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Date: November 8, 2019

TO: MEMBERS, GOVERNANCE COMMITTEE

I. AGENDA ITEM # AND TITLE :	Open Agenda Item 4 – Governance, Compliance and Privacy Update
II. NAME AND PROGRAM:	Governance, Compliance & Privacy
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input checked="" 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:

The following standard Compliance reporting requested by the Governance Committee includes:

- Gap Analysis – State Fund Compliance Program vs US Department of Justice Evaluation of Corporate Compliance Programs Guidance
- Amended Conflict of Interest Code
- Compliance Training – Ethics Training
- Hotline reporting
- Requesting Board Approval – 2020 Code of Conduct

VI. ANALYSIS:

The State Fund Compliance Program was assessed against the new U.S. Department of Justice Evaluation of Corporate Programs Guidance. A gap was identified: Results of termination or disciplinary actions against employees for failure to comply with company’s policies, procedures, and controls are not communicated to the organization. Human Resources is in the process of reviewing the recommendation.

The Fair Political Practices Commission (FPPC) approved State Fund’s Conflict of Interest Code. It became effective on October 18, 2019. The major changes include:

- State Fund organizational changes, updating the classifications following the Information Technology consolidation effort, and eliminating positions that do not meet the criteria for filing the Statement of Economic Interest—Form 700.
- According to FPPC, only those positions that participate in making or influencing financial decisions with a substantial impact on State Fund should be included in the code.

State Fund had a 99.4% overall compliance rate for the Mandatory Ethics Training.

Ethics reported issues for Q3 declined by 25% compared to Q2. HR related issues remain the highest reported category.

The 2020 State Fund Code of Conduct was revised including:

- New Look and Feel
- Added: New State Fund Core Values and Five “How I Statements”
- Updated sections: a) Avoiding Incompatible Activities; b) Prohibiting Harassment or Discriminatory Conduct; and c) Retaliation is Prohibited and Not Tolerated

VII. RECOMMENDATION: Board Approval of 2020 Code of Conduct

VIII. PRESENTATION EXHIBITS: Enclosed.

IX. APPENDIX: Enclosed.

Open Agenda Item 4 – Governance, Compliance and Privacy Update

Date: November 21, 2019





Executive Summary

1. Gap Analysis – U.S. Department of Justice -Evaluation of Corporate Compliance Programs
2. 2019 Conflict of Interest Code
3. 2019 Ethics Training Compliance Rate
4. Ethics and Privacy Reported Issues
5. Code of Conduct – Board Approval requested



Standards of Conduct, Policies, & Procedures

1. 2019 Department of Justice Guidance (DOJ) and Analysis

The State Fund Compliance & Ethics program aligns with U.S. Department of Justice (DOJ) Criminal Division – Evaluation of Corporate Compliance Program guidance.

- ❖ Updated April 2019: Guidance restructured to address 66 new questions around the following:
 - I. Is the Corporation's Compliance Program Well Designed?
 - II. Is the Corporation's Compliance Program Being Implemented Effectively?
 - III. Does the Corporation's Compliance Program Work in Practice?

Gap Analysis – State Fund vs DOJ Guidance

- ❖ **Gap identified:** Results of termination or disciplinary actions against employees for failure to comply with company's policies, procedures, and controls are not communicated to the organization.¹
- ❖ **Recommendation In Progress:** Human Resources is reviewing the recommendation to publish anonymized results of their investigations on a quarterly basis.

¹ U.S Department of Justice Criminal Division Evaluation of Compliance Programs Guidance Document Updated: April 2019, I (C) Training and Communication - Communications about Misconduct (p.5)



Standards of Conduct, Policies, & Procedures

2. 2019 Conflict of Interest Code Approved

The Fair Political Practices Commission approved State Fund's Conflict of Interest Code and it became effective on October 18, 2019.

The major changes:

- State Fund organizational changes, updating the classifications following the Information Technology consolidation effort, and eliminating positions that do not meet the criteria for filing the Statement of Economic Interest—Form 700.

In accordance with Fair Political Practices Commission (FPPC) guidelines, only those positions that participate in making or influencing financial decisions with a substantial impact on State Fund should be included in the code. The previous 2015 code had included positions that do not meet the established criteria.

Operational Impact: Employees and consultants must review the Code for disclosure category changes before filing their annual 2019 Statement of Economic Interests in March 2020.



Effective Training, Communication, and Awareness

3. 2019 Compliance Training Ethics Do What's Right 2019

- ❑ **Due Date for Completion** – September 30, 2019
- ❑ **Goal: 98% Workforce Compliance Rate (100% consultant, 98% employees)**
- ❑ **Overall Goal Met: 99.4%**
 - ❑ ***Employees*** – 99.5%
 - ❑ ***Consultants*** – 98.0%
 - ❑ Non-compliant consultants will be referred to Contingent Work Force Management



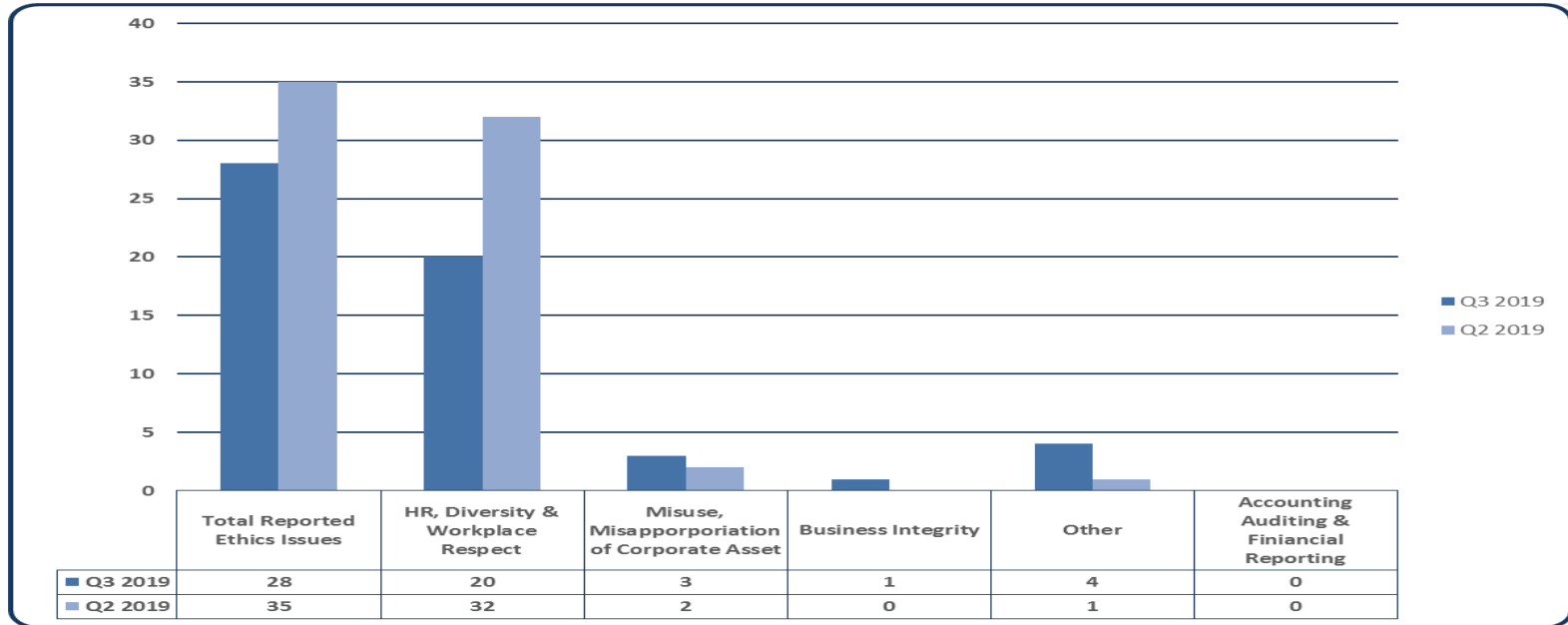
Consistent monitoring, evaluation & reporting

4. Ethics Reported Issues

- ❑ 25% decline in total report (28-Q3; 35-Q2)
- ❑ 20% decline in Hotline reporting (5-Q3; 6-Q2)
- ❑ 71% HR related issues – highest reported category
 - *Inappropriate/Offensive Behavior - (13 of 20 Total HR Issues)*
 - *Equal Employment Opportunity Issues – (6 of 20 Total HR Issues)*

Consistent monitoring, evaluation & reporting

Chart 1: Allegations by Category





Standards of Conduct, Policies, & Procedures

5. Requesting Board Approval - 2020 State Fund Code of Conduct

a. New Look and Feel

- Call-out boxes that expand to provide additional details
- Photos of members of State Fund Workforce
- Vibrant color scheme

b. Added:

- New State Fund Core Values:** Respect Everyone, Do What's Right, Show We Care, and Be Innovative
- Five "How I Statements":** To personalize employee's experience when reviewing the Code.
 - *How I do What is Right; How I Maintain a Safe and Healthy Environment; How I Represent State Fund; How I Use Resources Responsibly; How I Do My Part to Keep California Working*



Standard of Conduct, Policies, & Procedures

5. Code of Conduct Continued:

Updated language:

- ❑ **Avoiding Incompatible Activities** - There are special provisions of the California Insurance Code (Cal. Ins. Code §11770(f)) that apply to the Board that may supersede some provisions of the Government Code.
- ❑ **Prohibiting Harassment and Retaliation is Prohibited Sections**
 - New Section Titles added: Making our Workplace Equal and Diverse and Reporting Complaints
 - Moved language to align with the Prohibiting Harassment and Retaliation Sections.

Appendix II – Summary of Changes

Standards of Conduct, Policies, & Procedures

Sample Page - CoC

HOW I DO WHAT IS RIGHT



I follow the Code in my daily work, which gives me a foundation to make the right choices every day. I know that our success depends upon our customers having confidence in us to act with integrity and do the right thing.

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 core values, you make a difference.

State Fund is dedicated to ethical, fair, and responsible competition. 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 to problem solve, make wise decisions, and your 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 your actions. At times you may have to do more than simply what the law requires.

Use our Decision Tree to help you make wise and ethical decisions.

Ethics Decision Tree

If you're unsure of your decision, ask yourself these four questions:

ONE

Does it comply with State Fund policy?

TWO

Does it support State Fund values? Respect everyone; Show we care; Do what is right; Be innovative.

THREE

Is it legal?

FOUR

Does it support the best interest of our stakeholders?

YES TO ALL

You can take action in good faith.

NOT ANY

Stop! This may have serious results.

NOT SURE

Seek help before acting further.

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Appendix I: Report Allegation Categories and Definitions

- **Accounting, Auditing, and Financial Reporting:** Forgery, Accounting and Financial Control
- **Business Integrity:** Falsifying Records, 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
- **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.



Summary of Proposed Changes to
State Compensation Insurance Fund
2020 Code of Conduct

[Proposed] Revisions To Be Approved
Governance Committee: November 21, 2019
Board of Directors: November 22, 2019

The following summarizes the proposed revisions to the 2020 Code of Conduct, to be adopted by State Fund’s Board of Directors.

Section	Major Revisions
<p>State Fund Core Values</p>	<p>The State Fund Values section was changed to reflect the new State Fund Cores and Value Statements.</p> <ul style="list-style-type: none"> • Respect Everyone – Create an environment where all people and perspectives are valued and teams work together to serve the diverse needs of California businesses. • Show We Care – Listen to understand and invest the time and resources needed to help California employers and injured workers. • Do What’s Right – Approach every situation with a passion to help, a desire to learn and a commitment to integrity – because doing the right thing isn’t always simple, easy, or clear. • Be Innovative – Seek out solutions and consider new approaches to serve our customers and help improve California’s workers’ compensation system.
<p>How “I Statements”</p>	<p>Added:</p> <ul style="list-style-type: none"> • How I do What’s Right: <i>I follow the Code in my daily work, which gives me a foundation to make the right choices every day. I know that our success depends upon our customers having confidence in us to act with integrity and do the right thing.</i> • How I Create a Safe and Healthy Environment <i>I treat my colleagues with respect and dignity and help create an environment where all people and perspectives are valued. Teamwork and collaboration make us stronger, more innovative, and better able to deliver on our commitment to California businesses.</i> • How I Represent State Fund and Keep California Working <i>I understand that how I conduct myself, both at the office and outside of work, reflects on State Fund as an organization. It’s my responsibility to understand how my role ultimately affects our customers.</i> • How I Use Resources Responsibly <i>I exercise good judgement when using State Fund resources such as supplies, computers, telephones, internet access, and printers, and am committed to guarding against waste and abuse.</i> • How I Do My Part to Keep California Working <i>I invest the time and resources needed to seek out solutions to help California businesses and injured workers. I am committed to continually doing my best for our customers.</i>

<p>Updated Sections</p>	<p>Avoiding Incompatible Activities</p> <p>Removed: <i>The Incompatible Activities Statement does not apply to the Board as they are not “state employees.” Instead, special provisions of the California Insurance Code (Cal. Ins. Code §11770(f)) apply to the Board that may supersede the provisions of the Government Code.</i></p> <p>Changed to: <i>There are special provisions of the California Insurance Code (Cal. Ins. Code §11770(f)) that apply to the Board that may supersede some provisions of the Government Code.</i></p> <p>Making our Workplace Equal and Diverse</p> <ul style="list-style-type: none"> • Renamed the section from <i>Providing Equal Employment Opportunity</i> • First paragraph from <i>Providing Equal Employment Opportunity</i>: Included in this renamed section language related to equality, diversity, and inclusion. <p>Prohibiting Harassment or Discriminatory Conduct</p> <ul style="list-style-type: none"> • Second paragraph from <i>Providing Equal Employment Opportunity</i> section relating to discrimination and harassment was moved to Prohibiting Harassment or Discriminatory Conduct Section. • Strengthened and added language regarding sexual harassment and protected group status. <p>Retaliation is Prohibited and Not Tolerated</p> <ul style="list-style-type: none"> • Paragraph related to retaliation from <i>Providing Equal Employment Opportunity</i> section was moved to this section. • Added language regarding prohibition of retaliation for requesting reasonable accommodations for disability or medical conditions or religion. <p>Reporting Complaints</p> <ul style="list-style-type: none"> • Renamed the paragraph from <i>Retaliation is Prohibited Section</i> to Reporting Complaints Section • Clarified where members of the Workforce may report different types of complaints and/or concerns <p>Gifts</p> <ul style="list-style-type: none"> • Updated the Fair Political Practices Commission gift acceptance amount for 2020 year.
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Code of Conduct
for All
State Compensation Insurance Fund
Workforce Members
2020



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Our Code of Conduct

- Defines State Fund Core 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.

State Fund's Vision, Purpose, and Core Values

Vision

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

Purpose

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

Core Values

Our core values are the guiding force for our culture and the quality of service we provide to our internal and external customers. State Fund is updating our core values to demonstrate our commitment to fulfilling our purpose and reflecting the culture fostered at State Fund.

- **Respect Everyone** – Create an environment where all people and perspectives are valued and teams work together to serve the diverse needs of California businesses.
- **Show We Care** – Listen to understand and invest the time and resources needed to help California employers and injured workers.
- **Do What's Right** – Approach every situation with a passion to help, a desire to learn and a commitment to integrity – because doing the right thing isn't always simple, easy, or clear.
- **Be Innovative** – Seek out solutions and consider new approaches to serve our customers and help improve California's workers' compensation system.

Governing State Fund

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

The Board of Directors (Board) provides leadership to State Fund that is consistent with our purpose and core values, management philosophy, investment policy, and regulatory requirements.

The Board leads us to ensure that State Fund operates in a manner that is



The Board has full power, authority, and jurisdiction over State Fund to perform the actions necessary to meet these goals.

Oversight is achieved through the Board of Director meetings and 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.

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 your ideas to improve State Fund or your concerns about ethical conduct, you carry out your duty as a public servant and help State Fund reflect its core values.

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 core 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 [AskAdmin](#). See the [appendix](#) for more resources.

If you wish to raise concerns or questions, you may also report anonymously by contacting the [Ethics and Privacy Hotline](#).

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

How I Do What Is Right

I follow the Code in my daily work, which gives me a foundation to make the right choices every day. I know that our success depends upon our customers having confidence in us to act with integrity and do the right thing.

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 core values, you make a difference.

State Fund is dedicated to ethical, fair, and responsible competition. 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.

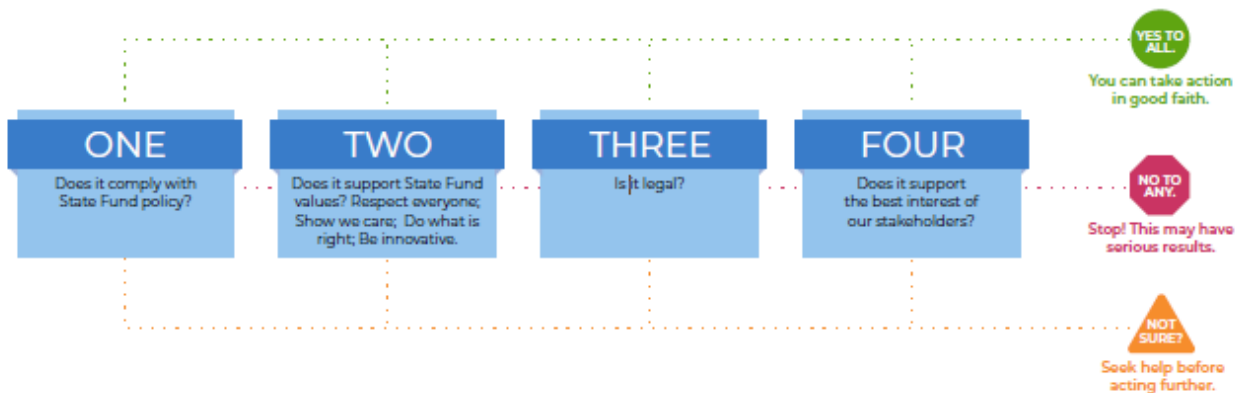
It is vital for the public and our stakeholders to trust the work we do at State Fund. Your drive to problem solve, make wise decisions, and your desire to do the right thing when doing your job creates this trust.

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 your actions. At times you may have to do more than simply what the law requires.

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

Ethics Decision Tree

If you're unsure of your decision, ask yourself these four questions:



Voicing Your Legal, Ethical, or Privacy Concerns

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

If you think an action may violate the law, State Fund’s standards for ethics and core values, or policies, you have a responsibility to tell someone. You can reach out to a variety of resources for assistance. State Fund encourages you to seek advice with supervisors or managers. You can also contact Human Resources in the following ways:

- Email Human Resources at ethics@scif.com
- Contact online at AskAdmin,
- Call Human Resources at (800) 499-8668.

For privacy matters, including reporting suspected privacy incidents, email the Privacy Office at PrivacyOffice@scif.com or call (888) 724-3237.

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

If you feel uncomfortable using these channels, you can report to our independent Ethics and Privacy Hotline by calling (888) 254-4301 or by submitting your question or concern online. You can also report anonymously, if you choose.

Professional Codes of Ethics or Rules

If you have a role such as attorney, accountant, internal auditor, medical professional, compliance professional, procurement, 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.

Improper Activities — The California Whistleblower Protection Act

The [California Whistleblower Protection Act](#) prohibits retaliation for reporting improper activities. In California, whistleblower protection includes protection of your identity (except from law enforcement) and your right to be free from retaliation for reporting.

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.

You may report retaliation for having reported improper activities to the State Personnel Board.

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, core 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.

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](#).

There are special provisions of the California Insurance Code ([Cal. Ins. Code §11770\(f\)](#)) that apply to the Board that may supersede some provisions of the Government Code.

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.

***Question:** 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?*

Answer: 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.

***Question:** My nephew applied for and was chosen for a vacant position in my unit. My nephew will be reporting to one of my subordinate supervisors. Is this a problem for me?*

Answer: Yes. This is a conflict. Notify your management and [Employee Relations](#).

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. If you are considering working at a job in addition to State Fund, contact [Employee Relations](#), in writing and get approval before you start the outside work.

- 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 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.

Question: *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?*

Answer: 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.

Question: *I've been offered part-time work in a collection agency. Can I accept the job and still work for State Fund?*

Answer: You cannot take the outside work if:

- You cannot devote your full time and attention to your job with State Fund **or**
- The collection agency collects debts related to workers' compensation insurance or services.

Question: *I'd like to use my law license to perform part-time legal services. Can I do this?*

Answer: You cannot take the outside work if:

- You cannot devote your full time and attention to your job with State Fund **or**
- The clients you serve are in any way associated with State Fund business.

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.

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.

How I Maintain a Safe and Healthy Environment

I treat my colleagues with respect and dignity and help create an environment where all people and perspectives are valued. Teamwork and collaboration make us stronger, more innovative, and better able to deliver on our commitment to California businesses.

Working in a Safe and Healthy Environment

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

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 other companies. When you act fairly, ethically, and responsibly at work, you reflect State Fund's core values.

If you are a manager, you must:

- Create a workplace which 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.
- Promptly and correctly, address ethical concerns raised by Workforce members. Avoid viewing ethical concerns as threats or challenges to authority.
- Encourage ethical dialogue as a natural part of your daily work.

Making our Workplace Equal and Diverse

State Fund is committed to promoting a culture that values equality, diversity and inclusion. You and each member of our Workforce provide a unique viewpoint and input to State Fund. A diverse and inclusive 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 and harassment based on a protected class, sexual harassment, and retaliation.

Prohibiting Harassment or Discriminatory Conduct

State Fund prohibits and does not tolerate sexual harassment, discrimination, or any harassment against a person due to membership in or association with a protected group. In addition, these practices are unlawful under state and federal law.

You will not be discriminated against or harassed based on protected group status. Such status includes, but is not limited to:

- race
- color
- religion or religious creed
- national origin (including citizenship and ancestry)
- physical disability (including HIV and AIDS)

- mental disability, medical condition (including cancer and genetic characteristics or information)
- denial of Family Medical Care Leave
- pregnancy
- marital status
- sex (sexual orientation, transgender status)
- gender (including pregnancy, childbirth, breastfeeding, and related medical conditions)
- identity and expression
- age (over 40)
- political affiliation and
- military or veteran status.

New: Workforce members who believe they have been subjected to discrimination or harassment based on any protected group status, or to sexual harassment may [file a complaint](#). State Fund's harassment-free workplace policy extends to others whom our workforce may interact with, such as outside vendors, customers, professionals, job applicants, and other providers of goods or services to any State Fund workplace setting.

Retaliation Is Prohibited and Not Tolerated

State Fund prohibits retaliation and will not tolerate persons who retaliate against anyone raising a discrimination, harassment, or sexual harassment issue.

Retaliation for requesting a reasonable accommodation for disability or medical condition, or for religion, is also prohibited.

State Fund prohibits retaliating against or harassing a Workforce member or employment applicant who reports ethics or business conduct concerns.

State Fund employees found to have engaged in discrimination, harassment, sexual harassment, or retaliation 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 discrimination, harassment, sexual harassment, and retaliation in the workplace.

Reporting Complaints

You may report discrimination, harassment, sexual harassment, and retaliation complaints to HR Employee Relations through the Ask Admin portal. You may also report equal employment opportunity concerns to the Equal Employment Opportunity (EEO) Program, the Internal Investigations Unit, or to a supervisor or manager.

You may report ethics or business concerns and retaliation for reporting improper activities to the Ethics and Privacy Hotline.

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 911, or contact local law enforcement.

After notifying law enforcement, 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. State Fund has a zero tolerance policy for drug and alcohol impairment while employees are at the worksite.

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.

Employee Assistance Program

At times, a personal issue or problem may interfere with your work-life balance. The State Fund [Employee Assistance Program](#) (EAP) gives you a confidential and free service to help you or your family members. They provide professional review and referrals to services needed and help solve problems. 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.

How I Represent State Fund

I understand that how I conduct myself, both at the office and outside of work, reflects on State Fund as an organization. It's my responsibility to understand how my role ultimately affects our customers.

As a representative of this organization, it is important to make good choices that uphold our core values. Remember to:

- Act professionally while traveling on State Fund business, during or after office hours.
- Do not place yourself in situations that might result in diminished decision-making capacity.
- Exercise good judgement.
- Behave respectfully toward vendors, injured workers, policyholders, and others with whom we do business.
- Avoid behaviors that pose a conflict of interest, or raise ethical or discriminatory concerns.

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.

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](#).

Question: 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?

Answer: Yes. 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 if this type of situation arises.

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

Answer: 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.

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.

Gifts

State Fund follows:

- The Fair Political Practices Commission (FPPC) regulations Article 10 of the California Government Code
- Labor Code Section 3219 (Claims Adjusters, only)
- 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 questions about gifts.

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 from one source. For 2020, you may not accept more than \$500 in gifts during one calendar year from one source. You may take no more than \$10 a month from lobbyists or legislative employees. Contact [Employee Relations](#) with your questions. You may also report internally to the Employee Relations Department through the [AskHR Portal](#).

You can also find more information at the [Fair Political Practices Commission's website](#).

Claims adjusters must follow special rules contained 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. Therefore, you may not take any gift from doctors, applicant attorneys, or other vendors of services for injured workers.

Question: 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?

Answer: No. 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.

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 assist them in obtaining 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.

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 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.

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 and Privacy Hotline at (888) 254-4301 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 [AskAdmin](#)

Portal.

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

How I Use Resources Responsibly

I exercise good judgement when using State Fund resources such as supplies, computers, telephones, internet access, and printers, and am committed to guarding against waste and abuse.

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.

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

Answer: 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 lot to deliver items sold during non-work hours.

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.

Question: *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?*

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

Question: *I need to send my tax information to my accountant on short notice. Can I use the State Fund email system in this instance?*

Answer: No. Emailing your personal tax information exposes State Fund to a potential risk that the information will be intercepted.

Protecting and Respecting 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.

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.

Question: *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. Releasing claim information to a third-party without permission from the individual is against the law.

Before you release any personal information, you must:

- Verify who the person is **and**
- Confirm the person is authorized to get that information **and**
- 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, contact the Privacy Office directly by calling (888) 724-3237 or emailing to PrivacyOffice@scif.com. You may also raise your concerns anonymously by calling the Privacy Hotline toll-free anytime at (888) 254-4301 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 other's material or images that may be copyrighted, trademarked, or patented, contact the Governance department at 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 the creative works of others.

How I Do My Part to Keep California Working

I invest the time and resources needed to seek out solutions to help California businesses and injured workers. I am committed to continually doing my best for our customers.

Sharing Your Ideas

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

If you are a manager:

- Set the tone and create an open environment so others feel at ease raising their concerns.
- Consider if it is appropriate to move employee ideas forward and do so whenever possible.

Many departments also have ways to share ideas, such as physical or electronic suggestion boxes.

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

Transparency — California Public Records Act

State Fund is committed to complying 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 as an employee 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 and Risk. 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.

Workers' Compensation Fraud

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

Acknowledging and Supporting the Code and Related Policies

State Fund requires you to certify electronically that you 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](#).

Appendix - Resources

1. HOTLINES

State Fund Ethics and Privacy Hotline	(888) 254-3401 https://ethicsandprivacyhotline.ethix360.com/ This website operates more efficiently in the Chrome browser.
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	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
Use of State Fund Facilities for Non-Business Use	Ethics Compliance & Fraud	EC&F 2.7
Discrimination, Harassment, Sexual Harassment, and Retaliation Prevention	Human Resources	HR 4.1

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	https://worksite.scif.com/docs/DOC-6865
Equal Employment Opportunity	Diversity, Discrimination and Reasonable Accommodation Issues	eeo@scif.com	https://worksite.scif.com/docs/DOC-6778
Governance	State Fund Corporate Policies & Procedures; Copyright; State Fund Charter; Governance Guide	(888) 724-3237 corporatepolicies@scif.com copyright@scif.com	https://worksite.scif.com/community/governance-compliance-privacy/pages/governance

2020 CODE OF CONDUCT

Department	Contact for:	Phone/email	Internal Worksite Page
Internal Audit	Proper use of State Fund resources	(707) 624-4583	https://worksite.scif.com/community/internal-audit-department
Enterprise Security	Proper use of information systems	(877) 782-7338	https://worksite.scif.com/community/information-technology/it-enterprise-security
Privacy Office	Privacy & Confidentiality questions	(888) 724-3237 (office) (866) 294-1742 (Privacy incident hotline)	https://worksite.scif.com/community/governance-compliance-privacy/pages/privacy
Public Records Office	Records requests made under the CA Public Records Act	(888) 724-3237 publicrecords@scif.com	https://worksite.scif.com/docs/DOC-5124
Real Estate Management Services	Threat Reporting	(925) 523-5219 Imminent danger: 911 threatmanagement@scif.com	https://worksite.scif.com/docs/DOC-7395
Special Investigation Unit	Workers' Compensation Fraud	(888) 786-7372 (323) 266-5138	https://worksite.scif.com/community/special-investigation-unit

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	www.oag.ca.gov
California State Auditor Bureau of State Audits	Whistleblower complaints	555 Capitol Mall, Suite 300 Sacramento, CA 95814 (916) 445-0255	www.bsa.ca.gov
Department of Insurance	Insurance complaints	Consumer Communications Bureau 300 South Spring St., South Tower Los Angeles, CA 90013 (800) 927-4357	www.insurance.ca.gov
Fair Political Practices Commission	Statements of Economic Interests	428 J Street, Suite 620 Sacramento, CA 95814 (866) 275-3772	www.fppc.ca.gov
State Personnel Board	Whistleblower Retaliation complaints	801 Capitol Mall Sacramento, CA 95814 (916) 653-0799	www.spb.ca.gov

5. CALIFORNIA LAWS

Legal Resource	Link
California Constitution and Laws	Website Link
Incompatible Activities – all employees	California Government Code (Section 19990)
Incompatible Adjuster Activities	Labor Code (Section 3219)
California Regulations	Website Link