

## **Supplier Policies Schedule**

This Supplier Policies Schedule sets out State Fund's requirements for all suppliers, however described (e.g., Supplier, Vendor, Contractor, etc.), regarding the supplier's obligations in connection with the items set forth in this schedule. Failure to comply with any provision of this schedule without the express written consent of State Fund's Enterprise Procurement Department is a material breach of the agreement between State Fund and the Supplier. Unless otherwise defined in this schedule, capitalized terms used herein have the meanings stated in the agreement between State Fund and the Supplier.

### **1. CORPORATE POLICIES.**

- 1.1 **Non-Discrimination.** Supplier shall maintain a corporate policy that requires its business activities to be conducted without regard to race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, age, or status as a special disabled veteran. Every Supplier Personnel is to abide by such policy.
- 1.2 **Quality Management.** Supplier, as part of its total quality management process, shall provide continuous quality assurance and quality improvement through: (1) the identification and application of best practices, proven techniques, and tools used in other similar engagements; and (2) the implementation of concrete programs, practices, and measures designed to improve and ensure the quality of the Services and to enable State Fund to confirm the quality of the Services and Deliverables. Supplier shall maintain those quality assurance and similar certifications specified in each SOW during the applicable SOW Term.

### **2. RELATIONSHIP MANAGERS AND COMMUNICATION.**

- 2.1 **Supplier Relationship Manager.** Supplier will assign an experienced manager (the "Supplier Relationship Manager") who will: (1) manage the performance of Supplier's obligations under this Agreement; (2) serve as State Fund's primary point of contact for operational matters pertaining to this Agreement; (3) cooperate with and promptly answer queries from State Fund; and (4) have day-to-day authority for making decisions with respect to the management of this agreement, delivery of the Services, Supplier's relationship with State Fund, and State Fund's overall satisfaction with Supplier's performance of the Services. The Supplier Relationship Manager will be subject to State Fund's approval.
- 2.2 **State Fund Relationship Manager.** State Fund will assign an individual who will serve as State Fund's primary point of contact with Supplier for operational matters pertaining to this Agreement (the "State Fund Relationship Manager").
- 2.3 **Reports.** Supplier will submit to State Fund reports on the progress of its performance of Services on a weekly basis or as otherwise specified in the applicable Statement of Work.
- 2.4 **Meetings.** During periods in which Services are being performed, the Supplier Relationship Manager will conduct regular review meetings, which will be attended by senior representatives from Supplier as requested by State Fund. During such meetings, the Parties will consider all Services performed to date to ensure that work-in-progress (including as related to any Deliverables and any Milestones) is achieved by scheduled completion dates. The Parties will, as appropriate, mutually determine any other meetings to be held between representatives of State Fund and Supplier.

### **3. PERSONNEL QUALIFICATIONS, ASSIGNMENT, RETENTION, AND REMOVAL.**

- 3.1 **Staffing Levels.** Supplier will provide an adequate number of Supplier Personnel to perform the Services who are qualified and capable of performing the tasks assigned to them in a timely and high-quality manner.

- 3.2 Qualifications. Each SOW shall describe the number and the skill set of each Supplier Personnel to be assigned by Supplier to provide the Services. Supplier Personnel shall be properly educated, trained, and qualified with respect to the Services they are to perform. Supplier acknowledges and agrees that it shall be the responsibility of Supplier to provide adequate levels of training and education so that the Supplier Personnel remain current as to industry and technology developments and changes. State Fund shall not be required to pay any amounts to train or educate any Supplier Personnel.
- 3.3 Selection. Before assigning an individual to a Key Supplier Position (as such position is designated in the Statement of Work), whether as an initial assignment or a subsequent assignment, Supplier shall notify State Fund of the proposed assignment, introduce the individual to appropriate State Fund representatives, provide such representatives upon request with the opportunity to interview the individual, and provide State Fund with a résumé and other information about the individual reasonably requested by State Fund (except to the extent prohibited by Law). If State Fund in good faith objects to the proposed assignment, the parties shall attempt to resolve State Fund's concerns to the reasonable satisfaction of State Fund. If the parties have not been able to resolve State Fund's concerns within five business days after Supplier's receipt of such objection, Supplier shall: (1) not assign the individual to that position, and (2) propose to State Fund the assignment of another individual of suitable ability and qualifications. Individuals filling Key Supplier Positions may not be transferred or re-assigned until a suitable replacement has been approved by State Fund, and no such transfer shall occur at a time or in a manner that would have an adverse impact on delivery of the Services. Supplier shall establish and maintain an up-to-date succession plan for all individuals serving in Key Supplier Positions, and such succession plan shall be made available to State Fund for review and subject to State Fund's approval.
- 3.4 No Concurrent Competitor Assignments. Supplier shall not assign an individual filling a Key Supplier Position or any individual Supplier Personnel who is working full time on State Fund's account to the account of any State Fund competitor (any workers' compensation insurance carrier that does business in California) without State Fund's prior written consent, (1) while such individual is assigned to State Fund's account, and (2) for a period of 12 months (or such other time period specified in the applicable SOW) following the date that such individual is removed from, or ceases to provide services in connection with, State Fund's account.
- 3.5 Continuity. Unless requested or approved by State Fund, Supplier will not remove or reassign any Supplier Personnel prior to completion of all of their assigned tasks, except in the case of death, disability, illness, termination of employment or other grave personal circumstances. Supplier will use all reasonable efforts, consistent with State Fund's resource requirements and staffing preferences, to minimize turnover on State Fund's account, and staff new work with qualified personnel who have gained experience with State Fund on prior work.
- 3.6 Retention. The parties agree that it is in their best interests to keep the attrition rate of Supplier Personnel to a reasonably low level. Accordingly, if State Fund believes that Supplier's attrition rate is excessive and so notifies Supplier, Supplier shall provide data concerning its attrition rate for Supplier Personnel and meet with State Fund to discuss the reasons for, and impact of, the attrition rate. If appropriate, Supplier shall submit to State Fund its proposals for reducing the attrition rate, and the parties shall agree upon a program to bring the attrition rate down to an acceptable level. In any event, Supplier shall use commercially reasonable efforts to keep the attrition rate to a reasonably low level. Notwithstanding transfer, attrition, or other turnover of Supplier Personnel, Supplier remains obligated to perform the Services in accordance with the terms of this agreement.
- 3.7 Replacement. If State Fund determines in good faith that the continued assignment to State Fund's account of any of the Supplier Personnel is not in the best interests of State Fund, then State Fund will give Supplier written notice to that effect. After receipt of such notice, Supplier shall have a reasonable period of time (but no more than 10 business days) in which to

investigate the matters stated in such notice, discuss its findings with State Fund, and resolve the problems with such person. If, following such period, State Fund requests replacement of such person, Supplier shall replace that person with another person of suitable ability and qualifications within 10 business days after Supplier's receipt of such request. If requested by State Fund, Supplier shall immediately remove the individual from State Fund's account pending the outcome of the investigation. It shall be Supplier's responsibility to ensure that replacement personnel are knowledgeable in the work of the individual being replaced. In the event that the replacement person needs to be trained on site, Supplier shall not charge State Fund for the replacement person until he or she is fully proficient in the work of the person replaced. Upon State Fund's request, Supplier shall provide State Fund with a list of all of the Supplier Personnel assigned to the State Fund account.

- 3.8 Removal. State Fund will have the right to require removal of any Supplier Personnel from the State Fund account that State Fund, in its sole discretion, determines not to be in the best interests of State Fund. Supplier will promptly replace the Supplier Personnel removed from State Fund's account with replacement Supplier Personnel of equal or superior ability, experience, and qualifications. Nothing in this Agreement will be deemed to give State Fund the right to require Supplier to terminate any individual's employment or contractual relationship with Supplier; it is intended to give State Fund only the right to require that Supplier discontinue using such individual in the performance of Services.

#### **4. PERSONNEL SCREENING.**

- 4.1 Background Checks. Supplier shall conduct, or shall have conducted, appropriate criminal background checks, which includes driving records, and a thorough review of the employment record (collectively "Investigations") for all Supplier Personnel before assigning such individuals to provide the Services. Upon request, Supplier shall certify to State Fund in writing that: (1) Supplier has met its performance obligations described hereunder; and (2) all such Supplier Personnel assigned to provide Services have not had a criminal felony conviction involving dishonesty, fraud, or breach of trust. For the purpose of conducting Investigations, such criminal background checks and employment record verifications shall: (a) be subject to the Laws applicable to the jurisdiction in which the Supplier Personnel shall work; and (b) be a nation-wide search. Supplier shall perform Investigations in accordance with applicable Supplier policies, except that the requirements of this agreement shall prevail in the event of any inconsistencies between such requirements and such Supplier policies. In the event that any Supplier Personnel admits to a felony conviction involving dishonesty, fraud, or breach of trust or Supplier learns of any such conviction during the Term, Supplier shall immediately replace such individual.
- 4.2 Compliance with Immigration & Visa Laws. Supplier shall be solely responsible for compliance with immigration and visa Laws and requirements in respect of the Supplier Personnel. Supplier shall remain throughout the Term in full compliance with all applicable Laws, including labor and employment laws and the Immigration Reform and Control Act of 1986 ("IRCA"). In compliance with the provisions of IRCA, Supplier shall obtain and keep for each of the Supplier Personnel completed employment eligibility verification forms I-9 ("Form I-9"). Supplier shall be solely responsible for verifying the employment eligibility of Supplier Personnel and acknowledges that State Fund has no legal obligation to collect, maintain or otherwise record identity and work authorization for Supplier Personnel. If at any time during the Term Supplier suspects, has reason to know, or becomes aware that Supplier Personnel have falsified documents or provided false information for purposes of a Form I-9, Supplier shall immediately notify State Fund in writing and remove the individual from the State Fund account, without any liability to State Fund. Supplier represents and warrants to State Fund that all non-United States citizens who are assigned by Supplier to perform the Services within the United States, (1) shall hold appropriate and valid visas or other work authorizations, each of which shall be valid for a period at least equal to the anticipated duration of such individual's assignment to State Fund's account, and (2) shall not be provided by Supplier with any technology or information in violation of any Laws.

- 4.3 Compliance with National Security Laws. Supplier shall be solely responsible for compliance with the terms of the USA Patriot Act of 2001, as amended, any regulations promulgated under this law, Executive Order No. 13224 on Terrorist Finance, any sanctions program administered by the U.S. Department of Treasury's Office of Foreign Asset Control or Financial Crimes Enforcement Network, or any other laws, regulations, or executive orders designed to combat terrorism or money laundering, if applicable, to the agreement between State Fund and the Supplier. Supplier represents and warrants that it is not an entity named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Department of Treasury, as last updated prior to the Effective Date of the agreement. If State Fund and the Supplier execute an amendment extending the term of their agreement, Supplier renews this representation and warranty as of the effective date of the amendment.

## **5. CONDUCT OF SUPPLIER PERSONNEL.**

- 5.1 Requirements. While at State Fund Facilities, Supplier shall cause the Supplier Personnel to: (1) comply with the requests, standard rules and regulations of State Fund regarding safety and health, personal, and professional conduct (including the wearing of an identification badge and adhering to facility regulations and general safety practices or procedures, and including any drug testing policies applicable to State Fund employees) generally applicable to such State Fund Facilities ("Code of Conduct"), incorporated as a schedule in the agreement between State Fund and the Supplier; and (2) otherwise conduct themselves in a professional and businesslike manner.
- 5.2 Inappropriate Conduct. In the event that State Fund determines that any of the Supplier Personnel are not conducting themselves in accordance with this article 5, State Fund may notify Supplier of such conduct. Upon receipt of such notice, Supplier shall have a reasonable period of time (but no more than 10 business days) to: (1) investigate such matter and take appropriate action, which may include (a) removing the applicable person from the State Fund account and providing State Fund with prompt notice of such removal; and (b) replacing the applicable person with a similarly qualified individual, or (2) take other appropriate disciplinary action to prevent a recurrence. In the event there are repeated violations of this section by any of the Supplier Personnel, Supplier shall, at State Fund's request, promptly remove such individual from the State Fund account.

## **6. STATE FUND FACILITIES AND EQUIPMENT.**

- 6.1 General. State Fund Facilities and equipment shall be made available to Supplier (and Supplier Personnel) on an "as is, where is" basis, with no warranties whatsoever. Supplier (and Supplier Personnel) shall use the State Fund Facilities and equipment for the sole and exclusive purpose of providing the Services. The use of State Fund Facilities or equipment by Supplier (or Supplier Personnel) does not constitute a leasehold or other property interest in favor of Supplier.
- 6.2 Responsibilities. Supplier (and Supplier Personnel) shall use the State Fund Facilities and equipment in an efficient manner and in a manner that is coordinated, and does not interfere, with State Fund's business operations. To the extent that Supplier (or Supplier Personnel) operates the space in a manner that unnecessarily increases facility or other costs incurred by State Fund, State Fund reserves the right to deduct such excess costs as may be authorized by the agreement between State Fund and Supplier. Supplier (and Supplier Personnel) shall not commit or permit waste or damage to State Fund Facilities or equipment, or use State Fund Facilities or equipment for any unlawful purpose or act. Supplier shall be responsible for any damage to the State Fund Facilities or equipment resulting from the abuse, misuse, neglect, or gross negligence of Supplier (or Supplier Personnel) or other failure to comply with its obligations respecting the State Fund Facilities and equipment.
- 6.3 Compliance. Supplier (and Supplier Personnel) shall comply with State Fund's standard policies and procedures and applicable leases as these are made available to Supplier regarding access

to and use of the State Fund Facilities, including procedures for the physical security of the State Fund Facilities.

- 6.4 Access. Supplier shall permit State Fund and its agents and representatives to enter into those portions of the State Fund Facilities occupied by Supplier Personnel at any time.
- 6.5 Approval for Changes. Supplier (or Supplier Personnel) shall not make improvements or changes involving structural, mechanical, or electrical alterations to the State Fund Facilities without State Fund's prior written approval in each case. Any improvements to the State Fund Facilities shall become the property of State Fund.
- 6.6 Return. When the State Fund Facilities and equipment are no longer required for performance of the Services, Supplier (or Supplier Personnel) shall promptly return them to State Fund in substantially the same condition as when Supplier began using them, subject to reasonable wear and tear.

## **7. SECURITY REQUIREMENTS.**

- 7.1 General. Supplier shall comply, and shall cause Supplier Personnel to comply, with all of State Fund's requirements in relation to the security of the State Fund Facilities, including the State Fund computing environment. Supplier shall cause Supplier Personnel to execute all documents generally required by State Fund for access to State Fund's computing environment or other restricted access areas. Supplier agrees that any and all security measures may be changed from time-to-time, and further agrees to abide by the then-current security measures, as they are provided to Supplier. Weapons or firearms are not allowed on State Fund Facilities. Supplier agrees that it shall prohibit Supplier Personnel from possessing weapons or firearms of any kind on State Fund's premises.
- 7.2 State Fund Security Schedule. If the scope of Supplier's engagement with State Fund includes Supplier's handling or using State Fund Data or Personal Information while it is in an electronic format, including while it is in transit or at rest, Supplier must comply with State Fund's Security Schedule. If there is any inconsistency between the requirements of this article 10, Security Requirements, and the State Fund Security Schedule, the requirements set out in the Security Schedule control.
- 7.3 System Access. Except as stated in an SOW, Supplier represents and warrants to State Fund that it will not alter any hardware or software security in State Fund's hardware or systems. Supplier further represents and warrants to State Fund that it will not allow unauthorized traffic to pass into or out of State Fund's networks. If Supplier allows unauthorized traffic to pass into or out of State Fund's networks, State Fund may immediately terminate that access, in addition to any other remedies that State Fund has under the agreement. Further, if any Supplier Personnel have remote access to State Fund's network, or telecommute, then those Supplier Personnel will be subject to additional State Fund data security requirements that State Fund gives to Supplier including: (1) account credentials are assigned to individual Supplier Personnel and must not be shared; and (2) each individual Supplier Personnel to whom account credentials have been issued must complete State Fund's Security Awareness Training within 30 days of being on-boarded.
- 7.4 Network Connections. Supplier agrees to allow State Fund to perform network assessments of any Supplier connections to State Fund's networks on a schedule reasonably required by State Fund. When a network connection exists between the parties, Supplier will remain alert to all vulnerabilities and security patches or corrective actions by subscribing to an industry-recognized service, such as US CERT (United States Computer Emergency Readiness Team) or MS-ISAC (Multi-State Information Sharing and Analysis Center) from the Center for Internet Security. Supplier understands that, if a State Fund assessment reveals inappropriate or

inadequate security, State Fund may remove Supplier's access to the State Fund network until Supplier satisfactorily complies with applicable requirements.