

600 ETHICAL AND FIDUCIARY CONDUCT

H. Third Party Economic Interest Disclosure Policy

It is the policy of CalSTRS to conduct business with vendors, business entities and investment service providers, managers, partners and/or consultants in a manner which avoids potential or actual financial conflicts of interest. Consistent with this policy, certain disclosures involving campaign contributions, charitable contributions and gifts are required as set forth below.

1. Definitions

For purposes of this Third Party Economic Disclosure Policy only, the following definitions apply:

A. Entity: The terms “Entity” and Entities mean any vendor, business entity or investment service provider, manager, partner or consultant doing business directly with CalSTRS.

B. Key Personnel: The term “Key Personnel” means any individual associated with an Entity that:

1. Negotiates a contract between an Entity and CalSTRS; or
2. Is a high-level officer or employee of an Entity who exercises primary responsibility for the work performed pursuant to a contract between an Entity and CalSTRS; or
3. Directs or supervises Entity staff regarding work performed pursuant to a contract between an Entity and CalSTRS; or
4. Provides services to CalSTRS as a “consultant” pursuant to Government Code §§82019, 82048 and Cal. Code Regs., tit. 2, §18700.3.

C. Gift: The terms “Gift and “Gifts” mean anything of value, whether tangible or intangible, real or personal property, goods or services, that provides a personal benefit to an individual when the individual does not provide full consideration for the value of the benefit received.

2. Campaign Contributions

All Entities and Key Personnel shall disclose campaign contributions, as defined under the California Political Reform Act, valued in excess of \$250, made to or on behalf of any existing CalSTRS Board member, candidates for Board member, Controller, Treasurer, Superintendent of Public Instruction, CalSTRS officer or employee.

3. Charitable Contributions

All Entities and Key Personnel shall disclose any charitable contributions to a charitable entity, valued in excess of \$250 individually or in the aggregate in any

calendar year, made at the request of any Board member, or CalSTRS officer or employee.

4. Gifts

A. No Entity or Key Personnel shall provide Gifts to Board members or to CalSTRS officers or employees exceeding the current monetary limit established by the Fair Political Practices Commission individually or in the aggregate in any calendar year, given to any Board member or CalSTRS officer or employee. The dollar amount of this limit is adjusted biennially in each odd numbered year to reflect the cost of living adjustments made by the Fair Political Practices Commission to the Gift limit contained in Government Code section 89503.

B. All Entities and Key Personnel shall disclose Gifts aggregating more than \$50 in value made to Board members, or to CalSTRS officers or employees.

5. Recusal

A. Any Board member who receives campaign contributions, charitable contributions, or Gifts that individually or in the aggregate exceed the amount of \$250 in a calendar year from an Entity or Key Personnel shall recuse himself/herself from any involvement in a matter involving the maker of the contributions or Gifts for a period of 12 months following the date of the most recent contribution or Gift.

B. Any Board member who returns, donates, or reimburses the donor for Gifts subject to these restrictions within 30 calendar days of receipt of the Gift shall not be subject to the recusal requirement. Gifts may be returned, donated or reimbursed as specified in California Code of Regulations, Title 2, Division 6, Chapter 9.5, section 18943.

6. Disclosure Filing Timeline

The disclosure of campaign contributions, charitable contributions, and Gifts shall be made on the Third Party Economic Interest Disclosure (Form 600-H) as follows:

A. Upon submission of an initial application or proposal to do business with CalSTRS (for the preceding 12-month period).

B. At the time a contract is entered into between the Entity and CalSTRS (to cover the interim period following the submission of a Form 600-H pursuant to subsection 6(A) above).

C. Annually, on or before April 1 for the previous calendar year. You are not required to file an annual Form 600-H under this subsection if a Form 600-H has been filed with CalSTRS in accordance with subsection (6)(B) between October 1 and December 31 of the preceding year.

- D. Within five (5) calendar days of a change in Key Personnel, the new Key Personnel shall file a Form 600-H.

6. Sanctions for Violation of Policy

Any violation of this policy may lead to disqualification from future business with CalSTRS for a period of two years following a determination by the Board that a violation has occurred. The General Counsel is responsible for causing an investigation of any reported violation to be made and shall report any documented violation to the Board for action.

7. Application of Policy

Nothing in this policy supersedes any provision of State law. Those entities engaged in business with CalSTRS may also have reporting requirements under the Political Reform Act, California Government Code section 81000 et seq. Also, Board members who are either elected to the Board by a CalSTRS constituency or who are appointed to the Board but also serve as an elected official of a local body are subject to Government Code section 84308, which prohibits the receipt, solicitation or direction of a campaign contribution of more than \$250 while a matter affecting a financial interest of the maker of the contribution is pending, and for three months following the date a decision is rendered on the matter. Section 84308 also requires recusal of the Board member from any involvement in the matter if a contribution over \$250 has been received within the preceding 12 months, unless the contribution was returned no later than 30 days from the time the Board member knew or should have known about the contribution and the matter involving the maker of the contribution.

Reference: Education Code Section 22363, Government Code Sections 82019, 82048 and Cal. Code Regs., tit. 2, §18700.3

*Amended December 7, 2006
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