

ALERT

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Job Killer Leave Mandate Passes Senate Committee



A leave mandate job killer bill **opposed** by the California Chamber of Commerce passed a Senate policy committee this week with just one committee member voting no.

SB 63 (Jackson; D-Santa Barbara), a more expansive version of a job killer bill vetoed last year, imposes a new maternity and paternity leave mandate.

Disruptive Bill

In testimony to the Senate Labor and Industrial Relations Committee, CalChamber Policy Advocate Jennifer Barrera pointed out the disruption SB 63 creates by lowering the employee threshold for employers mandated to provide the maternity and paternity leave.

SB 63 will require small employers with as few as 20 employees within a 75-mile radius to provide 12 weeks of protected parental leave for child bonding. It also exposes those employers to the threat of costly litigation.

Both the federal Family Medical Leave Act and the California Family Rights Act apply to employers with 50 employees or more in a 75-mile radius.

Under SB 63, a worksite with only 5 employees will be required to accommodate the mandatory leave if there are other worksites in a 75-mile radius with enough employees to reach the 20 employee threshold, creating a hardship for employers with a limited number of employees at a worksite.

The proposed mandate comes on top of the current requirement that employers

See Job Killer: Page 4

Job Creator Bill Reduces Litigation



The California Chamber of Commerce has identified a job creator bill that reduces

litigation and encourages compliance with labor laws.

SB 524 (Vidak; R-Hanford) prevents any employer who relies in good faith upon the written advice of the Division of Labor Standards Enforcement (DLSE) regarding how to comply with the law from being punished through the assessment of civil and criminal penalties, fines and interest.

The DLSE is a state agency that is charged with enforcing the wage, hour

and working condition labor laws. As part of its effort to fulfill this responsibility, the DLSE issues opinion letters on various wage, hour and working condition topics, as well as an enforcement manual that sets forth the DLSE's interpretation and position on these issues. Currently, employers are encouraged to refer to the DLSE's written materials for "guidance" on these topics when there is no published, on-point case available.

However, employers are provided with no certainty that they will be shielded from liability if they comply in good faith with the DLSE's written opinions or interpretations.

SB 524 eliminates this problem and

See Job Creator Bill: Page 5

Assembly Policy Committee to Hear Job Creator Bill



A California Chamber of Commerce-supported job creator bill providing small

businesses with the tools and resources needed to comply with California's regulations will be heard in an Assembly policy committee on March 28.

AB 912 (Obernolte; R-Big Bear Lake) recognizes challenges small businesses face in implementing state rules by allowing adjustment of civil penalties for mitigating factors.

California's complex regulatory scheme is challenging for all employers, but especially small businesses. In recognizing this challenge, California has provided the Governor's Office of Business and Economic Development (GO-Biz) as a resource for small employers to obtain information regarding various obstacles that small businesses face.

AB 912 would further assist small businesses in navigating the regulations in California so that they can comply and grow their business without facing costly enforcement actions for inadvertent mistakes.

Specifically, AB 912 will require state agencies that adopt regulations to help small businesses understand and comply with those regulations, adopt policies which consider mitigating circumstances—such as the small business cooperating with authorities and the

See Assembly Policy Committee: Page 5

Inside

Win for Franchisor/Franchisee Business Model: Page 3

Labor Law Corner

Paying Nonexempt Employees on Salary Basis Poses Risks for Employer



Barbara Wilber
HR Adviser

If I change a salaried exempt employee to salaried nonexempt, may that employee's salary be less than the minimum threshold for a salaried exempt employee as long as I pay any overtime according to California labor laws?

Yes, you may establish a nonexempt salary level that is lower than the salary

threshold for exempt executive, administrative and professional employees, which is two times the state minimum wage.

Risks to Consider

The real question is whether setting a salary level is a good choice considering that a nonexempt employee is paid by the hour and not by a pre-determined minimum salary.

Because the employee is still nonexempt, all laws that apply to hourly nonexempt employees also apply to salaried nonexempt employees, making a pre-determined set salary a very difficult practice to implement. The nonexempt salary must be established high enough to meet the applicable minimum wage rate in each pay period, such that it covers all hours worked within that pay period. Note that this rule is applicable to local minimum wage rates too.

Since nonexempt salaried employees are subject to the wage-and-hour laws, the employer must pay overtime, keep accurate time records, and provide meal and rest periods in accordance with the Industrial Welfare Commission (IWC) orders and the California Labor Code.

Because the employee is receiving a salary, compliance with these laws often is overlooked, resulting in labor claims for overtime and meal-and-rest break premiums. Moreover, these requirements make it difficult for a nonexempt employee to be paid on a salary basis because these variables may change the amount of pay owed in any one pay period.

In addition, salaried nonexempt employees' pay stubs must show all hours worked and applicable hourly rates. Pursuant to Labor Code Section 515(d), the hourly rate is 1/40th the weekly salary. If, however, the salary agreement establishes a workweek of less than 40 hours, 35 hours for example, the hourly rate is 1/35th of the weekly rate.

Salary Guidance

Although it is extremely risky to pay a nonexempt employee on a salary basis, the Division of Labor Standards Enforcement policy manual has provided the following guidance regarding salaried nonexempt payment:

"Section 48.1.5.4

"In California, in a situation where a non-exempt employee is paid a salary, the regular hourly rate of pay for purposes of computing overtime must be determined by dividing the salary by not more than the legal maximum regular hours (in most cases 40 hours, but this may be less than 40 hours where daily overtime is being computed) to determine the regular hourly rate of pay. (See Labor Code § 515(d)) The contracted hours may be less than the legal maximum regular hours in one workweek, in which case the contracted hours must then be used as the divisor and the salary as the dividend to establish the regular hourly rate of pay. All hours over the legal maximum regular hours in any one workweek or in any one workday must be compensated at overtime rates."

Keep in mind that the Labor Commissioner's enforcement policies are not the law and oftentimes are ignored by the courts. Moreover, this answer does not discuss other issues, such as demotion and reduction in salary as a disciplinary action. In short, paying a nonexempt employee on a salary basis is risky business for any employer and a practice that may not be worth the risk.

Review HRCalifornia.com for more information surrounding these issues.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

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May 31 - June 1, 2017

CAPITOL SUMMIT & SACRAMENTO HOST BREAKFAST

 **CalChamber**
CALIFORNIA CHAMBER OF COMMERCE



Franchisor/Franchisee Business Model Wins in Decision on Lawsuit against McDonald's



In a victory for the franchisor/franchisee business model, a federal court in California recently found that McDonald's does not control the wages paid to employees at its

franchises and was not responsible for any alleged wage-and-hour violations.

The court granted McDonald's motion for summary judgment, dismissing the wage-and-hour lawsuit against the company (*Salazar v. McDonald's Corp.*, No. 14-cv-02096-RS (N.D. Cal. March 10, 2017)).

Usually, the franchisor licenses its trademark and sets some standards relating to products and quality, but the franchisee is solely responsible for all employment decisions, such as hiring, firing, supervising, paying wages, etc.

Franchisors are typically not liable as joint employers unless they exert substantial control over the franchisee's day-to-day operations.

Salazar v. McDonald's Corp.

The decision ends a lawsuit brought by McDonald's workers at Northern California franchise locations. The law-

suit was filed on behalf of more than 1,200 current and former employees who claimed that they were underpaid, denied meal and rest breaks, and not reimbursed for uniform expenses in violation of California labor laws.

Last year, the court held that McDonald's was not an "employer" under the Labor Code because it did not exercise direct or indirect control over the employees' working conditions, including wages. The court rejected the argument that the franchise agreement between McDonald's and the franchise owners established a generic right to control the terms and conditions of the workers' employment.

Now, the court has also rejected the workers' claim that McDonald's is liable because McDonald's "ostensibly" controlled workers' wages through an agent. Instead, the court ruled that California's wage-and-hour laws apply only to employers who actually control wages and workplace conditions, not ostensibly.

"To ignore [lawmakers'] decision to limit the definition of 'employer' to those who, through an agent, control workplace conditions would be to rewrite the law," the judge said. Although wage-and-hour laws are supposed to be interpreted broadly in favor of workers, this does not allow courts to rewrite the law.

In addition, the court rejected the workers' underlying argument that

McDonald's can remedy the alleged Labor Code violations.

Although this is an important decision for employers, attorneys for the workers plan to appeal this lower district court decision to the Ninth Circuit Court of Appeals.

Franchisor Liability

There have been a number of efforts to expand franchisor liability for working conditions at franchise locations. For instance, in recent years, the National Labor Relations Board brought complaints against McDonald's and its franchisees for violating employees' rights during worker protests that occurred around the country demanding a "living wage." The charges claimed that the franchisor and franchisee acted as joint employers.

The U.S. Department of Labor also took efforts under the previous administration to expand the definition of joint employer. These efforts, however, may change under the current federal administration.

More Information

California Chamber of Commerce members can read more on Non-Direct Hires, including California Joint-Employer Liability, in the HR Library on [HRCalifornia](#).

Staff Contact: Gail Cecchetti Whaley

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. May 11, Sacramento; May 25, San Diego; June 6, Santa Clara; August 24, Thousand Oaks; September 6, Beverly Hills. (800) 331-8877.

Leaves of Absence. CalChamber. April 6, Sacramento; April 25, Oakland; June 22, Huntington Beach. (800) 331-8877.

Are Drug-Free Workplaces in California Up in Smoke? CalChamber. April 20, Live Webinar. (800) 331-8877.

Preventing Discrimination in the Workplace. CalChamber. May 18, Live Webinar. (800) 331-8877.

Nothing Ordinary About Local Ordinances

in California. CalChamber. June 15, Live Webinar. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. August 18, Sacramento. (800) 331-8877.

Meal and Rest Break Rules. CalChamber. September 21, Webinar. (800) 331-8877.

International Trade

Trade Mission from Ghana, Africa. Northern California World Trade Center. March 30, Sacramento. (855) 667-2259.

Mexican Geothermal Opportunities Workshop. Institute of the Americas. April 4-5, La Jolla. (858) 453-5560.

Trade Connect Introductory Workshop. Port of Los Angeles. April 5, Garden Grove. (310) 732-7765.

Export Compliance Training Program.

Orange County Center for International Trade Development (CITD). April 17-May 22, Santa Ana. (714) 564-5415.

NAFTA's Economic Progress 2017. Port of Los Angeles. April 28, Camarillo. (310) 732-7765.

Asia Society 14th Annual Dinner. Asia Society Northern California. May 4, San Francisco. (415) 421-8707.

World Trade Week Kickoff Celebration Breakfast. Los Angeles Area Chamber. May 4, Los Angeles. (213) 580-7569.

California Pavilion—TUTTOFOOD Milan World Food Exhibition. Northern
See CalChamber-Sponsored: Page 4

Job Killer Leave Mandate Passes Senate Committee

From Page 1

with as few as 5 employees allow up to four months of protected pregnancy-related leave. SB 63 will add another 12 weeks of leave for the same employee, totaling seven months of potential protected leave.

Litigation Threat

The SB 63 mandate exposes small employers to costly litigation under the Fair Employment and Housing Act (FEHA) by labeling failure to provide the 12-week parental leave of absence as an “unlawful employment practice.”

An employee who believes the employer did not provide the 12 weeks of protected leave, failed to return the employee to the same or comparable position, failed to maintain benefits while out on the 12 weeks of leave, or took any adverse employment action against the employee for taking the leave, could pursue a claim against the employer seeking: compensatory damages, injunctive relief, declaratory relief, punitive damages, and attorney’s fees.

A 2015 study by insurance provider Hiscox regarding the cost of employee lawsuits under FEHA estimated that the cost for a small to mid-size employer to defend and settle a single plaintiff discrimination claim was approximately \$125,000.

Family-Friendly State

California already imposes numerous family-friendly leaves of absence on

employers. The National Conference of State Legislatures recognizes California as one of the most family-friendly states given its list of programs and protected leaves of absence, including: paid sick days, school activities leave, kin care, paid family leave program, pregnancy disability leave, and the California Family Rights Act. This list is in addition to the leaves of absence required at the federal level.

A recent study titled “The Status of Women in the States: 2015 Work & Family” ranked California as No. 2 for work and family policies that support workers keeping their jobs and also caring for their family members. Imposing an additional 12-week, mandatory leave of absence targeted specially at small employers is unduly burdensome.

Key Vote

SB 63 passed Senate Labor and Industrial Relations, 4-1, on March 22:

Ayes: Bradford (D-Gardena), Atkins (D-San Diego), Jackson (D-Santa Barbara), Mitchell (D-Los Angeles).

No: J. Stone (R-Temecula).

Action Needed

SB 63 will be considered next by the Senate Judiciary Committee.

The CalChamber is encouraging members to contact their Senate representatives to urge them to **oppose SB 63**.

An **easy-to-edit sample letter** is available at www.calchambervotes.com.

Staff Contact: Jennifer Barrera

CalChamber-Sponsored Seminars/Trade Shows

From Page 3

California-Sacramento Regional CITD and Mission College CITD. May 8–11, Milan, Italy. (408) 855-5390.
 23rd Inland Empire Annual World Trade Conference. California Inland Empire District Export Council. May 17, San Bernardino.
 NAFSA Annual Conference and Exhibi-

tion. NAFSA: Association of International Educators. May 28–June 2, Los Angeles. (202) 737-3699.
 SelectUSA Investment Summit 2017. SelectUSA. June 18–20, Washington, D.C. (202) 482-6800.
 5th Annual Pacific Cities Sustainability Initiative. Asia Society. June 29–30, Los Angeles. (213) 788-4700.

California-Required/Protected Family-Related Leaves of Absence for Employers of 50 or More

(Maximum Times Per Calendar Year)

Care for Sick/Injured Military Member

26 Weeks
(12 weeks overlap with FMLA)



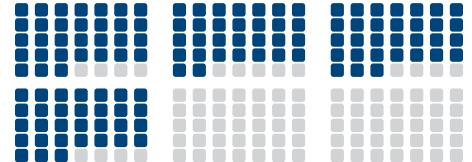
FMLA

12 Weeks



Pregnancy Disability

4 Months
(12 weeks overlap with FMLA)



CFRA

12 Weeks



Organ Donation

1 Month



Spouse of Military Member

10 Days



Bone Marrow Donation

1 Week



School Activities

40 Hours



Time Depends on Situation

- Paid Sick Leave/Kin Care
- School Appearance
- Domestic Abuse/Sexual Assault/Stalking Leave

Job Creator Bill Reduces Litigation, Encourages Labor Law Compliance

From Page 1

provides businesses in California with the security to know that, if they seek out and receive written advice from the DLSE regarding how to comply with the law, they actually can rely upon that information.

Specifically, SB 524 prevents an employer from being financially penalized through the assessment of statutory civil and criminal penalties, fines and interest if the employer relies in good faith on written advice from the DLSE and a court ultimately determines the DLSE's advice was wrong.

Helps Small Businesses

California has burdensome labor and employment laws that are unique from the rest of the country. Small businesses that lack the financial resources to hire a human resources department or outside counsel to advise them on how to comply with these labor and employment laws have only the DLSE for guidance.

SB 524 helps such small businesses by encouraging them to seek out and rely upon the advice they receive from the DLSE regarding how to comply with the law.

Ensures Full Wages

Although SB 524 prevents the assessment of any penalties, fines or interest against an employer who can prove its actions were based upon written guidance received from the DLSE, the bill still requires the employer to pay all wages owed to an employee.

In fact, SB 524 requires an employer

who has asserted its good faith reliance on the DLSE as a defense to post a bond for the disputed amount of wages, thereby ensuring the employee is made whole.

Does Not Protect Bad Actors

SB 524 requires the employer to prove that:

- it prospectively sought out the written advice from the DLSE;
- it provided accurate and factual information to the DLSE;
- it conformed its conduct to comply with the advice of the DLSE; and
- no facts or circumstances changed between the time the advice was received to the time of the alleged act or omission.

A bad actor that is operating in the underground economy is not going to voluntarily seek out advice from the regulatory agency from which it is trying to hide. Moreover, a bad actor will not be able to satisfy any of these safeguards in SB 524. This bill ensures only the good actor who proactively seeks out advice and conforms to it will be able to avoid penalties, fines and interest.

Notably, since 1947, the federal government has provided employers who rely in good faith upon the advice, opinion letters and guidance of the U.S. Department of Labor regarding the Fair Labor Standards Act with a complete defense against liability. This law, referenced as the Portal-to-Portal Act, has been in existence for more than 60 years and there have not been any reported abuses of "bad actors" manipulating the

system or process in order to gain an unfair advantage.

Creates Certainty for Employers

When the Portal-to-Portal Act was enacted, Congress set forth in its findings and declarations that "uncertainty on the part of industry," as well as "the difficulties in the sound and orderly conduct of business and industry," could have a negative impact on commerce. Accordingly, Congress included an affirmative defense for employers who rely upon the interpretations and opinions of the Wage and Hour Division of the U.S. Department of Labor.

Similarly, uncertainty for California employers regarding the correct application of California's numerous labor and employment laws has a detrimental impact on the state's economy as well as employees. Providing certainty through SB 524 will assist all employers in their efforts to comply with the law, thereby producing a better business environment, growth in the economy, and an improved work environment for employees.

Action Needed

SB 524 has been assigned to the Senate Labor and Industrial Relations Committee.

The CalChamber is asking members to contact their senator and members of the committee to urge them to **support SB 524 as a job creator**.

An [easy-to-edit sample letter](#) is available at www.calchambervotes.com.
Staff Contact: Jennifer Barrera

Assembly Policy Committee to Hear Job Creator Bill

From Page 1

violation not posing an imminent threat—in assessing penalties against small businesses when there has been a violation. This penalty relief will grant the small employer equitable relief from burdensome administrative penalties.

The growth of small businesses in

California is a key component to maintaining a strong economy. By helping small businesses comply with California regulations, AB 912 will help ensure such growth.

Action Needed

AB 912 is scheduled to be considered

by the Assembly Jobs, Economic Development and the Economy Committee on March 28.

The CalChamber is encouraging members to contact their Assembly representatives to urge them to **support AB 912 as a job creator**.
Staff Contact: Marti Fisher

Tools to stay in touch with your legislators.

calchambervotes.com

Assembly Committee Rejects Highway Repair Streamlining Bill



SUPPORT

A California Chamber of Commerce-supported bill to expedite and reduce costs for transportation infrastructure projects was voted down by

an Assembly policy committee this week.

AB 278 (Steinorth; R-Rancho Cucamonga) would have streamlined and reduced regulatory burdens to inspect, maintain, repair, remove and replace existing highways and roads, or to add specified auxiliary lanes by exempting such projects under the California Environmental Quality Act (CEQA).

The purpose of the bill was in line with the Governor's 2017 transportation proposal and his 2017 Five-Year Infrastructure Plan. More than 92% of the proposed funding identified in the plan is

dedicated to the state's transportation system, with \$43 billion to be allocated to improve the maintenance of highways and roads, expand public transit, and support critical trade corridors over the next decade. The plan further focuses new revenue primarily on "fix-it-first" investments to repair neighborhood roads and state highways and bridges.

In a letter supporting AB 278, the CalChamber pointed out that as California continues to face significant costs for maintaining existing transportation infrastructure, it is of the utmost importance that the projects identified in AB 278 are approved and implemented in an expeditious and cost-effective way.

CEQA was initially passed to ensure that California's environment is considered before a project moves forward. Over time, however, CEQA has become a hook for litigation and a means to delay critical public works projects.

Until significant changes are made to

the underlying process, the CalChamber supports efforts to expedite CEQA review for important public works projects, such as those specified in AB 278, which will encourage economic growth and recovery.

AB 278 appropriately prioritized highway maintenance projects to ensure robust productivity as the state rebuilds its roads.

Key Vote

AB 278 failed to pass the Assembly Natural Resources Committee on a vote of 3-7.

Ayes: Acosta (R-Santa Clarita), T. Allen (R-Huntington Beach), Flora (R-Ripon).

Noes: C. Garcia (D-Bell Gardens), Chau (D-Monterey Park), Eggman (D-Stockton), Limón (D-Goleta), McCarty (D-Sacramento), Muratsuchi (D-Torrance), M. Stone (D-Scotts Valley).
Staff Contact: Louinda V. Lacey

Bill Increasing Access to Computer Science Education Passes Committee



SUPPORT

A California Chamber of Commerce-backed bill that promotes a coordinated effort by schools to offer computer science as part of their

curriculum passed the Senate Education Committee on March 22.

SB 346 (Glazer; D-Contra Costa) cures technical issues with the statutory language that authorizes the establishment of a computer science strategic implementation advisory panel. Creation of the panel was authorized by CalChamber-supported legislation enacted in 2016, AB 2329 (Bonilla; D-Concord), which passed every committee and both legislative houses with unanimous support.

Technical Issues Addressed

In signing AB 2329, the Governor noted technical issues needing to be addressed. SB 346 simply remedies those technical issues, thereby allowing for proper establishment and function of the

computer science strategic implementation advisory panel and plan.

The computer science strategic implementation plan ensures that computer science is taught in all California schools. Studying computer science prepares students for careers in a large variety of sectors by teaching them valuable computational and critical thinking skills, and by allowing them to create new technologies rather than simply using them. Computer science is applicable to careers in manufacturing, health care, retail, the arts, financial services, agriculture and more. According to Code.org, in California alone, there are currently 68,352 open computing jobs.

To ensure that California's students are adequately prepared to compete for these high-paying, high-skilled jobs in the future, it is important that they have access to computer science coursework.

SB 346 requires the Superintendent of Public Instruction to convene an advisory panel and the Governor to select the membership of the panel. It also requires the Superintendent to develop, and the State Board of Education to consider adopting a computer

science strategic implementation plan on or before January 1, 2020.

Such a plan is critical to ensuring increased computer science coursework in California classrooms. In the 2015-2016 school year, only 16% of California schools with Advanced Placement (AP) programs offered the AP Computer Science course and only 1 in 4 K-12 schools in the state offer any computer science coursework. This means the vast majority of California students have little or no opportunity to develop skills that are highly valued and increasingly necessary to compete in the global workforce.

Important Goal

By addressing the technical issues in the law, SB 346 will help move California schools forward in a coordinated fashion to achieve the important goal of making computer science curriculum available in every school.

SB 346 is an urgency bill and will be considered next by the Senate Appropriations Committee.

Staff Contact: Karen Sarkissian

30 CalChamber Member Firms Make 2017 World's Most Ethical Companies List



Thirty California Chamber of Commerce member firms are among the 124 named as the 2017 World's Most Ethical Companies by the Ethisphere Institute.

The institute, a global leader in defining and advancing the standards of ethical business practices, said the honorees span five continents, 19 countries and 52 industry sectors.

Three CalChamber members are among the 13 companies that have been recognized all 11 times since Ethisphere started the list in 2007.

Ethisphere describes its program as one that has honored companies “who recognize their role in society to influence and drive positive change in the business community and societies around the world. These companies also consider the impact of their actions on their employees, investors, customers and other key stakeholders and leverage values and a culture of integrity as the underpinnings to the decisions they make each day.”

“We have also seen how companies honored as the World's Most Ethical respond to these challenges. They invest in their local communities around the world, embrace strategies of diversity and inclusion and focus on long term-ism as a sustainable business advantage. In short, these companies are transformative, not just out of need, but because they recognize that integrity is the key to their advancement.”

CalChamber Members

CalChamber members on the list are:

- **3M Company:** Fourth consecutive year.
- **Accenture:** 10th consecutive year.
- **Allstate Insurance Company:**

Third consecutive year. Phillip John Telgenhoff, field senior vice president, is a CalChamber Board member.

- **Arthur J. Gallagher & Co.:** Sixth

consecutive year.

- **Avnet, Inc.:** Fourth consecutive year.
- **Blue Shield of California:** Four times on list. David Fields, executive vice president – markets, is a CalChamber Board member.

- **CBRE Group, Inc.:** Fourth consecutive year.

- **CH2M:** Ninth consecutive year.
- **Cummings Inc.:** 10th consecutive year.

- **Ford Motor Company:** Eighth consecutive year.

- **Granite Construction Incorporated:** This is the eighth year in a row Granite has been recognized. Laurel J. Krzeminski, executive vice president and chief financial officer, is a CalChamber Board member.

- **Ingredient Incorporated:** Fourth consecutive year.

- **International Paper Company:** All 11 years the list has been issued.

- **ManpowerGroup:** Seven times on list. Phil Blair, executive officer of Manpower West, is a CalChamber Board member.

- **Marriott International, Inc.:** Nine times on list.

- **Microsoft:** Seventh consecutive year. Gail Thomas, vice president, U.S. West Region Enterprise and Partner Group, is a CalChamber Board member.

- **Paychex, Inc.:** Nine times on list.

- **PepsiCo:** All 11 years the list has been issued.

- **Republic Services, Inc.:** First time on list.

- **Rockwell Collins:** Eighth consecutive year.

- **Schneider Electric:** Seventh consecutive year.

- **Sharp HealthCare:** Four times on list. Michael W. Murphy, president and CEO, is a CalChamber Board member.

- **Target Corporation:** Nine times on list.

- **Teradata Corporation:** Eighth consecutive year.

- **The AES Corporation:** Fourth consecutive year.

- **TIAA:** Third consecutive year.

- **U.S. Bank:** Third consecutive year.

- **UPS:** All 11 years the list has been issued.

- **USAA:** Second year in a row.
- **Waste Management:** 10th consecutive year.

Methodology

The World's Most Ethical Company assessment is based upon the Ethisphere Institute's Ethics Quotient® (EQ) framework, which offers a quantitative way to assess a company's performance in an objective, consistent and standardized way. The information collected provides a comprehensive sampling of definitive criteria of core competencies, rather than all aspects of corporate governance, risk, sustainability, compliance and ethics.

The EQ questionnaire is developed by an Ethisphere internal team of legal and compliance professionals and an advisory panel. Members include leading experts from the fields of law, corporate reputation, corporate ethics, governance, anti-corruption, and government.

Scores are generated in five key categories: ethics and compliance program (35%), corporate citizenship and responsibility (20%), culture of ethics (20%), governance (15%) and leadership, innovation and reputation (10%).

Ethisphere reviews documentation submitted by companies and may conduct additional research and request additional information and documentation from the company. EQ scores are often adjusted based on documentation review and independent research

Full List

The full list of the 2017 World's Most Ethical Companies can be found at <http://worldsmoethicalcompanies.ethisphere.com/honorees/>.

Best practices and insights from the 2017 honorees will be released in a series of infographics and research throughout the year. Organizations interested in how they compare to the World's Most Ethical Companies are invited to participate in the **Ethics Quotient**.

Your Best Course of Action

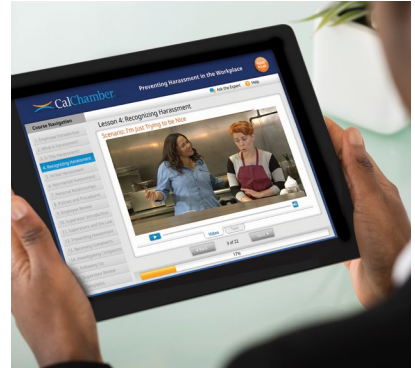
California requires companies with 50 or more employees to provide two hours of sexual harassment prevention training to all California supervisors **within six months of hire or promotion**, and every two years thereafter. That's not all. Effective April 1, 2016, new requirements under the Fair Employment and Housing Act (FEHA) highlight **an employer's affirmative duty to take reasonable steps** to prevent and promptly correct harassing, discriminatory and retaliatory conduct in the workplace, **regardless of the number of employees**.



Get a **\$5 Starbucks eGift Card** for every California supervisor or employee harassment prevention training seat you purchase now through 4/30/17.

Use priority code HPS7A. Preferred and Executive members also receive their 20% member discount.

Starbucks, the Starbucks logo and the Starbucks Card design are either trademarks or registered trademarks of Starbucks U.S. Brands, LLC. Starbucks is not a participating partner or sponsor in this offer.



Updated with new video scenarios depicting same-sex harassment, disability discrimination, retaliation in action, confidentiality and more.

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