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Date: May 9, 2014

TO: MEMBERS, GOVERNANCE COMMITTEE

I. AGENDA ITEM # AND TITLE :	Open Agenda Item 4 - Governance, Compliance & Privacy
II. NAME AND PROGRAM:	Barbara Simmons - Governance, Compliance & Privacy
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

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

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

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

Clear Written Standards of Conduct, Policies & Procedures

2014 Code of Conduct

The Code of Conduct promotes State Fund’s values, behavior expectations, and standards promoting honest and ethical conduct to prevent and detect illegal conduct. The 2014 Code is posted online internally for access by all employees and externally on www.statefundca.com for access by members of the public.

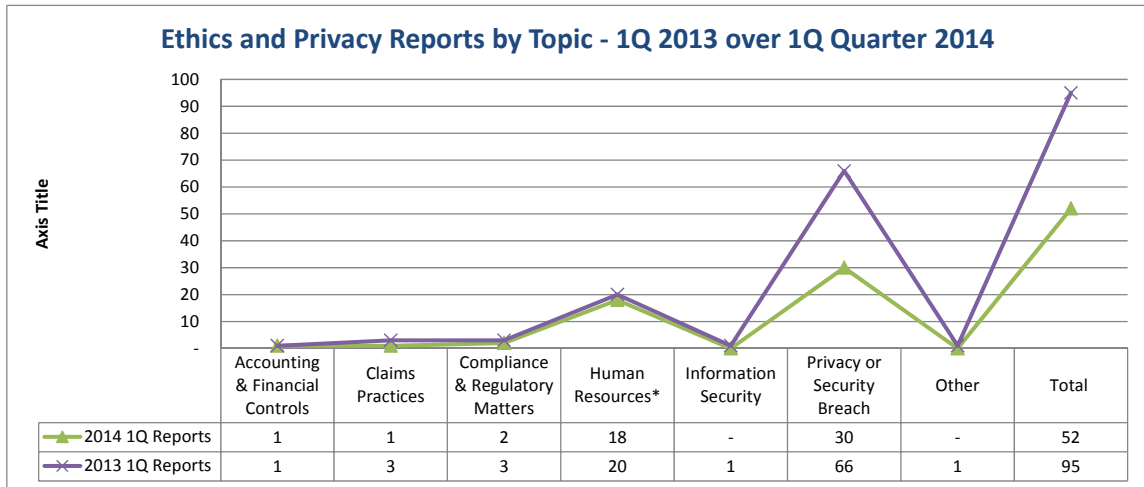
2014 Code Training and Certification

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

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

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

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



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

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

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

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

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

VII. RECOMMENDATION: N/A

VIII. PRESENTATION EXHIBITS:

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

APPENDIX I: 2014 Code of Conduct Posting

www.statefundca.com

The screenshot shows the State Fund website's home page. The navigation bar includes links for 'About', 'Obtain a Policy', 'Claims Services', 'Safety & Seminars', 'Forms', and 'Careers'. A search bar and 'LOG IN'/'SIGN UP' buttons are also present. The main content area features a 'Code of Conduct' section with a list of topics: Code of Conduct, Privacy & Confidentiality, Complaint Reporting and Anti-Retaliation, Incompatible Activities, Business Ethics, Statement of Economic Interests and Financial Disclosure, Use of State Fund Facilities for Non-Business Activities, Equal Employment Opportunity, Sexual Harassment, and Close Personal Relationships. A sidebar on the left contains a 'History' menu and 'State Fund Quick Links' for Annual Reports, Leadership, and Community.

The screenshot displays the '2014 Code of Conduct For All State Fund Employees' page. The header features the State Fund logo and a '100th Anniversary' badge. The page is divided into two columns. The left column, titled 'Code Contents', lists various sections with right-pointing arrows: President's Message, Our Code of Conduct, State Fund's Vision, Values, and Purpose, What's New in this Edition of the Code (including Being Ethical, Ethics Decision Tree, and Governing State Fund), Communicating Openly and Honestly, Upholding the Law, Protecting and Respecting Information, Being a Responsible Member of the Workforce, and Complying with our Corporate. The right column contains a letter from the President, starting with 'Dear Colleagues,' and discussing the company's 100th anniversary and commitment to ethical standards. A portrait of a woman is visible on the right side of the page.