

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

Governance, Compliance & Privacy Program Manager Barbara Simmons reported on the following:

New Legislation – SB 396 (Lara) – Transgender Work Opportunity Act

This legislation amended the Government and Unemployment Insurance Codes to prohibit employment discrimination based on gender orientation; requires biennial sexual harassment supervisor training to include training related to gender identity and expression, and sexual orientation; and requires display of the Department of Fair Employment and Housing's (DFEH) poster about transgender rights in employee locations.

State Fund in compliance with SB 396 posted the new DFEH poster in all locations where employee notices are maintained; reviewed the Code of Conduct and Corporate Policies for compliance; and assured 2019 supervisor anti-harassment training contains the required orientation components.

2017 Own Risk and Solvency Assessment (ORSA) Report

State Fund submitted its ORSA report, as attested by the Chief Risk Officer, to the California Department of Insurance on November 28, 2017. As allowed under the Insurance Code, the ORSA report will be referenced in State Fund's Corporate Governance Annual Disclosure due June 1, 2018.

2017 Compliance Training

State Fund achieved its goal. 99% active employees and 100% consultants completed mandatory compliance training.

Ethics and Privacy Reported Issues

Hotline reporting remained steady at 16% of reported issues (27 of 173), which is in line with the national average for hotline reporting versus other sources.

The reporting volume increased by 21% in second half (47) compared to first half of 2017 (39), which can be attributed to the April 2017 message to State Fund about the hotline as a safe zone. Human Resources issues continue to be the most reported category.

Compliance Framework

State Fund's Compliance Framework (Framework) reflects State Fund's commitment to be an honest, legally compliant, and responsible organization. The framework aligns with the U.S. Sentencing Commission's seven essential elements of an effective compliance & ethics program:

1. Oversight, Accountability & Resources
2. Standards of Conduct, Policies, & Procedures
3. Effective Training, Communications, & Awareness
4. Consistent Monitoring, Evaluation & Reporting
5. Due Care in Delegating Authority
6. Consistent Promotion & Enforcement
7. Risk Assessment, Response, Continuous Improvement, & Auditing

To assist the Board in overseeing the execution of the Framework, a series of questions to ask, arranged by the Guidelines' seven elements, has been compiled by the Governance, Compliance, Privacy unit for reference and use. The materials were included in the Committee materials.

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 10

Mr. Mulryan requested public comment on the appropriateness of Closed Session for agenda items 8 through 10, of which there was none.

AGENDA ITEM 6: PUBLIC COMMENT

Mr. Mulryan requested further public comment, of which there was none. The Governance Committee immediately convened into Closed Session at 8:15 a.m.

AGENDA ITEM 11: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:15 a.m. and the following Members were present: Mr. Mulryan (Chair); Robin L. Baker; Sheryl A. Chalupa; Daniel M. Curtin; and Thomas E. Rankin.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 12: COMMITTEE MEMBER PRESENTATIONS

Mr. Mulryan requested presentations from the Committee members, of which there were none.

AGENDA ITEM 13: PROPOSALS AND SUGGESTIONS FOR MAY 24, 2018 AGENDA

Mr. Mulryan requested suggestions for agenda items for the May 24, 2018 Governance Committee meeting other than the standing agenda items, of which there was none.

Mr. Mulryan also requested public comment, of which there was none, and he noted that the next Governance Committee meeting is scheduled for May 24, 2018 at the State Fund Office, Pleasanton, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Governance Committee, the meeting adjourned at 11:20 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary