

# DRAFT

7/26/19

## CalPERS Board Code of Ethics

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Note – The appendix section of the draft Code of Conduct provided at the 2019 CalPERS Offsite has been incorporated into this document per board request. This document was constructed by the Board Workstream leads. ~~No changes have been made to this document.~~ Apart from the addition of section 9.4 at the request of a workstream lead, no changes have been made to this document.

# We Serve Those Who Serve California

## 1. Introduction

**CalPERS Vision** A respected partner, providing a sustainable retirement system and health care program for those who serve California.

**CalPERS Values** Quality, Respect, Accountability, Integrity, Openness, Balance

**CalPERS Mission** Deliver retirement and health care benefits to members and their beneficiaries.

**1.1** The CalPERS Board of Administration performs as a 13-member board of trustees, with fiduciary responsibility<sup>2</sup> to pension system members and beneficiaries' health care participants. The Board shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

**1.2** The Board's duty to its participants and their beneficiaries shall take precedence over any other duty. Additionally, the Board commits to this code of conduct to guide interactions with all. Each member of the CalPERS Board of Administration is expected to follow the highest standard of ethical conduct and to act in accordance with CalPERS' mission and core values.

**1.3** CalPERS' reputation depends upon the manner in which Board Members conduct business and the way the beneficiaries, stakeholders and public perceive that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. This code summarizes a set of ethical expectations, to promote a culture of integrity and accountability, but nothing in this code should be considered as limiting duties, obligations or fiduciary requirements with which Board Members must comply.

## 2. Duty of Loyalty

**2.1** Above all, the CalPERS Board will operate in a manner where it places its' loyalty to the members, participants, and beneficiaries of its' members as its' only priority. Board Members should not be, or appear to be, subject to influences, interests or relationships that conflict with the interests of the CalPERS Pension System, or CalPERS' ability to operate for the sole benefit of its beneficiaries. Board Members shall be free from conflicting personal interests and shall serve the interests of the CalPERS Pension System over those of any other person or group.

<sup>2</sup> [CalPERS Board Offsite Jan 2017 - Fiduciary Training](#)

### **3. Conflicts of Interest**

**3.1** Board members must avoid activities that might impair, or even appear to impair, their ability to make objective and fair decisions. Members must never use CalPERS' property or information for personal benefit or gain.

### **4. Duty of Care**

**4.1** Board Members shall apply themselves with competence and diligence while participating in the matters of the Board and its committees and shall act professionally and prudently in exercising oversight of CalPERS management. Board Members are expected to be familiar with CalPERS business and the environment in which the organization functions.

**4.2** The CalPERS Board is committed to creating an environment where all individuals are treated with dignity and respect. Informed, critical and respectful debate is expected to ensure the most informed decisions and best outcomes are made on behalf of beneficiaries. Board Members will be professional and respectful to one another, management staff, team members, beneficiaries, and all persons and entities conducting business or providing public comment to CalPERS.

### **5. Education**

**5.1** Board Members shall be sufficiently informed to make policy decision on behalf of CalPERS and to participate in an educated and prepared manner in committee and Board meetings. Board Members are responsible to pursue and retain appropriate knowledge and skills relevant to committee assignments and policy decisions. Board Members are expected to attend all meetings of the Board and assigned committees, except when extenuating circumstances does not make it possible.

### **6. Integrity**

**6.1** Board Members shall communicate accurate and reliable information about CalPERS policy decisions to strengthen the understanding for beneficiaries, stakeholders and the public. Board Members will not allow personal bias, conflicts of interest or the influence of other people to override their trustee responsibilities.<sup>3</sup>

### **7. Confidentiality**

**7.1** CalPERS operates as a highly transparent organization, and only limited data are deemed confidential due to investment market sensitivities, personnel and/or other attorney client privileged communications and work products. In those exceptions, Board Members shall maintain the confidentiality of information entrusted to them by CalPERS and any other confidential information about CalPERS business, investments, personnel and other privileged information, except when disclosure is authorized or legally mandated. Board Members will not selectively disclose any non-

<sup>3</sup> [CalPERS Board Governance Policy - IV. AVOIDANCE OF CONFLICTS OF INTERESTS](#)

public information.

## **8. Board Interaction with Pension/Financial Community and Media:**

**8.1** The Board recognizes that members of the pension and financial community, stakeholder groups and the public at large have significant interests in CalPERS actions and governance, therefore the Board seeks to ensure appropriate communication, subject to concerns about confidentiality.

**8.2** Board Members understand that they are representing CalPERS in and outside of committee and board meetings, Board Members will be truthful and use accurate characterizations in all platforms when making statements about CalPERS and its decisions and services. Members will not allow bias, conflicts of interest, or the influence of other people to override their fiduciary responsibilities and loyalty to the beneficiaries.

## **9. Accountability**

**9.1** Board members are expected to comply with the letter and spirit of this Code; to be on alert for areas of ethical risk that may cause reputational damage; to report unethical behavior; and to help sustain a culture of honesty, collegiality and fair dealing with each other, in an atmosphere in which board members can speak openly and freely, without fear of breach of confidentiality.

**9.2** Board Members are encouraged to bring issues that may arise concerning compliance with this Code to the attention of the President of the Board or Chair of the Board Governance Committee any questions or issues may arise concerning compliance with this Code. Breaches<sup>4</sup> of this Code, whether intentional or unintentional, shall be reviewed by the Board Governance Committee (excluding any Board Members whose breaches are under review), which, if necessary, shall make recommendations to the full Board for corrective action.

**9.3** To the extent appropriate, review of breaches of this Code shall be in accordance with the Board Governance policy developed and which does not address all possible scenarios, and may be amended, as the Board deems appropriate. If a Board Member is found to have violated this Code, the Board President and/or Governance committee will determine whether the misconduct and corrective action(s) are made. No provision of this Code shall infringe upon a Board Member's unalienable right to freedom of speech.

**9.4 CalPERS considers a breach of this code to be conduct which is "tending to injure the good name of the organization, disturb its well-being, or hamper it in its work".<sup>5</sup>**

<sup>4</sup> [Bagley-Keene Closed Sessions Section - Personnel Exceptions](#)

<sup>5</sup> [Roberts Rules of Order, Chapter XX page 644, incorporated into CalPERS Board of Administration Rules and Guidelines for the Conduct of Meetings](#)

## **10. Affirmation**

**10.1** All Board Members shall read this Code at least annually and shall certify under penalty of perjury that they understand the Code and that they are in compliance.