

# **Governance and Compliance Update: Code of Conduct/Supporting Policies**

## **Governance Committee – Open Agenda Item 4**

### **May 17, 2012**

**Barbara Simmons, CCEP**

# Compliance Framework\*

Oversight,  
Accountability, &  
Resources

Clear Written  
Standards of  
Conduct, Policies  
& Procedures

Effective Training,  
Communication,  
& Awareness

Consistent  
Monitoring,  
Evaluation &  
Reporting

Consistent  
Enforcement,  
Discipline, &  
Incentives

Due Care in  
Delegating  
Authority

Risk Assessment,  
Response, Continuous  
Improvement, &  
Auditing

*\*All Governance reports are grounded in this framework. Compliance model resource: USSG Ch. 8 Part B2.1(b)*

# Strategic Objective Alignment

## Corporate Strategic Objective

- ❑ **Maintain strong governance, risk management, and compliance framework.**



## Governance Goal

- ❑ **Administer the organization's compliance framework**
  - **Drive maintenance of the Code of Conduct and certification processes**
    - **Information – Employee Code of Conduct/Compliance survey result**
    - **Information – 2012 Compliance Week**
    - **Approve content revisions for 2012 Code of Conduct**
    - **Approve content revisions for key policies**
      - **EC&F 2.0 Privacy & Confidentiality**
      - **EC&F 2.1 Complaint Reporting & Anti-Retaliation**
      - **EC&F 2.3 Business Ethics**
      - **HR 4.1 Equal Employment Opportunity**
      - **HR 4.3 Sexual Harassment**

# Code of Conduct

## ***Compliance model\* alignment:*** **Effective Training, Communication, & Awareness**

- Compliance Survey
- Applying feedback to the Code and key Policies
- 2012 Compliance Week
- Targeted Code training 2012

*\*Compliance model resource: USSG Ch. 8 Part B2.1(b)*

# Code of Conduct

## ***Compliance model\* alignment:***

### **Clear Written Standards, Policies, & Procedures**

- Code of Conduct 2012
- Supporting Policy Revisions
  - Complaint Reporting & Anti-Retaliation
  - Business Ethics
  - Privacy & Confidentiality
  - Sexual Harassment
  - Equal Employment Opportunity

*\*Compliance model resource: USSG Ch. 8 Part B2.1(b)*

# Code of Conduct

## ***Compliance model\* alignment:***

### **Consistent Monitoring, Evaluation, & Reporting**

- Holistic Privacy Breach Response Plan
  - Notifications
  - Notice to government entities

### **Risk Assessment, Response, Continuous Improvement, & Auditing**

- Privacy breach risk assessment
- Action plans and gap closure

*\*Compliance model resource: USSG Ch. 8 Part B2.1(b)*

## **DISCUSSION DOCUMENT – Redline Copy**

### **Code of Conduct**

### **For All**

## **State Compensation Insurance Fund**

### **Workforce Members**

**2012**



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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; and
- Presents to the public State Fund's commitment to honesty, compliance with the law, and organizational responsibility.

Comment [b1]: Added based on feedback

#### 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, and rank and file employees; and,
- Is a living document. It will be reviewed annually to assure its information is current and relevant.

## 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
  - ◆ Flexibility
  - ◆ 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

Comment [b2]: Moved from section V to section III and simplified

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.

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. State Fund does not engage or assist in unlawful boycotts of particular customers.

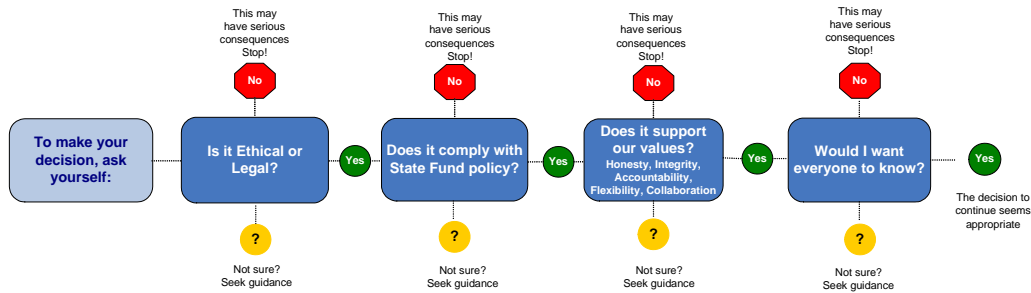
Influencing, manipulating, or misleading authorized audits, or interfering with any auditor engaged to perform an internal or independent audit of State Fund books, records, processes, or internal controls is always prohibited at State Fund.

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. 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 where the best decision is not clear, test your potential decision:**



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 department. If you feel uncomfortable asking your question, other avenues such as calling one of our hotlines is also available for that purpose. Callers to the [hotlines](#) may choose to remain anonymous.

### 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 ensure that State Fund is operated in a legally, ethically, socially, and financially responsible manner.

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

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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 in this forum, you may contact one of the available [hotlines](#) anonymously.

### V. Upholding the Law

**Comment [b4]:** Incorporates Regulatory Compliance

State Fund's commitment to integrity begins with following laws, rules, and regulations that govern its business. You must understand the company policies, laws, rules, and regulations that apply to your specific role. If you are unsure whether what you are thinking about doing is permitted by law or State Fund policy, 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.

State Fund requires that all information is recorded and reported accurately and honestly. This includes reporting your hours worked, legitimate business expenses incurred, and all other activities related to State Fund business.

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.

#### Transparency - California Public Records Act

**Comment [b5]:** Moved from Regulatory Compliance

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

**Comment [b6]:** Moved from Regulatory Compliance

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.

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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

Comment [b7]: New for 2012

#### Protecting Privacy

State Fund protects 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 securing private information to prevent its loss or unauthorized disclosure to others.

To report a loss or breach or ask a privacy question, call the toll free Privacy Hotline at (866) 294-1472 or submit your report or question directly to our Privacy Office on-line or via email to [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com). Anonymous reporting is available.

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

Comment [b8]: Link to new Copyright & Intellectual Property policy

### 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.

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. 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 members of our workforce.

Management must promptly address ethical questions or concerns raised by members of our workforce and take the appropriate steps to deal with them. Management should not consider ethics concerns as threats or challenges to their authority, but rather as another encouraged

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form of business communication. At State Fund we want the ethics dialogue to become a natural part of daily work.

### VIII. Complying with Our Corporate Policies

Corporate Policies are important for your decision-making and for 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's 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 implement applicable laws, regulations, and Bargaining Unit Memoranda of Understanding;
- Provide direction and guidance to members of the workforce 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 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,

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genetic characteristics or information, marital status, sex, gender identity and expression, age, political affiliation, past, current or prospective service in the uniformed services, or sexual orientation

**Comment [b9]:** Aligned with revised EEO policy [Link to policy.](#)

### 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

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 for you to 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 workforce members 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.



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### 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

Comment [b10]: Expanded based on questions, reports, feedback

### 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*.

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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.

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### **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. You also have the option to report confidentially to TheCalifornia State Auditor.

## 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 the 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).
- 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.

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- 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.

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.

Comment [b11]: Moved from Introduction

### 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

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

Comment [b12]: Re-emphasized anonymous reporting option.

#### Ethical Concerns

You are encouraged to address issues with management or Ethics and Labor Relations. 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.

State Fund's [Ethics Hotline](#) is available to you 24 hours a day, 7 days a week (866) 294-1472 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. You may also submit your concern online to [Ethics@scif.com](mailto:Ethics@scif.com).

The Ethics 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.

#### 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, call the toll free [Privacy Hotline](#) at (866) 294-1472 or submit your report on-line or via email to [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com). Callers to the hotline may choose to remain anonymous.

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### Retaliation Prohibited and Not Tolerated

Comment [b13]: Added to re-emphasize

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 [State Personnel Board](#).

## XV. Acknowledging the Code and Supporting Policies

You are required to sign an acknowledgement annually that you have read and understand, and will act in accordance with, State Fund's Code of Conduct. A copy of your signed acknowledgement will be included in your Official Personnel File.

## 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 this policy, talk to management, Ethics and Labor Relations, or contact any of the established [Programs](#) mentioned in the Code.

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

- Is it legal and/or ethical?
- Could my action give the impression or be interpreted as being illegal 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?

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

2012 CODE OF CONDUCT

XVII. Appendix - Resources

1. HOTLINES

<b>State Fund Ethics Hotline</b>	<b>866-294-1742</b> <b>Phone tree: press 1</b>
State Fund Privacy Hotline	866-294-1742 Phone tree: press 2
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	(916) 924-5101 <a href="mailto:Ethics@scif.com">Ethics@scif.com</a>	<a href="http://ethicslr.scif.com/">http://ethicslr.scif.com/</a>
Governance	State Fund Corporate Policies & Procedures; Copyright; State Fund Charter; Governance Guide	(888) 724-3237 <a href="mailto:corporatepolicies@scif.com">corporatepolicies@scif.com</a> <a href="mailto:copyright@scif.com">copyright@scif.com</a>	<a href="http://governance.scif.com">http://governance.scif.com</a>

**Comment [114]:** Patrick Gage number (Pm) – Pending revision

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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 - Security & Info. Mgt.	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>
Special Investigation Unit	Workers' Compensation Fraud	(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>



## DISCUSSION DOCUMENT

	<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>06/2012</b> Last Revision Date: <b>05/2011</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.

#### 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 online at [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com).

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 06-2012
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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](#)

### 2.3.1 Restricted Disclosure of Workforce Member Information

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

### 2.3.2 No Expectation of Privacy – State Fund Property and Information Systems

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 06-2012
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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.

### **2.4 State Fund Privacy Office**

State Fund's Privacy Office is authorized to:

- 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 3 – APPLICABILITY, SCOPE & BASIS**

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

### **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/lnkedsllice/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. Code Regs. Title 10, §§ 2689 et seq.	California Privacy Regulations
Cal. Insurance Code §§ 791 et seq.	Insurance Information and Privacy Protection Act

## **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.

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 06-2012
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## SECTION 5 – RELATED CORPORATE POLICIES

- EC&F 2.1 Complaint Reporting and Anti-Retaliation
- GOV 1.4 Records and Information Management
- GOV 1.5 Secure Destruction of Information
- 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.

**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.

**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.

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

**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.

<b>Policy</b> EC&F 2.0	<b>Title</b> Privacy & Confidentiality	<b>Effective</b> 06-2012
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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.

**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.

## SECTION 8 – REVIEW HISTORY

Review Date	Action Date	Action	Section(s) Revised	Effective Date
05/06/2011	05/06/2011	Final QA –dept. change Annual Review. Added 2.2.1 Private Information Collection & Use; 2.2.6 Safeguards; In 2.3.2 added "stored or transmitted on or through State Fund Information Systems"	New	05/2011
04/30/2012	04/30/2012		2.2.1; 2.2.6; 2.3.2	06/2012

## DISCUSSION DOCUMENT

		Number: <b>EC&amp;F 2.1</b>
<b>CORPORATE POLICY</b>		Owner: <b>Ethics &amp; Labor Relations</b>
Title <b>COMPLAINT REPORTING AND ANTI-RETALIATION</b>		Type: <b>Ethics Compliance &amp; Fraud</b>
		Effective Date: <b>06/2012</b>
		Last Revision Date: <b>5/2011</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).

##### 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> 06/2012
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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, Sacramento, CA 95814 or by telephone at (916) 653-1456.

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.

### 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:  
<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)

<b>Policy</b> EC&F 2.1	<b>Title</b> COMPLAINT REPORTING & ANTI-RETALIATION	<b>Effective</b> 06/2012
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**SECTION 4 – AUTHORITY**

The Senior Vice President of Human Resources 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.

**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
4/30/2012	4/30/2012	Annual Review; Added definitions for retaliation and Use of Official Authority	2.2 (all); 6	6/2012



## DISCUSSION DOCUMENT

	<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>06-2012</b> Last Revision Date: <b>5-2011</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, 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 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;

<b>Policy</b> EC&F 2.3	<b>Title</b> Business Ethics	<b>Effective</b> 06-2012
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- Reporting the receipt of all gifts in compliance with California's reporting requirements;
- 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.

#### **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  
Cal. Government Code §§ 81000-91014  
Cal. Insurance Code § 750  
Cal. Labor Code § 3219  
Cal. Labor Code § 3820  
Department of Personnel Administration Rule § 599.870

### **SECTION 4 – AUTHORITY**

The Senior Vice President of Human Resources is responsible for policy assurance and oversight. As policy owner, the Ethics and Labor Relations Program 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 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.

**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.

<b>Policy</b> EC&F 2.3	<b>Title</b> Business Ethics	<b>Effective</b> 06-2012
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**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/Privacy 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
3/7/2011	3/7/11	Final QA <i>Revision to track functional department changes -Ethics &amp; Labor Relations; added Code of Conduct definition; e8555 form title.</i>	Comprehensive	3/2011
05/13/2011	05/13/2011	Annual Review. Added clarifying policy statement to 2.2; replaced "employee" with "State Fund Workforce" throughout	2.2; 4; 6.1; 6.3; 7	5/2011
04/27/2012	04/27/2012		2.2	6/2012

DRAFT 04/20/2012

## DISCUSSION DOCUMENT

	<h1>CORPORATE POLICY</h1>	Number: <b>HR 4.1</b> Owner: <b>Organizational Development</b> Type: <b>Human Resources</b> Effective Date: <b>06/2012</b> Last Revision Date: <b>03/2011</b>
Title <b>EQUAL EMPLOYMENT OPPORTUNITY</b>		

### SECTION 1 – PURPOSE

To provide equal 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 and harassment.

#### 2.1 Discrimination Prohibited

Discrimination or harassment against individuals because of their membership in or association with a protected group is unlawful and prohibited by State Fund.

A protected group is 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, citizenship, ancestry, physical disability, mental disability, medical condition, genetic characteristics or information, marital status, sex, gender identity and expression, age, political affiliation, past, current or prospective service in the uniformed services, or sexual orientation.

#### 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 Retaliation Prohibited and Not Tolerated

Employees who file complaints of discrimination or harassment, those who provide assistance to someone filing a complaint, or those participating in a discrimination or harassment investigation, are assured of freedom from retaliation or reprisal for using the complaint procedure.

#### 2.5 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.

<b>Policy</b> HR 4.1	<b>Title</b> Equal Employment Opportunity	<b>Effective</b> 6-2012
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### **SECTION 3 – APPLICABILITY, SCOPE & BASIS**

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

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

- Title VII of the Civil Rights Act of 1964
- Civil Rights Act of 1991
- 29 USC 791, et seq Rehabilitation Act of 1973,. and as amended by ADA
- 42 USC 12101, et seq. Americans with Disabilities Act of 1990 (ADA)
- Americans with Disabilities Amendment Act of 2008
- Cal. Government Code: §12900, §§ 12925-12928, §§ 12940-12951, §§ 19230-19237, §§ 19400-19406, §§ 19790-19799.

### **SECTION 4 – AUTHORITY**

The Senior Vice President of Human Resources is responsible for policy assurance and oversight. The Organizational Development Program Manager, as policy owner, is responsible for compliance with and enterprise monitoring of this Corporate Policy.

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

HR 4.3 Sexual Harassment

### **SECTION 6 – DEFINITIONS**

**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.

**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.

**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, citizenship, physical disability, mental disability, medical condition, genetic characteristics or information, marital status, sex, gender identity and expression, age, political affiliation, past, current or prospective service in the uniformed services, 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.

<b>Policy</b> HR 4.1	<b>Title</b> Equal Employment Opportunity	<b>Effective</b> 6-2012
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**SECTION 7 – HELP & ADVICE**

If you have questions about this Corporate Policy, please contact the Equal Employment Opportunity Unit at 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	3-2011
04/30/2012	04/30/2012	Updated definition of protected group to align with current law	2.1; 6	06-2012

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## DISCUSSION DOCUMENT

		Number: <b>HR 4.3</b> Owner: <b>Organizational Development</b> Type: <b>Human Resources</b> Effective Date: <b>06/2012</b> Last Revision Date: <b>03/2011</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 No Sexual Harassment

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 Retaliation Prohibited and Not Tolerated

Employees who voice concerns or file sexual harassment complaints, those who provide assistance to someone filing a complaint, or those participating in a sexual harassment investigation, are assured of freedom from retaliation or reprisal for using the complaint procedure.

#### 2.4 Investigation of Complaints

Complaints harassment will be promptly, fairly and objectively investigated. An individual may also bring a complaint by calling or writing the California Department of Fair Employment and Housing ("DFEH"). The local offices are listed in the telephone directory or on the DFEH's website. The DFEH has the authority to investigate complaints, attempt to mediate disputes, hold hearings and, if illegal harassment has been found to occur, to order various remedies.

#### 2.5 Disciplinary Action

Individuals found to have engaged in inappropriate or unprofessional 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> 06-2012
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### **SECTION 3 – APPLICABILITY, SCOPE & BASIS**

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

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

Title VII of the Civil Rights Act of 1964

Civil Rights Act of 1991

Cal. Government Code, §§ 12940 et. seq.

Cal. Code of Regulations, Title 2, § 7287.6, § 7291.1

### **SECTION 4 – AUTHORITY**

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

HR 4.1 Equal Employment Opportunity

### **SECTION 6 – DEFINITIONS**

**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 or physical conduct of a sexual nature 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. 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;

(c) Physical conduct, such as assault, unwanted touching, blocking normal movement or interfering with work because of an individual's gender;

(d) 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.



<b>Policy</b> HR 4.3	<b>Title</b> Sexual Harassment	<b>Effective</b> 06-2012
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**SECTION 7 – HELP & ADVICE**

If you have questions about this Corporate Policy, please 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
03/07/2011	03/08/2011	QA Final	Comprehensive	3-2011
04/30/2012	04/30/2012	Updated definition of Sexual Harassment	6	06-2012

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