- Specialized Privacy Road Shows for business units

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

- Completed for legal units 2012 ; Scheduled 1Q 2013 claims, audit, & field units
- Privacy awareness messaging –
  - 11/15 Spotlight: Data Privacy applies to all State Fund Employees
- 2013 Employee Compliance Survey deployed January 2013
  - 636 respondents
  - Significant Responses:

<i>Survey Question</i>	<i>Response level</i>	<i>Detail</i>	<i>Response</i>
Know where to Find the Code	78%	**	**
Know about changes or updates to the Code	94%	Worksite Training Email Managers Co-workers	
2012 Observed Code Violations	19%	**	**
Observed but did not report violation	64%	Feared Retaliation Would not be taken seriously Did not want to get involved Don't know where or how to report	54% 51% 23% 8%

- Significant Commentary Topics
  - Privacy Issues
  - Appearance of favoritism
  - Fear of retaliation
  - Theft or abuse of resources
- **Recommendation 2013 targeted Code training**
  - Compliance & Ethics Leadership Council –
    - Raising Concerns and Handling Employee Reports Appropriately

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BARBARA SIMMONS, CCEP & CIPP/US  
 Governance, Compliance and Privacy  
 Manager

**Code of Conduct**  
**For All**  
**State Compensation Insurance Fund**  
**Workforce Members**  
**2013**



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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 promoting honest and ethical conduct
- Promotes and requires accountability for adherence to the Code for every member of State Fund's Workforce
- Presents to the public State Fund's commitment to honesty, compliance with the law, and organizational responsibility

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

- Is intended for use as a reference in everyday ethical decision making by State Fund staff at all levels of the organization: the Board of Directors, Officers, Executive Committee members, managers, supervisors,, rank and file employees, and consultants to the extent provided for by contract; and,
- Is a living document. It will be reviewed annually to assure its information is current and relevant.

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

### Mission

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.

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### Vision

To be recognized by our customers, regulators, and the insurance community as the industry leader and best value in California; to underwrite the California dream by providing services that are responsive to our clients' evolving needs.

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### Strategic Objective

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

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### Values

- ◆ Honesty
  - ◆ Integrity
  - ◆ Accountability
  - ◆ Adaptability
  - ◆ Collaboration
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## I. Maintaining Trust and Credibility

The success of State Fund is dependent on the trust and confidence we earn from our workforce members, customers, and stakeholders. State Fund gains credibility by adhering to our commitments, displaying honesty and integrity, and reaching company goals solely through 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 members of its workforce. Ultimately, State Fund will be judged on how we conduct business.

## II. Being Ethical

All members of State Fund's Workforce are expected to maintain the highest standards of ethical and professional conduct and personal integrity. You can help to uphold and preserve 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, functionality, and competitive pricing. We make independent pricing and marketing decisions and do not improperly cooperate or coordinate our activities with our competitors. No business outcome is ever a justification for deviating from State Fund's ethical standards. State Fund does not engage or assist in unlawful boycotts of particular customers.

It is essential that the public and State Fund stakeholders have confidence in our Workforce. This trust and confidence depends on our behavior and performance of our jobs without influence from outside interests or improper self-interest. Our Workforce is prohibited from offering, soliciting, or accepting improper payments or gratuities in connection with the purchase of goods or services for State Fund or the sales of its products or services.

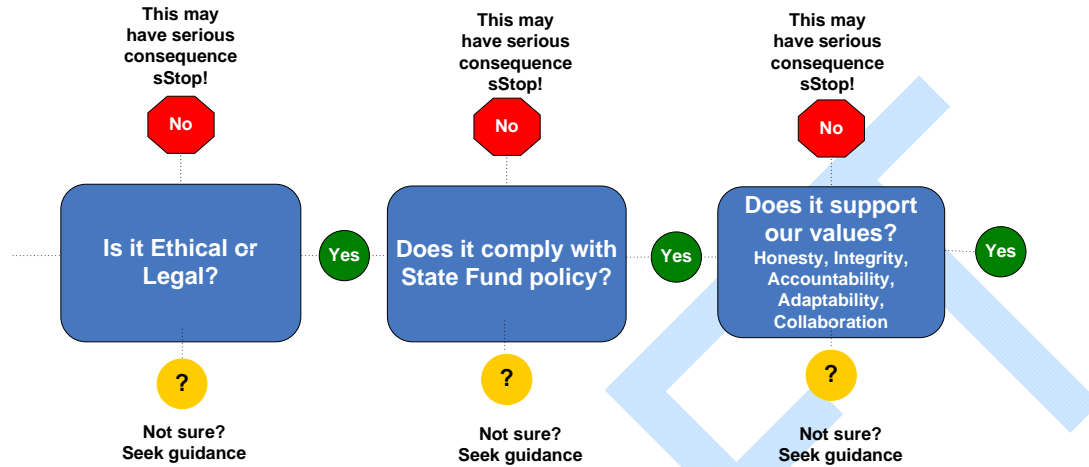
Influencing, manipulating, or misleading authorized audits, or interfering with any auditor engaged to perform an internal or independent audit of State Fund books, records, processes, or internal controls is always prohibited at State Fund.

You must have the courage to tackle tough decisions, make difficult choices, and be secure in the knowledge that State Fund is committed 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. Pursuing a course of action merely 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 encounter a situation at State Fund ask yourself these three questions:



If you have a question or concern about an ethical, legal, privacy or other compliance issue, you have a responsibility to share your concern with your supervisor, manager, Program Manager/Regional Vice President, or the Ethics and Labor Relations Program. If you feel uncomfortable asking your question, other avenues such as calling one of our hotlines is also available for that purpose. You can report or ask questions anonymously either by phone or via the internet. (<http://ethicslr.scif.com/EthicsHotline.html>)

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

Some members of our workforce, such as attorneys, medical professionals, accountants, and compliance staff, have codes of ethics and conduct applicable to their profession. State Fund's Code of Conduct is in addition to any other codes of conduct that a workforce member may be subject to by virtue of holding a professional license or certification or membership in a professional association.

## III. Governing State Fund

Leadership, oversight of policies and procedures and accountability are the foundation upon which a successful organization is built. State Fund governance is the set of laws, policies, processes, and customs affecting how State Fund is directed, administered, and controlled. The Board of Directors (Board) has full power, authority, and jurisdiction over State Fund. The Board takes actions necessary to reasonably assure that State Fund is operated in a legally, ethically, socially, and financially responsible manner.

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The Board:

- Authorizes and endorses the Code's development;
- Approves and supports the Code's final content;
- Approves the Corporate Policies which support the Code and
- Reviews and supports the ongoing revisions of the Code

## IV. Communicating Openly and Honestly

State Fund benefits when members of our workforce exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right time. At State Fund, everyone should feel comfortable expressing themselves regarding concerns about ethical issues. Management sets the tone at the top. Management has a responsibility to create an open and supportive environment where our workforce members feel comfortable raising questions.

If you do not feel comfortable raising your concerns with management directly, you may also raise your concerns anonymously, without fear of retaliation via one of the available [hotlines](#) or web portals listed (<http://ethicslr.scif.com/EthicsHotline.html>)

## V. Upholding the Law

State Fund's commitment to integrity begins with following the laws, rules, and regulations that govern its business. You must understand the company policies, laws, rules, and regulations that apply to your specific role. This includes reporting your hours worked, legitimate business expenses incurred, and all other activities related to State Fund business.

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

Information contained in State Fund's financial records, statements, and reports shall accurately reflect our financial condition, be prepared in accordance with applicable laws and statutory accounting practices, and shall be filed timely with the appropriate agencies. State Fund Officers attest to the accuracy and completeness of our financial reports each time they are issued.

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

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### **Transparency - California Public Records Act**

State Fund is committed 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, and manage State Fund's public record requests. Time limits exist for responding to public records requests. Workforce members must transmit these requests immediately, in whatever form they are made, to the PRO.

State Fund workforce members have the same rights as members of the public under the CPRA. Retaliation for exercise of these rights is prohibited.

### **Transparency - Bagley-Keene Open Meeting Act**

State Fund is subject to the Bagley-Keene Open Meeting Act, which declares that the meetings of the Board and the Committees of the Board – Audit, Corporate Governance, and Finance - shall be open to the public. The Act facilitates accountability and transparency of government activities and protects the rights of citizens to participate in State government deliberations.

State Fund workforce members have the same rights as members of the public under the Act. Retaliation for reasonable exercise of these rights is prohibited.

## **VI. Protecting and Respecting Information**

### **Protecting Privacy**

Everyone at State Fund is responsible for protecting the private information entrusted to us by our workforce members, policyholders, claimants and other stakeholders. You may only access, transmit, or discuss the private information of others if you have an authorized business reason for doing so. We are all responsible for preventing the loss or unauthorized disclosure to others of private information.

To report a loss or breach, contact the Privacy Hotline by calling toll free at (866) 294-1742 or submitting your report to the Hotline on-line (<https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>), or via email to [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com). You may raise your concerns anonymously and confidentially, without fear of retaliation

### **Protecting Our Proprietary Information**

State Fund protects and keeps confidential 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 regardless of whether the copyright is registered or whether the subject material is accompanied

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by the word “copyright” or the “©” symbol. Contact the Governance department with your questions before using works of others.

## VII. Being a Responsible Member of the Workforce

State Fund Workforce members at all levels are vital members of our organization. State Fund expects that we treat one another with respect and dignity. Each of us has a role in making State Fund a better and more rewarding place to work. As a matter of professional conduct, you should avoid exaggeration, derogatory remarks, or inappropriate characterizations of people and companies. State Fund’s values are richly embedded in this commitment and presented here in our Code. All State Fund Workforce members should demonstrate fair, ethical and responsible behavior

Management at all levels has the responsibility to provide a work environment where doing the right thing is valued. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication regarding behavioral expectations, modeled from the top and demonstrated by example.

Management will promptly address ethical questions or concerns raised by members of our Workforce and take the appropriate steps to deal with them. Management must not consider ethical concerns as threats or challenges to their authority, but rather as another 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 critical to your decision-making and for the success of the organization. Corporate Policies assure that State Fund’s business practices and processes are aligned with the organization’s mission, vision, and values.

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

It is essential to a successful work environment at State Fund that our Corporate Policies and Corporate Procedures are followed consistently to assure the interests of State Fund as an organization, our workforce, and our stakeholders are being addressed.

In your role, it is your responsibility to read, understand, and comply with State Fund Corporate Policies and Corporate Procedures that correspond with your assignment. If you have any questions, ask for help and advice.

Failure to follow State Fund’s Corporate Policies and Procedures may constitute cause for disciplinary action up to and including termination as allowed under the California Government Code.

## IX. Providing Equal Employment Opportunity

State Fund's diverse workforce is a valued asset. Your and each member of our Workforce's, unique perspective and contribution to the organization leads to a more productive and fulfilling work environment for all. All applicants for employment and workforce members at State Fund are afforded equal employment opportunity and a workplace free from discrimination, including harassment.

Discrimination or harassment against an individual because of their membership in or association with a protected group is unlawful, prohibited, and is not tolerated at State Fund.

Workforce members and job applicants will not be discriminated against or harassed based on their protected group status, which 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, or sexual orientation

## X. Prohibiting Harassment or Discriminatory Conduct

Workforce members who believe they have been subject to harassment or discrimination based on their protected group status and who also believe that the discriminatory behavior was within the jurisdiction of State Fund, may file an informal or formal complaint within one year, or as such notice period as set by law, of the alleged harassment or discrimination. 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.

Taking retaliatory action against anyone who brings an ethics, privacy, harassment or discrimination issue forward is prohibited and will not be tolerated. Individuals found to have engaged in harassment in the workplace or at State Fund-organized activities outside the workplace will be subject to disciplinary action up to and including termination. State Fund is committed to taking all steps necessary to prevent and correct harassment or discrimination.

## XI. Working in a Safe and Healthy Environment

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

### Threats and Domestic and Workplace Violence

State Fund does not tolerate violence or threatening behavior of any kind.

All threats or acts of violence, including domestic violence, directed at State Fund's workforce and/or property which may impact the workplace must be reported to the Threat Evaluation

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Team. The Threat Evaluation Team evaluates and responds to all reported internal and external threats or acts of violence.

State Fund adheres to statutes in the California Labor Code, Family Code, and collective bargaining legislation affecting State Fund workforce members who are victims of domestic violence. State Fund also participates in programs on Workplace Violence Prevention.

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

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

Substance abuse poses a serious threat to the safety, health, and productivity of our organization, workforce members, and customers.

It is the policy of the State of California (California Code of Regulations Title 2, Rule 599.960) that state workplaces be free from the effects of substance abuse. This is to avoid the dangers arising from substance abuse in the workplace, including death and injury to you, co-workers, or the public resulting 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 and must make your own decisions about alcohol consumption and follow all appropriate laws.

Consumption of alcohol in excess or intoxication is never acceptable or condoned and is prohibited at these events.

### **Employee Assistance Program**

There may be times when a personal issue or problem may possibly get in the way of workplace performance. The State Fund Employee Assistance Program (EAP) is a confidential and free service available which assists workforce members or their family members by providing confidential, direct, professional assessment, problem solving, and referral services. EAP also supports State Fund management and supervisory staff by providing expert consultation and training on motivational strategies, including methods of coaching, and the development of organizational practices which enhance performance.

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 occurs when your personal relationships, activities, or other employment result in a personal financial gain from the decisions you make in your State Fund job, or have that appearance. Conflicts in fact or appearance can reduce the trust and confidence our stakeholders have in State Fund, and they can increase our legal and reputational risks. State Fund must follow at all times applicable Federal and California laws which affect State Fund workforce member activities inside and outside the workplace

Situations that may create, or appear to create, a conflict between your personal interests and the interests of State Fund must be avoided. You must disclose potential conflicts to management and to Ethics and Labor Relations as soon as the situation arises.

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

State Fund Workforce members must disqualify themselves in situations where their participation in the decision-making process would be contrary to law, or to State Fund's Corporate Policies, or to State Fund's *Code of Conduct*.

Potentially disqualifying situations under applicable law include:

- Decisions in which you know or have reason to know you have a financial interest; **or**
- Decisions related to a State Fund contract in which you have any type of direct or indirect financial interest; **or**
- Decisions related to a State Fund contract where you have reason to know that a party to the contract is a person with whom you, or any member of your immediate family, is engaged in a business transaction on terms not available to members of the public totaling one thousand dollars (\$1,000) or more within 12 months prior to the time the State Fund action is to be performed; **or**
- Any State Fund decision where the decision relates to, or affects a person or entity with whom you are:
  - Negotiating future employment; **or**
  - Have an arrangement of future employment.

The above situations are defined by California law. In the event of conflict between the Code of Conduct and the California law, the California law will control.

## Personal Interest Disqualification

To avoid conflict of interest or even the appearance of conflict of interest, there are instances where members of the workforce must remove themselves from a decision-making or contracting process based on personal interest.

You must disqualify yourself from making, participating, or in any way attempting to use your position to influence a State Fund decision in which you know or have reason to know you have an interest, personal or otherwise, in the outcome which is different from State Fund's interest.

State Fund strives to be fair, efficient and impartial in its contracting practices. 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 the consideration or evaluation of any 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 information that is not generally available to the public that might be used in seeking work from State Fund;
- Avoid even the appearance of impropriety or favoritism in contracting matters; and,
- Seek the guidance of management or Ethics and Labor Relations regarding any questions you may have about business related conduct.

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

Certain members of State Fund's workforce are required under the California Political Reform Act and State Fund's *Conflict of Interest Code* to file financial disclosures using the *Statement of Economic Interests – Form 700 and Schedules* (SEI). Your *Statements of Economic Interests and Schedules* and ethics course certificates are by law disclosable public records.

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](#).

## Reporting Failures to Disqualify

Any workforce member may make a good faith report alleging that another member of the workforce has incorrectly failed to disqualify themselves. Such reports may be made anonymously to the Ethics Hotline or the Ethics and Labor Relations department <http://ethicslr.scif.com/EthicsHotline.html>. You also have the option to report confidentially and anonymously to The California State Auditor.

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### XIII. Avoiding Incompatible Activities

State Fund has adopted an Incompatible Activities Statement Policy which prohibits workforce members from engaging in activities that are incompatible with their California civil service and State Fund employment. If you do not comply with the Incompatible Activities Statement, you may be subject to disciplinary action up to and including termination as provided by the California Government Code.

As more fully established in State Fund's Incompatible Activities Statement Policy, you must notify Ethics and Labor Relations before engaging in certain activities, including but not limited to:

- Accepting employment (by yourself or a close family member), or acting as a consultant to a competitor or potential competitor, supplier, or contractor, regardless of the nature of the employment, which may influence the decisions you make in your State Fund job; **or**
- Serving as a board member for a commercial company or organization competing with State Fund; **or**
- Owning or having a substantial interest in a State Fund competitor, supplier, or contractor; **or**
- Having a personal interest, financial interest, or potential gain in any State Fund transaction (you or a close family member); **or**
- Placing State Fund business with a firm owned, controlled by, or employing a State Fund Workforce member or his or her family and vice versa (e.g. Groups/Marketing); **or**
- Doing any type of work that your loyalty with State Fund is compromised.

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

State Fund Workforce members may wish to take on additional 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. Such work in itself does not constitute an incompatible activity. However, your second job or position must be strictly separated from your job at State Fund.

- Outside work must not be done on State Fund time, must not be conducted on State Fund premises, and must not involve the use of State Fund resources.
- You should not attempt to market or sell products or services to State Compensation Insurance Fund, the business entity, in connection with your outside job.
- Performance of the off-duty work must not interfere with or prevent you from devoting the time and effort needed to fulfill your duties and obligations as a State Fund workforce member.

If you are uncertain whether your outside work could represent an incompatible activity, advise Ethics and Labor Relations in writing and obtain approval before starting the outside work.

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

### **Use of State Fund Resources**

State Fund resources, including time, material, equipment, and information, are provided for State Fund business use. Workforce members are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use. Questions about the proper use of State Fund resources should be directed to management or to Ethics and Labor Relations.

### **Gambling**

Gambling is prohibited on State Fund 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. Prohibited activities include, but are not limited to gaming, lotteries, raffles, office pools, and other games of chance.

Activities in which money is exchanged for a chance to win a prize can be considered gambling.

### **Use of State Fund Information Systems**

The *State Fund Systems-User Information Notice* provides direction for your proper use of the electronic information systems of State Fund. The electronic systems covered by the *Notice* 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, contracts, or specific management exceptions, State Fund systems are to be used exclusively for the conduct of State Fund business.

Members of the State Fund Workforce should have no expectation of privacy with respect to their use, including personal use of State Fund Information Systems.

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

### **Retaliation Prohibited and Not Tolerated**

State Fund prohibits attempting to or engaging in retaliation, retribution, or any form of harassment against another workforce member or applicant for employment who reports ethics related or business conduct concerns. The California Whistleblower Protection Act prohibits retaliation for reporting improper activities. You may report attempted or actual retaliation to Ethics and Labor Relations. If you feel uncomfortable reporting through internal avenues, you may report the act(s) to the [State Personnel Board](#).

### **Ethical Concerns**

You are encouraged to address your ethical questions or concerns with management or Ethics and Labor Relations ([Ethics@scif.com](mailto:Ethics@scif.com)). If for any reason that is not possible or if you are not comfortable raising the matter through these channels, you may elevate issues through State Fund's Ethics Hotline.

The Ethics Hotline provides you with call-in and online avenues to confidentially report your concerns or to relay suspicions about unethical activity directly to State Fund's Board of Directors. Reporters to the hotline may choose to remain anonymous.

State Fund's [Ethics Hotline](#) is available to you 24 hours a day, 7 days a week (866) 294-1472 or online at: <https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>

for reporting of ethical concerns and questions, including non-compliance with Corporate Policies and the Code of Conduct, by members of the State Fund Workforce. The Hotline is operated by an independent company and staffed by specially trained interviewers.

### **Workers' Compensation Fraud**

To report suspected workers' compensation fraud by State Fund workforce members, policyholders, injured workers, or vendors, call toll free (888)-786-7372 or file a TIP report electronically through State Fund's Special Investigation Unit internal [website](#)

### **Improper Activities - The California Whistleblower Protection Act**

You may report improper activities including theft, fraud, incompatible activities, misuse or abuse of state property, gross misconduct, and incompetence or inefficiencies by State of California employees. Whistleblower Notices are displayed in each State Fund department in locations where other workforce notices are maintained.

To file a complaint, contact the California State Auditor by calling the toll-free [Whistleblower Hotline](#) at (800) 952-5665, submitting your report online or sending your complaint via U.S. postal mail. The Act protects the identity of a reporting individual unless disclosure to a law enforcement agency conducting a criminal investigation is required.

### **Privacy Hotline**

Any time you encounter or even suspect that private/confidential information has been lost, or if that information has become unsecured in any way, report the incident to State Fund Privacy Office, located in the Governance department. Our Breach Response Team promptly evaluates and takes action in response to each report.

To report a loss or breach, contact the Privacy Hotline by calling toll free at (866) 294-1742 or submitting your report to the Hotline on-line, or via email to [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com). Reporters to the hotline may choose to remain anonymous.

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## XV. Acknowledging the Code and Supporting Policies

As part of your annual compliance obligations, you are required to electronically certify that you have read and understand, and will act in accordance with, State Fund's Code of Conduct and its supporting Policies. Failure to complete your obligation will result referral for disciplinary action up to and including termination.

## XVI. Reviewing Important Points of the Code

You are responsible for learning and adhering to the State Fund's values and standards and for raising questions if you are uncertain about State Fund policy.

You have a duty to report any violations of this Code. All reports of violations will be taken seriously and promptly investigated.

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

State Fund takes seriously the standards set forth in the Code, and violations are cause for disciplinary action up to and including termination of employment.

When in doubt, ask for guidance. If you have questions, wish to discuss an individual situation, or want to report a possible violation of the Code, 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>.

## XVII. Appendix - Resources

### 1. HOTLINES

<b>State Fund Ethics Hotline</b>	<b>866-294-1742</b>  <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>
State Fund Privacy Hotline	866-294-1742 <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
Non-Business Use of State Fund Facilities	Ethics Compliance & Fraud	EC&F 2.7
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://orgdevelopment.scif.com/EEO.html">http://orgdevelopment.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 <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 <a href="mailto:corporatopolicies@scif.com">corporatopolicies@scif.com</a> <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) (866) 294-1742 (breach reporting hotline) <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 <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 Imminent danger: 911 <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 (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 Sacramento, CA 94244 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 Sacramento, CA 95814 (916) 445-0255	<a href="http://www.bsa.ca.gov">www.bsa.ca.gov</a>
Department of Insurance	Insurance complaints	Consumer Communications Bureau 300 South Springs St., South Tower Los Angeles, CA 90013 (800) 927-4357	<a href="http://www.insurance.ca.gov">www.insurance.ca.gov</a>
Fair Political Practices Commission	Statements of Economic Interest questions	428 J Street, Suite 620 Sacramento, CA 95814 (866) 275-3772	<a href="http://www.fppc.ca.gov">www.fppc.ca.gov</a>
State Personnel Board	Whistleblower Retaliation complaints	801 Capitol Mall Sacramento, CA 95814 (916) 653-0799	<a href="http://www.spb.ca.gov">www.spb.ca.gov</a>

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**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised EC&F 2.0 Privacy and Confidentiality Corporate Policy

Approved:  
 Board of Directors: May 17, 2012  
 Governance Committee: May 17, 2012  
 [Proposed] Revisions To Be Approved:  
 Board of Directors  
 Governance Committee

*The following summarizes the proposed revisions to the EC&F 2.0 Privacy and Confidentiality Policy, to be adopted by State Fund's Board of Directors as the revised Policy. Section and paragraph references are to the numbered sections in the Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section # 2. (Policy Statement)</b>	<p>Strengthened State Fund's commitment to protecting and respecting private and confidential information by aligning its business operations with industry standard.</p> <p>State Fund aligns its business operations with <a href="#">Fair Information Practices Principles</a> to the extent applicable.</p>
<b>Section # 2.3.1 (Restricted Disclosure of Information)</b>	<p>Revised to include only State Fund employees as subject to the California Information Practices Act.</p> <p>State Fund restricts collection, access and disclosure of its <a href="#">employees'</a> private information in accordance with the California Information Practices Act.</p>
<b>Section # 3. (Notice)</b>	<p>Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.</p> <p>All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation <i>will result in referral for disciplinary action up to and including termination.</i></p>





	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.0</b> Owner: <b>Governance, Compliance &amp; Privacy</b> Type: <b>Ethics Compliance &amp; Fraud</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>07-2012</b>
Title <b>PRIVACY &amp; CONFIDENTIALITY</b>		

## SECTION 1 – PURPOSE

State Fund has a legal duty to protect the privacy rights of members of our workforce, policyholders, claimants, and third parties. This policy establishes the framework for authorized collection, access, use, and disclosure of private/confidential information.

State Fund handles [personal information](#) that is protected by privacy laws. State Fund also processes sensitive commercial information of its policyholders and other business partners. This type of business information is also protected and is referred to as confidential. The term “Private/confidential” will be used to refer to both types of information in this policy.

## SECTION 2 – POLICY STATEMENTS

In the normal course of its business operations, State Fund accesses, creates, and collects private/confidential information regarding policyholders, claimants, and third parties. As an employer and contractor, State Fund also collects and maintains private/confidential information regarding members of its workforce. **State Fund aligns its business operations with [Fair Information Practices Principles](#) to the extent applicable**

### 2.1 Information Practices

Each member of the [State Fund Workforce](#) has responsibility for preventing the improper disclosure or use of private/confidential information.

#### 2.1.1 Awareness

State Fund Workforce Members are responsible for understanding the laws, policies, and procedures that define private/confidential information, and the disclosure standards applicable to the private/confidential information for which they have access to and use.

#### 2.1.2 Collection, Access, and Use Limitations

State Fund Workforce Members may only access, view, use, or disclose private/confidential information State Fund possesses as permitted by law, policy, or procedure and necessary to perform their job duties.

#### 2.1.3 Reporting Privacy/Confidentiality Breaches

Upon discovery of unauthorized access, use, or disclosure of private/confidential information, the person(s) who discovered the compromise must report the incident as soon as possible through the Privacy Hotline at **866-294-1742** or directly to the [Privacy Office](#). Anonymous reporting is available.



<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 03-2013
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## 2.2 How State Fund Handles Policyholder, Claimant, and Third Party Private/Confidential Information

### 2.2.1 Private Information Collection Purpose and Use

A clearly definable purpose for the collection of private/confidential information shall be established when the information is collected. Private/confidential information will only be used for the specific purpose it was collected. Disclosure or use of private/confidential information for purposes other than originally collected will only be with the consent of the individual or by authority of law,

### 2.2.2 Information Safekeeping

State Fund does not disclose, sell, trade, or otherwise transfer policyholder, claimant, or third party private/confidential information to third parties for commercial purposes. Private/confidential information is disclosed to the State Fund Workforce as necessary for performance of daily work to conduct workers' compensation insurance business, or meet its legal obligations as a quasi-state entity.

### 2.2.3 Use of Anonymized or Aggregated Information

Information about policyholders, claimants, or third parties may be used by State Fund for statistical research or reporting purposes. Publicly disclosed research results or reports will not contain personally identifiable information.

### 2.2.4 Information Release

State Fund will release [private/confidential](#) information when required by or allowed for by law.

### 2.2.5 Investigation Cooperation

State Fund will cooperate with law enforcement agencies in investigating instances where it is suspected that State Fund resources have been used for illegal purposes. State Fund:

- *Must* report any activity it reasonably believes to be fraudulent; and
- *Will* report activity it reasonably believes to be illegal

to law enforcement agencies along with relevant private/confidential information. State Fund may release the information to law enforcement agencies without notice to policyholders, claimants or third parties as allowed by law or [valid legal order](#).

### 2.2.6 Safeguards

Private/confidential information shall be protected by safeguards which reasonably restrict access, destruction, use, modifications or disclosure of data.

## 2.3 State Fund Workforce Member Information, State Fund [Information Systems](#) & [Property Rights](#)

### 2.3.1 Restricted Disclosure of Information

State Fund restricts collection, access and disclosure of its employees' private information in accordance with the California Information Practices Act.

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 03-2013
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**2.3.2 No Expectation of Privacy – State Fund Property and Information Systems**

Members of the State Fund Workforce have no expectation of privacy with respect to information or property owned by State Fund stored or transmitted on or through State Fund’s Information Systems. As allowed by federal and state law, State Fund has the right to access, review, inventory, monitor, and use the records, property, and information stored, generated or communicated via its Information Systems or at its locations. This activity can take place without notice to members of the State Fund Workforce and will be for reasons allowed by law.

**2.3.3 Property Rights**

Information created, stored or transmitted involving State Fund’s Information Systems is the property of State Fund unless otherwise provided for by written contract or law.

**SECTION 3 – APPLICABILITY, SCOPE & BASIS**

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

**NOTICE**

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

**3.1 Related Laws and Regulations**

Complete text of the California statutes and the Business and Professions Code listed below can be accessed through: <http://www.leginfo.ca.gov/calaw.html>

Complete text of the California regulations listed below can be accessed through: <http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>

- Cal. Civil Code, §§1798 et seq, Information Practices Act of 1977
- Cal. Financial Code, §§ 4050, et seq, California Financial Information Privacy Act
- Cal. Government Code, §§ 6250 et seq, California Public Records Act
- Cal. Bus. & Professions Code, §§ 22575-22579, Online Privacy Protection Act of 2003;
- Cal. Insurance Code, §§ 791 et seq, Insurance Information and Privacy Protection Act
- Cal. Code of Regulations, Title 10, §§ 2689 et seq, California Privacy Regulations

**SECTION 4 – AUTHORITY**

The General Counsel is responsible for policy assurance and oversight. The Chief of Internal Affairs is the State Fund Privacy Officer. The Governance, Compliance & Privacy Program Manager is the policy owner responsible for compliance with, updates to, and enterprise monitoring of this Corporate Policy.

**State Fund’s Privacy Office** is authorized to:

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 03-2013
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- Respond to State Fund privacy/confidentiality concerns, questions, and complaints;
- Evaluate and coordinate State Fund's responses to specific data/privacy breaches and ensure that necessary resources are secured and affected parties are notified in the event of a breach;
- Develop and deploy programs for the prevention and detection of privacy breaches, and develop and revise as necessary a coordinated plan of action to respond to physical or data security breaches in a consistent and effective manner; and
- Monitor State Fund business units' handling of privacy/confidentiality concerns.

## **SECTION 5 – RELATED CORPORATE POLICIES**

[EC&F 2.1](#) Complaint Reporting and Anti-Retaliation

[GOV 1.4](#) Records and Information Management

[IT 6.1](#) Information Security

## **SECTION 6 –DEFINITIONS**

**Confidential Information** – Information about State Fund, a State Fund Workforce member, State Fund policyholder or claimant, or a third party of such nature that it has independent economic value from not being generally known to the public.

State Fund confidential information includes but is not limited to marketing strategy or research, information related to rates and rate setting, short and long term business planning, trade secrets, investment strategy, claims handling policies and procedures, information related to real estate transactions and any other confidential information that would give a competitor an unfair advantage if it were released.

State Fund policyholder confidential information includes, but is not limited to, wage, salary and tax information, trade secrets, financial statements, credit reports, and any other information that the insured has lawfully designated as proprietary or trade secret.

**Fair Information Practices Principles - Principles that have been adopted at the national level which guide the collection, use and safeguarding of private information.**

**Information System** – An organized collection, storage, processing, and presentation system of data and other knowledge for decision making, reporting, and for planning and evaluation of programs. It can be either manual or computerized, or a combination of both.

**Personally Identifiable Information (PII)** – Information that can be used by itself or with reference to another source to identify, contact, or locate an individual.

*Personal Financial Information/Payment Card Information (PFI/PCI)* – Nonpublic financial information about an individual or policyholder, including without limitation social security number, driver's license number, California identification number, financial account number, and payment cardholder data including without limitation: primary account number, cardholder name, expiration date, and service code.

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 03-2013
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*Protected Health Information (PHI)* – Information about health status, the provision of health care, or payment for health care that can be linked to an individual, by itself or with reference to another source.

**Private Information** – includes, but is not limited to:

**a. For State Fund Workforce Members** – 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. *Private information does not include information about civil service employees which is disclosable under California law, including but not limited to the California Public Records Act and the Fair Political Practices Act.*

**b. 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, general reputation, credit information or any other personal characteristics. It includes an individual's name and address, and medical record information.

**Property** – Objects, devices, information, or material found in State Fund information systems or at its locations. Locations include:

- Buildings owned, leased or rented by State Fund;
- Desks, filing cabinets and other storage equipment; and
- State Fund issued vehicles.

Devices include: computer equipment, telephones, voice mail, fax machines, wireless devices, cell phones, copiers, scanners, and any other similar means of communication technology currently in use. Information formats include: oral; electronic; telephonic; magnetic; video; audio; or paper.

**State Fund Workforce** – The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, 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 has no impact on State Fund's relationships with consultants or independent contractors.

**Valid Legal Order** – An order issued by a court or that otherwise has a force of law.

## **SECTION 7 – HELP & ADVICE**

For help and advice regarding this policy, privacy and security issues or Privacy & Confidentiality procedures, contact the Governance department's Privacy Office via email: [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com) or toll-free during business hours at **1-888-724-3237**.

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 03-2013
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**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
05/06/2011	05/06/2011	Final QA –dept. change	New	05/2011
04/30/2012	04/30/2012	Annual Review. Added 2.2.1 <i>Private Information Collection &amp; Use</i> ; 2.2.6 <i>Safeguards</i> ; In 2.3.2 added “stored or transmitted on or through State Fund Information Systems” Moved section 2.4 <i>State Fund Privacy Office</i> to section 4 - <i>Authority</i>	2.2.1; 2.2.6; 2.3.2; 4	07/2012
01/17/2013	01/25/2013	Annual review: alignment with Fair Information Practices Principles ; compliance notice revision	2 and 6	03/2013

DRAFT



**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Complaint Reporting and Anti-Retaliation Corporate Policy EC&F 2.1

Approved:  
 Board of Directors : May 17, 2012  
 Governance Committee: May 17, 2012  
 [Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the Complaint Reporting and Anti-Retaliation Policy, to be adopted by State Fund’s Board of Directors as the revised Complaint Reporting and Anti-Retaliation Policy. Section and paragraph references are to the numbered sections in the Complaint Reporting and Anti-Retaliation Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section 2.2.1 - State Fund Ethics and Privacy Hotline Reports</b>	<p><i>Added the web address to report concerns on-line to reflect a newly added feature to the Ethics and Privacy Hotline.</i></p> <p>Workforce members may report ethics or privacy concerns and complaints to State Fund’s toll-free 24-hour Hotline by calling <a href="tel:866-294-1742">866-294-1742</a> or via the web at <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></p>
<b>Section 3 - Notice</b>	<p><i>Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.</i></p> <p>“All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination”</p>



	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.1</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Ethics Compliance &amp; Fraud</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>07-2012</b>
Title <b>COMPLAINT REPORTING AND ANTI-RETALIATION</b>		

## SECTION 1 – PURPOSE

The Policy presents the appropriate methods for members of the [State Fund Workforce](#) to report ethics, privacy or business conduct concerns and complaints. The Policy establishes the members' rights and guaranteed protections against retaliation or retribution.

## SECTION 2 – POLICY STATEMENTS

### 2.0 Reporting Complaints and Concerns

It is the responsibility of each State Fund Workforce member to report, in good faith, any suspected improper activity, ethical concern, or privacy/confidentiality breach. Reports can be made anonymously.

#### 2.1 Anonymity

Anonymous reporting can be made to State Fund's Ethics and Privacy Hotlines and to the California State Auditor's Whistleblower Hotline. If anonymous reporting is chosen, the reporter's identity will never be obtained.

#### 2.2 Where and How to Report Complaints and Concerns

##### 2.2.1 State Fund Ethics and Privacy Hotline Reports

State Fund promotes greater transparency and the reporting of privacy complaints/concerns, or privacy breaches, ethical complaints/concerns, including non-compliance with Corporate Policies and the [Code of Conduct](#), by members of the State Fund Workforce.

Reports made to State Fund or its hotlines will be addressed promptly.

Workforce members may report ethics or privacy concerns and complaints to State Fund's toll-free 24-hour Hotline by calling [866-294-1742](tel:866-294-1742) or via the web at <https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html>

##### 2.2.2 California Whistleblower Protection Act Reports

State Fund Workforce members should report suspected improper activity by State Fund or State Fund employees to the California State Auditor. Reportable improper activities include: a) theft, fraud, or conflicts of interest; b) misuse, abuse, or any behavior otherwise that is wasteful of state property or employee time; and c) gross misconduct, incompetence, or inefficiency. Workforce members may confidentially file a complaint with the California State Auditor by:

Telephoning the California State Auditor Whistleblower Hotline [800-952-5665](tel:800-952-5665);

<b>Policy</b> EC&F 2.1	<b>Title</b> COMPLAINT REPORTING & ANTI-RETALIATION	<b>Effective</b> 03-2013
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Mailing a complaint to: California State Auditor, Bureau of State Audits  
555 Capitol Mall, Suite 300, Sacramento, CA 95814  
Submitting a complaint online to the California State Auditor:  
<http://www.bsa.ca.gov/hotline/filecomp>

### 2.3 Impartial Review and Investigation

State Fund shall conduct thorough and timely investigations of complaints.

### 2.4 Retaliation Prohibited and Not Tolerated

State Fund Workforce members are prohibited from retaliating against or attempting to use their official authority to influence any person who reports, in good faith, ethics, privacy, business conduct, fraud, waste, abuse of authority, or other concerns. The California Whistleblower Protection Act and State Fund prohibit reprisal for reporting suspected improper activity.

#### 2.4.1 Reporting Retaliation

Actual or attempted retaliation may be reported in writing to your supervisor or manager, or to Ethics and Labor Relations. You may also anonymously report complaints of retaliation through available hotlines.

State Fund employees may also report complaints of retaliation in writing to the California State Personnel Board at 801 Capitol Mall, MS #22, Sacramento, CA 95814.

Depending on the circumstances, it may be necessary for you to disclose your identity to allow for full investigation and remediation of retaliation claims.

## SECTION 3 – APPLICABILITY, SCOPE & BASIS

The policy applies to members of the State Fund Workforce.

### NOTICE

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination.

### 3.1 Related Laws, Regulations or Industry Standards

USSG Manual § 8B2.1 (b)(5)(C): (Federal Sentencing Guidelines)

Complete text of the California statutes and the Business and Professions Code listed below can be accessed through: <http://www.leginfo.ca.gov/calaw.html>

Complete text of the California regulations listed below can be accessed through:



<b>Policy</b> EC&F 2.1	<b>Title</b> COMPLAINT REPORTING & ANTI-RETALIATION	<b>Effective</b> 03-2013
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<http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>

Cal. Government Code:

- §§ 8547-8547.12, California Whistleblower Protection Act
- § 8548.4, Whistleblower Information
- §§ 19682-19683.5, Retaliation

Cal. Code of Regulations 2 CCR §§ 56-56.8, Whistleblower Retaliation Complaint Process

#### **SECTION 4 – AUTHORITY**

The Senior Vice President and Chief Administrative Officer is responsible for policy assurance and oversight. The Ethics and 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**

- [EC&F-2.0](#) Privacy and Confidentiality
- [EC&F 2.2](#) Incompatible Activities Statement and Policy
- [EC&F 2.3](#) Business Ethics
- [HR 4.1](#) Equal Employment Opportunity
- [HR 4.3](#) Sexual Harassment

#### **SECTION 6 – DEFINITIONS**

**Code of Conduct** - The *Code of Conduct* communicates State Fund's values of honesty and integrity, standards for doing business, and ground rules for ethical behavior.

**Retaliation** - Retaliation is defined as negative actions or undesirable changes in a person's employment due to the person having voiced a complaint, or filed or participated in a complaint or investigation.

**State Fund Workforce** - The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, 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 has no impact on State Fund's relationships with consultants or independent contractors.

**Use of Official Authority or Influence** - Includes promising to give, or giving, any benefit; effecting, or threatening to effect any reprisal; or taking, directing others to take, or recommending, processing, or approving any personnel action including, but not limited to appointment, promotion, transfer, assignment, performance evaluation, suspension, or other disciplinary action.

<b>Policy</b> EC&F 2.1	<b>Title</b> COMPLAINT REPORTING & ANTI-RETALIATION	<b>Effective</b> 03-2013
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**SECTION 7 – HELP & ADVICE**

For help and advice regarding this policy, contact the Ethics & Labor Relations department [Ethics@scif.com](mailto:Ethics@scif.com).

**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
05/13/2011	05/13/2011	Final QA	2.1; 2.2; 4; 6; 7	05/2011
4/30/2012	4/30/2012	Annual Review; Added definitions for retaliation and Use of Official Authority	2.2 (all); 6	7/2012
01/24/2013	01/25/2012	Annual Review added online hotline reporting and revised compliance notice	2.2.1; 3	03/2013

DRAFT



**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Incompatible Activities Statement Corporate Policy EC&F 2.2

[Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the Incompatible Activities Statement Policy, to be adopted by State Fund’s Board of Directors as the revised Incompatible Activities Statement Policy. Section and paragraph references are to the numbered sections in the Incompatible Activities Statement Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section 1 - Purpose</b>	<p>Changed “employees” to Members of State Fund’s Workforce</p> <p>The purpose of this policy is to guide Members of State Fund’s Workforce in the identification of situations that are, or could be, activities which are incompatible with employment at State Fund.</p> <p>Reworded to add “Members of State Fund’s Workforce” and deleted “employee’s”</p>
<b>Section 2.3 - Activities Which Are Incompatible Without Review and Written Approval</b>	<p>The activities described in sections 2.3.1 through 2.3.4 are incompatible for Members of State Fund’s Workforce unless an individual’s participation or involvement in such activities has been reviewed and authorized in writing in advance by Ethics &amp; Labor Relations.</p>
<b>Section 2.4 - Appeals</b>	<p>Changed title to reflect current position</p> <p>Senior Vice President &amp; Chief Administrative Officer.</p>
<b>Section 3 – Applicability, Scope and Basis</b>	<p>Changed “State Fund employees” and “employees” to Members of State Fund’s Workforce</p> <p>This policy applies to all Members of State Fund’s Workforce. All Members of State Fund’s Workforce must maintain the highest standards of professional and personal integrity.</p>

<p><b>Section 3 - Notice</b></p>	<p>Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.</p> <p>“All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination.”</p>
<p><b>Section 6 - Definitions</b></p>	<p>Added definition of State Fund Workforce to align with changes in policy from employee to State Fund Workforce.</p> <p><u><b>State Fund Workforce</b></u> – The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, 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 has no impact on State Fund's relationships with consultants or independent contractors.</p>

	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.2</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Ethics Compliance &amp; Fraud</b> Effective Date: 03-2013 Last Revision Date: <b>05-2011</b>
Title <b>INCOMPATIBLE ACTIVITIES STATEMENT &amp; POLICY</b>		

**SECTION 1 – PURPOSE**

California Government Code § 19990 prohibits state employees from engaging in activities that are incompatible with their civil service positions. The purpose of this policy is to guide [Members of State Fund’s Workforce](#) in the identification of situations that are, or could be, activities which are incompatible with employment at State Fund.

**SECTION 2 – POLICY STATEMENTS**

**2.1 Incompatible Activities by California Law for All State Fund Officers or Employees**

A state officer or employee shall not engage in any employment, activity, or enterprise which is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a State Fund officer or employee.

Pursuant to California Government Code §19990, the following activities are incompatible with State Fund employment:

- a. Using the prestige or influence of the State or State Fund for the officer's or employee's private gain or advantage or the private gain of another.
- b. Using State Fund time, facilities, equipment, or supplies for private gain or advantage.
- c. Using, or having access to, [confidential](#) information available by virtue of State Fund employment for private gain or advantage or providing confidential information to persons to whom issuance of this information has not been authorized. (Releasing [proprietary/trade secret](#) information or [intellectual property](#) is also a violation of State Fund Corporate Policy. In addition to violating the terms of this Policy, failure to comply with this restriction may subject a person to disciplinary, civil, and/or criminal action.)
- d. Receiving or accepting money or any other consideration from anyone other than the State for the performance of his or her duties as a State Fund officer or employee.
- e. Performance of an act in other than his or her capacity as a State Fund officer or employee knowing that the act may later be subject, directly or indirectly to the control, inspection, review, audit, or enforcement by the officer or employee.
- f. Receiving or accepting, directly or indirectly, any gift, including money, or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from

<b>Policy</b> EC&F 2.2	<b>Title</b> Incompatible Activities	<b>Effective</b> 03-2013
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anyone who is doing or is seeking to do business of any kind with State Fund or whose activities are regulated or controlled by State Fund under circumstances from which it reasonably could be substantiated that the gift was intended to influence the officer or employee in his or her official duties or was intended as a reward for any official actions performed by the officer or employee.

g. Subject to any other laws, rules, or regulations as pertain thereto, not devoting his or her full time, attention, and efforts to his or her State Fund office or employment during his or her hours of duty as a State Fund officer or employee.

## **2.2 Incompatible Activities Specific to State Fund Employment**

State Fund has determined that in addition to the Incompatible Activities established by law, the following activities are specifically incompatible with employment at State Fund:

### **2.2.1 Unauthorized Use of State Fund Resources & Equipment**

Unauthorized use of State Fund resources and equipment, including but not limited to time, intellectual property, office equipment, e-mail, internet access, computer applications, and other communication devices to perform activities other than State Fund business.

Minimal or incidental use is permitted to the extent allowed by policy or collective bargaining agreement (see [State Fund Systems User Information Notice](#)), or law.

### **2.2.2. Provision of Goods & Services to State Fund for Personal Gain**

State Fund employees are prohibited from acting as a seller or marketer of services to State Fund, either directly or indirectly.

## **2.3 Activities Which Are Incompatible Without Review and Written Approval**

The activities described in sections 2.3.1 through 2.3.4 are incompatible for [Members of State Fund's Workforce](#) unless an individual's participation or involvement in such activities has been reviewed and authorized in writing in advance by Ethics & Labor Relations. Any approval by Ethics & Labor Relations to engage in such activities is limited to the specific activity identified in the approval.

### **2.3.1 Engaging in Workers' Compensation Insurance Work for Other Entities**

Performing work related to workers' compensation insurance for any entity other than State Fund. Work may include accounting, auditing, bookkeeping, claims adjusting, systems analysis, legal, sales, marketing, or occupational safety and health consulting activities.

### **2.3.2 Engaging in Inappropriate Work Activities for another Entity**

Engaging in activities in any capacity for entities other than State Fund where the State Fund officer or employee could influence State Fund's receipt of policyholder premium or other services.



**2.3.3 Engaging in Litigation Activity for or with another Entity**

Counseling, advising, or assisting any party in the preparation, presentation, or defense of litigation adverse to the business interests of State Fund.

**2.3.4 Engaging in Activities Adverse to State Fund's Business Interests**

Engaging in activities which are contrary to the business interests of State Fund. This paragraph does not affect employees' rights under collective bargaining agreements.

**2.4 Appeals**

Employees may appeal the application of the Incompatible Activities Statement to them by written appeal directed to the Ethics & Labor Relations Program Manager. If the employee is dissatisfied with the decision, a final written appeal may be made to the Senior Vice President & Chief Administrative Officer.

In the event that a collective bargaining agreement specifies a different appeals process regarding applicability or waiver of the Incompatible Activities Statement with respect to outside employment, the collective bargaining agreement will control.

**SECTION 3 – APPLICABILITY, SCOPE & BASIS**

This policy applies to all [Members of State Fund's Workforce](#). All [Members of State Fund's Workforce](#) must maintain the highest standards of professional and personal integrity. Suspected violations of this policy shall be reported promptly to the Ethics & Labor Relations Program Manager.

If provisions of this section are in conflict with provisions of a memorandum of understanding, the memorandum controls.

**NOTICE**

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

**3.1 Related Laws and Regulations**

Complete text of the California statutes and the Business and Professions Code listed below can be accessed through: <http://www.leginfo.ca.gov/calaw.html>

Complete text of the California regulations listed below can be accessed through: <http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>

Cal. Code of Regulations Title 2, § [599.870](#), Incompatible Activities Statements

Cal. Code of Regulations Title 2, § [547.59](#), Definition of a Personal Services Contract

Cal. Government Code § [19990](#), Incompatible Activity

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<b>Policy</b> EC&F 2.2	<b>Title</b> Incompatible Activities	<b>Effective</b> 03-2013
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Cal. Government Code § [19572](#), Disciplinary Proceedings  
 Cal. Government Code § [8314](#), Unauthorized Use of Public Resources  
 Cal. Insurance Code § [750](#), Unlawful Referrals  
 Cal. Labor Code § [3219](#), Workers' Compensation and Insurance General Provisions  
 Cal. Labor Code § [3820](#), Workers' Compensation Misrepresentation  
 Cal. Civil Code § [3426.1](#), Uniform Trade Secrets Act

[U.S. Code Title 17 \("Copyright Act"\)](#)

**SECTION 4 – AUTHORITY**

The Senior Vice President and Chief Administrative Officer is responsible for policy assurance and oversight. The Ethics and 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**

- [EC&F 2.0](#) - Privacy & Confidentiality
- [EC&F 2.1](#) - Complaint Reporting and Anti-Retaliation
- [EC&F 2.3](#) - Business Ethics
- [EC&F 2.4](#) - Statement of Economic Interests (Form 700) & Financial Disclosures
- [EC&F 2.7](#) - Non-Business Use of State Fund Facilities
- [BFM 5.8](#) - Client Related Business Expense Reimbursement
- [IT 6.0](#) - Data Classification
- [OPS 3.1](#) - Group Insurance

**SECTION 6 – DEFINITIONS**

**[Code of Conduct](#)** - The *Code of Conduct* communicates State Fund's values of honesty and integrity, standards for doing business, and ground rules for ethical behavior.

**[Confidential](#)** - Information restricted to use by defined groups of State Fund employees and safeguarded from unauthorized access and improper use.

**[Intellectual Property](#)** - Ownership of original work and the manner in which the work is presented or expressed such that it could be protected by copyright, patent, or trademark.

**[Proprietary/Trade Secret](#)** - Information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

1. Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and
2. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

**[State Fund Workforce](#)** – The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, officers, employees, and non-employees. No employer-employee or agency relationship is



<b>Policy</b> EC&F 2.2	<b>Title</b> Incompatible Activities	<b>Effective</b> 03-2013
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intended or created by the use of the term. The use of the term has no impact on State Fund's relationships with consultants or independent contractors.

**SECTION 7 – HELP & ADVICE**

For help and advice regarding this policy, contact Ethics & Labor Relations via e-mail: [Ethics@scif.com](mailto:Ethics@scif.com).

**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
5/13/2011		Revised based on changes in functional assignments; added Code of Conduct definition; form changes	2.3; 2.4; 3; 4; 6.1; 6.3; 7	05/2011
4/5/2012	4/5/2012	Annual Review	No content changes.	
01/24/2013	01/25/2013	Annual Review ; Workforce and compliance notice	2.3;3;6	03/2013

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**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

State Compensation Insurance Fund  
 Summary of Proposed Changes to  
 Revised Business Ethics Corporate Policy EC&F 2.3

Approved:  
 Board of Directors: May 17, 2012  
 Governance Committee: May 17, 2012  
 [Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the Business Ethics Policy, to be adopted by State Fund’s Board of Directors as the revised Business Ethics Policy. Section and paragraph references are to the numbered sections in the Business Ethics Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section 2.3 - Ethical Conduct</b>	Removed the word “money” from the parameters of the ethical conduct to reinforce that money should never be accepted.  “Not accepting gifts or anything of value from any person or company when it is apparent that the person expects favorable treatment from State Fund in return”
<b>Section 3 - Notice</b>	Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.
	“All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination.”

	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.3</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Ethics Compliance &amp; Fraud</b> Effective Date: <b>07-2012</b> Last Revision Date: <b>05-2011</b>
Title <b>BUSINESS ETHICS</b>		

## SECTION 1 – PURPOSE

The Business Ethics policy presents State Fund’s philosophy of integrity and compliance with the law. It promotes honest and ethical business practices, reasonably assures that State Fund’s mission, vision, and values are not compromised, and maintains State Fund’s reputation for integrity and fairness in business dealings with others.

## SECTION 2 – POLICY STATEMENTS

### 2.1 Public trust and confidence

State Fund believes it is essential that the public and State Fund stakeholders have confidence in [State Fund’s Workforce](#). This trust and confidence depends on each State Fund workforce member exhibiting behavior and performing duties in a manner that is at all times fair and uninfluenced by any consideration of improper self-interest.

State Fund’s Workforce must maintain the highest standards of professional and personal integrity. Workforce members must respect this trust and welcome public scrutiny of the way in which they perform their duties.

### 2.2 Avoiding the Appearance of Impropriety

State Fund workforce members must avoid impropriety or even the appearance of impropriety. When deciding what ethical course to take, we must consider not only the realities of the situation but how the situation and our conduct could be perceived by the public.

### 2.3 Ethical Conduct

In transacting State Fund business, the parameters for ethical conduct by State Fund workforce members include:

- Maintaining a high standard of ethical conduct and not engaging in activities that will cause harm to or discredit State Fund;
- Not accepting gifts or anything of value from any person or company when it is apparent that the person expects favorable treatment from State Fund in return;
- Avoiding situations that pose a conflict of interest or ethical concern to State Fund;
- Avoiding any incompatible activities and conflicts of interest as defined in related Corporate Policies;
- Not misusing their State Fund position or title;
- Not altering or falsifying State Fund documents;
- Reporting the receipt of all gifts in compliance with California’s reporting requirements;

<b>Policy</b> EC&F 2.3	<b>Title</b> Business Ethics	<b>Effective</b> 07-2012
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- Avoiding any inappropriate activity or behavior that reflects negatively on any member of State Fund's Workforce or upon State Fund.

### **SECTION 3 – APPLICABILITY, SCOPE & BASIS**

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

#### **NOTICE**

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

#### **3.1 Related Laws and Regulations**

[USSC Guidelines Manual § 8C2.5](#) and [§8D1.4](#)

Complete text of the California statutes and the Business and Professions Code listed below can be accessed through: <http://www.leginfo.ca.gov/calaw.html>

Complete text of the California regulations listed below can be accessed through: <http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>

Cal. Government Code § 19990, Incompatible Activities  
 Cal. Government Code §§ 81000-91014, Political Reform Act  
 Cal. Insurance Code § 750, Unlawful Referrals  
 Cal. Labor Code § 3219, Workers' Compensation Insurance General Provisions  
 Cal. Labor Code § 3820, Workers' Compensation Misrepresentation  
 Department of Personnel Administration Rule § 599.870, Incompatible Activities Statement

### **SECTION 4 – AUTHORITY**

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

### **SECTION 5 – RELATED CORPORATE POLICIES**

[EC&F 2.1](#) - Complaint Reporting and Anti-Retaliation  
[EC&F 2.2](#) - Incompatible Activities Statement & Policy  
[EC&F 2.4](#) - Statements of Economic Interest  
[EC&F 2.7](#) - Use of State Fund Facilities for Non-Business Activities

### **SECTION 6 – DEFINITIONS**

USSC - United States Sentencing Commission

**Code of Conduct** - The *Code of Conduct* communicates State Fund's values of honesty and integrity, standards for doing business, and ground rules for ethical behavior.

<b>Policy</b> EC&F 2.3	<b>Title</b> Business Ethics	<b>Effective</b> 07-2012
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**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.

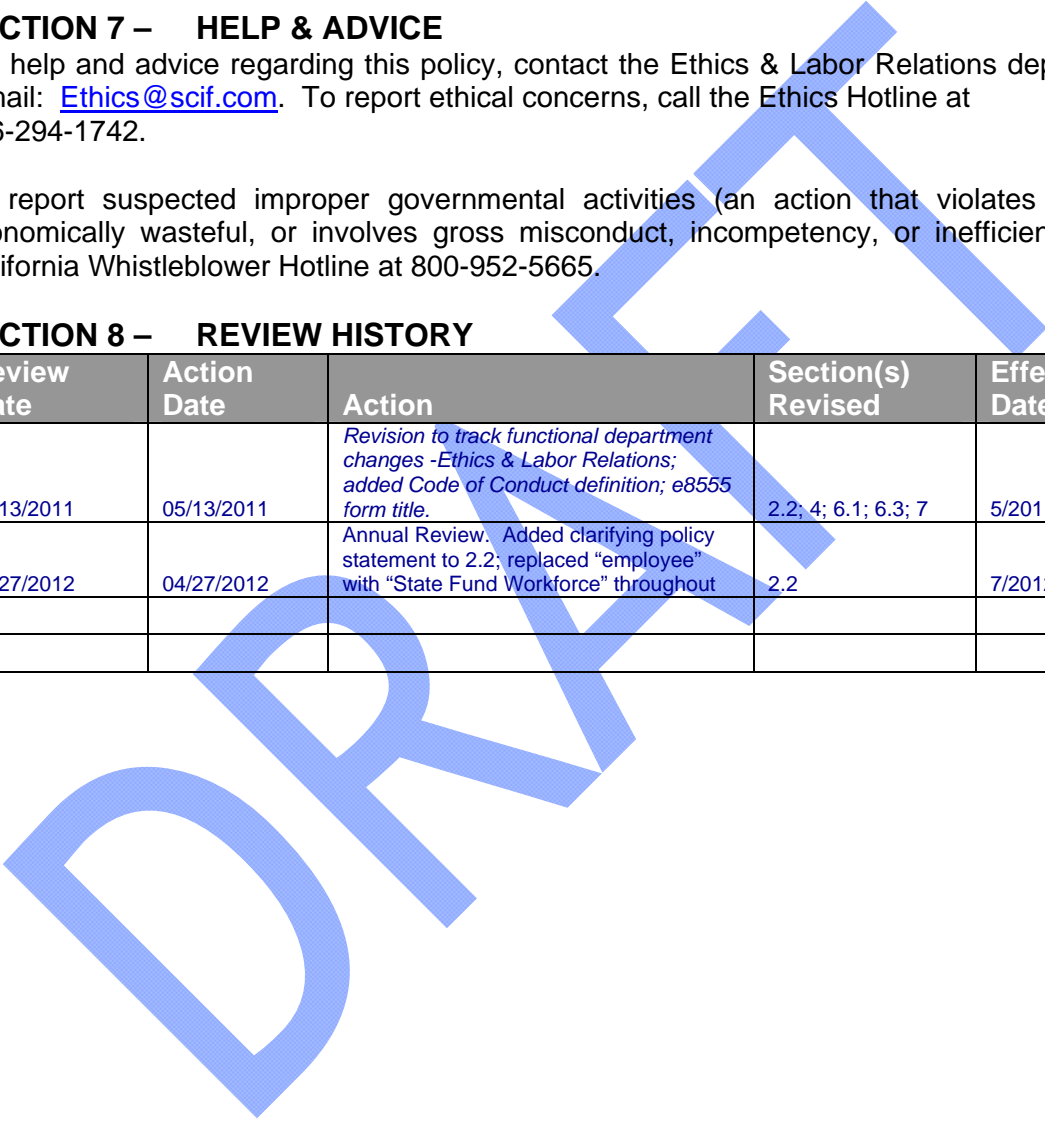
**SECTION 7 – HELP & ADVICE**

For help and advice regarding this policy, contact the Ethics & Labor Relations department via e-mail: [Ethics@scif.com](mailto:Ethics@scif.com). To report ethical concerns, call the Ethics Hotline at 866-294-1742.

To report suspected improper governmental activities (an action that violates the law, is economically wasteful, or involves gross misconduct, incompetency, or inefficiency) call the California Whistleblower Hotline at 800-952-5665.

**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
05/13/2011	05/13/2011	Revision to track functional department changes -Ethics & Labor Relations; added Code of Conduct definition; e8555 form title.	2.2; 4; 6.1; 6.3; 7	5/2011
04/27/2012	04/27/2012	Annual Review. Added clarifying policy statement to 2.2; replaced "employee" with "State Fund Workforce" throughout	2.2	7/2012





**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Statement of Economic Interests Corporate Policy EC&F 2.4

[Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the Statement of Economic Interests, to be adopted by State Fund’s Board of Directors as the revised Statement of Economic Interests Policy. Section and paragraph references are to the numbered sections in the Statement of Economic Interests Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section 1 – Purpose</b>	<p>Changed references to “State Fund employees” to “Members of State Fund’s Workforce” to reflect applicability of policy.</p> <p>“The financial disclosure requirement for officers and certain Members of State Fund’s Workforce reasonably assures accountability to the citizens of California.”</p>
<b>Section 1- Purpose 2<sup>nd</sup> Paragraph</b>	<p>Changed “State Fund employees” to “State Fund’s Workforce”</p> <p>“The purposes of this policy are to: (1) reasonably assure State Fund’s adherence to the relevant provisions of the Political Reform Act regarding disclosure of <u>financial interests</u>; and (2) inform State Fund’s workforce of their obligations regarding disclosure of financial interests.”</p>
<b>Section 2.1- Commitment to Compliance</b>	<p>Changed “employees” to “Members of State Fund’s Workforce” and added “designated by Government Code 87200” to address the technicality of the 87200 filers.</p> <p>“State Fund officers and Members of State Fund’s Workforce who are designated in State Fund’s 2012 Conflict of Interest Code or designated by Government Code 87200 must:”</p>



<p><b>Section 2.2- Identification of and Notice to Designated Filers</b></p> <p><b>Section 2.5 – Duty to Disqualify</b></p> <p><b>Section 3- Applicability, Scope &amp; Basis</b></p> <p><b>Section 3 - Notice</b></p>	<p>Changed “employees” to “Members of State Fund’s Workforce” and “designated members”.</p> <p>“State Fund’s Conflict of Interest Code contains the classifications, department assignments, and disclosure levels of those Members of State Fund’s Workforce who must file financial disclosures. Notice to <u>designated</u> members of their filing obligations is provided upon assuming a designated position, when leaving a designated position and on an annual basis for designated filers.”</p> <p>Changed “employees” to “Members of State Fund’s Workforce” to reflect applicability throughout.</p> <p>“State Fund officers and Members of State Fund’s Workforce bear primary responsibility for disqualifying themselves immediately upon discovering facts warranting disqualification”</p> <p>Changed “employees” to “Members of State Fund’s Workforce” and added “designated by Government Code 87200” to address the technicality of the 87200 filers.</p> <p>“This policy applies to all officers and Members of State Fund’s Workforce who are designated in State Fund’s Conflict of Interest Code or designated by Government Code 87200”</p> <p>Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.</p> <p>“All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination”</p>
<p><b>Section 6 - Definitions</b></p>	<p>Changed “employees” to “Members of State Fund’s Workforce” to reflect applicability throughout in Definition of Designated Filers and Financial Interest</p> <p>“<b><u>Designated Filers</u></b> - State Fund officers or Members of State Fund’s Workforce whose positions have been designated in State Fund’s Conflict-of-Interest Code to file the Statement of Economic Interests and Schedules.”</p> <p>“<b><u>Financial Interest</u></b> – State Fund officers or Members of State Fund’s Workforce have a financial interest in a decision within the meaning of the Political Reform Act if it is reasonably</p>

	<p>foreseeable that the decision will have a material financial effect on them personally, or on members of their immediate family, or on any of the financial interests identified in the Political Reform Act at Government Code § 87103 and the FPPC's regulations at 2 CCR 18700 et seq. Employees may have a community property interest in their spouse's/registered domestic partner's income and property which must be considered when filing."</p>
	<p>Added definition of "Government Code 87200 Filers" and "State Fund Workforce"</p> <p><b>"Government Code 87200 Filers</b> - State Fund's Board of Directors, President and Chief Executive Officer, Chief Financial Officer and Chief Investment Officer/Treasurer are not covered by the State Fund's conflict-of-interest code because they must file a statement of economic interests pursuant to Government Code Section 87200."</p> <p><b>"State Fund Workforce</b> - 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."</p>

	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.4</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Ethics Compliance &amp; Fraud</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>03-2011</b>
Title <b>STATEMENT OF ECONOMIC INTERESTS (Form 700/700-A) &amp; FINANCIAL DISCLOSURES</b>		

## SECTION 1 – PURPOSE

The financial disclosure requirement for officers and certain [Members of State Fund's Workforce](#) ~~State Fund employees~~ reasonably assures accountability to the citizens of California. The information provided in the disclosure allows State Fund and the public to check for conflicts of interest, self-dealing, and divided loyalties.

The purposes of this policy are to: (1) reasonably assure State Fund's adherence to the relevant provisions of the Political Reform Act regarding disclosure of [financial interests](#); and (2) inform ~~State Fund~~ State Fund's workforce ~~employees~~ of their obligations regarding disclosure of financial interests.

## SECTION 2 – POLICY STATEMENTS

### 2.1 Commitment to Compliance

State Fund officers and [Members of State Fund's Workforce](#) ~~employees~~ who are designated in State Fund's 2012 *Conflict of Interest Code* or designated by *Government Code 87200* must:

- File annual financial disclosures using the *Statement of Economic Interests form (Form 700/700A) and Schedules*; and
- Complete an ethics training course every two years as required by the California Government Code § 11146.

### 2.2 Identification of and Notice to Designated Filers

State Fund's *Conflict of Interest Code* contains the classifications, department assignments, and disclosure levels of those [Members of State Fund's Workforce](#) ~~employees~~ who must file financial disclosures. Notice to [designated](#) ~~members-employees~~ of their filing obligations is provided upon assuming a designated position, when leaving a designated position and on an annual basis for designated filers.

### 2.3 Public Record Notice

The *Statement of Economic Interests* and *Schedules* are public records under the Political Reform Act and non-exempt records under the California Public Records Act. These documents are subject to disclosure to the public upon request.

### 2.4 Penalties for Failure to File Timely and/or Accurate Disclosure Statements

Significant civil and/or criminal penalties exist for individuals who fail to properly and timely prepare and file a *Statement of Economic Interests* and *Schedules*. Penalties include but are

<b>Policy</b> EC&F 2.4	<b>Title</b> STATEMENT OF ECONOMIC INTERESTS & FINANCIAL DISCLOSURE	<b>Effective</b> 03/2013
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not limited to public notice by the Fair Political Practices Commission of improper or untimely filing, criminal prosecution, civil fines, and award of attorney fees and costs.

## 2.5 Duty to Disqualify

State Fund and its designated filers may use the *Statement of Economic Interests* and *Schedules* to evaluate potential disqualifications from participation in decision making processes which impact or *may be expected to impact* an employee's financial interests. State Fund officers and [Members of State Fund's Workforce](#)—employees bear primary responsibility for disqualifying themselves immediately upon discovering facts warranting disqualification.

## SECTION 3 – APPLICABILITY, SCOPE & BASIS

This policy applies to all officers and [Members of State Fund's Workforce](#) employees who are designated in State Fund's *Conflict of Interest Code* or *designated by Government Code 87200*.

### NOTICE NOTICE

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

### 3.1 Basis

#### Cal. Government Code

[§ 11146](#), State Agency Ethics Training

[§§ 81000-91014](#), The Political Reform Act, 2012 Version

§ [81008](#), Public Records ; Inspection ; Reproduction ; Time ; Charges

§ [87100](#) *et seq*, Public Officials, State and Local

§ [87200](#) *et seq*, Applicability

§ [87300](#) *et seq*, Agency Requirement

§ [87302](#), Required Provisions

#### Cal. Code of Regulations, 2 CCR

§§ [18110-18997](#) (Regulations of the Fair Political Practices Commission)

§ [18700](#) *et seq*, Basic Rule ; Guide to Conflict of Interest Regulations

§ [18722](#) *et seq*, Filing Assuming and Leaving Office Statements of Economic Interests; Alternates and Designees

## SECTION 4 – AUTHORITY

The Senior Vice President and 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

[EC&F 2.1](#) Complaint Reporting & Anti-Retaliation

[EC&F 2.2](#) Incompatible Activities

[EC&F 2.3](#) Business Ethics

<b>Policy</b> EC&F 2.4	<b>Title</b> STATEMENT OF ECONOMIC INTERESTS & FINANCIAL DISCLOSURE	<b>Effective</b> 03/2013
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## SECTION 6 – DEFINITIONS

**Designated Filers** - State Fund officers or **Members of State Fund's Workforce employees** whose positions have been designated in State Fund's *Conflict-of-Interest Code* to file the *Statement of Economic Interests and Schedules*.

**Financial Interest** – State Fund officers or **Members of State Fund's Workforce employees** have a financial interest in a decision within the meaning of the Political Reform Act if it is reasonably foreseeable that the decision will have a material financial effect on them personally, or on members of their immediate family, or on any of the financial interests identified in the Political Reform Act at Government Code § 87103 and the FPPC's regulations at 2 CCR 18700 *et seq.* Employees may have a community property interest in their spouse's/registered domestic partner's income and property which must be considered when filing.

The following is a summary of existing law, subject to change by the Legislature. Filers should consult the applicable laws at the time they file their forms and schedules.

- Business entities in which there is a direct or indirect investment worth two thousand dollars (\$2,000) or more;
- Real property in which there is a direct or indirect interest worth two thousand dollars (\$2,000) or more;
- Income sources, aggregating five hundred dollars (\$500) or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made, except gifts or loans by a commercial lending institution made in the regular course of business on terms available to the general public;
- Business entities in which the State Fund officer, employee or immediate family member is a director, officer, partner, trustee, employee, or holds any management position; and
- Donations of a gift or gifts aggregating \$420 or more in value provided to, received by, or promised to a State Fund officer, employee or immediate family member within 12 months prior to the time when the decision is made. The aggregate value of donations or gifts may be adjusted periodically by the Fair Political Practices Commission.

### Government Code 87200 Filers

State Fund's Board of Directors, President and Chief Executive Officer, Chief Financial Officer and Chief Investment Officer/Treasurer are not covered by the State Fund's conflict-of-interest code because they must file a statement of economic interests pursuant to Government Code Section 87200.

**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

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<b>Policy</b> EC&F 2.4	<b>Title</b> STATEMENT OF ECONOMIC INTERESTS & FINANCIAL DISCLOSURE	<b>Effective</b> 03/2013
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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

If you have questions about this policy or its related procedures, processes or publication, contact the Ethics & Labor Relations department, Information, Analysis & Compliance Unit e-mail: [iac@scif.com](mailto:iac@scif.com) or by phone: 925-523-5766.

### SECTION 8 – REVIEW HISTORY

Review Date	Action Date	Action	Section(s) Revised	Effective Date
5/9/2011	5/9/2011	Functional reorganization & clarity	Section 1, 3, 4, 6, & 7	05/2011
3/26/2012	3/26/2012	Annual Review	No content change	
1/24/2013	01/25/2013	Annual Review	1; 2.1; 2.2; 2.5; 3; 6	03/2013

DRAFT





**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Corporate Policy  
 EC&F 2.7 – Use of State Fund Facilities for Non-Business Activities  
 [Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to Corporate Policy EC&F 2.7, to be adopted by State Fund’s Board of Directors as the revised Corporate Policy. Section and paragraph references are to the numbered sections in the Corporate Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section 2.3 – Prohibited and Restricted Activities</b>	Changed section title to delineate and activity types
<b>Section 2.3.1.3</b>	Added statement clarifying the prohibition of the sales of goods or services in work spaces.  “Employees are prohibited from displaying or distributing materials for sale in work areas.”
<b>Section 2.3.2 State Fund Restricts these Activities</b>	Section heading added
<b>Section 2.3.2.1</b>	Section 2.3.2 re-numbered and added clarifying policy statement regarding activity restriction: “Employees are permitted to use the Employee Community Bulletin Boards designated by REM to advertise, solicit or sell goods or services for personal gain.”
<b>Section 3 - Notice</b>	Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.  “All members of the State Fund Workforce are required to electronically certify that they have read and understand this  Policy as part of State Fund’s Code of Conduct

	acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination.”
<b>Section 6 – Definitions</b>	Moved definition of gambling from section 2.3.1 to section 6. Hyperlink activated.

	<h1>CORPORATE POLICY</h1>	Number: <b>EC&amp;F 2.7</b> Owner: <b>Real Estate Management</b> Type: <b>Ethics, Compliance &amp; Fraud</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>06-2011</b>
Title <b>USE OF STATE FUND FACILITIES FOR NON-BUSINESS ACTIVITIES</b>		

## SECTION 1 – PURPOSE

This policy defines use of State Fund facilities, permissible activities thereon, and the parameters for conduct by members of the [State Fund Workforce](#) or contracted vendors at these locations. Real Estate Management (REM) oversees and monitors the use of all State Fund facilities to ensure compliance.

## SECTION 2 – POLICY STATEMENTS

### 2.1 Use of State Fund Facilities

[State Fund facilities](#) are intended for conduct of official State Fund business. Use of State Fund facilities for non-business activities is prohibited, except in limited situations with prior written approval. Official State Fund business activities will always take precedence over all other allowable uses.

### 2.2 Allowable Non-Business Events and Activities

#### 2.2.1 Charitable, Wellness, and Employee Services Activities

The only official charity authorized at State Fund is the [California State Employees Charitable Campaign](#) (CSECC). State Fund facilities can be made available during business hours to support this State Fund sponsored campaign.

State Fund facilities cannot be used for any other charitable activities without approval by the Senior Vice President & Chief Administrative Officer.

Wellness and other employee service activities sponsored or supported by Organizational Development may be authorized to use State Fund facilities when:

- The sponsors obtain written approval of the specific activity.
- Approved third party vendors have a valid contract executed through Enterprise Procurement.
- Space availability is approved in writing by REM.

#### 2.2.2 Third Party Vendors

All third party vendors must:

- Be associated with official State Fund business or approved State Fund activities.
- Be approved to conduct business on State Fund property by REM.
- Have a valid and fully executed contract.

<b>Policy</b> EC&F 2.7	<b>Title</b> Use of State Fund Facilities for Non-Business Activities	<b>Effective</b> 03-2013
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- Provide a valid certificate of insurance to REM prior to the start of activity.

### 2.2.3 Vending Machines

[Vending machine](#) installation and operation at State Fund facilities is exclusively overseen and authorized by REM. All machine installations must be by approved service agreement. Merchandise prices are set at cost.

## 2.3 Prohibited and Restricted Activities

### 2.3.1.State Fund prohibits these activities on its premises:

#### 2.3.1.1Activities which conflict with Corporate Policies.

#### 2.3.1.2 [Gambling](#)

**Gambling is prohibited by applicable law and policy.**

Prohibited activities include, but are not limited to:

- Gaming
- Lotteries not sanctioned by California law
- Office Pools
- Raffles
- Games of chance

#### 2.3.1.3 Employees are prohibited from displaying or distributing materials for sale in work areas.

### 2.3.2 State Fund Restricts these Activities:

#### 2.3.2.1 Sales or solicitation of food, services, or other products for personal gain except as follows:

- Employees are permitted to use the Employee Community Bulletin Boards designated by REM to advertise, solicit or sell goods or services for personal gain.

Sales of products for any other reason require the written approval of the Organizational Development.

## SECTION 3 – APPLICABILITY, SCOPE & BASIS

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

### NON-ABRIDGEMENT OF RIGHTS

This policy does not abridge any rights conferred by collective bargaining agreements.

### NOTICE

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund's Code of Conduct acknowledgement

<b>Policy</b> EC&F 2.7	<b>Title</b> Use of State Fund Facilities for Non-Business Activities	<b>Effective</b> 03-2013
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process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

### 3.1 Related Laws and Regulations

Complete text of the California statutes and the Business and Professions Code listed below can be accessed through: <http://www.leginfo.ca.gov/calaw.html>

- Cal. Government Code:
  - § [1151\(f\)](#), Salary and Wage Deductions
  - § [13923](#), CA Victim Compensation and Government Claims Board
  - § [19570](#), et seq. Disciplinary Proceedings for rank and file employees; § [19590](#), et seq. for Managerial Employees; § [19889.3](#), for Career Executive Assignments
  - § [19990](#), Incompatible Activities
- Cal. Insurance Code, § [11785\(a\)](#), The State Compensation Insurance Fund
- Cal. Penal Code, § [319](#), et seq., Lotteries
- Cal. Bus. & Prof. Code, § [17539-17539.3](#), § [17539.5](#), § [17539.15](#), § [17539.35](#), § [17539.55](#), Particular Offenses

## SECTION 4 – AUTHORITY

The Senior Vice President & Chief Administrative Officer is responsible for policy assurance and oversight. The Real Estate Management Program Manager is the policy owner responsible for compliance with, update to, and enterprise monitoring of this Corporate Policy.

## SECTION 5 – RELATED CORPORATE POLICIES

- [EC&F 2.2](#) Incompatible Activities
- [EC&F 2.3](#) Business Ethics
- [BFM 5.11](#) Contracting for Personal Services
- [OPS 3.22](#) State Fund Building Use, Physical Security and Property Management

## SECTION 6 – DEFINITIONS

[California State Employees Charitable Campaign \(CSECC\)](#) – Established to provide a single charitable fund-raising drive in the State community. The California Government Code provides the statutory basis for the campaign.

**Gambling** - The term “gambling” as used in this policy includes any lottery, game of chance, contest, sweepstake, or any form of gaming prohibited by the California Penal Code or the California Business and Professions Code.

**Retail Sales** – To sell a product or service in small quantities to the ultimate consumer.

**State Fund Facility** – A State Fund owned or leased facility is a building and land, including parking lots, that State Fund occupies.

**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,

<b>Policy</b> EC&F 2.7	<b>Title</b> Use of State Fund Facilities for Non-Business Activities	<b>Effective</b> 03-2013
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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.

**Vending Machines** – Vending machines are building amenities containing merchandise for sale.

**SECTION 7 – HELP & ADVICE**

For help and advice regarding this Corporate Policy, contact Real Estate Management at [realestatemanagement@scif.com](mailto:realestatemanagement@scif.com)

**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
05/20/2011	05/20/2011	Final QAP	New	06/2011
04/13/2012	04/13/2012	Annual Review	No content change	
01/24/2013	01/24/2013	Annual review & QAP	2.3;6	03/2013

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**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Corporate Policy HR 4.1 Equal Employment Opportunity

Approved:  
 Board of Directors: May 17, 2012  
 Governance Committee: May 17, 2012  
 [Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the Policy, to be adopted by State Fund’s Board of Directors as the revised HR 4.1 Equal Employment Opportunity Corporate Policy. Section and paragraph references are to the numbered sections in the Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section # 2,4 Appeals and Complaints</b>	<p>Revised to align with Reasonable Accommodations Policy HR 4.2</p> <p>“Complainants who are not satisfied with the EEO Unit’s determination may file an internal appeal or external complaint in accordance with State Fund’s formal complaint process and/or as provided by applicable law.”</p>
<b>Section 2.5 Retaliation Prohibited and Not Tolerated</b>	<p>Revised to align with Reasonable Accommodation Policy HR 4.2</p> <p>“Employees who voice or file a complaint of discrimination or harassment, provide assistance to someone filing a complaint, or participate in a discrimination or harassment investigation, will not be subject to retaliation, retribution, or harassment for using the complaint procedure.”</p>
<b>Section # 3 Notice</b>	<p>Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.</p> <p>“All members of the State Fund Workforce are required to electronically certify that they have read and understand this</p>

	<p>Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination."</p>
<p><b>Section # 6 Definitions</b></p>	<p>Revised definitions "Discrimination" by adding types of discriminatory behavior to align with current law.</p> <p>"Depending on the situation, discrimination may include, but is not limited to, the following types of behavior:</p> <ul style="list-style-type: none"> <li>• Negative or offensive comments, derogatory jokes, epithets, or discussions about a protected group</li> <li>• Negative or offensive pictures, objects, cartoons, posters, or e-mails related to a protected group</li> <li>• Looks, stares, gestures, impeding or blocking normal movement, or other physical or visual contact or behavior of a discriminatory or harassing nature based on a protected group"</li> </ul> <p>Revised definition "Protected Group" by adding to the term "sex" the phrase "(which includes sexual harassment" to align with current law.</p>

	<h1>CORPORATE POLICY</h1>	Number: <b>HR 4.1</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Human Resources</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>07-2012</b>
Title <b>EQUAL EMPLOYMENT OPPORTUNITY</b>		

## SECTION 1 – PURPOSE

To provide [equal employment opportunity](#) for all present and future employees at all levels of State Fund with respect to employment decisions and work practices.

## SECTION 2 – POLICY STATEMENTS

It is the policy of State Fund to provide a workplace free of illegal [discrimination](#), including harassment, and to promote a culture that values equality, diversity, and inclusion.

### 2.1 Discrimination Prohibited and Not Tolerated

Discrimination, including harassment, against individuals because of their membership in or association with a [protected group](#) is unlawful and prohibited by State Fund.

### 2.2 Employment Decisions

Employment decisions will be based on merit.

### 2.3 Investigation of Complaints

Complaints of discrimination and harassment will be promptly, fairly, and objectively investigated.

### 2.4 Appeals and Complaints

Complainants who are not satisfied with the EEO Unit's determination may file an internal appeal or external complaint in accordance with State Fund's formal complaint process and/or as provided by applicable law.

### 2.5 Retaliation Prohibited and Not Tolerated

Employees who voice or file a complaint of discrimination or harassment, provide assistance to someone filing a complaint, or participate in a discrimination or harassment investigation, will not be subject to [retaliation](#), retribution, or harassment for using the complaint procedure.

### 2.6 Disciplinary Action

Individuals found to have engaged in inappropriate behavior of a discriminatory or harassing nature or retaliatory behavior will be subject to disciplinary action up to and including termination.

## SECTION 3 – APPLICABILITY, SCOPE & BASIS

This policy applies to all members of the [State Fund Workforce](#).

<b>Policy</b> HR 4.1	<b>Title</b> Equal Employment Opportunity	<b>Effective</b> 03-2013
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**NOTICE**

All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

**3.1 Related Laws and Regulations**

- Title VII of the Civil Rights Act of 1964
- Civil Rights Act of 1991
- 29 USC 791, et seq. Rehabilitation Act of 1973, and as amended by Americans with Disabilities Act
- 42 USC 12101, et seq. Americans with Disabilities Act of 1990
- Americans with Disabilities Amendment Act of 2008
- Cal. Government Code:
  - [§12900](#), Department of Fair Employment & Housing (DFEH), General Provisions
  - [§§ 12925-12928](#), DFEH Definitions
  - [§§ 12940-12951](#), Unlawful Practices
  - [§§ 19230-19237](#), Hiring of Disabled Persons
  - [§§ 19400-19406](#), Upward Mobility
  - [§§ 19790-19799](#), State Civil Service EEO Program

**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**

- [HR 4.2](#) Reasonable Accommodation
- [HR 4.3](#) Sexual Harassment
- [EC&F 2.1](#) Complaint Reporting and Anti-Retaliation

**SECTION 6 – DEFINITIONS**

**Discrimination** - Discrimination, including harassment, is an act having an adverse effect on the employment opportunities or environment of one or more individuals based on a protected group status. Depending on the situation, discrimination may include, but is not limited to, the following types of behavior:

- Negative or offensive comments, derogatory jokes, epithets, or discussions about a protected group
- Negative or offensive pictures, objects, cartoons, posters, or e-mails related to a protected group
- Looks, stares, gestures, impeding or blocking normal movement, or other physical or visual contact or behavior of a discriminatory or harassing nature based on a protected group

<b>Policy</b> HR 4.1	<b>Title</b> Equal Employment Opportunity	<b>Effective</b> 03-2013
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**Derogatory** - Tending or intended to detract, disparage, or belittle; intentionally offensive.

**Epithet** - A defamatory or abusive word or phrase.

**Equal Employment Opportunity** - Equal employment opportunity is non-discrimination (based on protected group status) in recruiting, hiring, compensation, promotion, training, disciplinary action, or other terms and conditions of employment.

**Protected Group** - A group or class of persons named in state or federal civil rights laws, including, but not limited to, race, color, religious creed, national origin, ancestry, physical disability, mental disability, medical condition, genetic characteristics or information, marital status, sex (which includes sexual harassment), gender identity and expression, age, political affiliation, or sexual orientation.

**Retaliation** - Retaliation is defined as negative actions or undesirable changes in a person's employment due to the person having voiced a complaint, or filed or participated in a complaint or investigation.

**State Fund Workforce** - The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, 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 has no impact on State Fund's relationships with consultants or independent contractors.

## **SECTION 7 – HELP & ADVICE**

For help and advice regarding this Corporate Policy, contact the Equal Employment Opportunity Unit at [eeo@scif.com](mailto:eeo@scif.com).

## **SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
03/08/2011	03/08/2011	Final QA	Comprehensive	03/2011
04/30/2012	04/30/2012	Annual Review and QA: Updated definition of protected group to align with current law	Sections 2.1 and 6	07/2012
01/18/2013	01/18/2013	Annual Review	Sections 2.4, 2.5, 3.1, 4, 5, & 6	02/2013
01/24/2013	01/24/2013	Annual Review; compliance notice added	2.4, 2.5, 3; 5 & 6	03/2013



**DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE**

Summary of Proposed Changes to  
 State Compensation Insurance Fund  
 Revised Corporate Policy HR 4.3 Sexual Harassment

Approved:  
 Board of Directors: May 12, 2012  
 Governance Committee: May 12, 2012  
 [Proposed] Revisions To Be Approved:  
 Board of Directors:  
 Governance Committee:

*The following summarizes the proposed revisions to the HR 4.3 Corporate Policy-Sexual Harassment, to be adopted by State Fund’s Board of Directors as the revised Corporate Policy. Section and paragraph references are to the numbered sections in the Policy.*

<b><u>Paragraph Number</u></b>	<b><u>Summary of Proposed Changes</u></b>
<b>Section # 2,4 Appeals and Complaints</b>	Revised to align with Reasonable Accommodations Policy HR 4.2  “Complainants who are not satisfied with the EEO Unit’s determination may file an internal appeal or external complaint in accordance with State Fund’s formal complaint process and/or as provided by applicable law.”
<b>Section 2.5 Retaliation Prohibited and Not Tolerated</b>	Revised to align with Reasonable Accommodation Policy HR 4.2  “Employees who voice or file a complaint of discrimination or harassment, provide assistance to someone filing a complaint, or participate in a discrimination or harassment investigation, will not be subject to retaliation, retribution, or harassment for using the complaint procedure.”
<b>Section # 3 Notice</b>	Strengthened compliance language and modified notice to meet new electronic certification standard for acknowledgement.  “All members of the State Fund Workforce are required to electronically certify that they have read and understand this



	<p>Policy as part of State Fund's Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination."</p>
<p><b>Section 6 Definition</b></p>	<p>Revised definition of "Sexual Harassment" by adding subparagraphs c, e, f &amp; h to align with current law.</p> <p><i>c) Written conduct such as derogatory and/or sexually oriented emails, letters, or literature;</i></p> <p><i>e) Continuing to express sexual or romantic interest with no reciprocation after being informed that the interest is unwelcome</i></p> <p><i>f) Engaging in behavior of a sexual nature, or explicit or implicit conversations of a sexual nature, in the presence of other employees who may be offended</i></p> <p><i>h) Engaging in derogatory conversations directed toward a specific gender or interfering with work because of an individual's gender"</i></p>

	<h1>CORPORATE POLICY</h1>	Number: <b>HR 4.3</b> Owner: <b>Ethics &amp; Labor Relations</b> Type: <b>Human Resources</b> Effective Date: <b>03-2013</b> Last Revision Date: <b>07-2012</b>
Title <b>SEXUAL HARASSMENT</b>		

**SECTION 1 – PURPOSE**

To ensure that State Fund is a workplace free of [sexual harassment](#) in compliance with State and Federal law.

**SECTION 2 – POLICY STATEMENTS**

It is the policy of State Fund to provide a workplace free of sexual harassment.

**2.1 Sexual Harassment Prohibited and Not Tolerated**

State Fund regards sexual harassment as a form of employee misconduct which is offensive and inappropriate. Such misconduct can potentially decrease work productivity, undermine the integrity of employment relationships and decrease morale.

State Fund prohibits and does not tolerate this type of behavior.

**2.2 Policy Dissemination and Required Training**

State Fund’s policy and complaint procedure shall be disseminated throughout the organization. All State Fund employees shall receive training that covers sexual harassment concepts and prevention and the State Fund policy and complaint procedure governing sexual harassment.

**2.3 Investigation of Complaints**

Complaints of sexual harassment will be promptly, fairly, and objectively investigated.

**2.4 Appeals and Complaints**

Complainants who are not satisfied with the EEO Unit’s determination may file an internal appeal or external complaint in accordance with State Fund’s formal complaint process and/or as provided by applicable law.

**2.5 Retaliation Prohibited and Not Tolerated**

Employees who voice or file a complaint of sexual harassment, provide assistance to someone filing a complaint, or participate in a sexual harassment investigation, will not be subject to retaliation, retribution or harassment for using the complaint procedure

**2.6 Disciplinary Action**

Individuals found to have engaged in inappropriate behavior of a sexual nature or retaliatory behavior will be subject to disciplinary action, up to and including termination.

<b>Policy</b> HR 4.3	<b>Title</b> Sexual Harassment	<b>Effective</b> 03-2013
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**SECTION 3 – APPLICABILITY, SCOPE & BASIS**

This policy applies to all members of the [State Fund Workforce](#). All members of the State Fund Workforce are required to electronically certify that they have read and understand this Policy as part of State Fund’s Code of Conduct acknowledgement process. Failure to complete your obligation will result in referral for disciplinary action up to and including termination

**3.1 Related Laws and Regulations**

Title VII of the Civil Rights Act of 1964  
Civil Rights Act of 1991  
Cal. Government Code, [§§ 12940 et. seq](#), Unlawful Practices  
Cal. Code of Regulations, [Title 2, § 7287.6, § 7291.1](#), Discrimination in 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**

[HR 4.1](#) Equal Employment Opportunity

**SECTION 6 – DEFINITIONS**

**Derogatory** – Tending or intended to detract, disparage, or belittle; intentionally offensive.

**Epithet** – A defamatory or abusive word or phrase.

**Explicit** – Precisely and clearly expressed or readily observable; leaving nothing to be implied.

**Implicit** – Implied or understood though not directly expressed; contained in the nature of something though not readily apparent.

**Retaliation** – Retaliation is defined as negative actions or undesirable changes in a person’s employment due to the person having voiced a complaint, or filed or participated in a complaint or investigation.

**Sexual Harassment** – Sexual harassment is unwanted sexual advances, requests for sexual favors, or visual, verbal, written, or physical conduct of a sexual nature. Depending on the situation, sexual harassment may include, but is not limited to, the following types of behavior:

- a) Verbal conduct, such as [epithets](#), [derogatory](#) jokes or comments, slurs or unwanted sexual advances, invitations, or comments
- b) Visual conduct, such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings, or gestures

<b>Policy</b> HR 4.3	<b>Title</b> Sexual Harassment	<b>Effective</b> 03-2013
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- c) Written conduct such as derogatory and/or sexually oriented emails, letters, or literature
- d) Physical conduct, such as assault, unwanted touching, or blocking normal movement
- e) Continuing to express sexual or romantic interest with no reciprocation after being informed that the interest is unwelcome
- f) Engaging in behavior of a sexual nature, or explicit or implicit conversations of a sexual nature, in the presence of other employees who may be offended
- g) Threats or demands to submit to sexual requests as a condition of continued employment or to avoid some other loss, or offers of employment benefits in return for sexual favors
- h) Engaging in derogatory conversations directed toward a specific gender or interfering with work because of an individual's gender

**Sexual harassment may occur when:**

- 1) Submission to the advance, request, or conduct is made either explicitly or implicitly a term or condition of employment
- 2) Submission to or rejection of the advance, request, or conduct is used as a basis for employment decisions, or
- 3) Such advances, requests, or conduct has the purpose or effect of substantially or unreasonably interfering with an employee's work performance by creating an intimidating, hostile, or offensive work environment. It includes harassment that is not necessarily sexual in nature but is based on an individual's gender.

**State Fund Workforce** – The term 'State Fund Workforce' is used herein solely for purposes of describing a collective group of people who work at State Fund, including Board members, 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 has no impact on State Fund's relationships with consultants or independent contractors.

**SECTION 7 – HELP & ADVICE**

For help and advice regarding this Corporate Policy, contact the Equal Employment Opportunity Unit at [eeo@scif.com](mailto:eeo@scif.com) .

<b>Policy</b> HR 4.3	<b>Title</b> Sexual Harassment	<b>Effective</b> 03-2013
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**SECTION 8 – REVIEW HISTORY**

Review Date	Action Date	Action	Section(s) Revised	Effective Date
03/07/2011	03/08/2011	QA Final	Comprehensive	03/2011
06/2012	06/2012	Annual Review. Updated definition of Sexual Harassment to align with current law	6	07/2012
01/18/2013	01/18/2013	Annual review; updated compliance language	Section 2.4, 2.5, 3; 4, 6 & 7	03/2013
01/24/2013	01/24/2013	PM approved	2.4, 2.5 & 6	03/2013

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