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Date: May 13, 2016

**TO: MEMBERS, GOVERNANCE COMMITTEE**

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

**V. EXECUTIVE SUMMARY:**

2016 Code of Conduct proposed revisions are based on feedback of employees and managers representing departments across the organization and present a value driven Code. First quarter compliance reporting includes ethics and privacy reported allegations, Statement of Economic Interest compliance, and 2016 compliance training.

**VI. ANALYSIS:**

The following summarizes compliance related activity for the period and is in alignment with the Compliance Model<sup>1</sup>:

**Clear Written Standards of Conduct, Policies & Procedures**

**2016 Code of Conduct**

The Code of Conduct promotes State Fund’s values, standards, and behavior expectations to support a culture that encourages ethical conduct and a commitment to compliance with the law.

The 2016 edition (Appendix III) focuses on State Fund’s values<sup>2</sup> and drivers, including “Doing the Right Thing”. The edition updates and clarifies sections related to ethics, personal information, and disclosing conflicts of interest. Added this year: (1) expanded gift section aligning with the Fair Political Practices Commission<sup>3</sup> regulations and the California Government Code Incompatible Activities<sup>4</sup>, and (2) new monetary loan subsection within Incompatible Activities.

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

<sup>2</sup> State Fund values: Honesty; Integrity; Accountability; Collaboration; and Adaptability

<sup>3</sup> Title 2, Div. 6, CCR § 18940

<sup>4</sup> Cal. Gov’t Code § 19990

## Effective Training, Communication, and Awareness

### Statement of Economic Interest (Form 700) Annual Filing Compliance

Statutory<sup>5</sup> annual filing with the Fair Political Practices Commission (FPPC) was completed for Board members, and the CEO, CIO, and CFO positions. 100 percent compliance was achieved for active employees and consultants who are designated filers in State Fund's Conflict of Interest Code.

**Table 1: Form 700 Compliance**

Form 700 Designated Filers	# Submissions	# Form 700s Outstanding Active Members	Active Workforce Compliance Rate	# Form 700s Outstanding Inactive/Separated Members
Board of Directors	12	-	100%	-
Employees	3,459	-	100%	101
Consultants	280	-	100%	14
<b>Total</b>	<b>3,751</b>	<b>-</b>	<b>100%</b>	<b>115</b>

### 2016 Compliance Training

State Fund's training program covers both compliance issues and values-based ethical decision making. Regular training promotes understanding by our workforce of the laws and standards by which State Fund operates.

In 2016, training is comprised of the Code of Conduct and Acknowledgement, Security and Privacy Awareness and Proprietary System Acknowledgement, and Anti-Fraud. All training is to be completed by December 31.

**Table 2: Training Schedule**

Training Module	Audience	Statute or Standard	Anticipated Release
Security & Privacy Awareness & Proprietary System Acknowledgement	All State Fund Workforce Members	NIST SP 800-50 <sup>a</sup> & NIST SP 800-53 <sup>b</sup> & PCI v3.1 <sup>c</sup>	June Q2
Code of Conduct & Acknowledgement	All State Fund Workforce Members	USSG Ch. 8, Part B § 8B2.1	August Q3
Anti-Fraud	Integral anti-fraud personnel with duties including processing, investigating, or litigating payment or denial of a claim, application for adjudication or application for insurance.	10CCR § 2698.39 (c)(2)	September Q3

<sup>a</sup>NIST SP 800-50: National Institute of Standards and Technology. Building an IT Security Awareness and Training Program

<sup>b</sup>NIST SP 800-53. National Institute of Standards and Technology. Security and Privacy Controls

<sup>c</sup>PCI v 3.1. Payment Card Industry Data Security Standards

<sup>5</sup> Cal. Gov't Code § 87200

State Compensation Insurance Fund

Governance Committee – May 26, 2016

Open Agenda Item 4 – Governance, Compliance and Privacy Update

## National Data Privacy Day

2016 was our fourth year of participation in National Privacy Day, an event designed to educate and raise awareness about the importance of protecting privacy. This year, in addition to providing privacy protection tips, employees shared stories about how privacy incidents impacted them during the past year.

## Copyright, Trademark, and Other Intellectual Property Awareness

Respect for the intellectual property of others enhances State Fund's reputation and reduces legal risk of infringement. We launched quarterly messaging and training for departments who use creative works to enhance awareness and improve compliance. Training is in partnership with our copyright license vendor, the Copyright Clearance Center.

Copyright is an exclusive right of ownership to an original creative work by its author, including the right to display, perform, distribute, and make copies of the work. It automatically protects creative work once it is recorded or fixed in any physical form or type of expression in any place, including in electronic format. Copyright is protected by the U.S. Constitution<sup>6</sup> and U.S. Copyright Law<sup>7</sup>. Trademarks protect words, names, symbols, sounds, and/or colors that distinguish a product's source or quality and are protected by U.S. law.<sup>8</sup>

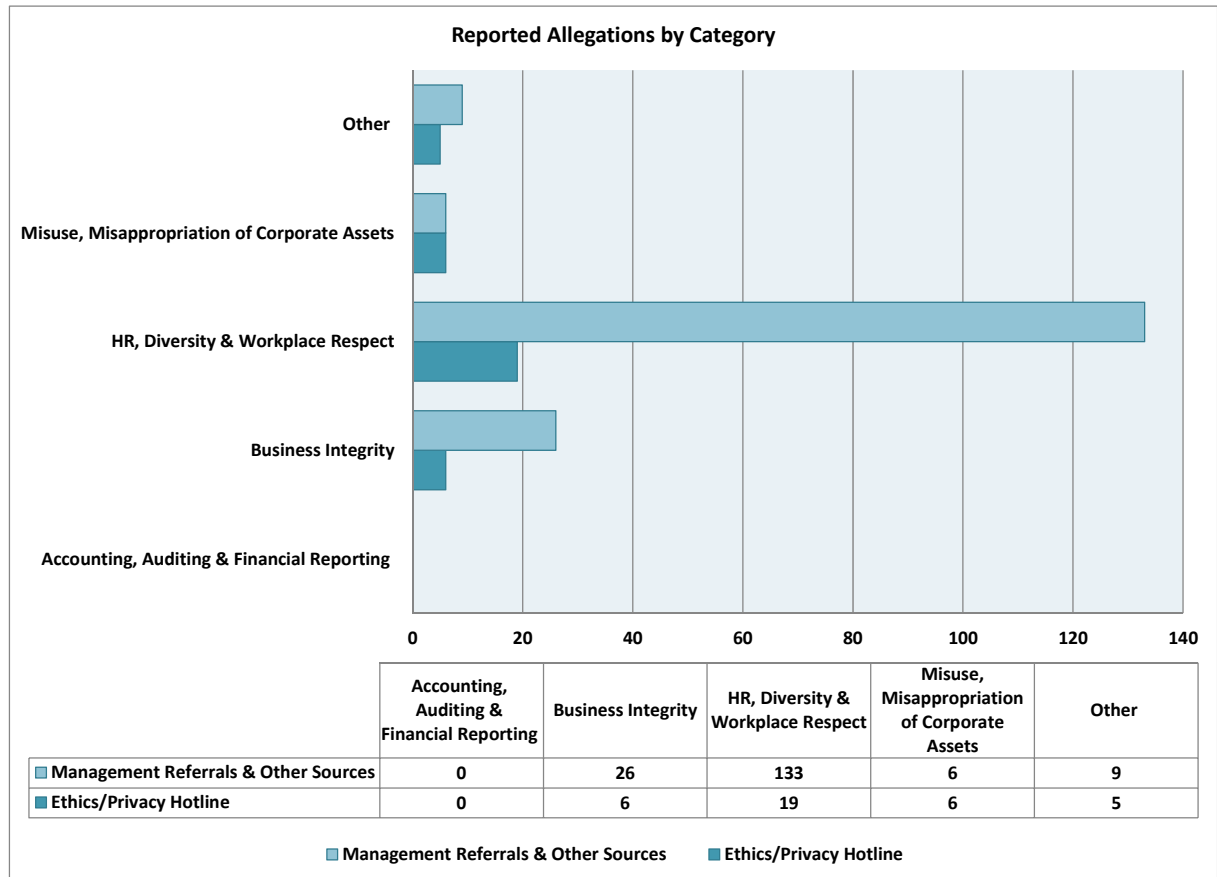
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<sup>6</sup> Article 1 §8, clause 8: *"To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."*

<sup>7</sup> 17 U.S.C. § 101 et seq.

<sup>8</sup> 15 U.S.C. § 1051 et seq.

**Consistent Monitoring, Evaluation, and Reporting**  
**Ethics & Privacy Reported Issues**  
**Chart 1: Allegations Referred Q1 2016**



**Appendix:**

- I: Report Allegation Category Definitions**
- II: Discussion Document – Summary of Proposed Changes – Code of Conduct**
- III. 2016 Code of Conduct**

## **APPENDIX I. Report Allegation Categories and Definitions**

**Accounting, Auditing, and Financial Reporting:** Forgery, Accounting and Financial Control

**Business Integrity:** Falsifying Records, Privacy and Data Security Incidents, Theft, Compliance and Regulatory Matters, Information Security, Vendor Relations, Claims, Policy, Legal, and Other Business Practices

**HR, Diversity and Work Place Respect:** Attendance, Code of Conduct Violation, Conflict of Interest, Equal Employment Opportunity-Discrimination, Retaliation and Sexual Harassment, Favoritism, Inappropriate / Offensive Behavior, Hiring Practices, Performance

**Misuse, Misappropriation of Corporate Assets:** Fraud, Misuse / Abuse of Time or Resources

**Other:** Types of misconduct that fails to fall into the above categories such as Safety, Assault or Environmental Protection Compliance.



## APPENDIX II

### DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE

Summary of Proposed Changes to  
State Compensation Insurance Fund  
2016 *Code of Conduct*

[Proposed] Revisions to be Approved:  
Governance Committee: May 26, 2016  
Board of Directors: May 26, 2016

*The following summarizes the proposed revisions to the Code of Conduct to be adopted by State Fund's Board of Directors.*

Section	Major Revisions
<b><i>State Fund Vision, Purpose, and Values</i></b>	Moved Values section to its own page and added definitions for each of the five values.
<b><i>I. Governing State Fund</i></b>	Moved to Section I and added functional statement.
<b><i>III. Being Ethical &amp; Doing the Right Thing</i></b>	<ul style="list-style-type: none"> <li>▪ Changed to Being Ethical &amp; Doing the Right Thing.</li> <li>▪ Added sentence to third paragraph “Your drive for problem solving, wise decision making, and desire to do the right thing when doing your job creates this trust”.</li> <li>▪ Revised language in paragraph 5 to improve readability and flow.</li> <li>▪ Added “internal auditor” and “project management professional” to Professional Code of Ethics subsection. Changed “compliance officer” to “compliance professional”.</li> </ul>
<b><i>VI. Protecting &amp; Respecting Information</i></b>	<ul style="list-style-type: none"> <li>▪ Updated to reflect the definition of personal information as described in California law [Cal. Civil Code § 1798.80(e)].</li> <li>▪ References to private information updated to personal information.</li> <li>▪ Respecting the Works of State Fund and Others subsection – added information about the extent of copyright and its protections.</li> </ul>
<b><i>VIII. Complying with Our Corporate Policies</i></b>	Paragraph 1: Changed “good decision making” to “doing the right thing” for consistency.
<b><i>XI. Working in a Safe &amp; Healthy Environment</i></b>	Added Imminent Danger subsection and definition. Clarified reporting priorities.



## APPENDIX II

Section	Major Revisions
<b><i>XII. Disclosing Conflicts of Interest</i></b>	<ul style="list-style-type: none"><li>▪ Added Gifts subsection and its definition with relationship to Fair Political Practices Commission regulations and the Article 10 California Government Code Activities section.</li><li>▪ Moved gift example from Incompatible Activities.</li></ul>
<b><i>XIII. Avoiding Incompatible Activities</i></b>	<ul style="list-style-type: none"><li>▪ Added subsection pertaining to Monetary Loans.</li><li>▪ Updated Using State Fund Information Systems subsection to reflect adoption of an Annual Proprietary System Notice and Acknowledgement.</li></ul>

# Code of Conduct

For All

State Compensation Insurance Fund

Workforce Members

**DRAFT 2016**



REVISED - 4/1/2016 Most current version is located at: <http://governance.scif.com>

State Compensation Insurance Fund  
Governance Committee – May 26, 2016  
Open Agenda Item 4 – Governance, Compliance and Privacy Update  
Attachment: Copy of Draft 2016 Code of Conduct



## Table of Contents

<b>WHAT'S NEW IN THE 2016 CODE</b>	<b>3</b>
<b>OUR CODE OF CONDUCT</b>	<b>4</b>
<b>STATE FUND'S VISION AND PURPOSE</b>	<b>5</b>
<b>STATE FUND'S VALUES</b>	<b>6</b>
<b>I. GOVERNING STATE FUND</b>	<b>7</b>
<b>II. MAINTAINING TRUST AND CREDIBILITY</b>	<b>7</b>
<b>III. BEING ETHICAL &amp; DOING THE RIGHT THING</b>	<b>7</b>
<b>ETHICS &amp; DOING THE RIGHT THING DECISION TREE</b>	<b>8</b>
<b>IV. SHARING YOUR IDEAS</b>	<b>9</b>
<b>V. UPHOLDING THE LAW</b>	<b>9</b>
<b>VI. PROTECTING AND RESPECTING INFORMATION</b>	<b>10</b>
<b>VII. BEING A RESPONSIBLE MEMBER OF THE WORKFORCE</b>	<b>12</b>
<b>VIII. COMPLYING WITH OUR CORPORATE POLICIES</b>	<b>12</b>
<b>IX. PROVIDING EQUAL EMPLOYMENT OPPORTUNITY</b>	<b>12</b>
<b>X. PROHIBITING HARASSMENT OR DISCRIMINATORY CONDUCT</b>	<b>13</b>
<b>XI. WORKING IN A SAFE AND HEALTHY ENVIRONMENT</b>	<b>13</b>
<b>XII. DISCLOSING CONFLICTS OF INTEREST</b>	<b>14</b>
<b>XIII. AVOIDING INCOMPATIBLE ACTIVITIES</b>	<b>17</b>
<b>XIV. VOICING YOUR LEGAL, ETHICAL, OR PRIVACY CONCERNS</b>	<b>21</b>
<b>XV. ACKNOWLEDGING AND SUPPORTING THE CODE AND RELATED POLICIES</b>	<b>22</b>
<b>XVI. REVIEWING IMPORTANT POINTS OF THE CODE</b>	<b>22</b>
<b>XVII. APPENDIX - RESOURCES</b>	<b>23</b>

## What's New in the 2016 Code

<b>Section</b>	<b>Major Revisions</b>
<b>State Fund Vision, Purpose, and Values</b>	<i>Moved Values section to its own page and added definitions for each of the five values.</i>
<b>I. Governing State Fund</b>	<i>Moved to Section I and added functional statement.</i>
<b>III. Being Ethical &amp; Doing the Right Thing</b>	<ul style="list-style-type: none"> <li>• <i>Changed to: Being Ethical &amp; Doing the Right Thing.</i></li> <li>• <i>Added sentence to third paragraph “Your drive for problem solving, wise decision making, and desire to do the right thing when doing your job creates this trust”.</i></li> <li>• <i>Revised language in paragraph 5 to improve readability and flow.</i></li> <li>• <i>Added “internal auditor” and “project management professional” to Professional Code of Ethics subsection. Changed “compliance officer” to “compliance professional”.</i></li> </ul>
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<b>VIII. Complying with Our Corporate Policies</b>	<i>Paragraph 1: Changed “good decision making” to “doing the right thing” for consistency.</i>
<b>X.I Working in a Safe &amp; Healthy Environment</b>	<i>Added Imminent Danger subsection and definition. Clarified reporting priorities.</i>
<b>XII. Disclosing Conflicts of Interest</b>	<ul style="list-style-type: none"> <li>• <i>Added gift section and its definition with relationship to Fair Political Practices Commission regulations and the Article 10 California Government Code Activities section.</i></li> <li>• <i>Moved gift example from Incompatible Activities.</i></li> </ul>
<b>XIII. Avoiding Incompatible Activities</b>	<ul style="list-style-type: none"> <li>• <i>Added subsection related to monetary loans.</i></li> <li>• <i>Updated Using State Fund Information Systems subsection to reflect adoption of an Annual Proprietary System Notice and Acknowledgement.</i></li> </ul>

## OUR CODE OF CONDUCT

### ***Our Code of Conduct (Code):***

- Defines State Fund values.
- Guides you to make honest, ethical, and right decisions at work.
- Shows everyone State Fund's commitment to be an honest, legally compliant, and responsible company.
- Is a living document to use in your everyday work; to share ideas and to ask questions about so we can all make State Fund a better place to work.

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## State Fund's Vision and Purpose

### **Vision**

To become California's workers' compensation carrier of choice.

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### **Purpose**

State Fund's purpose is to provide fairly-priced workers' compensation insurance, make workplaces safe, and restore injured workers.

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## State Fund's Values

Our values are the guiding force for our culture and the quality of service we provide to our internal and external customers.

- **Honesty**
    - Acting and communicating clearly, carefully, and with accuracy in a constructive and respectful way.
  - **Integrity**
    - Doing what is right regardless of who is watching; putting State Fund's purpose ahead of all conflicting interests and adhering to the organization's Code of Ethics.
  - **Accountability**
    - Taking responsibility for the quality of one's own work, admitting mistakes, taking ownership of consequences without excuses, and following through on commitments.
  - **Adaptability**
    - Ability to accept and embrace changes in one's environment and make personal changes in response.
  - **Collaboration**
    - Working beyond silos with stakeholders to bring about a quality result; actively listening to other contributors, speaking in one voice with team, and supporting final outcomes.
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## I. Governing State Fund

State Fund rests on a solid business foundation when our leaders value our policies and procedures and are accountable for what they do. State Fund Governance provides the set of laws, policies, and processes used to run our business.

The Board of Directors provides leadership to ensure that State Fund operates in a legal, ethical, socially, and financially responsible manner consistent with our purpose and values, management philosophy, investment policy, and regulatory requirements. The Board of Directors (Board) has full power, authority and jurisdiction over State Fund to perform the actions necessary to meet these goals.

Oversight is achieved through Board of Director meetings, the Board's committees, State Fund's officers, and other members of the Executive Committee. Consistent with good corporate governance, the Board has delegated authority to the President to allow him to administer, manage and conduct the day-to-day business and affairs of State Fund.

For the Code of Conduct, the Board:

- Authorizes having a Code of Conduct.
- Reviews and approves Code revisions.
- Approves and supports the Code's final content.
- Approves material changes to Corporate Policies supporting the Code.

## II. Maintaining Trust and Credibility

State Fund's success depends on people trusting and having confidence in us. When we do what we say we will do with honesty, integrity, and honor, we gain the trust of the public, our customers, and our employees. How successful we are as a company depends on keeping our commitments and acting honestly to reach our goals.

It is easy to set out rules at State Fund, but the proof lies in how you act every day at work. People will evaluate us on how we conduct our day-to-day business.

You must treat your job at State Fund as a public trust. To do that, you must avoid conflicts of interest and provide a good example of public service. When you make it a practice to think about and bring up (1) your ideas to improve State Fund or (2) your concerns about ethical conduct, you carry out your duty as a public servant and help State Fund reflect its values.

## III. Being Ethical & Doing the Right Thing

State Fund trusts you to show the highest standards of ethical and professional conduct and personal integrity when doing your job. When you make good choices that uphold our values, you make a difference.

State Fund is dedicated to ethical, fair, and responsible competition. We sell workers' compensation insurance based on merit, superior quality, usefulness, and fair pricing. We make independent pricing and marketing decisions. We do not improperly cooperate or coordinate activities with our competitors. We do not violate our ethical standards to get a certain business result. We also do not engage or help in unlawful boycotts of customers.

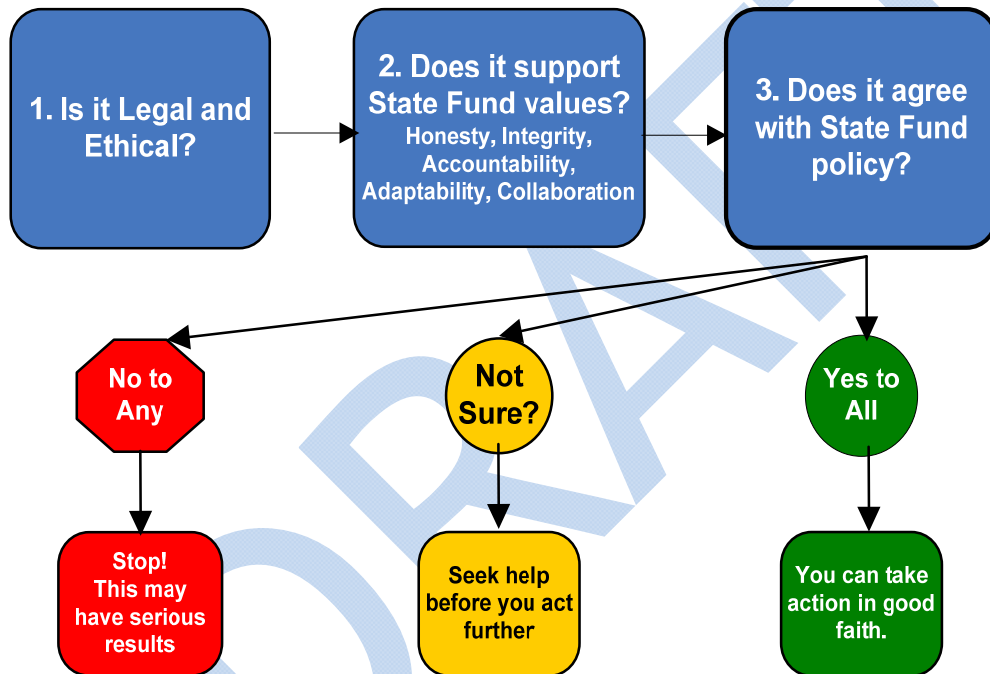
It is vital for the public and our stakeholders to trust the work we do at State Fund. *Your drive for problem solving, wise decision making, and desire to do the right thing when doing your job creates this trust.*

At work, you must have the courage to tackle tough decisions and make difficult choices. You can feel assured that State Fund supports your decisions when you act in good faith. Be fair in what you do, considering how others may perceive it. At times you may have to do more than simply what the law requires. Acting a certain way just because you *can* does not mean ethically you *should* do so.

Use our [Decision Tree](#) to help you make wise and ethical decisions.

## Ethics & Doing the Right Thing Decision Tree

When you need to choose how to act at State Fund, ask yourself these three questions:



If you think an action may violate the law, State Fund’s standards for ethics and values or policies, you have a responsibility to tell someone. You can reach out to a variety of resources for assistance.

Resources available to you include:

- Supervisors, Managers, **Senior Leaders**; **or**
- Human Resources at by email at [ethics@scif.com](mailto:ethics@scif.com), [online at AskHR](#) or calling (800) 499-8668.
- If you feel uncomfortable using these channels, you can report anonymously to our independent Ethics Hotline by calling (866) 294-1742 or submitting your question or concern [online](#).

Remember asking questions and raising concerns to improve State Fund helps uphold State Fund's integrity. It is important that you do not view such actions as acting against your co-workers, managers, or department.

### Professional Codes of Ethics or Rules

If you have a job such as an attorney, accountant, [internal auditor](#), medical professional, [compliance professional](#), or [project management professional](#), you must follow codes of behavior for your profession. You must follow State Fund's Code of Conduct in addition to other professional codes, if they apply to you.

## IV. Sharing Your Ideas

When you raise ideas to make State Fund a better place or bring up questions you can prevent making mistakes or wrong choices, something that benefits State Fund.

If you are a manager:

1. Set the tone and create an open environment so others feel at ease raising their concerns.
2. Consider moving employee ideas forward.

State Fund provides a place for everyone to share ideas to improve our business through the Bright Ideas section of our [RAVE site](#). Many departments also have ways to share ideas, such as physical or electronic suggestion boxes.

You can share ideas or raise concerns anonymously, without fear of retaliation, through available [hotlines](#) or [online](#).

## V. Upholding the Law

When you know and follow laws and rules that apply to your job at State Fund, you support our commitment to integrity. Laws and rules affect all State Fund business activities.

If you feel unsure about your legal duties, seek advice from an [appropriate resource](#). When you raise a concern, State Fund will address it. You have a duty to speak up if you notice possible legal violations and to cooperate during investigations.

State Fund has many laws to follow. For example, the information in our financial records, statements, and reports must accurately reflect our financial condition, be prepared in accord with laws and statutory accounting practices, and be filed timely. State Fund Officers must attest that our financial reports are accurate and complete when issuing them.

State Fund also complies with the collective bargaining agreements and laws. State Fund cooperates with CalHR and union representatives to negotiate labor contracts for State Fund employees.

### Transparency - California Public Records Act

State Fund is committed to comply fully with the California Public Records Act (CPRA) and other laws governing the disclosure of records. We must follow the law by responding when



anyone submits a public records request to us. State Fund authorizes only the Public Records Office (PRO) to evaluate, respond to, and manage State Fund's public record requests. Since public records requests have important time limits, make sure to send requests you may get to our PRO right away.

You can also request public records from State Fund under CPRA. State Fund cannot retaliate if you exercise these rights.

### Transparency - Bagley-Keene Open Meeting Act

State Fund is subject to the Bagley-Keene Open Meeting Act. This act makes certain meetings open to the public, such as meetings of the Board and the Board Committees of Audit, Governance, and Investment. Having open meetings helps keep government accountable and transparent and protects citizens' rights to take part in State government.

You have the same rights as the public under the Act. State Fund cannot retaliate if you exercise these rights.

## VI. Protecting and Respecting Information

### Protecting Personal Information

The [California Constitution](#) says every person has an inalienable right to privacy. Because we process and use private information in our work every day, you have the daily responsibility to think about privacy and information security.

You are entrusted to protect personal information we own, maintain, or send to others in our daily work. Protecting information also means collecting or sending out only the personal information needed for doing business. Our obligation extends to personal information we send to vendors and other third parties who help us conduct business.

### What is Personal Information?

Personal information in California is any information that identifies, relates to, describes, or is capable of being associated with a particular person.

Personal information means:

A person's first name or first initial and last name in combination with any one or more of the following:

- Social security number.
- Address.
- Telephone number.
- Passport number, driver's license number or state identification card number.
- Financial account numbers or any other financial information.
- Medical information.
- Health insurance information.
- Unique human physical characteristics.
- Insurance policy or claim number.
- Education, employment or employment history.

Personal information does not include:

- Publicly available information lawfully made available to the general public from federal, state, or local government records.

Remember to only access, give out, or discuss **personal** information if you have an authorized business reason to do so. Preventing unauthorized release of personal information helps protect State Fund and our stakeholders.

**Example:**

*A former State Fund co-worker called and asked me to look up his friend's claim and provide him status on it. The former co-worker now works for another insurance company and is not part of the friend's claim. Should I provide the information?*

Answer: No.

Before you release any personal information, make sure you:

- 1. Verify who the person is **and**
- 2. Confirm the person is authorized to get that information **and**
- 3. Follow State Fund's procedures for releasing information.

You are accountable to restrict release of personal information to authorized individuals under California and Federal laws and State Fund's Policies.

To report a suspected privacy incident, you can contact the Privacy Office directly by calling (888) 724-3237 or by email at [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com). You may also raise your concerns anonymously, by calling the Privacy Hotline toll-free anytime at (866) 294-1742 or [online](#). We will provide you with a "safe landing spot" if you wish to report incidents or raise questions or concerns.

The [Privacy Office](#) provides you with resources for privacy protection.

## Respecting the Works of State Fund and Others

State Fund protects and keeps private its trade secrets and proprietary information up to the maximum extent allowed by law. **State Fund does not infringe on the copyright interests, trademarks, or patented works (processes, machinery or designs) of third parties.**

Copyright is:

- An exclusive right of ownership to an original creative work by its author, including the right to display, perform, distribute, and make copies of the work.
- The right of the owner to protect their work from unauthorized or unlicensed use.
- Protected by the U.S. Constitution and U.S. Copyright Law.

Works are **automatically** copyrighted whether or not the **author** registers the copyright or whether the work bears the word "copyright" or the "©" symbol.

Before you use or send to others material or images that may be copyrighted, trademarked, or patented, contact the Governance department at [Copyright@scif.com](mailto:Copyright@scif.com) to make sure you have the permission to do so.

The [Copyright Office](#) provides resources about copyrights and how to obtain permission to use creative works of others.

## VII. Being a Responsible Member of the Workforce

You are a vital part of State Fund. You make State Fund a better place to work by treating others with respect and dignity. We trust you will avoid exaggeration, insulting remarks, or improper descriptions of people and companies. When you act fairly, ethically, and responsibly at work, you reflect State Fund's values.

If you are a manager:

1. Create a workplace that values doing the right thing. In any business, ethical behavior does not simply happen. It starts with the tone at the top. Leaders model by example and communicate clear and direct expectations for action.
2. Promptly and correctly address ethical concerns raised by Workforce members. Avoid viewing ethical concerns as threats or challenges to authority.
3. Encourage ethical dialogue as a natural part of your daily work.

## VIII. Complying with Our Corporate Policies

Corporate Policies set State Fund's standards for **doing the right thing** and for our success. They assure that our business practices line up with our vision, values, and purpose.

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

To make State Fund a successful work environment, you must consistently follow State Fund Corporate Policies and Corporate Procedures. Following them furthers the best interests of State Fund, our Workforce, and our stakeholders.

In your role, you should read, understand, and follow our Corporate Policies and Corporate Procedures that deal with your work role. If you have any questions, ask for help and advice.

If you fail to follow our Corporate Policies and Procedures, you may be subject to disciplinary action up to and including termination, as allowed under the California Government Code.

## IX. Providing Equal Employment Opportunity

State Fund values its diverse Workforce. You and each member of our Workforce provide a unique viewpoint and input to State Fund. A diverse workforce makes a more productive and fulfilling work environment for all. You and all persons who apply for work at State Fund are given equal employment opportunity and a workplace free from discrimination, including harassment.

Discrimination or harassment against a person due to membership in or association with a protected group is unlawful, prohibited, and not tolerated at State Fund.

You and job applicants will not be discriminated against or harassed based on protected group status. Such status includes, but is not limited to race, color, religious creed, national origin, citizenship, ancestry, physical disability, mental disability, medical condition, pregnancy, genetic characteristics or information, marital status, sex, gender identity and expression, age, political affiliation, sexual orientation, and military or veteran status.

## X. Prohibiting Harassment or Discriminatory Conduct

Workforce members who believe they have been subject to harassment or discrimination based on protected group status and that harassment or discrimination was within the State Fund's jurisdiction may file an informal or formal complaint. You must file a complaint not more than one year after the conduct or by such deadlines as set by law. State Fund's harassment-free workplace policy extends to outside vendors, customers, professionals, job applicants, and other providers of goods or services to any State Fund location.

State Fund prohibits retaliation and will not tolerate persons who retaliate against anyone who raises an ethics, privacy, harassment, or discrimination issue. Persons who harass or discriminate at State Fund or at State Fund-organized activities outside the workplace will be subject to disciplinary action up to and including termination. State Fund commits to take all steps necessary to prevent and correct harassment or discrimination.

## XI. Working in a Safe and Healthy Environment

State Fund is committed to making the work place safe. You must follow Health and Safety Corporate Policies and Procedures. You must report potential safety hazards or threats of violence.

### Threats and Domestic and Workplace Violence

State Fund will not tolerate violence or threatening behavior.

You must report all threats or acts of violence, including domestic violence, directed at State Fund's Workforce and/or property that may impact the workplace to the Threat Evaluation Team. The Threat Evaluation Team evaluates and responds to all reported threats or acts of violence.

State Fund follows the California Labor Code, Family Code, collective bargaining agreements, and other applicable law affecting State Fund Workforce members who are victims of domestic violence. State Fund also takes part in Workplace Violence Prevention programs.

### Imminent Danger Threats in the Workplace

*Imminent danger means that you must believe that death or serious physical harm could occur at the time of a threat.*

If you believe there is an imminent danger to you or other people, call 9-1-1 or contact local law enforcement.

Then report the threat immediately to local management and to State Fund's [Threat Evaluation Team](#).

### Substance Abuse-Free Workplace

Substance abuse seriously threatens the safety, health, and productivity of our business, Workforce members, and customers.

The State of California's policy in [California Code of Regulations Title 2, Rule 599.960](#) states that workplaces should be free from the effects of substance abuse. This avoids dangers that come from substance abuse in the workplace. Dangers can include death and injury to you, co-workers, or the public 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, must make your own decisions about alcohol consumption, and follow all appropriate laws.

Consumption of alcohol in excess or to the level of intoxication defined by California law is never acceptable or condoned and is prohibited at these events.

### Employee Assistance Program

At times, a personal issue or problem may get in the way of you doing your work well. The State Fund Employee Assistance Program (EAP) gives you a confidential and free service to help you or your family members. It provides professional review, helps solve problems, and refers you to services needed. EAP also supports State Fund managers by providing them with an expert resource.

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

## XII. Disclosing Conflicts of Interest

### When does a Conflict of Interest Occur?

You have a conflict of interest when you:

- Engage in an activity or enterprise clearly inconsistent or harmful to State Fund's interests or your duties at State Fund.
- Receive or appear to receive private gain from outside relationships, activities, or jobs, arising out of your relationship with State Fund.

**Gifts.** State Fund follows the Fair Political Practices Commission (FPPC) regulations and Article 10 of California Government Code (Activities) and our Incompatible Activities policy related to gifts. Individual departments at State Fund may adopt more restrictive rules for acceptance of gifts based on their role. Check with your supervisor or manager when you have gift questions.

FPPC regulations define gifts as: any payment or other benefit provided to you that confers a personal benefit for which you do not provide payment or services of equal or greater value. Gifts include a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public.

The FPPC requires that you must report gifts over \$50.00 from one source. For 2015-2016, you may not accept more than \$460 in gifts during one calendar year from one source. You may take no more than \$10.00 a month from lobbyists or legislative employees. Contact Employee Relations with your questions. You can also find more information at the [Fair Political Practices Commission's website](#).

**Claims adjusters** must follow special rules in [Labor Code Section 3219](#). The Labor Code prohibits you from taking a benefit that may look like a reward for referring or settling a claim. So, you could not take any gift from doctors, applicant attorneys, or other vendors of services for injured workers.

**Example:**

*A. Can I accept a gift basket from one of State Fund's computer services vendors I work with as a token of thanks for using their services?*

You should not take a gift from a vendor doing business with State Fund if it reasonably may influence your decision to use the vendor.

[Government Code Section 19990 \(f\)](#) prohibits you from taking gifts from someone who does or seeks to do business with State Fund if circumstances reasonably show the person wanted to influence your official decisions or to reward you for any official acts.

*B. Can I accept lunch when someone from a brokerage invites and pays for one lunch?*

Typically the answer is yes as this should not reasonably influence your State Fund decisions related to that brokerage. However, you may have to report this gift on your Statement of Economic Interests since you received a personal benefit.

Real or apparent conflicts can reduce the trust our customers and the public have in State Fund. Conflicts can also increase our legal risks and hurt our reputation. You must follow Federal and California laws that affect your work-related activities.

You must avoid situations that create, or appear to create, a conflict between your personal interests and State Fund interests. When a potential conflict arises, you must disclose it to management and to Employee Relations right away.

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

State Fund Workforce members must disqualify themselves from making decisions or contracts when taking part in that process would violate the law, our Corporate Policies, or Code of Conduct.

Potentially disqualifying situations include:

- Decisions in which you know or should know you have a personal financial interest. **or**
- Decisions related to a State Fund contract in which you have any type of personal direct or indirect financial interest. **or**
- Decisions related to a State Fund contract where you or an immediate family member also has an outside business relationship with a party to that contract which:
  - Gives you better terms than members of the public get.
  - Is worth \$1,000.00 or more. **and**
  - Your decision is made within the 12 months prior to State Fund's decision. **or**
- Decisions made for State Fund where the decision relates to or affects a person or entity with whom you:
  - Are negotiating for a job. **or**
  - Will be employed with in the future.

California Law defines the above situations. If a conflict exists between our Code of Conduct and California law, California law controls.

## Personal Interest Disqualification

At times, to avoid a conflict of interest or the appearance of it, you must remove yourself from making a decision or a contract process based on personal interest.

You must disqualify yourself from making, taking part in, or trying to use your position to influence a State Fund decision when you know or should know you have a personal interest in the outcome that differs from State Fund's interest.

State Fund strives to be fair, efficient, and neutral when making contracts. 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 considering or evaluating a 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 insider information that the public does not have to obtain work from State Fund.
- Avoid even the appearance of impropriety or favoritism in contracting matters.
- Seek guidance of management or Employee Relations if you have any questions about business related conduct.

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

The California Political Reform Act and State Fund's *Conflict of Interest Code* require certain members of State Fund's Workforce to file yearly financial disclosures. *Statements of Economic Interests, Schedules*, and ethics course certificates can be disclosed to the public.

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](#).

### Example:

**A.** *I am a State Fund claims adjuster. My spouse just began working as an underwriter at another insurance company. Do I need to disclose this in my Form 700, Statement of Economic Interests?*

You should show your spouse's income on the Form 700 Statement of Economic Interests. At times, you may need to disqualify yourself from decision-making. This may come up if your spouse's company is involved in a business matter with State Fund and you can, or it looks like you can, influence the matter's outcome. Contact [Ethics@scif.com](mailto:Ethics@scif.com) if this type of situation arises.

**B.** *If I am a designated filer, how often do I need to file the Statement of Economic Interests, Form 700?*

You need to file:

- Once a year if you stay in the same position.
- Within 30 days of being appointed to a new position.

- Within 30 days from the last day you performed the duties of your job if you retire or separate.

### Reporting Failures to Disqualify

If you believe a Workforce member failed to disqualify himself or herself when needed, you can report anonymously to the Ethics Hotline at 866-294-1742 or [online](#).

You also can report confidentially and anonymously to the [California State Auditor](#).

You may also report internally to the Employee Relations Department through the [AskHR Portal](#).

## XIII. Avoiding Incompatible Activities

State Fund's Incompatible Activities Statement Policy prohibits Workforce members from taking part in actions contrary to their California civil service and State Fund employment. Our Policy aligns with the [California Government Code and Labor Code](#).

**Monetary Loans.** It is an inappropriate use of your State Fund position as a supervisor, manager, or senior leader to request or accept loans from subordinates or other members of the workforce under your influence or control.

Monetary loans between co-workers are personal, private matters and not the responsibility of State Fund. Employees are under no obligation to lend money to co-workers. If you do enter into this type of transaction, you do so at your own risk.

State Fund's Incompatible Activities Statement Policy requires you notify Employee Relations before doing certain acts, including but not limited to:

- Doing any type of work contrary to the business interests of State Fund, such as taking a job with a competitor, supplier, or contractor that may influence the decisions you make in your State Fund job. **or**
- Receiving any gift or service from anyone except the State related to performing your State Fund job. **or**
- Serving as a board member for a company or organization that competes with State Fund. **or**
- Hiring or supervising a close family member at State Fund.

**A.** I have a brother and sister who work in the same department as I do. We each work for different supervisors. Is this a problem for me?

There is no conflict if you do not review, approve, or appraise each other's work. If your situation changes, contact Employee Relations to discuss what has changed.

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

You may wish to take on outside 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. Outside work in itself is not an incompatible activity. However, you must keep your second job strictly separate from your State Fund job.

- You may not do outside work on State Fund time, on State Fund premises, or with State Fund resources.
- You must not market or sell products or services to State Compensation Insurance Fund, from the business entity, related to your outside job.
- Your outside work must not interfere with or keep you from giving the time and effort needed to fulfill your duties as a State Fund Workforce member.

If you are unsure whether your outside work may be an incompatible activity, tell Employee Relations in writing and get approval before you start the outside work.

Always contact Employee Relations when you are considering work at another company.

The Incompatible Activities Statement does not apply to the Board of Directors as they are not “state employees.” Instead, special provisions of the California Insurance Code ([Cal. Ins. Code §11770\(f\)](#)) apply to the Board of Directors that may supersede the provisions of the Government Code.

**Example:**

**A.** I am thinking of working as a part time sales representative for a life insurance company. Can I accept the job and still work for State Fund?

You cannot take the outside work if:

- You cannot devote your full time and attention to your job with State Fund. **or**
- The life insurance company also sells workers’ compensation insurance.

**Using State Fund Resources**

State Fund resources, including time, material, equipment, and information, are for State Fund business use. You are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for their department’s resources and should resolve issues about their proper use. If you have questions about the proper use of State Fund resources, go to management or Employee Relations.

**Example:**

**A.** Can I sell items such as cookies for a charitable organization, products from my personal business, or other items from my work area?

You cannot use your work area to sell items that benefit you either directly or indirectly.

You may use the Community Bulletin Board to post notices, sign-up sheets, or catalogs about your activity. Use only your personal contact information in your posting.

You cannot set up or use tables in work areas to sell or pick up products. You must use your non-work hours (before or after work, lunch or breaks) to deliver or pick up a product. You may use the main lunchroom or parking lots to deliver items sold during non-work hours.

**Gambling**

You may not gamble 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. Gambling activities include, but are not limited to gaming, lotteries, raffles, office pools, online betting, or where money is exchanged for a chance to win a prize.

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## Using State Fund Information Systems

*State Fund's Annual Proprietary System Notice and Acknowledgement* provides you guidance on how to use State Fund electronic information systems. Each year, you must acknowledge this notice.

Our information systems 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, contract, or specific management exception, you must use State Fund systems exclusively to conduct State Fund business.

State Fund may monitor its systems. You should not expect privacy regarding use, including personal use of State Fund Information Systems.

You also have a duty to protect personal and confidential information about our workforce, policyholders, claimants and third parties. You must not access or use confidential information available to you due to your work at State Fund for personal gain.

### Example:

*A. I would like to respond to a lunch invitation from a friend at a different company. Can I use the State Fund email system in this instance?*

Yes, if the invitation does not contain personal information. Your response would be considered minimal and incidental use.

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

*We will provide you with a “safe landing spot” if you wish to raise concerns.*

### Retaliation Prohibited and Not Tolerated

State Fund prohibits retaliating or harassing a Workforce member or employment applicant who reports ethics or business conduct concerns. The California Whistleblower Protection Act prohibits retaliation for reporting improper activities. In California, whistleblower protection is extended to everyone regardless of how you report an improper activity or complaint.

You may report retaliation to Employee Relations. Report retaliation related to an equal employment issue to the [Equal Employment Opportunity Program](#). If you feel uncomfortable reporting through internal channels, you may report to the [State Personnel Board](#).

### Reporting Ethical and Privacy Concerns or Seeking Advice

State Fund encourages you to seek advice or raise your ethical or privacy concerns with supervisors or managers. You can also email your concerns to:

- [Ethics@scif.com](mailto:Ethics@scif.com) for ethics matters, including non-compliance with Corporate Policies and the Code of Conduct by State Fund Workforce members.
- [PrivacyOffice@scif.com](mailto:PrivacyOffice@scif.com) for privacy matters, including reporting suspected privacy incidents.

If you are not comfortable going through these channels, you may instead go to State Fund's Ethics and Privacy Hotline.

The [Ethics and Privacy Hotline](#) is available to you 24 hours a day, 7 days a week. It is operated by an independent company and staffed by specially trained interviewers.

The Hotline provides you phone and online choices to report your questions, concerns, or suspicions about ethical or privacy issues. You may raise your concerns without fear of retaliation. We investigate every reported concern. Your Ethics Hotline report automatically routes directly to a member of State Fund's Board of Directors.

### Workers' Compensation Fraud

You can report suspected workers' compensation fraud by policyholders, injured workers, vendors, or State Fund Workforce members by calling toll free (888) 786-7372 or filing a TIP report through State Fund Special Investigation Unit's internal [website](#).

### Improper Activities - The California Whistleblower Protection Act

You may report improper activities such as theft, fraud, incompatible activities, misuse or abuse of state property, gross misconduct, and incompetence or inefficiencies by State of California employees. You can find Whistleblower Notices where other workforce notices are posted.

To file a complaint, you can contact the California State Auditor by calling the toll-free [Whistleblower Hotline](#) at (800) 952-5665, submitting your report [online](#), or sending your complaint by mail. The Act protects a reporting person's identity unless a law enforcement agency needs it to conduct a criminal investigation.

## XV. Acknowledging and Supporting the Code and Related Policies

State Fund requires you to certify electronically that you have read, understand, and will follow State Fund's Code of Conduct and its supporting Policies.

Failing to support the Code of Conduct including its related policies and completing the acknowledgement, may result in referral for disciplinary action up to and including termination.

You are responsible for reporting and cooperating with investigations of any Code or Policy violations. State Fund promptly investigates all reports of violations.

See the Governance site for the [Corporate Policy Library](#).

## XVI. Reviewing Important Points of the Code

You and State Fund earn the trust of our customers and the public by making good choices and acting ethically and honestly.

Learning and following State Fund's values and standards is part of your job.

Sharing your ideas about how to make State Fund better and reach its goals should be part of your everyday work.

When in doubt, ask for help. If you have ideas, questions, wish to discuss an issue, or want to report a possible violation, talk to your manager or contact [Employee Relations](#). See the [appendix](#) for more resources.

If you wish to raise concerns or questions anonymously, contact the [Ethics or Privacy Hotlines](#).

You play a vital role at State Fund. Your choices and ideas can make State Fund a better place to work.

## XVII. Appendix - Resources

### 1. HOTLINES

State Fund Ethics and Privacy Hotline	(866) 294-1742 <a href="https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html">https://secure.ethicspoint.com/domain/media/en/gui/34876/index.html</a>
Workers' Compensation Fraud	(888) 786-7372
California State Auditor Whistleblower Hotline	(800) 952-5665

### 2. KEY STATE FUND POLICIES SUPPORTING THE CODE

Corporate Policy	Policy Type	Policy Number
Privacy & Confidentiality	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.0</a>
Complaint Reporting & Anti-Retaliation	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.1</a>
Incompatible Activities	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.2</a>
Business Ethics	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.3</a>
Statement of Economic Interests & Financial Disclosure	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.4</a>
Use of State Fund Facilities for Non-Business Use	Ethics Compliance & Fraud	<a href="#">EC&amp;F 2.7</a>
Equal Employment Opportunity	Human Resources	<a href="#">HR 4.1</a>
Sexual Harassment Prevention	Human Resources	<a href="#">HR 4.3</a>

### 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://humanresources.scif.com/BenefitsTransactions/EAP.html">http://humanresources.scif.com/BenefitsTransactions/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://humanresources.scif.com/EEOProgram.html">http://humanresources.scif.com/EEOProgram.html</a>
Employee Relations	Code of Conduct & FAQs, approval of outside activities, conflicts of interest disclosure, and Statement of Economic Interests filing	(855) 729-8890 <a href="mailto:Ethics@scif.com">Ethics@scif.com</a>	<a href="http://humanresources.scif.com/EERelations.html">http://humanresources.scif.com/EERelations.html</a>
Governance	<i>State Fund Corporate Policies &amp; Procedures;</i> <i>Copyright;</i> <i>State Fund Charter;</i> <i>Governance Guide</i>	(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>

Department	Contact for:	Phone/email	Internal Worksite Page
Internal Audit	Proper use of State Fund resources	(707) 624-4583	<a href="http://internalaudit.scif.com/">http://internalaudit.scif.com/</a>
IT – Enterprise Security	Proper use of information systems	(877)-782-7338	<a href="http://sim.scif.com/">http://sim.scif.com/</a>
Privacy Office	Privacy & Confidentiality questions	(888) 724-3237 (office) (866) 294-1742 (Privacy incident hotline) <a href="mailto:privacyoffice@scif.com">privacyoffice@scif.com</a>	<a href="http://privacyoffice.scif.com">http://privacyoffice.scif.com</a>
Public Records Office	Records requests made under the Ca. Public Records Act	(888) 724-3237 <a href="mailto:publicrecords@scif.com">publicrecords@scif.com</a>	<a href="http://pro.scif.com/">http://pro.scif.com/</a>
Real Estate Management Services	Threat reporting	(925) 523-5219 Imminent danger: 9-1-1 <a href="mailto:threatmanagement@scif.com">threatmanagement@scif.com</a>	<a href="http://rpm.scif.com/ThreatManagement.html">http://rpm.scif.com/ThreatManagement.html</a>
Special Investigation Unit	Workers' Compensation Fraud	(888) 786-7372 (323) 266-5138	<a href="http://siu.scif.com/">http://siu.scif.com/</a>

**4. STATE AGENCIES**

Department	Contact for	Contact Information	Website
Attorney General's Office/California Department of Justice	Statements of Economic Interests, ethics	PO Box 944255 Sacramento, CA 94244 (800) 952-5225	<a href="http://www.ag.ca.gov">www.ag.ca.gov</a>
California State Auditor Bureau of State Audits	Whistleblower complaints	555 Capitol Mall, Suite 300 Sacramento, CA 95814 (916) 445-0255	<a href="http://www.bsa.ca.gov">www.bsa.ca.gov</a>
Department of Insurance	Insurance complaints	Consumer Communications Bureau 300 South Springs St., South Tower Los Angeles, CA 90013 (800) 927-4357	<a href="http://www.insurance.ca.gov">www.insurance.ca.gov</a>
Fair Political Practices Commission	Statements of Economic Interests 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>

**4. CALIFORNIA LAWS**

<b>Legal Resource</b>	<b>Link</b>
California Constitution and Laws	<a href="#">Website Link</a>
Incompatible Activities – all employees	California Government Code (Section 19990)
Incompatible Adjuster Activities	Labor Code (Section 3219)
California Regulations	<a href="#">Website Link</a>

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