



## **Ethical Decision-Making Policy**

## CalPERS Ethical Decision-Making Policy

**Purpose** The Board and staff of the California Public Employees' Retirement System (CalPERS or System) have fiduciary duty over the pension funds administered by the System and must discharge this duty solely in the interest of the members and beneficiaries of the system. The purpose of this policy is to make clear CalPERS' commitment to an environment where CalPERS' staff are able to perform this duty free of undue influence exerted by others.

**Policy Statement** This policy prohibits any person from unduly exerting his or her influence or authority to direct staff to a specified action, decision or course of conduct that the staff person would not otherwise, in the exercise of his or her fiduciary duty, take or make, or which is otherwise inconsistent with the staff person's fiduciary duty to CalPERS' members and beneficiaries, or which is illegal, unethical, imprudent or a violation of CalPERS policy.

Such actions, decisions or courses of conduct include, but are not limited to, approving or rejecting an investment, purchasing or not purchasing goods or services, entering into a contract, falsifying or destroying records, making false or misleading statements, making employment decisions, misusing state property or information, withholding or concealing information, or releasing or misusing confidential data.

CalPERS will not tolerate exertion by any person of real or apparent authority to unduly influence decision-making or other action in any aspect of CalPERS' business.

Further, no person should undertake any action or course of conduct or make any decision that he or she believes is not consistent with his or her fiduciary duty to CalPERS' members and beneficiaries or that he or she believes is not legal, ethical and prudent, even if directed to do so by another person in a position of authority. Any person so directed, or who witnesses such direction, must report a violation of this policy in accordance with this policy.

No person may retaliate against another person for reporting violations of this policy. CalPERS prohibits retaliation and will take corrective action against any individual who attempts to retaliate against a good-faith report of undue influence under this policy.

Any violation of this policy may result in disciplinary action.

## CalPERS Ethical Decision-Making Policy

- Policy Scope**
- CalPERS enterprise
  - All levels of CalPERS management
  - CalPERS staff
  - Designated CalPERS business partners

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### Responsibilities

**CalPERS  
Executives,  
Managers,  
Staff, and  
Designated  
Business  
Partners**

- Comply with the letter and spirit of this policy.
- Successfully complete on-line Ethical Decision-Making training, which includes an acknowledgement by each person that he or she has read and understands this policy.
- Conduct business and communications at all times in good faith and in compliance with this policy and with the fiduciary duty to CalPERS' members and beneficiaries.
- Report immediately any conduct that the reporter in good faith believes violates this policy. The report should be made to the reporter's direct supervisor or manager (if he or she is not involved in the allegation), via the CalPERS Ethics Helpline, to the Chief Compliance Officer, or to any person with sufficient authority to act to whom the reporter feels comfortable reporting.
- Refer any reports received of undue influence or retaliation to Chief Compliance Officer or appropriate Executive staff.
- Cooperate fully with every CalPERS-initiated inquiry and/or investigation of any alleged violations of this policy.

**Enterprise  
Compliance  
Office  
(ECOM)**

- Ensure all staff have access to this policy.
- Ensure that training on this policy is available to all CalPERS' staff.
- Monitor completion of training on this policy by all CalPERS' staff.
- Act to reinforce staff awareness of this policy and to communicate CalPERS' commitment to this policy.
- Receive and coordinate the initial internal inquiry into complaints alleging undue influence reported to the Ethics Helpline or referred to ECOM by any other source. Because of the nature of undue influence and the fact it may be exerted by one or more persons, or may or may not be in the direct line of reporting, the specific roles and handling of a given incident must be evaluated on a case-by-case basis. Follow established complaint escalation protocols as appropriate, as set forth in the Ethics Helpline Procedures maintained by the Enterprise Compliance Office.

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### CalPERS Ethics Helpline

The Ethics Helpline allows CalPERS employees, members, business partners, and the general public to confidentially report conduct that may be unethical, illegal or in violation of professional standards, regulations or policies specific to CalPERS and CalPERS related business with a third party. The Ethics Helpline is an appropriate tool for reporting alleged violations of this policy.

The Ethics Helpline is operated by a third party and is accessible 24 hours a day, seven days a week, via telephone or the internet. (Call Toll-free from the US and Canada to 866-513-4216 or use the Intranet link at <http://insider.calpers.ca.gov/ecom/default.asp>)

### Organization Responsible for Policy

Enterprise Compliance Division (ECOM)

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### Related Policies; Laws, Regulations; and Standards

#### Authoritative:

- California Constitution, Article XVI, Section 17, Fiduciary Duty and Exclusive Benefit
- California Government Code §20121, *Rules*
- California Government Code §20151, *Duties of Board, Officers, and Employees*
- California Government Code §87100, *Political Reform Act, Conflicts of Interest*
- California Code of Regulations §558, *Incompatible Activities Statement*
- CalPERS Board of Administration Governance Policy  
<http://www.calpers.ca.gov/eip-docs/about/board/02152012-board-governance.pdf>

#### Related Standards and Statutory Resources:

- Office of Administrative Law, California Regulatory Notice Register, Register 2011, NO. 52-Z, December 30, 2011. Pp 2067 - 2069  
<http://www.oal.ca.gov/res/docs/pdf/notice/52z-2011.pdf>

#### Related Policies and Procedures:

- CalPERS Ethical Decision-Making Procedures
- CalPERS Ethics Helpline FAQs
- CalPERS Fraud Prevention Policy
- CalPERS Governance Policy
- CalPERS Grievance and Complaint Process

## CalPERS Ethical Decision-Making Policy

**Dates**                      Approval Date (for Approved Policies): \_\_\_\_\_  
                                    Effective Date: \_\_\_\_\_  
                                    Next Review Date: [one year from effective date]  
                                    Anticipated Retire Date (if applicable): \_\_\_\_\_

Version	Date	Summary of Changes	Revision History

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### Approvals

\_\_\_\_\_ Date: \_\_\_\_\_  
Cheryl Eason, Chief Financial Officer

\_\_\_\_\_ Date: \_\_\_\_\_  
Matthew G. Jacobs, General Counsel

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