



1275 Market Street
San Francisco, CA 94103
(415) 565-1456
www.statefundca.com

Date: March 17, 2011

AGENDA ITEM # 5

TO: MEMBERS OF THE GOVERNANCE COMMITTEE

- I. SUBJECT: Code of Conduct, Incompatible Activities Statement and Business Ethics Policies**
- II. PROGRAM: Governance**
- III. RECOMMENDATION: Recommend for approval by the Board of Directors the Code of Conduct, Incompatible Activities Statement and Business Ethics as revised based on employee commentary**

NAME, Title

Attachments:

State Fund Code of Conduct for All Employees 2011
Incompatible Activities Statement and Policy EC&F 2.2
Business Ethics Policy EC&F 2.3
Summary of Employee Commentary and Responses

Code of Conduct
For All
State Compensation Insurance Fund
Employees
2011

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

Table of Contents

<u>Introduction</u>	3
I. <u>State Fund Mission, Vision, Strategic Objective, and Values Statements</u>	4
II. <u>Maintaining Trust and Credibility</u>	5
III. <u>Governance</u>	5
IV. <u>Open and Honest Communication</u>	5
V. <u>Ethical Conduct</u>	5
VI. <u>Upholding the Law</u>	6
VII. <u>Responsibilities</u>	7
VIII. <u>Corporate Policies</u>	8
IX. <u>Equal Employment Opportunity</u>	9
X. <u>Harassment/Discrimination</u>	9
XI. <u>Safe and Healthy Workplace</u>	9
XII. <u>Regulatory Compliance</u>	10
XIII. <u>Incompatible Activities and Business Ethics</u>	12
XIV. <u>Reporting Legal or Ethical Concerns</u>	14
XV. <u>Annual Acknowledgement</u>	15
XVI. <u>Summary</u>	16
XVII. <u>Appendix - Resources</u>	17

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

INTRODUCTION

WHAT IS THE CODE OF CONDUCT?

The Code of Conduct (Code) is a living document intended for use as a reference in everyday decision making by State Fund staff at all levels of the organization – from the Board of Directors, Officers, Executive Committee members, managers and supervisors, to rank and file employees.

The Code articulates and promotes State Fund's values and expectations for behavior and presents written standards which promote honest and ethical conduct.

The Code presents to the public State Fund's commitment to honesty, compliance with the law, and responsible organizational citizenship.

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.

The Code will be reviewed on an annual basis to assure that the information is current and relevant.

DRAFT

I. State Fund Mission, Vision, Strategic Objective, and Values Statements

Mission

State Fund exists to provide California's businesses a strong and stable choice for their workers' compensation insurance while making California's workplaces safer and helping injured employees return to work – all with no financial obligation from the public.

Vision

To be recognized by customers, regulators, and the insurance industry as the gold standard of workers' compensation carriers; to underwrite the California dream by providing services that are responsive to State Fund clients' evolving needs.

Strategic Objective

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

Values

- ◆ Honesty
 - ◆ Integrity
 - ◆ Accountability
 - ◆ Excellence in customer service
 - ◆ Long-term commitment to the State of California
-

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

II. Maintaining Trust and Credibility

The success of State Fund's business is dependent on the trust and confidence earned from our employees, customers, and stakeholders. State Fund gains credibility by adhering to its commitments, displaying honesty and integrity, and reaching company goals solely through honorable conduct.

State Fund's Corporate Policy on business ethics requires that all employees treat their jobs as a public trust, avoid real and apparent conflicts of interest, and set good examples of public service.

It is easy to say what State Fund must do, but the proof lies in the actions of its employees. Ultimately, State Fund will be judged on how its employees conduct business.

III. Governance

Corporate governance is the set of laws, policies, processes, and customs affecting the way State Fund is directed, administered, or controlled. Sound governance is the foundation upon which a successful organization is built.

The Board of Directors (Board) has full power, authority, and jurisdiction over State Fund. The Board takes actions necessary to ensure that State Fund is operated in a legal, ethical, socially, and financially responsible manner. With respect to the Code of Conduct (Code), the Board:

- Authorized and endorsed its development;
- Approved and endorsed its final content; and
- Reserves review or approval authority for Corporate Policies which support the Code.

IV. Open and Honest Communication

State Fund benefits when employees 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 employees feel comfortable raising questions.

V. Ethical Conduct

All State Fund employees must maintain the highest standards of ethical conduct. No business goal of any kind is ever a justification for deviating from State Fund's ethical standards.

It is essential that the public and State Fund stakeholders have confidence in State Fund's employees. This trust and confidence depends on each State Fund employee exhibiting behavior and performing duties in a manner that is, at all times, fair, and uninfluenced by any consideration of improper self-interest, except those inherent in the proper performance of their

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

duties.

Each employee must maintain the highest standards of professional and personal integrity. Employees must respect this trust and welcome public scrutiny of the way in which they perform their duties.

State Fund employees 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. 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 we *should* do so.

If any ethical or legal compliance issue occurs that raises a question in your mind, you have a responsibility to share your concern with your supervisor, manager, or Human Resources Operations. Other avenues such as contacting Ethics and Compliance and calling the Integrity in Action Hotline, or the California Whistleblower hotline are also available for that purpose.

Code of Ethics or Rules of Professional Conduct for Professional Associations

This Code is in addition to any code of conduct that the employee may be subject to by virtue of holding a professional license or certification.

VI. Upholding the Law

State Fund's commitment to integrity begins with complying with laws, rules, and regulations that govern its business. Employees must understand the company policies, laws, rules, and regulations that apply to their specific roles. If you are unsure if a contemplated action is permitted by law or State Fund policy, seek advice from an appropriate resource. State Fund employees are responsible for preventing violations of law, for speaking up if possible violations are noticed, and cooperating during investigatory proceedings.

State Fund is committed to examining and providing guidance on a variety of concerns that can arise from our business environment and how our employees and management can deal with them ethically.

All required information must be recorded and reported accurately and honestly. This includes reporting of hours worked, legitimate business expenses incurred, and all other activities related to State Fund business.

Financial reports and records must accurately reflect real transactions and conform to State Fund's policies. No entry may be made on the company's books that hides or disguises the true nature of any transaction. Undisclosed or unrecorded accounts, funds, or assets are not allowed.

State Fund is dedicated to ethical, fair, and responsible competition. State Fund sells workers' compensation insurance products and services based on their merit, superior quality, functionality, and competitive pricing. State Fund makes independent pricing and marketing decisions and does not improperly cooperate or coordinate our activities with our competitors. State Fund employees are prohibited from offering, soliciting, or accepting improper payments

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

or gratuities in connection with the purchase of goods or services for State Fund or the sales of its products or services. State Fund does not engage or assist in unlawful boycotts of particular customers.

State Fund complies with the collective bargaining agreements and legislation affecting State Fund employees. It is State Fund's policy to engage in cooperative efforts with the State's Department of Personnel Administration (DPA) and union representatives to negotiate terms and conditions of employment for State Fund employees and to work with union stewards in the proper administration of the labor contracts.

VII. Management and Employee Responsibilities

State Fund employees at all levels are vital members of our organization. State Fund expects that all employees and associates treat one another with respect and dignity. Each employee has a role in making State Fund a better and more rewarding place to work. As a matter of professional conduct, employees should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. State Fund's values are richly embedded in this commitment and are backed by its philosophy as outlined in this Code.

Management at all levels has the responsibility to foster a culture where ethical conduct is valued and exemplified by all employees. 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. All State Fund leaders have the responsibility to model and set expectations for ethical behavior and foster a culture where ethical conduct is valued and exemplified by all employees.

State Fund does not tolerate retaliation against employees who raise genuine ethics concerns in good faith. Management must promptly address ethical questions or concerns raised by employees and take the appropriate steps to deal with them. Management should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At State Fund we want the ethics dialogue to become a natural part of daily work. The Ethics and Compliance office is a primary resource for addressing these matters.

Employees should raise and report fully and honestly about ethical concerns. State Fund does not tolerate bad faith complaints or accusations made against co-workers. These types of actions may be grounds for employee discipline.

Employees have several avenues through which they can relay suspicions or concerns about unethical behavior. Employees may direct any suspicions and concerns to any of the following: Program Manager/Regional Vice President; Human Resources Operations; Ethics and Compliance; Executive Management; or directly to the Board. Employees may also use the Integrity in Action Hotline, the California Whistleblower Protection Act, and the State Fund Fraud Hotline, to question and escalate any transactions that do not meet established policies or procedures. Employees are assured of freedom from retaliation or reprisal for reporting their concerns in good faith.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

VIII. Corporate Policies

State Fund recognizes the importance of Corporate Policies for employee decision-making and operational success of the organization. Corporate Policies ensure that State Fund's business practices and processes are aligned with the organization's mission, vision, values, and promote accountability in the conduct of business.

State Fund Corporate Policies:

- State the official position, "what to do", on subjects which apply to the entire organization and are approved by the Board or company officers;
- Reflect and uphold the organization's principles;
- Set standards for behavior;
- Identify and prescribe compliance with applicable laws, regulations, and Bargaining Unit Memoranda of Understanding;
- Provide direction and guidance to employees for decision making; and
- Promote operational efficiency.

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. This practice ensures that the interests of State Fund as an organization, our employees, and our stakeholders are being met.

Review all Corporate Policies and Corporate Procedures carefully. 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 abide by 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. Equal Employment Opportunity

State Fund's diverse workforce is a valued asset. Each employee's unique perspective and contribution to the organization leads to a more productive and fulfilling work environment for all. All applicants for employment and all employees at State Fund are afforded equal employment opportunity and a workplace free of discrimination or harassment.

Employees and applicants will not be discriminated against or harassed based on their protected group status, specifically: race, color, religious creed, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, political affiliation, or sexual orientation.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

X. Harassment/Discrimination

State Fund views harassing conduct as offensive and highly inappropriate. Individuals found to have engaged in harassment 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 and 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. This policy applies to both work-related settings and State Fund-organized activities outside the workplace.

Employees 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. Employees who file a complaint, those who provide assistance to someone filing a complaint, and/or those participating in a discrimination complaint investigation shall be assured freedom from retaliation or reprisal for using the complaint procedure.

XI. Safe and Healthy Workplace

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

Threat Management

State Fund does not tolerate violence or threatening behavior of any kind. To provide for the safety and security of State Fund's workforce, State Fund has established a threat evaluation process by which employees report perceived threats.

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 Team. The Threat Evaluation Team evaluates and responds to all reported internal and external threats or acts of violence. If you believe there is an imminent danger to you or others, contact the appropriate public safety officials first and then report to local management and to the Threat Evaluation Team immediately.

Domestic and Workplace Violence

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

If you feel threatened by workplace violence or domestic violence which may impact the workplace, you should report your concerns immediately to the Threat Evaluation Team.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

Substance Abuse-Free Workplace

Substance abuse poses a serious threat to the safety, health, and productivity of our organization, employees, 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 the employee, co-workers, or the public resulting from accidents, dereliction of duty, poor judgment, and carelessness.

Functions Involving Alcohol

There may be events you attend as a State Fund employee where alcoholic beverages are available. In these instances, employees are responsible for their own conduct and must make their 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 employees 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 employee coaching, and the development of organizational practices which enhance employee performance.

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

XII. Regulatory Compliance

Employees must follow at all times applicable Federal and California laws. These laws affect State Fund employee activities inside and outside the workplace. This section provides a brief summary of some of these applicable laws.

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

State Fund Officials and designated employees 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). These employees must also periodically complete a mandatory State Fund approved ethics course. The course serves to educate employees about financial disclosure laws and their application in order to alert them of potential financial conflict-of-interest situations.

Statements of Economic Interests and Schedules and ethics course certificates of completion

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

will be retained by State Fund and are by law disclosable public records. For more information, you may: 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.

Financial or Personal Interest Disqualification from Decision-making or Contracting Process

State Fund officers and employees must disqualify themselves in situations where their participation in the decision-making process would be contrary to law, or to State Fund's Business Ethics Corporate Policy, or to State Fund's *Code of Conduct*.

Potentially disqualifying situations under applicable law include:

- Decisions in which the State Fund officer or employee knows or has reason to know they have a financial interest; or
- Decisions related to a State Fund contract in which the State Fund officer or employee has any type of direct or indirect financial interest; or
- Decisions related to a State Fund contract where a State Fund officer or employee has reason to know that a party to the contract is a person with whom the State Fund officer or employee, or any member of their 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 the officer or employee is:
 - Negotiating future employment; or
 - Has an arrangement of future employment.

The foregoing situations are specified by California law. In the event of conflict between this Code and the statute, the language of the relevant statutes will control.

Personal Interest Disqualification

To avoid impropriety or even the appearance of impropriety, there are instances where State Fund officers or employees must recuse themselves from a decision making or contracting process based on personal interest.

State Fund officers and employees must disqualify themselves from making, participating, or in any way attempting to use their position to influence a State Fund decision in which they know or have reason to know they have an interest, personal or otherwise, in the outcome which is different from State Fund's interest.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

Reporting Failures to Disqualify

Any State Fund officer or employee may make a good faith report alleging that another officer or employee has incorrectly failed to disqualify themselves. Such reports may be made confidentially to the Integrity in Action Hotline, the Ethics and Compliance department, or any other state agency authorized to review such complaints. To the extent allowed by the reporting mechanism chosen by the reporting individual, reports may be made anonymously.

California Public Records Act

State Fund is committed to full compliance with the letter and spirit of law under 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; employees must transmit these requests immediately, in whatever form they are made, to the PRO.

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

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

XIII. Incompatible Activities and Business Ethics

State Fund has adopted an Incompatible Activities Statement Policy which prohibits employees from engaging in activities that are incompatible with their California civil service and State Fund employment. Any State Fund employee who fails to comply with the Incompatible Activities Statement is subject to disciplinary action up to and including termination as provided by the California Government Code.

The examples presented here represent conflicts of interest. Employees must comply with the notice, review, and written approval requirements of the Incompatible Activities Statement Policy before engaging in these types of activities in order to avoid disciplinary action:

- Any 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 your decisions while acting as a State Fund employee;

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

- Serving as a board member for a commercial company or organization competing with State Fund;
- Owning or having a substantial interest in a State Fund competitor, supplier, or contractor;
- 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 employee or his or her family and vice versa (e.g. Groups/Marketing).

Other Outside (non-State Fund) Work by Employees

State Fund employees may wish to take on additional work with organizations that are not our competitors, customers, or suppliers. They 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, the second job or position must be strictly separated from the employee's 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.
- Employees should not attempt to sell products or services to State Fund in connection with their outside job.
- Performance of the off-duty work must not interfere with or prevent the employee from devoting the time and effort needed to fulfill the employee's duties and obligations as a State Fund employee.

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

Use of State Fund Resources

State Fund resources, including time, material, equipment, and information, are provided for State Fund business use. Employees and those who represent State Fund 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.

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.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

State Fund Systems-User Information Notice

The State Fund Systems-User Information Notice provides employee direction for the proper use of the electronic information systems of State Fund. The electronic systems covered by this document include computer equipment, internet access, 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.

Gifts

California's Political Reform Act places limitations on the receipt of gifts, and requires many, if not most, State Fund employees to report gifts received where the aggregate value from a single person exceeds \$50 during a calendar year. A State Fund employee cannot accept gifts that exceed an annual aggregate value as determined by the Fair Political Practices Commission (currently \$420 per year). Gifts include virtually anything of value – travel, meals, drinks, tickets to events, discounts, favors, gratuities, services, and/or entertainment that may be offered to an employee, not only during the course of a business relationship, but from virtually any business entity or person except for a close relative. State Fund expects its stakeholders and employees to respect and adhere to state law.

All employees must be familiar with the gift rules and limitations. Any questions about the applicability of the gift rules should be directed to Human Resources Operations.

XIV. Reporting Legal or Ethical Concerns

Employees are encouraged to address issues with management, Human Resources Operations, or Ethics and Compliance, as most problems can be resolved swiftly. If for any reason that is not possible or if employees are not comfortable raising the matter through these channels, employees may elevate issues through State Fund's Integrity in Action Hotline.

Employees must not improperly influence, manipulate, or mislead any authorized audit, nor interfere with any auditor engaged to perform an internal or independent audit of State Fund books, records, processes, or internal controls.

Integrity in Action

State Fund's *Integrity in Action* Hotline promotes greater transparency and the reporting of ethical concerns, including non-compliance with Corporate Policies and the Code of Conduct, by members of the State Fund Workforce. *Integrity in Action's* 24-hour toll free number is 866-294-1742. The Hotline is operated by an independent company and staffed by specially trained interviewers.

The *Integrity in Action* Hotline provides callers an avenue to confidentially report their concerns or to relay suspicions about unethical activity directly to State Fund's Board of Directors. Callers to the hotline may choose to remain anonymous.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

Workers' Compensation Fraud

To report suspected workers' compensation fraud by State Fund employees, policyholders, injured workers, or vendors, you may file a TIP report electronically through State Fund's Special Investigation Unit internal website or by calling (888) 786-7372.

The California Whistleblower Protection Act

The California Whistleblower Protection Act prohibits reprisal for reporting improper activities and is administered by the Bureau of State Audits. Improper activities include theft, fraud, incompatible activities, misuse or abuse of state property, gross misconduct, and incompetence or inefficiencies by state employees. Whistleblower Notices are distributed annually to all employees about the California Whistleblower Protection Act. This information is displayed in each State Fund department in locations where other employee notices are maintained.

To file a complaint under the Whistleblower Protection Act, you may do so by writing a letter to the Bureau of State Audits, visiting the Bureau of State Audits website, or by calling the toll-free Whistleblower Hotline at (800) 952-5665.

The Act protects the identity of a reporting individual unless disclosure to a law enforcement agency conducting a criminal investigation is required.

Further, State Fund management and employees are prohibited from attempting to or engaging in retaliation, retribution, or any form of harassment against another employee or applicant for employment who reports ethics related or business conduct concerns. If you believe you are the victim of retaliation as a result of filing a complaint with the State Auditor, you may report retaliation by writing to the State Personnel Board or by calling (916) 653-0799.

Privacy

Employees are responsible for reviewing and understanding State Fund's Corporate Policy on Privacy & Confidentiality.

Any time you encounter or even suspect that private/confidential information has been lost, or if that information has become unsecured in any way, you should report the incident to the State Fund Privacy Office, located in the Ethics & Compliance Department. You can e-mail them at privacy@scif.com or report the breach via the Privacy Reporting Hotline at (877) 801-7758. Information about incident reporting can be found on the Ethics & Compliance intranet web site.

XV. Annual Acknowledgement

All State Fund employees are required to sign an acknowledgement annually that they have read and understand State Fund's Code of Conduct. The statement requires agreement by employees that they will act in accordance with the Code. Copies of signed statements will be included in employee Official Personnel Files.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

XVI. Summary

All State Fund employees are responsible for learning and adhering to the values and standards set forth in this Code and for raising questions if they are uncertain about State Fund policy.

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

All State Fund employees 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 this policy, talk to management, Human Resources Operations, Ethics and Compliance, or contact any of the established Programs cited in this document.

When you encounter a situation where the best decision is not clear, test your potential decision and ask yourself:

- Is it illegal?
- Could my action give the impression or be interpreted as being inappropriate or unethical?
- Would I be proud to tell my spouse, parents, children, or trusted friends about my action?
- Will it comply with State Fund's guiding principles, Code of Conduct, and Corporate Policies?
- If I am not sure, who should I ask?

For the complete listing of and links to Corporate Policies, visit the State Fund intranet website, click the "Offices" tab, and then select Governance <http://governance.scif.com/>.

The *Corporate Policy Manual* is also available on the *Employee Resources* page under Training Materials/References, click Corporate Policy Manual.

CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES

XVII. Appendix - Resources

1. HOTLINES

State Fund Integrity in Action	866-294-1742
State Fund Privacy	877-801-7758
Workers' Compensation Fraud	888-786-7372
California Whistleblower Protection Act	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		(800) 339-2099	http://orgdevelopment.scif.com/EAP.html
Equal Employment Opportunity		eeo@scif.com	http://orgdevelopment.scif.com/EEO.html
Ethics & Compliance	Advice/assistance for ethical questions/concerns	(877) 801-7758	http://ethics.scif.com/
Governance	<i>State Fund Corporate Policies & Procedures; Code of Conduct; State Fund Charter</i>	(888) 724-3237 corporatepolicies@scif.com	http://governance.scif.com
Human Resources Operations	Employee relations questions, approval of outside activities	(415) 565-1160 HROnline@scif.com	http://hr.scif.com
Internal Audit	Proper use of State Fund resources	(415) 565-1092	http://internalaudit.scif.com/
IT - Security & Info. Mgt.	Proper use of information systems	(877)-782-7338	http://sim.scif.com/

**CODE OF CONDUCT FOR ALL
STATE COMPENSATION INSURANCE FUND EMPLOYEES**

Public Records Office	Records requests made under the Ca. Public Records Act	(888) 724-3237 publicrecords@scif.com	http://pro.scif.com/
Special Investigation Unit	Workers' Compensation Fraud	(323) 266-5138 (707) 624-4571	http://siu.scif.com/

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 (916) 952-5225	www.ag.ca.gov
Bureau of State Audits	Whistleblower complaints	555 Capitol Mall, Suite 300 Sacramento, CA 95814 (916) 445-0255	www.bsa.ca.gov
Fair Political Practices Commission	Statements of Economic Interest questions	428 J Street, Suite 800 Sacramento, CA 95814 (866) 275-3772	www.fppc.ca.gov
State Personnel Board	Whistleblower Retaliation complaints	801 Capitol Mall, MS53 Sacramento, CA 95814 (916) 653-0799	www.spb.ca.gov





Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary Summary	State Fund Response
1. CODE OF CONDUCT	
Explain the Strategic Objective in relation to the Code of Conduct	Strategic objectives are business goals determined by the Executive Committee that guide the organization's activities. They serve as a roadmap for employees to help prioritize the work of the organization and allocate resources so that the focus of the organization supports those business goals.
Change Mission Statement wording from "all with no financial obligation from the public" to "all with no financial obligation to the public."	The wording contained in the Mission Statement aligns with the statutory requirement that the State of California will not be liable for the obligations of State Fund.
<p>Change the wording of the State Fund Values Statement from "<i>Excellence in customer service</i>" to "<i>Excellence</i>" to reflect that State Fund strives for excellence in all aspects of work performed.</p> <p>Expand State Fund's Mission, Vision, Strategic Objective and Values Statement to include provision of "fair treatment of injured workers by providing all benefits in a prompt, objective, impartial, and ethical manner."</p> <p>What is meant by "underwrite the California dream"?</p>	The Mission, Vision, and Values Statements were developed several years ago as part of State Fund's branding initiative by a committee of employees representing broad functional and geographic spectrums and adopted by the organization. They serve as the foundation for the Code. Altering these Statements is beyond the scope of the Code of Conduct.
<p>Does the Code of Conduct apply to the Board, Executives, and upper management as well as rank and file employees?</p> <p>The Code of Conduct, Incompatible Activities Statement, and Business Ethics policies are reminders to employees about compliance at work on a day-to-day basis. When State Fund treats its employees with respect, they give their best effort to serve vendors and brokers and grow the business.</p>	The Code and Corporate Policies are formal documents outlining State Fund's expectations for employee conduct at all levels within the organization.
<p>The Code should be presented at a more general level for reading and comprehension.</p> <p>Can the Code be shortened without compromising content or formatted into smaller sections?</p>	We have kept the Code of Conduct as concise as possible without compromising content. Subject repetition is used at times to present and discuss complex compliance topics and concepts.



Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary Summary	State Fund Response
<p>Some employees may not read the entire document before signing the acknowledgment.</p> <p>The statement that managers and leaders model the Code is critical. Modeling by example for leaders who manage multiple locations may be difficult.</p> <p>Employees should be taught by practical example the distinction between integrity and morality.</p> <p>Explain terms used.</p>	<p>Employees have the opportunity to discuss the Code, its supporting policies, and any questions they may have with their supervisor before completing the Acknowledgement.</p> <p>Code of Conduct training for all employees will be provided. The training will explain the key concepts and terms of each Code section and present practical examples for decision making.</p>
<p>Suggest including additional diversity language in the Code.</p>	<p>The language used in the Code accurately reflects Federal and California law.</p>
<p>Grievance and disciplinary procedures should be added to the Union Contracts to make the Code of Conduct effective.</p> <p>Outline a Corporate discipline policy to raise employee awareness.</p>	<p>The statewide Memoranda of Understanding contain grievance procedures with defined steps and timelines.</p> <p>The process for handling disciplinary matters is established by the California Government Code and is contained in §19572 et seq. and §19590 et seq.</p>
<p>The workplace can become uncomfortable when employees sell products, recruit/register people to vote, or use State Fund equipment for non-business use.</p> <p>Is it OK to conduct fundraiser activity at State fund on behalf of outside school, social organization activities?</p>	<p>A comprehensive policy addressing non-business use of State Fund facilities is under final review and will address these issues separately from the Code of Conduct.</p>
<p>Is it OK to accept gifts from vendors at Christmas?</p>	<p>The Incompatible Activities Statement Policy, Section 2.1(f) addresses gifts.</p>
<p>Is State Fund allowed to have alcohol at our sponsored events?</p>	<p>At State Fund events, employees must make their own decisions about alcohol consumption. Individuals are responsible for their own conduct; excessive drinking is never acceptable or condoned.</p>



Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary Summary	State Fund Response
Section XI entitled "Functions Involving Alcohol" and specifically the statement, "Consumption of alcohol in excess or intoxication at these events is prohibited." does not go far enough. State Fund employees should not consume alcohol while driving for State Fund business.	There may be events you attend as a State Fund employee where alcoholic beverages are available. In these instances, employees are responsible for their own conduct and must make their own decisions about alcohol consumption and follow all appropriate laws.
For consistency, shouldn't the Incompatible Activities and Business Ethics section be revised from "Any State Fund employee who fails to comply with State Fund's Incompatible Activities Statement is subject to disciplinary action." To: "...is subject to disciplinary action up to and including termination of employment"?	Yes.
Is the ethics course referenced in the Regulatory Compliance section mandatory?	Yes.
Will office betting pools be addressed in the new Code of Conduct/Incompatible Activities? Such activities are a misuse of State Fund resources and should not be tolerated. Incompatible Activities policy should state that employees who engage in gambling pools could be prosecuted under California Penal Code Section 319.	Employees must follow applicable Federal and California laws at all times. The new Non-Business Use of State Fund Facilities policy addresses gambling specifically. However, due to the importance of this topic, this information has been incorporated into the Code of Conduct.
The Code of Conduct should make clear that State Fund does not tolerate deliberate false accusations made against co-workers or those with whom we interact. We have a duty to raise ethical concerns. We also have a duty to report fully and honestly regarding such concerns.	State Fund does not tolerate retaliation against employees who have raised good faith ethics concerns nor employees who make intentionally false accusations.
Section X does not address bullying. Will there be Corporate Policies and Procedures addressing bullying?	Bullying and intimidation are forms of employee misconduct under §19572 of the Govt Code. State Fund is committed to a safe and harassment-free workplace.
The Code of Conduct and related policies have been long over due. Why were they not developed before now? They are well written documents but the difficult task will be enforcing the Code. How will the Code be enforced for all employees?	The Code of Conduct was developed as part of the comprehensive review and revision of State Fund's Corporate Policies. Ethics & Compliance and Human Resources have primary responsibility for enforcing the Code of Conduct.



Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary	State Fund Response
How will the Code of Conduct be implemented?	The Code will be implemented through training and an annual certification process for all State Fund employees.
Will there be new investigative committee to replace existing ones?	The Code of Conduct is not intended to change the procedural aspects of complaints regarding employee misconduct. The Integrity in Action and State Auditor's Whistleblower Hotlines remain available to report employee misconduct.
Can a link be provided on the Code of Conduct to the Corporate Policies on Worksite?	When the Code is approved for publication, a link will be available through Employee Resources.
Under Bagley-Keene, do State Fund employees get time to attend Board of Director Meetings?	Employees will not get company time to attend Board meetings.
Improvements need to be made to the promotional hiring process. Promotions should be based on merit, not seniority. A more experienced candidate may not have the skills necessary to do the job.	State Fund hiring is conducted in accordance with requirements of the state civil service system
Some employees are assigned cell phones. Shouldn't the Systems User Information Notice section of the Code include cell phones as an electronic information system?	The term wireless device includes cell phones.



Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary Summary	State Fund Response
We do not have timesheets; how are hours of work reported?	Attendance must be agreed upon by the supervisor and employee according to operational needs.
Will the guideline " <i>Employment of Individuals Who are Related or Have a Close Personal Relationship</i> " be incorporated into Code of Conduct?	The Guideline is under review by Human Resources. A revision will be published separately as a Corporate Policy.
<p>Is "close family member" (as mentioned in Section XIII of the Code) overly broad?</p> <p>By declaring the mere possibility of influence an incompatible activity, State Fund is giving the message that this could subject an employee to disciplinary action under the Government Code. Is this the intended consequence?</p>	<p>The examples referenced in section XIII of the Code (Incompatible Activities & Business Ethics) represent conflicts of interest. Employees must comply with the notice, review, and written approval requirements of section 2.3 of the Incompatible Activities Statement before engaging in these types of activities in order to avoid disciplinary action.</p>
State Fund may be misinterpreted to be a corporation rather than a government agency by referring to it as a "corporation".	The term corporate is widely used to refer to the entire organization.
Who is and what does the Threat Evaluation Team do?	The Threat Evaluation Team is the primary group authorized to assess, evaluate, and take appropriate action in response to actual or perceived internal and external threats. The team also monitors local management response to imminent threats where 911 is called and provides analysis and response after stabilization of the situation.
Management should better educate themselves about their employees' medical conditions which may result in absences.	Federal laws provide privacy protection on the disclosure of employee health information.
<p>Who in management do we refer questions to about the proper use of State Fund resources?</p> <p>Please link the "State Fund Systems-User Info. Notice" to the Code of Conduct.</p>	<p>We are formulating revisions to the Code to better address these questions. The Code Appendix currently provides resources for question Links to resources, terms, and policies will be included when the final Code is released</p>



Employee Commentary Summary & Response - Code of Conduct, Incompatible Activities Statement & Business Ethics Policies

Commentary Summary	State Fund Response
2. INCOMPATIBLE ACTIVITIES STATEMENT POLICY	
<p>There is no mention of private data in this Policy. Suggest it be included to align with the Data Classification policy. Can the Systems User Information Notice be provided for review?</p>	<p>State Fund's Privacy & Confidentiality policy addresses confidential information in greater depth and is aligned with the Data classification policy. The Systems User Information Notice is in final revision. The current version is available as form number 8556 through IT - Security & Information Management..</p>
<p>Will a form or other document be available for employees to complete and submit to Human Resources?</p>	<p>Yes. An annual Employee Acknowledgement will be required. The acknowledgement will be placed in employee Official Personnel Files.</p>
3. BUSINESS ETHICS POLICY	
<p>The Business Ethics Policy duplicates the Code of Conduct.</p>	<p>The Business Ethics policy represents State Fund's organizational position regarding ethics and is an integral part of the Code of Conduct. The Code provides expanded information for all employees about ethics and related key policies to help make decisions on a daily basis.</p>
<p>Business Ethics Policy Section 2.3: Can the phrase "which is unwarranted" be deleted?</p>	<p>Yes. We will review this policy section for revision.</p>

	<h1>CORPORATE POLICY</h1>	Number: EC&F 2.2 Owner: Human Resources Operations Type: Ethics Compliance & Fraud Effective Date: 3-2011 Last Revision Date: 12-2004 Supersedes 03-20-04
Title INCOMPATIBLE ACTIVITIES STATEMENT & POLICY		

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 employees 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 (see section 6.1 [Definitions](#)). 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 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 with State Fund employment unless an individual employee's participation in such activities has been reviewed and authorized in writing in advance by Human Resources Operations. Any approval by Human Resources Operations 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 Human Resources Operations Program Manager. If the employee is dissatisfied with the decision, a final written appeal may be made to the Senior Vice President of Human Resources and Organizational Development.

SECTION 3 – APPLICABILITY, SCOPE & BASIS

This policy applies to all State Fund employees. Employees must maintain the highest standards of professional and personal integrity. Suspected violations of this policy shall be reported promptly to the Human Resources Operations Manager.

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

NOTICE

All State Fund employees will be required to sign a statement annually that they have read and understand this policy as part of State Fund's *Code of Conduct* acknowledgement process.

3.1 Related Laws, Regulations, or Industry Standards

Cal. Code of Regulations Title 2, § 599.870

Cal. Code of Regulations § 279.1

Cal. Government Code, Title 2, § 19990

Cal. Government Code § 19572

Cal. Government Code § 8314

Cal. Insurance Code Division 1, § 750

Cal. Labor Code § 3219

Cal. Labor Code § 3820

Cal. Civil Code § 3426.1

U.S. Code Title 17 ("Copyright Act")

SECTION 4 – AUTHORITY

The Senior Vice President of Human Resources is responsible for policy assurance and oversight. The Human Resources Operations manager as policy owner monitors and is responsible for compliance with and updates to, 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

Policy EC&F 2.2	Title Incompatible Activities	Effective 3-2011
------------------------	--------------------------------------	-------------------------

SECTION 6 – RELATED DEFINITIONS PROCEDURES, FORMS, & PUBLICATIONS

6.1 Definitions

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.

6.2 Procedures

Intentionally left blank at this time

6.3 Forms and Publications

- State Fund's *Code of Conduct*
- State Fund's *Conflict of Interest Code*
- Confidentiality Statement – e29000
- Employee Acknowledgement – SCIF 8555
- State Fund Systems User Information Notice – SCIF 8556

SECTION 7 – HELP & ADVICE

For help and advice regarding this policy, contact Human Resources Operations via e-mail: HROnline@scif.com or call 415-565-1160.

SECTION 8 – REVIEW HISTORY

Review Date	Action Date	Action	Section(s) Revised	Effective Date
3/7/2011	3/7/2011	Final QA	Comprehensive	3/2011

	<h1>CORPORATE POLICY</h1>	Number: EC&F 2.3 Owner: Ethics & Compliance Type: Ethics Compliance & Fraud Effective Date: 3-2011 Last Revision Date: NEW Supersedes 03-20-004
Title BUSINESS ETHICS		

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, 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

Employees must follow at all times applicable State laws and all State Fund Corporate Policies, Procedures and Code of Conduct.

2.1 Public trust and confidence

It is essential that the public and State Fund stakeholders have confidence in State Fund’s employees. This trust and confidence depends on each State Fund employee exhibiting behavior and performing duties in a manner that is at all times fair and uninfluenced by any consideration of improper self-interest.

Each employee must maintain the highest standards of professional and personal integrity. Employees must respect this trust and welcome public scrutiny of the way in which they perform their duties.

2.2 Appearance of Impropriety

Employees must avoid impropriety or even the appearance of impropriety. Suspected violations of this policy must be reported promptly to the Ethics & Compliance Manager.

2.3 Ethical conduct

In transacting State Fund business, the parameters for ethical conduct by State Fund employees 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, money 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 which 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;

Policy EC&F 2.3	Title Business Ethics	Effective 3-2011
------------------------	------------------------------	-------------------------

- Reporting the receipt of all gifts in compliance with the Statement of Economic Interests;
- Avoiding any inappropriate activity or behavior that reflects negatively on the employee, other State Fund employees, or upon State Fund.

SECTION 3 – APPLICABILITY, SCOPE & BASIS

This policy applies to State Fund employees. The laws, regulations, and standards cited in section 3.1 of this policy are incorporated by reference and govern State Fund employees.

NOTICE

All State Fund employees will be required to sign a statement annually that they have read and understand this policy as part of State Fund’s *Code of Conduct* acknowledgement process.

3.1 Related Laws, Regulations, or Industry Standards

USSC Guidelines Manual	§ 8C2.5 and §8D1.4
Cal. Government Code	Title 2 § 19990
Cal. Government Code	§§ 81000-91014
Cal. Insurance Code	Division 1 § 750
Cal. Labor Code	§ 3219
Cal. Labor Code	§ 3820
DPA Rule	§ 599.870
SPB Rule	§ 279.1

SECTION 4 – AUTHORITY

The Chief Risk Officer is responsible for policy assurance and oversight. As policy owner, the Ethics and Compliance manager is responsible for compliance monitoring, and updating this policy.

SECTION 5 – RELATED CORPORATE POLICIES

- EC&F 2.1 - Complaint Reporting and Anti-Retaliation
- EC&F 2.2 - Incompatible Activities
- EC&F 2.4 - Statements of Economic Interest
- EC&F 2.7 - Use of State Fund Facilities for Non-Business Activities

SECTION 6 – RELATED DEFINITIONS PROCEDURES, FORMS, & PUBLICATIONS

6.1 Definitions

- DPA - California Department of Personnel Administration
- SPB - California State Personnel Board
- USSC - United States Sentencing Commission

6.2 Related Procedures

This section intentionally left blank at this time

6.3 Forms and Publications

- Confidentiality Statement e29000
- Employee Acknowledgement SCIF 8555
- State Fund Code of Conduct

Policy EC&F 2.3	Title Business Ethics	Effective 3-2011
------------------------	------------------------------	-------------------------

SECTION 7 – HELP & ADVICE

For help and advice regarding this policy, contact the Ethics & Compliance Office via e-mail: E&Compliance@scif.com. To report ethical concerns, call the Integrity in Action Hotline at 866-294-1742.

To report suspected improper governmental activity (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
3/7/2011	3/7/11	Final QA	Comprehensive	3/2011

DRAFT