



## Blue Shield of California Supplier Code of Conduct

### Message from CEO

For more than 80 years, Blue Shield of California has been committed to transforming care to enhance the health and wellbeing of the communities we live and work in. We are proud to partner with suppliers who share this vision and uphold the highest standards of ethical conduct and management practices.

While we are formalizing these standards in our first ever Supplier Code of Conduct in 2019, our commitment and expectations remain the same as they have always been because our actions are guided by our core values and our belief in doing the right thing.

We are honored to do business with suppliers that support our mission, operate fairly and ethically, promote diversity and inclusion and take care of the environment. These are fundamental principles that truly matter to us and we stand by them in every interaction.

Paul Markovich  
President and Chief Executive Officer

### Integrity is Our Foundation

At Blue Shield of California, we and our affiliated companies (collectively "Blue Shield") are firmly committed to doing the right thing and conducting ourselves with the utmost integrity. The success of Blue Shield and the heritage of our brand depends on building trusting relationships with our Suppliers.

To achieve our Mission, we conduct our business activities in an honest, fair and ethical manner. Beyond compliance with the letter of the law, we strive to "do the right thing." Our values help us to understand what it means to do the right thing. By living our values, we will act with integrity.

### Compliance with the Supplier Code of Conduct

Suppliers and their employees, agents, and subcontractors (collectively referred to as "Suppliers") must adhere to Blue Shield's Supplier Code of Conduct ("the Code") while conducting business with or on behalf of Blue Shield. Suppliers must promptly inform their Blue Shield contact (or a member of Blue Shield management) when any situation develops that causes the Supplier to operate in violation of the Code. While Blue Shield Suppliers are expected to self-monitor and demonstrate their compliance with the Code, Blue Shield may audit Suppliers or inspect Suppliers' facilities to confirm compliance. Blue Shield may require the immediate removal of any Supplier representative(s) or personnel who behave in a manner that is unlawful or inconsistent with the Code or any Blue Shield policy.

Our Suppliers' business and labor practices must comply with all applicable laws, and regulations, as well as, the requirements and principles of the Code in addition to other obligations in any agreement a Supplier may have with Blue Shield. Suppliers must comply with the standards of the Code even if it exceeds the requirements of applicable law.

## Workplace Standards

As a healthcare company, the safety and health of workers is important to Blue Shield, helping to maintain worker engagement and productivity. Suppliers must adhere to this Code while conducting business with or on behalf of Blue Shield. Suppliers must provide a safe work environment, integrate sustainable health and safety management practices into Supplier operations and comply with all applicable laws and regulations addressing working conditions and with the standards below. Compliance with this Code is a condition of doing business with Blue Shield.

**Safety and Health.** Suppliers shall secure, keep current and comply with all required health and safety permits as required by operating Country and Blue Shield contract requirements. Workers must be informed and receive appropriate education in advance if they will be working with (or otherwise exposed to) hazardous or dangerous conditions or materials. Suppliers must manage, track, and report occupational injuries and illnesses and implement corrective action plans to mitigate any risks and provide necessary medical treatment to help facilitate workers' return to work.

**Emergency Preparedness and Response.** Suppliers must identify all potential emergencies and develop and implement a set of emergency response procedures that will minimize harm to life, environment and property. On an on-going basis, Suppliers must re-evaluate the safety of the environment and update the emergency response procedures as needed and continuously train all workers, in the workers primary language(s), on the most up to date emergency response procedures including but not limited to: emergency reporting; alarm systems; worker notification and evacuation procedures; worker training; drills; location of first-aid supplies, fire suppression and detection resources; and the location of accessible facility exits. Suppliers shall clearly post all related health and safety information at all facilities where operations for or on behalf of Blue Shield are being conducted.

**Wages and Benefits.** Suppliers must pay their workers in compliance with applicable laws requiring payment of minimum wages and any additional compensation, including requirements for overtime pay and benefits.

**Anti-discrimination, Harassment and Retaliation.** Blue Shield is committed to maintaining an environment that encourages and fosters appropriate conduct and respect among all persons. In furtherance of this commitment, Blue Shield strictly prohibits all forms of discrimination and harassment on the basis of age, ancestry, color, religious creed (including religious dress and grooming practices), denial of family and medical care leave, mental or physical disability (including HIV and AIDS), marital status, medical condition (cancer and genetic characteristics), genetic information, military and veteran status, national origin (including language use restrictions), race, sex (including pregnancy, child birth, breastfeeding, and medical conditions related to pregnancy, child birth or breastfeeding), gender, gender identity and gender expression, sexual orientation, association with a person or group with one or more of these actual or perceived characteristics, or any other basis protected by federal, state or local law.

Conditions of employment must be based solely on the individual worker's sole ability to perform the job and not based on the worker's personal or religious beliefs or personal characteristics unrelated to the individual's ability to perform the job role, duties, or functions. Suppliers shall not discriminate against any worker in hiring or working practices, including but not limited to promotions, job assignments, training wages or benefits, based on the worker's ethnicity, race, color, national origin, gender, gender identity, sexual orientation, age, marital status, family status, religion, disability, pregnancy, political affiliation, or union membership.

Blue Shield expects Supplier management to serve as models of appropriate conduct for their employees and will hold management to a higher standard of accountability. Management must not only refrain from actions that violate this policy, but also refrain from any activity that would give the appearance of impropriety. Any form of retaliation against anyone because that person made a complaint of or reported discrimination or harassment or has participated in an investigation of such a complaint will not be tolerated and violates both this policy and applicable law.

**Fair Treatment.** All workers must be treated with dignity and respect including those employed by Suppliers. The Supplier and its affiliates must not engage in or permit any forms of abuse, including but not limited to, physical, verbal, or psychological abuse, coercion, threats of violence, bullying, harassment, sexual harassment, or unreasonable restrictions on entering or exiting work and residential facilities. Workers must be able to freely voice their concerns to Blue Shield, its affiliates or its auditors, and participate in the Blue Shield audit process, without fear of retaliation by their employer or management.

**Immigration Compliance.** Suppliers may only engage and hire workers who have a legal right to work in the designated operating Country. If Supplier chooses to engage foreign or migrant workers, Supplier must ensure that both the Supplier and such workers are in full compliance with all immigration and labor laws of the operating Country. If Supplier provides housing or other benefits (e.g., travel, transportation, social support services) to its foreign or migrant workforce, Supplier shall ensure that such benefits support and facilitate the workers' health and safety, freedom of movement, ability to travel, and are consistent with applicable laws governing the provision of such benefits. All workers' original government issued identification and/or travel documents shall not be withheld by the Supplier at any time. Supplier will not restrict any movement of the worker in the workplace when entering or exiting the Suppliers facilities. Supplier shall not subcontract with third parties who are not in compliance with this Code requirement.

**Freedom of Association and Collective Bargaining.** Our suppliers must allow workers to freely associate, establish, join, form, select or refrain from joining a legal organization or bargain collectively in a non-violent manner, without being penalized or subject to discrimination, retaliation, harassment, or interference for their choice.

**Underage Labor.** Blue Shield will not tolerate the use of child labor under any circumstances. Our suppliers may only employ workers who are at least (i) 15 years of age, (ii) the applicable age for completion of compulsory education or (iii) the minimum legal age for employment in the designated Country where the work is performed. Blue Shield encourages legitimate workplace apprenticeship programs for educational benefits and development that adhere to all applicable laws and this Code.

**Involuntary Labor, Human Trafficking, and Slavery.** Under no circumstances are our Suppliers authorized to use forced labor. Our suppliers must guarantee not to use forced or involuntary labor, including but not limited to, slave, prison, indentured, bonded or other manipulation of an individual's free will. Involuntary labor is defined as the transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation. Our suppliers must not traffic workers or in any other way exploit workers by means of threat, force, coercion, abduction, or fraud.

## Ethical Behavior

**Blue Shield expects the highest standards of ethical conduct in all endeavors. Suppliers shall always be ethical in every aspect of its business, including but not limited to, its relationships, practices, sourcing, and operations.**

**Business Integrity.** Suppliers must not engage in bribery of any kind or any acts that would obtain or provide an unfair or improper advantage either directly or indirectly for the purposes of doing business, including, but not limited to, offering, promising, giving, accepting anything of value, corruption, extortion or embezzlement, to or from an individual, company or any government official to encourage them to act improperly or to reward them for doing so. Prohibited payment can take many forms including, but not limited to, cash or cash equivalents, gifts, meals, or entertainment. Supplier must abide by all applicable anti-corruption laws and regulations in the Country of operations as set forth in the Foreign Corrupt Practices Act (FCPA) and this Code.

**Gifts.** Suppliers must avoid offering or presenting gifts to Blue Shield employees because even a well-intentioned gift might constitute a bribe under certain circumstances or create conflicts of interest. Do not offer anything of value to obtain or retain a benefit or advantage for the giver, and do not offer anything that might appear to influence, compromise judgment, or obligate the Blue Shield employee. If offering a gift, meal, or entertainment to Blue Shield employees, always use good judgment, discretion, and moderation. Any gift from a Supplier must be permissible under the Blue Shield Gifts & Entertainment Policy. Any gifts, meals, or

entertainment must comply with applicable law, must not violate the giver's and/or recipient's policies on the matter, and must be consistent with local custom and practice.

**Whistleblower Protections.** Supplier must provide its managers and workers with an efficient anonymous complaint mechanism to report any workplace grievances to facilitate open communication between management and workers. Suppliers must protect whistleblower confidentiality and prohibit retaliation against any manager or workers who reports workplace grievances.

## Privacy and Compliance

**Supplier shall implement and maintain, as applicable, management systems that facilitate ongoing compliance with this Code and all applicable laws, identify and mitigate related operational risks, and facilitate continuous improvement, including privacy training and education, on a continuous basis, to all workers and any third-parties who provide products and/or services to Blue Shield.**

**Privacy.** Supplier is responsible for protecting the confidentiality, and maintaining the security, of all individually identifiable personal information and/or company confidential information it accesses, collects, receives, obtains, creates, maintains, uses, and/or discloses in the process of acting for, in service to, or on behalf of Blue Shield. This includes Protected Health Information (PHI) as defined by US law (the Health Insurance Portability and Accountability Act (HIPAA)) and personal health and non-public financial information which may be protected by other US federal or state laws and regulations. Suppliers and their subcontractors who provide services (directly or indirectly) for or on behalf of Blue Shield which require access to, use, disclosure, or maintenance of PHI are "Business Associates" under HIPAA. Supplier/Business Associates and their subcontractors who access PHI must comply with those provisions of HIPAA that are applicable to Business Associates. Supplier/Business Associates must enter into and comply with a Business Associate Agreement and Security Addendum with Blue Shield and with any Supplier subcontractor that will have access to PHI.

**Other Confidential and Proprietary Information.** Suppliers may have access to information that is confidential and/or proprietary information to Blue Shield. All Suppliers must enter into a non-disclosure agreement with Blue Shield and at all times, protect all confidential and proprietary information, including but not limited to, proprietary information, non-public information, information of or relating to our members, associates, government contracts or any other information which, if disclosed, could place Blue Shield at a competitive disadvantage or cause Blue Shield financial or reputational harm. Misappropriation of Blue Shield confidential and proprietary information may constitute theft of Blue Shield's trade secrets and/or violation of unfair competition laws and will not be tolerated.

**Compliance Accountability and Responsibility.** Each Supplier must have designated representatives responsible for overseeing compliance with applicable laws and regulations and this Code. Supplier's senior leadership must regularly, and on an ongoing basis, review and assess the quality and efficiency of the compliance oversight and management programs. Blue Shield requires that its Suppliers hold their subcontractors (if any) to the standards, practices, and expectations covered by Supplier's contract with Blue Shield and this Code.

**Risk Management.** Suppliers must establish and maintain effective processes to identify and mitigate the legal, environmental, health, safety, and ethical risks associated with their operations, including subcontracting of Blue Shield services, labor and management practices. Furthermore, management must also develop and regularly monitor, on an ongoing basis, appropriate processes to identify and remediate non-compliance and to ensure regulatory compliance.

**Training and Communication.** Suppliers must clearly and accurately educate and train all managers, workers (whether employed or contracted), and, when applicable, ensure that its subcontractors providing Blue Shield services conduct training, on an ongoing basis, about applicable Blue Shield policies, practices, and requirements relevant to services being provided to, for, or on behalf of Blue Shield. This includes training and education required to understand and implement the standards and requirements described in this Code and to comply with all applicable legal requirements. Suppliers must have an established process for communicating clear, accurate, and timely information about its performance, practices, policies, and expectations to its workers, and subcontractors. Suppliers must have an ongoing process for promoting

compliance and continuous operational improvement including means for obtaining worker and subcontractor feedback regarding compliance with applicable laws and this Code.

## Supplier Diversity

**Building and sustaining enterprise-wide diversity and inclusion is essential for success in Blue Shield’s mission of transforming health care. For us, diversity is a strategic imperative because it enables a flow of new ideas, unleashes creative problem-solving and values the differences our people bring to the table—differences in gender identity, race, age, sexual orientation, ability/disability, ethnicity, and veteran status as well as educational background and life experience.**

We do this by creating an environment where all employees, suppliers, contractors, and members can be their authentic selves and reach their potential. Beyond being free of discrimination, we believe that our supplier community should reflect the diversity of the communities we serve. To enable this outcome, we:

- Actively foster a Diverse Supplier base
- Provide bid opportunities to a diverse range of potential Suppliers
- Hold prime Suppliers accountable for providing subcontracting opportunities to Diverse Suppliers
- Source high-quality, competitively priced goods and services from a diverse range of Suppliers

**Eligibility.** All Suppliers are eligible to participate in the Blue Shield Supplier Diversity Program. Majority prime Suppliers participate by providing subcontracting opportunities for verified Diverse Suppliers. Diverse Suppliers are certified small businesses and those that are fifty-one percent (51%) or more owned and operated by women, minority, disabled veterans or LGBT (lesbian, gay, bisexual, transgender) individuals.

**Certification.** To participate in Blue Shield’s Supplier Diversity Program, we require proof of certification and/or verification of Diverse Supplier status. Blue Shield accepts certification from the following organizations and their regional affiliates:

- **Disabled Owned Business Enterprises (DOBE)**  
Disability: IN: [www.disabilityin.org](http://www.disabilityin.org)
- **Disabled Veteran Business Enterprises (DVBE)**  
Office of Small Business and DVBE Services: [www.caleprocure.ca.gov/pages/sbdvbe-index.aspx](http://www.caleprocure.ca.gov/pages/sbdvbe-index.aspx)
- **Lesbian, Gay, Bisexual and Transgender (LGBT)**  
National LGBT Chamber of Commerce: [www.nglcc.org](http://www.nglcc.org)
- **Minority-owned Business Enterprises (MBE)**  
National Minority Supplier Development Council: [www.nmsdc.org](http://www.nmsdc.org)
- **Minority/Women Business Enterprises (MWBE)**  
Minority and Women Owned Business Certification: [www.mwbe-enterprises.com](http://www.mwbe-enterprises.com)
- **Office of Small Business Certification and Resources**  
California Business Incentives Gateway: [www.cbig.ca.gov](http://www.cbig.ca.gov)
- **Small Business Enterprises (SBE)**  
U.S. Small Business Administration: [www.sba.gov](http://www.sba.gov)
- **Women-owned Business Enterprises (WBE)**  
Women's Business Enterprise National Council: [www.wbenc.org](http://www.wbenc.org)

**Subcontracting.** Blue Shield has implemented a subcontracting initiative as part of the Supplier Diversity program, asking each of our prime Suppliers to provide subcontracting opportunities to Diverse Suppliers and to report direct and indirect spend with Diverse Suppliers. There are three kinds of Diversity Spend reporting: Direct Dollars, Direct Subcontracting, and Indirect Subcontracting.

1. **Direct Dollars:** The dollar amount paid to a certified Diverse Supplier for a product or service that is directly provided by to a prime contractor. For instance, if Blue Shield directly contracts with a certified Diverse Supplier printer to produce welcome kits, that spend would be reported at 100% value.

2. **Direct Subcontracting Dollars:** The dollar amount paid to a certified Diverse Supplier subcontractor by a Blue Shield prime contractor for a product or service that is not directly provided by the prime contractor. For instance, if one of Blue Shield's majority fulfillment Supplier buys envelopes for a Blue Shield mailing from a Diverse Supplier, that spend would be reported as subcontracting at 100% value.
3. **Indirect Subcontracting Dollars:** The dollar amount paid to a certified Diverse Supplier for a product or service that is not directly related to Blue Shield. For example, the same majority fulfillment Supplier procures building maintenance and landscaping services from a certified Diverse Supplier at an annual cost of \$10,000. If Blue Shield represents 10% of the prime contractor's overall business, the amount to be reported as Indirect Subcontracting Dollars would be \$1,000 ( $\$10,000 \times 10\%$ ).

## Environmental Sustainability

**Environmental sustainability is a priority for Blue Shield to help safeguard the health of current and future generations.**

Blue Shield seeks Suppliers who strive to implement systems that are designed to minimize impacts on the environment by the supply chain system, the production process, and the products themselves. Blue Shield Suppliers must comply with applicable environmental laws, regulations and standards and Blue Shield expects its Suppliers to demonstrate a clear understanding of the environmental risks, impacts and responsibilities associated with the products and services they provide. Suppliers should endeavor to make continuous improvements in environmental performance through practicable measures and by employing leading practices where possible. These measures include, but are not limited to:

- Minimize the use of energy, water and raw materials. Where possible, these should be renewable or sustainably sourced.
- Eliminate or reduce levels of waste generated and should reuse and recycle waste materials wherever possible.
- Consider the environmental credentials and performance of Suppliers within their own supply chain and require them to operate to a minimum set of standards.