



Code of Conduct

Leading with Integrity

blue  of california





“What you do speaks so loudly that I cannot hear what you say.”
– **Ralph Waldo Emerson**

Letter from Our CEO

Leading by Our Values

Virtually every company talks about following values, being ethical and “doing the right thing.” Not every company actually lives it. At Blue Shield, we’ve built our reputation based on our actions. We have built strong, lasting relationships with our customers, members, partners and communities by earning their trust, providing outstanding service and acting with integrity in all that we do. We don’t just say that we are committed to “doing the right thing,” we actually do it. Every day, all of us do our best to act with integrity and honesty, and to comply with the law and our policies. These principles are the foundation of our Code of Conduct as well as our corporate compliance and ethics program.

Our Company’s continued success and the ongoing fulfillment of our Mission demand that we continue to hold ourselves to the highest ethical standards. Our Code of Conduct serves as our “playbook” by providing guiding principles for how we should conduct our business, examples to assist us in applying those principles and contact information to help us seek additional guidance. By adhering to the principles of our Code, we exemplify what it means to do the right thing.

We maintain and build our moral foundation and reputation one day at a time and one action at a time. In order to make this work, each of us must individually dedicate ourselves to ethical business conduct, and maintain and model a culture of integrity by ensuring that every workplace decision is consistent with the letter and spirit of the Code. I encourage you to discuss any questions or concerns you may have about the Code or related activity with your leader or the other Company representatives listed in the Code. Reports of actual or suspected violations will be treated confidentially to the extent possible, and no one who suspects a violation and reports it in good faith will be subject to retaliation for doing so.

Please join me in renewing our unwavering commitment to safeguarding our Company’s most valuable asset – our reputation for integrity. Conducting ourselves with the highest level of integrity and ethics is at the heart of the Blue Shield of California brand and everything we do.

Thank you for making a statement with your actions.

Sincerely,

A handwritten signature in black ink that reads "Paul Markovich". The signature is fluid and cursive, written in a professional style.

Paul Markovich
Chief Executive Officer



Living Our Values

Our Mission

To ensure that all Californians have access to high-quality health care at an affordable price.

Our Values

Human

- We connect with and respect everyone we interact with inside and outside the company like they're family and friends.
- We strive to be our authentic selves, listening and communicating effectively, and showing empathy towards others by walking in their shoes.
- We are part of a high-performing team and adopt a learning mindset, keeping our members at the center of everything we do to create a personal, high-quality experience.

Honest

- We hold ourselves to the highest ethical and integrity standards. We build trust by doing what we say we're going to do and by acknowledging and correcting where we fall short.
- We're open and transparent, getting sustainable results the right way and helping others make better, more informed decisions.

Courageous

- We're industry leaders, thinking creatively and critically, and constantly innovating to transform health care.
- We stand up for what we believe in and are committed to the hard work necessary to achieve our ambitious goals.
- We continuously learn by stepping out of our comfort zones to conquer our fears, lead change, and challenge the status quo.

Table of Contents

Letter from Our CEO **i**

Living Our Values **ii**

Introduction: **1**

- Integrity is Our Foundation..... 1
- Our Code of Conduct..... 2
- Our Code Applies to Everyone..... 2
- Speaking Up and Doing the Right Thing..... 3
- Additional Expectations of Managers 4
- Compliance with the Law and Blue Shield Policies..... 5
- Blue Shield's Corporate Compliance Program..... 5
- Discipline 5

Introduction to the Four Cornerstones **6**

Cornerstone One: Using the Code as Our Guide and Asking for Help **7**

- Choosing the Right Course 7
- Raising Concerns..... 8
- Zero Tolerance for Retaliation 10

Cornerstone Two: Providing a Safe and Supportive Environment for Our Workforce Members **11**

- Respect for Diversity & Equal Opportunity..... 12
- Preventing Harassment 12
- Keeping Our Workplace Safe and Supportive..... 13

Cornerstone Three: Promoting the Best Interests of Blue Shield and Our Constituents **17**

- Conflicts of Interest 18
- Exchanging Gifts and Entertainment..... 21
- Accurate Books and Records 23
- Protecting Blue Shield's Assets 25
- Our Brand and Reputation..... 26
- Blue Cross Blue Shield Association Requirements 26

Confidentiality, Privacy & Security	27
Company Information Systems	28
Social Media.....	29
External Affairs.....	31
Corporate Social Responsibility	32
Cornerstone Four: Conducting Business in a Fair and Honest Manner	33
Integrity and Fair Dealing	33
Doing Business with the Government.....	34
Anti-Corruption: Bribes, Kickbacks and Other Improper Payments.....	35
Combating Fraud, Waste & Abuse	36
Dealing Fairly with Customers.	37
Fair Competition	37
Export Controls, Anti-Boycott Requirements & Exclusion Lists.....	39
Prohibited Persons & Entities.....	39
Competitive Intelligence	40
Proper Handling of Inside Information	41
Public, Political & Charitable Activities.....	41
Managing Business Partners and Third Parties	42
Waivers of the Code of Conduct	42
Conclusion	43
Compliance & Ethics Resources	45



Introduction

the company, the brand

Integrity is Our Foundation

At Blue Shield of California (“Blue Shield”), we 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 depend on each of us to build trusting relationships with our fellow workforce members, plan members, customers, business partners, regulators and the communities we serve. 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.

We are operating in an environment where the rules that govern business conduct are more scrutinized and demanding than ever. Integrity is at the core of everything we do to advance our Mission and it is reflected throughout our values. It requires a foundational commitment from each of us—workforce members, officers, directors and business partners—to conduct our business honestly and ethically regardless of the situation, location or business unit. Our continued and future success will be determined by the commitment we make to living and leading by our values.

Our Code of Conduct

Our Code of Conduct ("Code") personifies the principles that govern our ethical and legal obligations. It serves as a compass to translate our values into everyday behavior, to guide us when in doubt and to keep us focused on our common goal of conducting ourselves with integrity. Our Code and the policies we reference cannot anticipate or address every situation or ethical issue that we may encounter in our jobs. Therefore, our Code serves as a roadmap or "playbook" rather than an exhaustive description of Blue Shield's policies or the law.

Our Code is organized along four general categories, called "Cornerstones," that encapsulate how we conduct our business on a daily basis:

- **Cornerstone 1:** Using the Code as Our Guide and Asking for Help
- **Cornerstone 2:** Providing a Safe and Supportive Environment for Our Workforce Members
- **Cornerstone 3:** Promoting the Best Interests of Blue Shield and Our Constituents
- **Cornerstone 4:** Conducting Business in a Fair and Honest Manner

We primarily address principle-based topics in this Code. More specific rule-based requirements are covered in the relevant stand-alone policies and procedures that are referenced in the Code. If you require more detail or explicit guidance for a given situation, you should consult the relevant Company policies, procedures and guidelines or one of the contacts listed in Cornerstone One. In addition to the standards described in this Code, all personnel are subject to Blue Shield policies that, depending on your particular position, may be incorporated into your terms of employment and/or our Employee Handbooks.

Our Code Applies to Everyone

Our Code applies to all of us who work for or represent Blue Shield. This includes all Blue Shield and Blue Shield Affiliate (including Promise Health Plan, The Blue Shield Foundation, and Blue Shield Life Insurance Company) employees and other workforce members, members of the Board of Directors (the "Board"), business partners and other parties acting on our behalf. Each of us has a personal responsibility to understand our Code and Company policies and to apply them in our daily business lives. Each business unit may adopt policies and procedures that are more specific or restrictive than the Code. If there is a conflict between a law or regulation and the Code, the law or regulation takes precedence unless the Code is more restrictive, in which case the Code takes precedence. We expect that our business partners will follow similar principles and act consistently with the Code.

Anyone who engages business partners or contingent workers on Blue Shield's behalf is responsible for monitoring the party's work to ensure they act in a manner that is consistent with our Code.

Who are we referring to?

In this Code, when we refer to Blue Shield's "**customers**," this includes members, insureds, subscribers, employer groups and others who bring their business to our Company. The term also includes prospective customers.

When we talk about our "**business partners**," this includes our providers, suppliers, vendors, producers, service providers, consultants, contractors, subcontractors, agents and anyone who may perform services or activities on our behalf.

"**Blue Shield Affiliate**" means any organization that is an affiliate or subsidiary of Blue Shield.

"**Personnel**" means all Blue Shield workforce members, officers, and members of the Board of Directors.

"**Workforce members**" means Blue Shield employees and contingent workers (leased workers, independent contractors and consultants). "Leased workers" are employees of another company, such as a staffing company or a professional employment company, who provide services to Blue Shield on assignment.

"**Managers**" means all individuals at Blue Shield, regardless of title, who exercise supervisory responsibilities over another workforce member. In short, the term "managers" means people leaders.

Speaking Up and Doing the Right Thing

Each individual is responsible for his/her own conduct and for living our values, but we must recognize that our personal conduct may have far-reaching consequences for Blue Shield and others. Acting with integrity means that we hold ourselves and our business partners to the standards set forth in this Code. By being part of Blue Shield, we make a personal commitment to understand and follow the policies and laws that apply to our jobs. We cannot live up to these standards if we, as individuals, fail to raise concerns when we should. This is why, in addition to knowing the legal and ethical requirements of our jobs, it is our responsibility to raise issues if:

- We are unsure of the proper course of action and need guidance.
- We believe that someone acting on behalf of Blue Shield is doing, or may be about to do, something that violates our values, policies or the law.
- We believe that we may have been involved in any misconduct.

If you become aware of an actual or possible violation of this Code or any applicable law or policy, you have a duty to Blue Shield to promptly report it. This includes situations in which your leader requests that you do something you believe may be illegal or improper.

Additional Expectations of Managers

Our managers have heightened obligations as senior custodians of our Company values and culture. Managers are expected to personify our values, set the proper tone-at-the-top and model integrity-based conduct for the Company. As with all Blue Shield personnel, this includes acting promptly when becoming aware of something that may violate the Code, our policies or the law. As a manager, you must also make sure that the Code is clearly communicated to all those who you lead, including leased workers, contractors and other business partners, so they understand how to conduct themselves in a manner that reflects the highest ethical standards and complies with our Code. You must also ensure that your staff completes all required training and properly record their training completion status on their annual performance evaluations.

Most importantly, since most inquiries and reports are made to direct managers or other leaders, it is imperative that you create an environment in which people feel comfortable raising issues and that you properly and promptly act on such reports. You should foster an open working environment that encourages workforce members to come to you with any questions, concerns or reports. When workforce members approach you, you should listen, act on the raised concerns and promptly respond. This includes promptly reporting actual or potential Code, policy or legal violations to Corporate Compliance or another appropriate resource listed in this Code. When possible, you should also seek out opportunities to routinely communicate and discuss ethical conduct, difficult decisions or other challenging situations with your workforce members.



Compliance with the Law and Blue Shield Policies

Blue Shield is subject to a wide variety of federal, state, and local laws and regulations. We are all expected to comply with these laws, and with Company policies that apply to our work, and we are each responsible for asking questions when we are uncertain about the legality or propriety of particular conduct. If you are ever in doubt about any action, be sure to seek guidance from your manager or Corporate Compliance before proceeding. If you are concerned about the legality of an action or decision, you should consult an attorney in Blue Shield's Law Department.

No instruction, excuse or pressure justifies breaking the law or encouraging someone else to do so. Wherever Blue Shield has an internal policy that is stricter than what is required by law, you are expected to follow Blue Shield's policy and standards.

Blue Shield's Corporate Compliance Program

Blue Shield's Code of Conduct is the foundation of our Corporate Compliance Program, which is designed to prevent, detect and remediate unlawful and unethical conduct by Blue Shield personnel, as well as to promote a corporate culture of integrity. In doing so, the Program is designed to create an environment that facilitates the reporting of actual or suspected violations of the Code and other misconduct without fear of retaliation. Reporting misconduct demonstrates transparency, responsibility and integrity to other workforce members, business partners, Board members and our customers. It also serves to protect our Company, brand and reputation. We all "own" compliance and integrity with our daily conduct and decisions.

The Program is led and administered by Blue Shield's Chief Risk & Compliance Officer, who makes regular reports to Blue Shield's Board of Directors regarding the operations and effectiveness of the Program. The Chief Risk & Compliance Officer works closely with Blue Shield's senior leaders, legal professionals and personnel representing various areas across the enterprise.

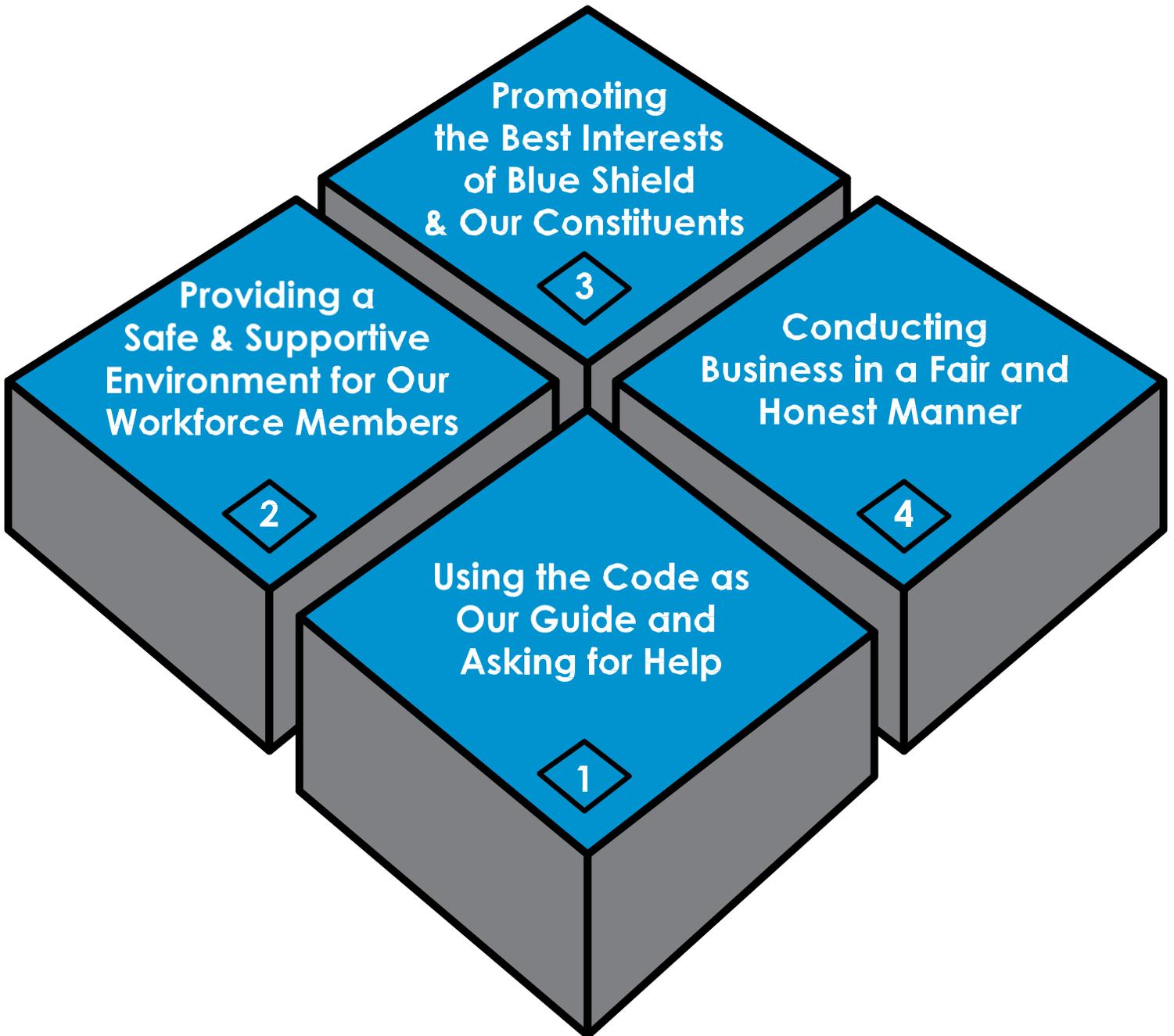
Discipline

Individuals who violate Blue Shield's Code, Company policies or the law, or any managers who fail to appropriately oversee compliance by those they supervise, are subject to investigation and disciplinary

action up to and including termination of employment, assignment or contract, as applicable. Depending on the Code violation, misconduct and circumstances, a criminal referral and reports to law enforcement or government agencies may also be warranted.



Introduction to the Four Cornerstones





Cornerstone One

Using the Code as Our Guide and Asking for Help

Choosing the Right Course

To choose the right course, you should understand our Company values, our Code and our policies. You should carefully consider your options in each situation while exercising values-based discretion and good judgment. If there is a law, Company policy or Blue Shield value to guide your decision-making in a particular situation, you should follow it. If there isn't, you may find it helpful to ask yourself the following basic questions when thinking through a decision:

- Is this action honest and ethical in all respects? Is it consistent with our Code and values?
- Would Blue Shield lose customers and business partners if they knew that the Company engaged in this activity?
- Would I be comfortable explaining my action to my team, my colleagues, my family and my friends?
- Would I or Blue Shield be embarrassed if the situation became public? How would I feel if my action were reported on the front page of the local newspaper?
- Do I have all of the facts? Do I have enough information to make a good decision?

If your questions are not fully addressed by our Code and policies, you should discuss the situation with your manager. You may also consult additional company resources, such as Blue Shield Corporate Compliance, Law, Finance and Human Resources, for further guidance. While you are always encouraged to speak with your manager to seek clarity and direction, our Compliance resources are available to you at any time to ask questions, obtain more information or report a concern.



Raising Concerns

Raising concerns can help our Company to reduce risks, improve processes and solve problems. We should never hesitate to report actual or potential violations or to ask questions about compliance issues at any time, whether the issues involve your own activities or the activities of others.

How to Report Violations

All Blue Shield personnel must report actual or potential violations of the Code. We encourage our business partners to likewise report actual or potential violations of the Code to Blue Shield.

In many cases, your manager is likely to be the person who can assist you with questions and concerns. Sometimes, however, it may be more appropriate to direct your question or concern to someone else. You may seek guidance from, or make a report to, any of the following resources:

- Your manager or another manager you trust
- Human Resources
- Corporate Compliance
- Law
- Internal Audit
- Corporate Finance
- Senior leadership

Reports and inquiries may be made to Corporate Compliance in-person, by e-mail, by telephone or by submitting an online Compliance Inquiry Report. The inquiry forms are available on the [Corporate Compliance](#) intranet site. You may also submit a compliance report or inquiry via the [Human Resources](#) intranet site.

Reports may also be made by calling Blue Shield's toll-free compliance hotline at 1-855-296-9083, by submitting a report via the Web at <https://bsccomplianceandethics.alertline.com> or by sending an e-mail to corporate-compliance@blueshieldca.com. You may also make reports directly to any of the Compliance resources listed at the end of this Code. Reports can be made anonymously, if desired.

Blue Shield's compliance hotline is available 24 hours a day, seven days a week, 365 days a year. This hotline provides you with a confidential and anonymous way to raise concerns, and it is always available if you are uncomfortable or unsatisfied using one of the other resources identified in this Code. When you call Blue Shield's hotline, a trained specialist will speak with you and prepare a summary of your call. You may choose to remain anonymous, in which case the report will not identify you, although providing your name will assist us in more effectively investigating your concerns. Blue Shield strictly enforces a non-retaliation policy for raising concerns in good faith.

Internal Investigations

Blue Shield takes all reports seriously, and welcomes the opportunity to resolve problems that may arise and take steps to prevent them from recurring. If Corporate Compliance undertakes an investigation, whether it is conducted by Corporate Compliance, another Blue Shield resource or authorized outside parties (e.g. external investigators or outside counsel), we are all expected to fully cooperate and assist in the process. To safeguard the integrity of the investigation process, it is important that you maintain the confidentiality of investigation-related information, as instructed.

All Compliance investigations will be conducted and documented in accordance with Blue Shield's Compliance investigation protocol. Blue Shield personnel are not permitted to conduct their own investigations, and we each have an obligation to assist Company investigations and provide information in an open, honest and transparent manner. If an allegation is made against you, you must fully cooperate with the investigation and refrain from interfering with the investigation or otherwise acting improperly. Blue Shield relies on us to trust the process and support investigations to determine the relevant facts.



When you make a report, your confidentiality and/or anonymity will be safeguarded to the extent possible. We endeavor to conduct all investigations in a discreet manner. Blue Shield has and enforces a strict non-retaliation policy for raising or reporting concerns in good faith. Where practicable and permissible, Blue Shield will endeavor to keep the person reporting the matter apprised of the progress and outcome of the investigation.

Corrective & Disciplinary Actions

If corrective or disciplinary actions are required as a result of an investigation, Blue Shield management will determine the proper corrective actions to take, including legal action when appropriate. Each situation or investigation will be defined by its unique facts and circumstances, which will be appropriately factored into any corrective or disciplinary decisions.

Zero Tolerance for Retaliation

If you seek advice, raise a concern or report misconduct, you are doing the right thing. The commitment to our Company values includes providing an environment for all Blue Shield personnel to express their concerns and report actual or suspected misconduct without fear of retaliation. Blue Shield will not tolerate any form of retaliation for personnel who, in good faith, raise a concern, report an actual or potential violation of law, the Code or Company policy, or participate in an investigation. Retaliation is any action that affects the terms or conditions of employment (e.g. termination, suspension, demotion, or reduction in compensation or responsibilities) due to raising a concern, making a report or participating in an investigation. "Good faith" does not mean that your report is true or that the allegation is ultimately substantiated, but rather that you are providing all of the information you have and that you believe it may give rise to an actual or potential violation or misconduct.

Any person who retaliates or threatens to retaliate against an individual for raising a concern, reporting an actual or potential violation, or participating in an investigation will be subject to disciplinary action, up to and including termination of employment. Blue Shield personnel who are aware of an active compliance investigation must refrain from questioning anyone in an effort to determine who may have reported the possible violation or otherwise interfering with the investigation, as such behavior could compromise the integrity of the investigation or appear to be a form of retaliation. If you feel that you or someone else has been retaliated against for raising any legal, Code of Conduct or Company policy issue, you should contact Corporate Compliance or Human Resources.

For more information, see:

- [Employee Handbook: Investigations](#)

Decision Point

Question:

Andrea thinks that Josh, her co-worker, did something that violates our Code, but she isn't certain. Andrea plans to speak with Josh and take care of the situation herself. This way, Josh won't get in trouble. Is this okay?

Answer:

No, Andrea shouldn't try to handle the situation herself. If she suspects that Josh has violated our Code, she should report the situation to her manager or another contact listed in this Code. By doing so, she can help to ensure that our Company is aware of possible misconduct and that we take steps to address it and prevent it from occurring in the future.





Cornerstone Two

Providing a Safe and Supportive Environment for Our Workforce Members

Blue Shield's people are what make this a great place to work. Our continued success largely depends on our ability to attract, develop and retain a diverse workforce of talented professionals. The source of our greatness is our foundational commitment to Blue Shield's culture of ethics, integrity and respect. We are both trusted and trusting, and we always seek to do the right thing. Blue Shield is firmly committed to providing a work environment that fosters respect for all workforce members, customers and business partners, and that reflects the rich diversity of the communities in which we operate. The more we partner and collaborate with each other, the more powerful and enjoyable our work becomes. Whether our colleagues are in the cubicle right next to us or spread out across the state, the standards of how we interact with each other are consistent and fundamental to our culture and ultimate success.

For more information, see:

- [Employee Handbook: Security, Health and Safety](#)

Respect for Diversity & Equal Opportunity

As an employer, Blue Shield attracts the most talented people from all walks of life. We provide an environment in which everyone who chooses to join our team can compete and succeed according to their merit, skills and abilities. We encourage everyone who works for Blue Shield to make meaningful contributions and be recognized and rewarded accordingly. All Blue Shield personnel should expect to be treated with dignity and respect regardless of their backgrounds or position within the firm, and all personnel share the responsibility of maintaining an environment based on mutual respect.

Blue Shield respects and values the diversity reflected in our various backgrounds, experiences and ideas. Blue Shield is committed to providing equal opportunity in all employment practices, including hiring, work assignment, promotion and compensation decisions. We make employment decisions without regard to any personal characteristic or factor protected by applicable local, state or federal law, including race, color, national origin, ancestry, religion, creed, gender or gender identity, sexual orientation, age, marital status, pregnancy, physical or mental disability, medical condition and veteran status, among other protected groups. Blue Shield does not tolerate discrimination on the basis of any classification protected by law.

Blue Shield further embraces our legal obligations associated with our Affirmative Action Program, which promotes hiring, advancement and contracting with certain protected categories of individuals. We believe that doing so is the right thing to do and is good for our business. For further information, please contact Human Resources.

For more information, see:

- [Employee Handbook: Equal Opportunity](#)

Preventing Harassment

When someone is subjected to inappropriate conduct that interferes with his/her ability to perform their job, we all suffer. We all have a right to work in an environment free from harassment of any kind. Our policies strictly prohibit harassment based upon legally protected classifications and we are firmly committed to a workplace in which all individuals are free from inappropriate conduct that creates an intimidating, hostile or offensive work environment. Harassment may take many forms and includes both physical actions and verbal remarks, regardless of whether they are done by, or directed to, an employee or non-employee (such as customers, contingent workers, business partners and visitors, among others) and regardless of intent. Harassment can take the form of overt sexual advances, offhanded remarks or jokes, offensive

Decision Point

Question:

Ben, a product manager at Blue Shield, thinks that his manager may have discriminated against a potential hire because of her ethnicity. The manager made several rude jokes about the interviewee to him and told him that he hired someone who was less qualified. No one else in the office heard the manager's jokes or comments, and Ben is afraid that his supervisor will make his life miserable or even fire him if he reports this behavior. What should he do?

Answer:

Ben shouldn't fear retaliation from his supervisor. He is reporting in good faith, meaning he is providing all of the information he has and believes it to be true. Blue Shield's non-retaliation policy ensures that reporting is an encouraged, accepted and protected behavior. In order to help us maintain our ethical culture, we all have a duty to report concerns of actual or potential misconduct.





Decision Point

Question:

Michelle was recently promoted. She knows she should be happy about this, but she worries that she was promoted because her manager wants to date her. He often makes crude comments about her outfits and appearance, and often pressures her to go out after work. Since Michelle wants to keep her new position, she's scared to report his behavior. How should she handle this situation?

Answer:

Michelle should promptly report her manager's behavior. Regardless of whether she was promoted for the wrong reasons, her manager's behavior is inappropriate and should be investigated as a possible violation of the Company's harassment policy. Regardless of intent, her manager has created a work environment that Michelle finds intimidating and offensive, and Blue Shield does not tolerate this or any other form of harassment. Additionally, Michelle shouldn't fear losing her position for making a report because Blue Shield will not tolerate retaliation for reports made in good faith.

gestures, visual displays, physical or intimidating conduct, and threats and demands, among other actions. Sexual harassment, in particular, involves unwelcome sexual advances, requests for sexual favors, and other physical or verbal conduct of a sexual nature. Blue Shield strictly prohibits sexual harassment, particularly if used as a basis for employment decisions or when it interferes with a person's ability to do their job.

All of our personnel, customers, business partners and colleagues deserve to be treated with dignity and respect, and to be protected from offensive or degrading behavior. Harassment will not be tolerated regardless of whether you are on Blue Shield premises or engaged in off-hours or off-site business-related functions, such as holiday parties or business travel. Regardless of where Company policy sets the bar with regard to prohibited inappropriate or harassing behavior, one may easily comply with our harassment-related policies by asking oneself a few simple questions:

- Would you like a family member to be treated the same way?
- Would you behave the same way or say the same thing if a family member or our CEO were present?
- Would it embarrass you or Blue Shield if your conduct was recorded and broadcast on the news?

If you observe, learn of or are subject to harassment, you should report it to your manager, Human Resources, Corporate Compliance or anyone else mentioned in Cornerstone One's reporting procedures. All managers should be familiar with our policies regarding harassment and their obligations for handling complaints and reporting policy violations.

For more information, see:

- [Employee Handbook: Harassment](#)

Keeping Our Workplace Safe and Supportive

Blue Shield is committed to providing a safe workplace and to enhancing the health and well-being of our employees. Our success in meeting this commitment depends on each of us doing his or her part. Blue Shield provides the resources for an effective health and safety program, including a formal policy, relevant training, and specialists dedicated to ensuring a safe and healthy work environment. However, we all play a role in minimizing the likelihood of work-related injuries by acting in accordance with the law, Blue Shield policy and sound judgment.

Health & Safety

Blue Shield's greatest asset is its people, which means that health and safety are key priorities. For this reason, we are committed to pursuing all necessary health, safety, security and environmental standards. We comply with applicable health, safety and environmental rules and regulations, as well as all posted safety procedures within our areas of operation. We are all expected to report unsafe conditions, and Blue Shield will never retaliate against an employee for bringing any such incident or condition to its attention. Therefore, if you become aware of any hazardous situation, injury, facility emergency, or other health, safety or security threat, you should immediately report it to Blue Shield's Security Operations Center, which is available 24 hours a day, seven days a week.

Workplace violence or the threat of violence is unacceptable. Violent behavior or threats should be immediately reported to your manager, the Security Operations Center, Human Resources or any of the resources listed in the reporting procedures of Cornerstone One for prompt investigation. Blue Shield personnel who engage in violence or threats of violence will be subject to disciplinary action, up to and including termination of employment and criminal prosecution in appropriate cases.

For more information, see:

- [Employee Handbook: Security, Health and Safety](#)
- [Corporate Security and Safety Policy](#)
- [Security Operations Center Guidelines](#)

Drugs and Alcohol

Given that health and safety are top priorities, our workplace must remain free of the influence of alcohol, illegal drugs, misused prescription drugs or over-the-counter medications, and any other substance that may impair our ability to act safely and effectively while at work. This is true regardless of whether the use occurs during working hours, on Company premises or at Company-sponsored events. We must also not possess, sell, transfer or purchase any drugs, drug paraphernalia or alcohol during working hours or while on Blue Shield premises or at Blue Shield-sponsored events. Blue Shield recognizes an exception to this rule when alcohol is transferred in a sealed container as a permitted gift or is used in moderation at an authorized Company event. While it may be customary to have alcoholic beverages present at certain Company functions, this Code and our other rules and policies regarding workplace conduct remain in effect and will be enforced regardless of where the events are held. We should be mindful that we represent Blue Shield, our brand and our reputation at all times. Additionally, all Blue Shield facilities and premises are smoke- and tobacco-free.

For more information, see:

- [Employee Handbook: Alcohol & Drug-Free Workplace](#)
- [Employee Handbook: Tobacco-Free Workplace](#)

Workplace Laws

As part of our commitment to being a socially responsible company, we firmly support and uphold individual human rights in all of our operations, and we expect the same from all of our business partners. This means, in part, that we endeavor to provide reasonable working hours and fair wages for those who work on our behalf. Blue Shield strictly prohibits the use of child or forced labor or human trafficking practices. We will not knowingly do business with business partners, vendors, suppliers or contractors who violate these practices. Given that Blue Shield could be held accountable for the conduct of these parties, if you have reason to believe that any business partner or third party is engaging in any prohibited practices, you should promptly report the matter to your manager, Human Resources, Corporate Compliance or any of the resources listed in the reporting procedures of Cornerstone One.

Solicitation of Colleagues

Blue Shield is proud that many of our personnel give back to our communities through donations or volunteer work. While it may seem natural to ask those we know to participate, we should recognize that it may be uncomfortable, and even offensive, to

be subjected to any pressure, however subtle, to participate in or support our colleagues' personal causes. Management may permit an occasional sale of products or solicitation for charitable purposes, provided that the activity does not interfere with business operations or pressure anyone to purchase a product or participate in a program. Requiring any Blue Shield personnel or other party to participate in non-work-related activities, whether inside or outside the office, is not permitted.

For more information, see:

- Employee Handbook: Solicitation





Cornerstone Three

Promoting the Best Interests of Blue Shield and Our Constituents

We each have an obligation to act in the best interests of Blue Shield. Promoting the best interests of Blue Shield and our constituents is critical to our Mission, and how we promote these interests is just as important as the interests themselves. Our constituents include our personnel, customers, business partners and communities, among others. Advancing and properly balancing the best interests of our Company and our various constituents spans across many subject matter areas, the most relevant of which we address in this Cornerstone.

Conflicts of Interest

A conflict of interest occurs when our personal or family interests, relationships, outside activities, or the exchange of items of value influence, or appear to influence, our ability to do our jobs and make objective, sound business decisions in the best interests of Blue Shield. In any organization with thousands of employees, conflicts between personal and company interests inevitably arise. While we cannot always avoid actual or perceived conflicts of interest, we can minimize their harmful impact through the way we identify, disclose and address them.

"Items of value" are tangible and intangible benefits and favors, including cash, gifts, prizes, tickets, meals, entertainment, events, travel, transportation, lodging, goods, supplies and services of any kind, and special opportunities.

"Exchanging" items of value includes giving, offering, receiving and soliciting.

Our Company recognizes that we have a broad range of personal and community interests and involvement. We strive to strike the right balance between encouraging these pursuits and protecting our business, brand and reputation. However, if the interests of an individual and the Company collide, we must safeguard the interests of Blue Shield and our customers. As you make decisions on behalf of Blue Shield or participate in activities outside the workplace, you should be aware of our policies dealing with conflicts of interest. Most of the time, using common sense will result in the right answer. However, it is important to ask for help when you are uncertain of the right course of action.

Blue Shield personnel and business partners should be vigilant and sensitive to actual and perceived conflicts of interest. The mere appearance of a conflict of interest can be just as damaging as an actual conflict, and can tarnish your reputation within Blue Shield and the Company's reputation for fair dealing. Therefore, any activity, personal interest, personal relationship or exchange of an item of value (that is not an "approved exchange") that causes or could reasonably cause an actual or perceived conflict of interest must be promptly disclosed to Corporate Compliance through our established procedures and must receive prior written approval. If prior approval from Corporate Compliance is not received, the activity, personal interest or conflict in question may be prohibited pending further inquiry.

Some of the most common types of potential conflicts between one's personal interests and those of the Company are described in the following sections.



Decision Point

Question:

Carlos, a Blue Shield manager, works closely with representatives from one of our business partners. One day, one of these representatives informs Carlos that her company is looking for someone with his skills to do some part-time consulting work. Carlos likes working with this partner company and thinks the opportunity sounds interesting. Can he accept the offer?

Answer:

Although Carlos would be doing this consulting work after hours, he may not work for one of Blue Shield's business partners because it presents a potential conflict of interest. When taking outside employment or operating a side business, we must ensure that it won't interfere in any way with our ability to make sound, objective business decisions at Blue Shield.

Outside Employment, Financial Interests & Other Activities

Blue Shield encourages us to play active roles in our communities and in philanthropic, charitable, environmental or other outside organizations. Sometimes, however, outside activities or financial interests may create a conflict of interest or otherwise reflect negatively on Blue Shield. Blue Shield reserves the right to prohibit service for outside organizations after carefully considering the relevant facts and circumstances. Taking employment or a consulting engagement outside of Blue Shield is permitted with the permission of your manager and Corporate Compliance only if all of the following conditions are additionally met:

- The assignment is not with, or in aid of, a Blue Shield competitor, supplier, service provider, vendor or other business partner.
- The assignment does not adversely conflict or interfere with your Blue Shield job performance, responsibilities, hours or duties.
- The activity or assignment does not require you to use Blue Shield property, assets, equipment, facilities or information.
- In any publicity relating to the activity, you do not associate the entity with Blue Shield without the Company's prior written approval.

Serving on the Board of Directors or a similar body of another organization is permitted only with prior written approval of your manager and Corporate Compliance, and may also require specific actions to mitigate any real or perceived conflicts of interest. Such activities must not adversely interfere with your ability to do your job and must satisfy all of the requirements above.

Doing Business With or Supervising Family and Friends

Anytime we interact with family members, close friends or romantic partners in a business setting, there is the potential for a conflict of interest. To be the strongest possible organization, we must make our business decisions based on merit and in the best interests of Blue Shield. Favoritism in contracting, hiring or other business and employment decisions that results from any factor other than performance diminishes our strength and deprives the most deserving parties of the opportunity to contribute.

A conflict of interest may arise if you, or your spouse, family member or close friend, have a personal stake in a company that is a Blue Shield supplier or business partner, potential supplier or business partner, or competitor. In these situations, you must not use your position to influence the bidding process, negotiation or transaction in any way. If you are directly involved in supplier or business partner selection, you must immediately notify your manager and remove yourself from the decision-making process. If you have a family member, close friend or romantic partner who works for a competitor and the relationship may give rise to an actual or perceived conflict of interest, you must also promptly notify your manager.

It is a conflict of interest to supervise someone with whom you have a romantic or close family relationship. Even if you are acting impartially, other employees may perceive favoritism or preferential treatment. Whether these relationships pre-existed or were recently formed, we should disclose the relationship so that we can take steps to appropriately manage the actual or perceived conflicts of interest and perceptions of favoritism.

Given that our managers are in a position of trust, it is improper for a manager to become romantically or sexually involved with someone he/she directly or indirectly supervises or who is in a subordinate position within their business unit or department. Similarly, an individual should not be placed in a position of direct or indirect decision-making authority over another if the two are family members, close friends or romantic partners. If these relationships exist or form, they must be promptly disclosed to the next-level manager, HR Line Manager, Human Resources or Corporate Compliance so that the appropriate steps can be taken to protect the Company and our reputation.

For more information, see:

- [Conflicts of Interest Policy](#)
- [Employee Handbook: Personal Relationships at Work](#)

Private Use of Corporate Opportunities

Through your work at Blue Shield and contacts with our customers and business partners, you may learn of opportunities to provide a service, make a purchase or make an investment in which Blue Shield may be interested. As personnel, we owe Blue Shield an undivided duty to advance its business interests when the opportunity to do so arises. Accordingly, if you become aware of an opportunity in which Blue Shield may be interested, you must promptly disclose it to your manager or a member of senior management so that Blue Shield can properly evaluate it. You may act privately on an opportunity discovered through your position with Blue Shield only after Blue Shield has had the opportunity to formally evaluate it and has officially declined the opportunity in writing. Additionally, using Blue Shield resources or business partners to perform work for approved, non-conflicting outside business interests (either yours or a family member's) may occur only with prior written approval of your manager and Corporate Compliance.

Similarly, we may never compete with Blue Shield or its customers, either personally or by aiding a competitor. We should never use our contacts, resources or position within the Company, or the Company's assets, equipment or information, to advance our own business or financial interests or those of others for personal gain.

For more information regarding Blue Shield's conflict of interest guidelines, please refer to our Conflicts of Interest Policy.

Decision Point

Question:

Ellen works at Blue Shield. Robert, Ellen's cousin, owns a small company that provides services to Blue Shield and works with Ellen in her capacity as a Blue Shield employee. Everyone at Blue Shield was pleased with Robert's company in the past. Lately, however, there have been a growing number of complaints about Robert's company. Ellen is worried that her family will be upset with her if Blue Shield stops doing business with Robert. What should Ellen do?

Answer:

This is a delicate situation for Ellen, but the best thing she can do is to be professional and objective. She should promptly inform her manager about her relationship with Robert. Even if Ellen normally participates in contracting decisions involving her area, she should remove herself from the contracting process in this situation.





Decision Point

Question:

Jonas leads the Blue Shield team working on contracting with a new provider network. The network's representative offers Jonas a weekend stay at a local resort, free-of-charge, where the representative says they can continue the contract negotiations. Is it okay for Jonas to accept this offer?

Answer:

No, it is not okay. Because of our commitment to ethical business practices, we must always avoid gifts and situations that could bias, or appear to bias, our decision-making. While it's not clear whether it was offered to Jonas with bad intent, the value of the gift clearly exceeds \$150. Jonas should politely decline the offer, inform his manager and continue the negotiations in a professional, objective manner.

Exchanging Gifts and Entertainment

Exchanging business gifts and entertainment is a customary practice throughout most of the world and promotes good working relationships and goodwill with customers, vendors and business partners. It may be customary and routine for certain business units to sponsor events, entertain customers, or provide business gifts or courtesies in certain circumstances. We also recognize that gift-giving is synonymous with the holiday season and even an expected part of doing business during that time of year. In fact, we ourselves may receive gifts sent from customers, business partners and others during the holiday season. That said, this is another situation where actual or perceived conflicts of interest may arise.

Blue Shield does not prohibit reasonable expenditures for gifts and similar or related expenses with a bona fide and documented business purpose. However, exchanging excessive or inappropriate gifts may give rise to actual or perceived conflicts of interest or, at worst, could be perceived or alleged to be bribes or kickbacks. There is a bright dividing line between exchanging customary or reasonable gifts on the one hand and exchanging unreasonable, excessive, lavish or inappropriate gifts on the other.

Exchanging gifts, either directly or indirectly, is not appropriate if it creates an obligation on either party, puts the giver or receiver in a situation where either party appears to be biased, or is done with the intent to influence a business decision or transaction. For example, gifts that are excessive or accepted under certain questionable circumstances (e.g. when you are negotiating a contract with the giver) could create an actual or perceived conflict of interest.

Regarding the exchange of gifts or entertainment on behalf of Blue Shield, either directly or indirectly, the following principles apply:

- We believe that we offer the best services in the industry. Any business, benefit or advantage that must be won by providing unusual or excessive gifts is business that we do not need.
- We must not do anything illegal, inappropriate or unethical.
- We must be aware of, and respect, our customers' and constituents' own rules, regulations and policies in these areas. Ask your customer or the intended recipient in advance about their policy on accepting gifts and entertainment.
- We must ensure that all expenditures are appropriately authorized and accurately recorded in our books and records.

What constitutes a gift?

Anything of value may be a gift. This includes tangible and intangible benefits and favors, including cash, prizes, tickets, meals or entertainment when the host does not attend, events, travel, transportation, lodging, goods, supplies and services of any kind, and special opportunities.

What constitutes entertainment?

Entertainment includes events where both the person offering and the person accepting attend. Examples include meals, sporting events and golf outings, among others.

The legitimate purpose of exchanging gifts or entertainment must be to appropriately maintain or enhance the general business relationship as opposed to improperly influence any particular business decision or transaction. In general, exchanging items of value, whether gifts, entertainment or otherwise, is permitted if it is:

- Reasonable in value (the total value of all items of value exchanged in a rolling 90-day period, to or from the same individual or entity, does not exceed \$150);
- Irregular or infrequent;
- In good taste;
- Unsolicited;
- Not cash or cash equivalents (such as checks, gift cards, vouchers, etc.);
- Exchanged in a setting that is appropriate for a business discussion;
- Intended to reasonably and appropriately maintain or enhance the business relationship, and is not directly or indirectly related to any particular business decision, transaction, or the exchange of any business advantage or benefit;
- Not in violation of any applicable law, regulation, policy or professional business decorum; and
- Something you and the other party would openly discuss with co-workers and others.

If Blue Shield is giving the item of value, gift or entertainment, the cost must be properly approved, expensed and documented.

For more information, see:

- [Gifts & Entertainment Policy](#)
- [Anti-corruption Policy](#)
- [Business Travel and Expense Reimbursement Policy](#)

Items of Value for Government Officials

Stricter and more specific rules apply when we do business or interact with any local, state, federal or international government entity, agency, official or intermediary (i.e., third party). Various laws prohibit the exchange of any item of value to/from a government official, employee or intermediary. We must never offer, give, receive or solicit

Decision Point

Question:

Logan, a Blue Shield employee, wants to send a New Year's gift basket to a new business partner to show our Company's appreciation for the new relationship. The total value of the basket is \$75. Is this an appropriate gift?

Answer:

Yes, it is appropriate. A one-time, unsolicited gift that is reasonably valued and intended to maintain the business relationship (and not influence any particular business decision or transaction) is appropriate. It will not impair, or appear to impair, the partner's ability to make objective decisions.





Decision Point

Question:

Irene periodically meets with representatives from California's Department of Insurance and Department of Managed Health Care. One of her government contacts, Julie, has proven to be a friendly and collaborative business partner. Irene wants to show her appreciation for Julie's partnership. She knows that the rules for giving gifts to government officials are very strict, so she wonders if she could offer to pay for Julie to attend an important upcoming health industry conference. Is Irene able to do this?

Answer:

No, this is strictly prohibited. The regulations we must follow when dealing with government officials are extremely strict and do not allow us to give them anything of value. Irene should show her appreciation by continuing to foster a positive business relationship with Julie and her co-workers.

any item of value to obtain or retain any business, advantage or benefit. Due to the highly sensitive nature of these relationships and the complexity of the laws in this area, we should always review the applicable policy and seek advice from Blue Shield Law or Corporate Compliance before exchanging any gift, hospitality or item of value, regardless of the cost or value, to government officials, employees or intermediaries. If you regularly interact with government officials or employees, or their intermediaries, you should familiarize yourself with and follow the relevant laws and regulations. Even if an applicable law, rule or custom appears to be vague, we must remain extremely vigilant and always conduct ourselves with the highest level of transparency and integrity. We must ensure that all of our business partners do the same, as their actions can be attributed to, or associated with, Blue Shield and subject us to serious potential legal and reputational risks.

Receiving Items of Value

Regarding the receipt or solicitation of gifts, entertainment and other items of value, no Blue Shield employee is authorized to accept or solicit any gift that could be perceived to improperly influence Blue Shield's business or purchasing decisions, or any decisions on behalf of any customer or business partner. If you are offered an item of value that is inappropriate, you should politely decline. If you are unsure about whether you can accept a particular gift, invitation or item of value, you should ask your manager or consult Corporate Compliance for guidance. If you are not able to inquire in a timely manner, you should politely decline the offer.

For more information regarding approved and prohibited exchanges of items of value, please refer to our Gifts & Entertainment Policy.

Accurate Books and Records

Whether we realize it or not, each of us contributes in some way to creating Blue Shield's financial statements, books and records. Whether you have prepared a timesheet, a statement of benefits or an expense report, or you have purchased goods or services, your actions contribute to the ultimate documentation of our books and records.

We are required to maintain and provide full, accurate, timely and transparent reporting of information about our Company and operations. To fulfill this obligation, every business record we create and approve must be accurate, complete and reliable. We have adopted specific policies and procedures to ensure that we make full, accurate and timely disclosures in our periodic filings with regulators, and to comply with our obligations under the law. Making or approving false or misleading records or documentation, or failing to properly disclose relevant items, undermines our ability to make good decisions and is strictly prohibited.

We must never do any of the following:

- Intentionally create a false or misleading record
- Knowingly make improper changes or false entries, or willfully fail to make correct entries, on any Company record or document
- Guess at an answer on a document
- Intentionally omit or conceal relevant information
- Create secret or unrecorded ("slush") funds or assets for any purpose

The integrity of our internal controls and procedures is only as strong as our environment of open communication and honesty throughout the organization. If you have concerns about any aspect of our financial reporting or any accounting, audit or internal control issues, you should report them to your manager or any of the resources listed in the reporting procedures of Cornerstone One.

For more information, see:

- [Employee Handbook](#)
- [Travel & Expense Reimbursement Policy](#)
- [Gifts & Entertainment Policy](#)
- [Anti-corruption Policy](#)

Records Management, Retention & Disposal

Properly maintaining our business records is vital to our compliance with laws and regulations. However, knowing what documents and information to keep, and for how long, can be confusing. In fact, in the event of a lawsuit or investigation, we may be required to suspend usual document retention or disposal rules and preserve evidence. The consequences of a wrong decision, whether to retain too long or discard too soon, can be costly and subject the Company to serious risks.

All of our medical and business records must be retained and, when appropriate, disposed of in accordance with the law and Blue Shield policy. This applies to paper-based and electronic records regardless of medium, file format or storage location. In order to comply with all laws and regulations regarding records management, we have adopted records retention policies and procedures concerning the types of documents we are required to maintain, establishing retention schedules for each type of record and specifying circumstances, such as lawsuits or investigations, when it is necessary to maintain or segregate certain records.

Records that are under a retention hold must not be destroyed without the express written approval of Blue Shield's Law Department. For details on records retention schedules, retention holds, applicable laws or Company policies, please refer to Blue Shield's Records Management intranet site or contact Blue Shield's Records Management Administrator at recordsmanagement@blueshieldca.com.

For more information, see:

- [Records Management Policy](#)
- [Records Retention Schedule](#)
- [Legal Hold Process](#)

Decision Point

Question:

While traveling in Southern California on business, Adam, a Blue Shield employee, goes to a non-business related dinner with an old friend. He pays the entire check and then thinks he may be able to submit the total cost for reimbursement. After all, he's in the middle of a business trip. Is Adam correct?

Answer:

No, he isn't correct. Meal costs may only be reimbursed in connection with legitimate business and travel activities. Since Adam is on a business trip, he may submit only his portion of the dinner cost per the Company's policy requirements. However, since Adam's friend isn't associated with our Company and the purpose of the dinner is personal as opposed to business, the total dinner expense cannot be reimbursed.



Money Laundering

In order to maintain our reputation for integrity and trustworthiness, we must ensure that our Company is never involved in money laundering activities, which are attempts by an individual or organization to conceal the origin of illegal funds. We must ensure that no funds transferred to, or through, our Company have an illicit origin by performing careful due diligence on all third parties and potential business partners who wish to do business with Blue Shield. Some potential business partner or third party warning signs that may warrant further inquiry are:

- The lack of an identifiable physical presence or address
- A convoluted or obscure business history
- A reticence to share financial or other material information

If you need more information about how to identify possible money laundering, or have a specific concern that you wish to address, you should consult Blue Shield Law or Corporate Compliance.

Protecting Blue Shield's Assets

Blue Shield's assets are essential to our competitiveness and success. Blue Shield's facilities, equipment, materials, property, technology, information and brand have been acquired through the hard work of thousands of people over a long period of time. Company assets also include our intellectual property such as trademarks, patents, copyrights, trade secrets (e.g. customer lists, terms and conditions; rates and fees; and business and marketing plans), salary information, unpublished financial data and reports, and other forms of valuable confidential and proprietary information. All publications, materials, databases and other programs developed by or for Blue Shield are intellectual property belonging to the Company. Blue Shield property should only be used for legitimate business purposes and we must take proactive measures to prevent its theft, loss, waste, damage, unauthorized access, use or disclosure, or misuse. These obligations continue even after our employment with Blue Shield ends.



Loss or misuse of these assets jeopardizes our Company and ability to compete in the market, as well as the trust that our customers and business partners place in our care of their confidential information. If you access or disclose confidential information, be sure you have the right to do so as part of your official job responsibilities, and only access or disclose such information in accordance with the law and our policies. We must never use Blue Shield's confidential or proprietary information for our own personal benefit or for any unlawful or unethical purpose.

For more information, see:

- [Employee Handbook: Company Property](#)
- [Information Security Policy](#)

Our Brand and Reputation

Blue Shield's brand and reputation are some of our Company's greatest assets. We are an industry leader, and Blue Shield is one of the most powerful and recognizable brands in the health care industry. We gained this position through a relentless focus on our Mission, serving our customers' interests and living our values. We built our reputation for integrity, customer service and quality over many decades, but we recognize that a reputation can be weakened or destroyed by just one imprudent act of one workforce member. Given that we do not produce tangible products, our work, reputation and brand are represented by all of our interactions and the way we conduct our business. We must therefore continuously strive to protect our brand, reputation and good name in all of our work and interactions on behalf of Blue Shield. Furthermore, our actions and activities outside of work can be associated with, or perceived to be authorized by, Blue Shield. As such, we must all ensure that nothing we do at work or in our personal lives will adversely impact the Company's brand or reputation.

For more information, see:

- [Brand Guidelines](#)

Blue Cross Blue Shield Association Requirements

Blue Shield of California is an independent member of the Blue Cross Blue Shield Association ("BCBSA"). As a member of the BCBSA, we have various Association requirements to honor and fulfill. These requirements range from brand and marketing standards to reporting standards, financial performance and responsibility requirements, and disclosure and monitoring standards, among others. More specifically, the name "Blue Shield" and the Shield symbol are registered service marks owned by the BCBSA. The BCBSA brand regulations, which apply to the Shield name and symbol, registration mark and

Decision Point

Question:

Sonja is traveling on Blue Shield business when a potential business partner invites her to continue their discussion over dinner. She doesn't want to carry her company laptop into the restaurant, so she places it in the back seat of her rental car. Is this okay?

Answer:

No, it's not okay. Protecting our confidential information is crucial to Blue Shield's success and keeping it secure requires extra precautions when we're outside the workplace. Sonja should keep her laptop in her possession at all times, secure it in her hotel room before going to dinner or lock it in the non-visible trunk of her car while at dinner.





Decision Point

Question:

Anthony has always been curious about why his co-worker, Dawn, uses a wheelchair. He thinks it would be awkward to ask her, but he has access to confidential employee information, so he decides to look up her file. As long as Anthony keeps the information he learns to himself, is this a problem?

Answer:

Yes, this is inappropriate and a violation of Company policy. Anthony has no legitimate business purpose for accessing Dawn's information, so he must not look up her file.

association tagline, must be followed to ensure compliance and the continued success of our brand. For more information on BCBSA brand protection and financial services, please refer to the BCBSA's Blue Web portal website. You may also contact Blue Shield's BlueCard Executive, who is the Company's primary resource for BCBSA-related requirements and issues.

Confidentiality, Privacy & Security

Information is one of Blue Shield's most valuable and essential assets. Handling it properly is critical to our success and protecting it is every workforce member's personal responsibility. All information maintained by the Company, regardless of format (electronic, paper, audio or video), is the property of Blue Shield. Upon joining the Company, we each sign a confidentiality agreement that continues in effect even after our employment ends. Whether you are dealing with Company confidential information or sensitive personal information, you may only access, use or disclose information as authorized by the appropriate Blue Shield manager and to the extent necessary to perform your official job duties on behalf of the Company.

Individually identifiable personal information ("IIPI") includes protected health information ("PHI") and other types of personally identifiable and/or sensitive information. In the course of our work, we obtain and access a great deal of information that is confidential and highly sensitive to our customers, personnel and business partners. Properly serving our constituents requires that this information be adequately protected, both to safeguard individual and plan privacy as well as to comply with various local, state, federal and even international privacy and data protection laws. This includes contracting with and overseeing qualified business partners to whom such sensitive information may be disclosed for necessary business or administrative purposes.

Examples of IIPI include, but are not limited to:

- Names, addresses, phone numbers, birth dates, driver's license and Social Security numbers;
- Credit card, banking and other financial information;
- Medical information, including treatment, health status and medical history;
- Claims payment and benefit information;
- Employee salary and earnings data; and
- Employee identification numbers.

Failure to properly access, use, manage, protect, disclose and dispose of IIPI can result in significant damage to the Company as well as a great deal of customer, workforce member or business partner inconvenience and distress. This includes the possibility of identity theft.

Company proprietary information (i.e., sensitive or proprietary information about Blue Shield or our business partners that is generally not known to the public) must likewise be protected from public disclosure and unauthorized internal disclosure. Examples include operational information, marketing data and sales information, group or provider records and contracts, pricing policies, information system and technical designs, business forecasts and strategies, and new business plans, among others. Public disclosure of this type of data could negatively impact the Company's competitiveness in the marketplace.

Strict privacy and data security laws, as well as Company policies, require us to properly secure our customers', employees', Company and other constituents' sensitive information and to collect, manage, safeguard, disclose and dispose of it in the appropriate manner. While Company policies can guide our actions, each of us must play our part and take common-sense steps to prevent the loss, manipulation or unauthorized access, use or disclosure of all forms of sensitive information. We must all be knowledgeable about our responsibilities to keep Blue Shield's information systems and assets secure, and what to do if they are ever compromised. For additional information about confidentiality, privacy and security, please contact Blue Shield's Privacy Office or IT Security Department.

For more information, see:

- [Employee Handbook: Company Property](#)
- [Employee Handbook: Workplace Privacy](#)
- [Information Security Policy](#)
- [Privacy Policy](#)

Company Information Systems

Our Company information and communication systems, such as Internet access, e-mail, voicemail, instant messaging, our internal intranet sites, video/web conferencing and telephone services, are essential tools that support our business. We must use our systems consistent with our Company values and policies. We are each responsible for using Blue Shield's network and computer systems ethically, professionally and legally.

These systems are intended for authorized Company business and are the property of Blue Shield. Blue Shield retains the right to monitor your use of its systems and to block, intercept or review any content or communications that occur on, or are stored in, Company systems. Workforce member privacy and confidentiality are not guaranteed when using these systems and you should not expect them to be. Since the contents of e-mail and voicemail can be accessed by management without prior notice, and since management can monitor our use of computer network systems, we should not use any of the systems to engage in conduct or transmit messages that we would not want to be viewed by management.

Decision Point

Question:

One of Quinn's close friends was recently diagnosed with a serious illness. Because he works in our claims processing department, Quinn wants to help his friend by checking our systems to ensure that her medical expenses are properly covered. What does Quinn need to know about this idea?

Answer:

Quinn must remember that the law, our Code and our policies outline strict protections regarding member and employee privacy. Even though Quinn's intentions are good, he's not allowed to access claims or other member information that is not directly related to his job duties. Accessing member and other confidential information without a proper business purpose is strictly prohibited. This means that Quinn may not access his friend's information, as doing so would violate our policies and the law.





While you may use the Company's systems for incidental or occasional personal use, you must recognize that you are not permitted to do so in any manner that may disrupt your or anyone else's job performance, or is otherwise offensive or contrary to our Company values and policies. Incidental personal use of these systems is permissible as long as the usage does not consume more than a minimal amount of system resources, does not interfere with your responsibilities or productivity, and does not disrupt any business activity.

During the last several years, the use of e-mail and other messaging technologies has fundamentally transformed communications. However, the ease and speed with which these technologies can be used increase the risks of poor communications or misuse. We should compose our e-mails and other electronic messages with the same thoughtfulness and care taken when composing any other written document. These messages can be permanent and recoverable, and they can be easily copied and forwarded worldwide without your knowledge or permission. At worst, messages that advance personal or political views, or that contain derogatory, profane, explicit or offensive content, may be attributed to Blue Shield and degrade our brand or cause liability.

Social Media

Blue Shield recognizes that the Internet provides unique opportunities to communicate and engage with our customers, partners and the public using a wide variety of social media. Blue Shield and many of our workforce members use social media to advance our business and careers. Some examples include Facebook, LinkedIn, Twitter, instant messaging, intranet sites, various internal and external blogs, and myriad other online media. As Blue Shield embraces the age of social media, it is critical that we harness the tremendous power of technology for our benefit and avoid the common pitfalls. We encourage you to become a knowledgeable and responsible user of social media to engage our various constituents in dynamic ways, grow our customer base and innovate with new services. Before you venture into uncharted territory, you should review our guidelines in this ever-evolving area. You should also note that all Blue Shield policies (e.g. harassment and discrimination policies, privacy and confidentiality policies, etc.) are applicable when using any form of social media, whether internally or externally.

As Blue Shield personnel living in a wired and social media-friendly world, we always represent the Company in both words and actions, whether such activities occur during working hours using Company resources or they occur during off-hours using personal resources. Everything we say and do reflects on Blue Shield, our brand and our reputation. When we use social media, we represent our Company and brand, whether officially or unofficially. Inappropriate conduct, unauthorized disclosure of confidential information, harassment, excessive use of Company systems for personal matters and fraud are treated the same whether they are committed online or offline. Regardless of the platform, medium, hour or location, these activities will not be tolerated. We encourage you to always think before you send or post. One offensive statement, off-color joke, or reference to confidential or personal information, whether ill-intended or not, can be viewed by anyone for years to come, potentially exposing Blue Shield (and you) to significant legal, financial, brand and reputation risks.

When using social media, you should adhere to the following basic principles:

- **Identify yourself.** If you are discussing Blue Shield or our services, be clear about who you are, your relationship to Blue Shield and that you are expressing your personal opinion.
- **Protect all sensitive and proprietary information from unauthorized access, use or disclosure.** Our commitment to protecting sensitive and proprietary information regarding our Company, our customers, our workforce members, our business partners and others applies online.
- **Your accountability is real.** The Company's values and policies continue to apply online. Failure to properly adhere to Company values, policies and legal requirements may adversely affect your employment, assignment or contract, as applicable. You should use your best judgment before posting or sending something online.

Remember that the digital footprints of your post or message will last forever. Everything you post or write will permanently exist in search engine archives and chat logs. Therefore, if you make a mistake or publish something hastily, inaccurately or inappropriately, you should immediately correct it.

For more information, see:

- [Employee Handbook](#)
- [Information Security Policy](#)
- [Privacy Policy](#)

Decision Point

Question:

Around the office, Marcus and his fellow customer service representatives trade stories about unusual or funny member phone calls. Marcus recently started to share the same type of stories on Facebook. He's careful never to use a member's full name. Is this okay?

Answer:

No, this is not okay. Our members trust us with their sensitive personal information and rely on us to properly safeguard it. Even if Marcus doesn't include names or personally identifying details, he should never disclose such information via social media or to unauthorized parties.



External Affairs

Audits, Investigations & Inquiries

From time to time, Blue Shield may be asked to cooperate with external (government or regulatory) audits, investigations and inquiries regarding how the Company conducts its business. It is Blue Shield's policy to fully cooperate with all governmental agencies regarding audits, investigations, inquiries and requests for information. If you receive a notice of a government audit, investigation, inquiry or request for information, you should immediately communicate it to the relevant business units and the Law or Corporate Compliance Department so that Blue Shield can properly ascertain the needs of the regulators and take appropriate action.

When Blue Shield receives official requests for information or cooperation, our Company will notify you of your responsibilities in connection with the request. If you are directly contacted by government investigators and are asked to meet with them individually to discuss Blue Shield activities, you are free to do so or not, and in either case you will not be subject to discipline or retaliation as a result of your decision. If you are contacted directly, however, Blue Shield requires that you immediately notify the Law or Corporate Compliance Department to inform them that you have been contacted.

Any time you speak with government regulators or investigators, you must be accurate and truthful in all of your answers to their questions. You may not provide Blue Shield documents, data or confidential information in response to a government request without first obtaining authorization from the relevant business units and the Law Department.

Public Relations and the Media

The media is one of the most important and effective avenues for communicating news of our Company's business, services and positions on critical matters. We endeavor to cooperate with the media, but it is important that Blue Shield speaks to the media and others with one unified voice. Therefore, only designated individuals are authorized to speak on behalf of Blue Shield.

Dealing with the media, community organizations, public officials and other members of the public requires a special understanding of their needs and our obligations as a company. The following guidelines will safely guide us through such situations:

- Refer any media calls or requests for interviews directly to Corporate Communications.
- If a reporter or other external party contacts you directly or comes to a Blue Shield location, you should immediately obtain the individual's name and affiliation and notify Corporate Communications. We should not provide reporters or others with comments about the Company or our business if they approach us outside a Company building or other location.

- Before publishing articles or opinion pieces, making speeches, giving interviews or making public appearances that are connected to our business, you should obtain the approval of your manager and Corporate Communications before proceeding.
- Before agreeing to publicly endorse a product or service through any media channel, you should obtain the approval of your manager and Corporate Communications before proceeding.

Corporate Social Responsibility

Blue Shield's industry leadership carries an ethical responsibility to all of our constituents, including our local communities. Strong corporate citizenship and living up to our core values are fundamental tenets of Blue Shield and the way we conduct our business. To live up to these principles, Blue Shield has launched initiatives and programs in a variety of areas that include ethics and compliance, social and economic sustainability, environmental stewardship, strong corporate governance, health and safety, employee wellness and corporate philanthropy.

Partnering With Our Communities

As a health insurance provider in a highly regulated and scrutinized industry, Blue Shield needs to be proactive in partnering with our communities. We should be aware of community needs and concerns as they relate to our business and customers, and work constructively with the right parties to resolve issues.

Through Blue Shield's social responsibility initiatives, Shield Cares and the Blue Shield of California Foundation, we strive to serve our various constituents by targeting issues such as health care accessibility, affordability and quality, domestic violence prevention, environmental responsibility, and health and wellness. Our Company is an active member of leading socially responsible organizations, and we strive to be a leader on initiatives that will benefit our communities.

Respecting the Environment

Consistent with our social responsibility objectives, Blue Shield is committed to becoming an industry leader in environmental sustainability. As good corporate citizens, we must comply with environmental laws, rules and regulations, and look to exceed them when possible as a true environmental steward. To reduce our environmental impact, we strive to maximize the efficient use of natural resources, such as by measuring our carbon footprint, reducing the use of printed materials, encouraging carpooling, and encouraging corporate recycling and composting efforts.





Cornerstone Four

Conducting Business in a
Fair and Honest Manner

Integrity and Fair Dealing

Blue Shield exists and succeeds due to the trust we have earned for integrity and fair dealing. We always strive to do the right thing and to deal fairly and honestly with our customers, personnel, business partners and even our competitors. No one at Blue Shield will take unfair advantage of others through manipulation, fraudulent inducements or concealment, abuse of confidential or privileged information, interference with a known contractual relationship, or any other form of unfair dealing. No financial benefit is worth conducting business in a manner that could damage others' trust in us. Any ill-gotten profit or gain based on disregarding our values is short-lived and causes greater harm in the long-run.

Doing Business with the Government

Blue Shield holds a number of government contracts and conducts substantial business with local, state and federal governments. There are many specific rules and prohibitions that must be observed when doing business with the government, so it is critical that we perform all obligations under each government contract carefully, completely, and with the highest degree of honesty and integrity.

Failure to abide by the unique laws, rules and regulatory provisions of government contracts can subject both Blue Shield and our personnel to severe civil or criminal penalties, and may also result in disciplinary action against our workforce members, including termination of employment, contract or assignment, and Blue Shield's loss of its government contracts. The following basic rules always apply when we are dealing with government officials, employees or intermediaries:

- Never request, seek or obtain any confidential information regarding the selection criteria used in awarding government contracts or business.
- Never falsify records or knowingly submit false, misleading or incomplete information to the government. All government contract claims must be charged to the correct accounts and no unallowable costs may be included in claims presented to the government.
- Immediately report any actual or potential deviation from the government contract requirements, however slight, to the appropriate department manager before proceeding.
- When signing a government certification or attestation, you must ensure that it is accurate and complete.
- Never accept classified, confidential or proprietary government information unless you are certain that the release has been properly authorized. If you are offered or inadvertently receive any such information without proper authorization, you must immediately notify the appropriate Blue Shield department. Until instructed by such department, you must ensure that the information is properly secured from being inappropriately accessed, used or disclosed.
- Strict restrictions apply to recruiting and hiring current and former government employees. You must seek Blue Shield Law Department approval before mentioning possible employment to a current government employee and before hiring a former government employee.

For additional guidance regarding these rules or your responsibilities relating to Blue Shield's government contracts, please consult with your manager, Corporate Compliance or the Law Department.



Decision Point

Question:

Peter was recently promoted to a position in which he reviews invoices from Blue Shield's enrollment and claims data entry vendor in India. Some of these invoices involve payments to government officials. He quickly notices that the vendor explains some of the expenses that they charge to Blue Shield, but doesn't explain others. When Peter asks for clarification, the vendor simply states that the charges are routine in India. What should Peter do?

Answer:

Peter should immediately inform Blue Shield's Law and Corporate Compliance Departments so they can investigate the matter. Given the red flag of vague responses to Peter's questions, it's possible that the vendor uses these funds to pay bribes on Blue Shield's behalf or engages in other inappropriate activities for which Blue Shield could be held accountable.

Anti-Corruption: Bribes, Kickbacks and Other Improper Payments

We always win and conduct business with integrity and through the quality of our products and services, never through bribery, improper payments, or any other type of illegal or inappropriate activities. Although the exchange of gifts or items of value might be acceptable business practice in certain situations, it is never permissible to do so to obtain or retain any business, benefit or advantage and it is strictly prohibited with government officials, employees or intermediaries.

We must never offer, authorize, give, promise, solicit or accept any improper payments or items of value, or agree to do any of these activities, to or from any party for the purpose of obtaining or retaining any business, benefit or advantage. Improper payments can be, but are not limited to, bribes, kickbacks, rebates and facilitating payments. Items of value can be gifts, entertainment and gratuities, among others. This prohibition extends to our dealings with all entities, whether government officials or commercial (private) parties, and in all jurisdictions, whether domestic or foreign. Lastly, this prohibition extends to engaging in such activities either directly or indirectly through intermediaries or third parties, as Blue Shield may be held liable for others' actions on our behalf. In short, no Blue Shield personnel, business partner or any other party may engage in such prohibited activities on Blue Shield's behalf.

A "**bribe**" can be any item of value (as previously defined) that is provided to an individual, the individual's family or a group with which the individual is affiliated with the intention of authorizing or influencing business decisions. A bribe or other improper payment may take many forms, such as cash or monetary gifts, meals, drinks, entertainment, hospitality, passes, promotional items or use of a giver's name, materials or equipment, among others.



A "**kickback**" is the return or granting of a sum of money, or any item of value, in exchange for making business arrangements.

"**Facilitating payments**" are small payments, usually paid in cash, that public or commercial (private) officials may sometimes request or expect in order to expedite or guarantee routine governmental or administrative functions and services, such as granting permits, delivering mail and providing utility services.

Blue Shield strictly prohibits all of these improper payments and activities, regardless of the parties, intermediaries and jurisdictions involved, by any personnel, business partner or other party.

To ensure that third parties and other representatives working on our behalf are not making corrupt payments or engaging in other inappropriate activities without our knowledge, we must carefully assess, select and oversee our business partners who interact with government officials. We must additionally maintain accurate and complete books and records so that no questionable expense or transaction can possibly be obscured, and we must maintain strong internal financial and accounting controls to comply with our various legal and ethical obligations. Each individual at all levels of the Company has the personal responsibility to resist participation in any form of corruption and to report actual or suspected misconduct. If you become aware of, or receive a request for, any actual or potential improper payment or arrangement related to Blue Shield's business, you must immediately contact your manager, Corporate Compliance and the Law Department.

For more information regarding Blue Shield's anti-corruption guidelines, please refer to our Anti-Corruption Policy.

Combating Fraud, Waste & Abuse

Combating fraud, waste and abuse in all forms is our legal and ethical obligation, and it is implicitly linked to our Mission of ensuring that all Californians have access to high-quality health care at an affordable price. As a health insurance provider, we must constantly be vigilant in preventing, detecting and remediating the various types of fraud, waste and abuse that can occur in our industry. For example, you may notice that claims have been submitted for someone other than the member or for services that were not performed. Our failure to properly and timely identify and address fraud, waste and abuse makes it less likely to achieve our Mission and may subject Blue Shield to substantial legal, financial, brand and reputation risks.

Blue Shield's fraud, waste and abuse programs partner various groups across the organization, and establish rules and guidelines for adhering to relevant regulatory requirements. You must immediately report any actual or suspected fraud, whether on the part of a health care provider, customer, Blue Shield personnel, business partner or any other party, to Blue Shield's Special Investigations Unit ("SIU") for investigation. SIU is responsible for preventing, detecting and investigating health care fraud across the enterprise. Blue Shield personnel, businesspartners and others may submit reports, anonymously if preferred, through the Company's toll-free Fraud Hotline at 1-855-296-9092 or via email at stopfraud@blueshieldca.com at any time.

For more information, see:

- [Anti-Corruption Policy](#)
- [Fraud and Abuse Policy](#)
- [Special Investigations Unit FAQ's](#)
- [Employee Handbook](#)

Decision Point

Question:

Riley, a Blue Shield program manager, is negotiating with one of Blue Shield's providers. The provider asks Riley to hire a specific contracting partner whom the provider knows well as "a favor," but there's no clear reason or contractual requirement to do so. Should Riley agree?

Answer:

No, Riley should not agree. Riley is responsible for ensuring that all work awarded to contractors and other business partners is based on competitive proposals. Awarding a contract to the prospective partner in question may be viewed as a kickback, which is illegal. Even the mere appearance of a corrupt arrangement could make Blue Shield a target of government and public scrutiny.





Decision Point

Question:

Amber, who is responsible for reviewing claims, notices a series of similar and overlapping claims for the same patient submitted within a relatively short period of time. Amber also notices that all claimed procedures are performed on the same day, which seems highly suspicious. Furthermore, such procedures are usually bundled together and these claims are separately billed. What should Amber do?

Answer:

Amber should immediately notify her manager and SIU, as this may be a case of insurance fraud on the part of the member and/ or provider. We each have an obligation to proactively combat fraud, waste and abuse.

Dealing Fairly with Customers

We respect the contracts and commitments that we make to our customers and prospective customers. We strive to exceed minimum compliance with the rules governing our business and to operate with the utmost reliability and transparency, especially when the interests of our customers are at stake.

Blue Shield personnel involved in selling, advertising, promoting and marketing our products and services are each responsible for ensuring that our sales, marketing and promotional materials contain accurate descriptions of our products and services, and do not facilitate false or deceptive advertising or any other misrepresentations. This means that we are always transparent, accurate and truthful when representing the quality, features and availability of our products and services. It also means that we never make unfair or inaccurate comparisons between our competitors' products and services and our own. Furthermore, federal law strictly limits and regulates rewards, incentives and promotional activities for Medicare and Medicaid/Medi-Cal customers. Any false, misleading or inappropriate conduct related to our sales and marketing initiatives, and our general representations to and interactions with our customers, is strictly prohibited.

Fair Competition

Blue Shield competes in an extremely dynamic market and a highly competitive industry. Blue Shield is committed to conducting business in a manner that helps maintain a free and competitive market for our goods and services. Treating everyone, including our competitors, fairly and honestly helps to ensure that consumers have access to the best health care options at a fair price.

We compete solely on the merits of our services, the prices we charge and the customer loyalty we earn from a job well done. Our values require that we compete in a legal, fair and ethical manner. The laws regarding competition (e.g. antitrust) are complex and violations can carry severe penalties, including fines and imprisonment for individual personnel. Thus, all of us must ensure that our conduct is consistent with our values and the laws.

We must always take special care to avoid engaging in anti-competitive activities or unfair trade practices. Certain types of agreements with competitors are always illegal and must be avoided regardless of the circumstances. If a conversation with a competitor touches on one of these or any other inappropriate areas, you must immediately end the conversation and report it to Blue Shield Law or Corporate Compliance. Examples of inappropriate and anti-competitive activity include:

- Agreeing with competitors to fix prices we or they will charge
- Agreeing to stand down or collude on a competitive bid

- Agreeing to contract or not contract with particular providers or business partners
- Agreeing to divide the market, territories and/or customers

A few helpful tips for compliance in this area follow:

- Do not enter into any agreements with a competitor except as approved by Blue Shield Law.
- Avoid any discussions with competitors regarding pricing or supplier relationships unless the discussions have an appropriate business purpose and, even then, keep such discussions to a minimum, need-to-know basis.
- Always be truthful about our competitors' products and services.
- Avoid any action that could be an illegal interference with a competitor's contractual relationship with a third party (e.g. its customer).
- Avoid soliciting or obtaining confidential information about a competitor in a manner that would be illegal or unethical (e.g. asking someone to violate a contractual agreement, such as a confidentiality agreement, with a current or prior employer).

You must be particularly vigilant when attending industry conferences or trade association meetings, ensuring that you are not drawn into discussions of inappropriate topics such as pricing, labor costs or marketing plans. If you find yourself in such a situation, you should immediately end the conversation and, if necessary, ask that your refusal to participate be documented in meeting minutes. If you are unsure of the right decision to make or need to report any such incidents, you should promptly contact Blue Shield's Law and Corporate Compliance Departments.

Decision Point

Question:

After Kay, a Blue Shield employee, delivers her speech at a national health care conference, she is approached by Trevor, a colleague who works for one of Blue Shield's competitors. He compliments the points she made and asks her opinion on a related topic. As they talk, Trevor mentions that he is part of a committee tasked with reviewing and revising the pricing structure for certain insurance offerings and he wants to know how Blue Shield handles it. What should Kay do next?

Answer:

Kay should immediately stop the conversation and make it clear to Trevor that she cannot engage in this type of discussion. We should never discuss pricing with a competitor, as this could lead to allegations of price-fixing or other anti-competitive behavior. It's always best to be cautious when dealing with competitors.





Export Controls, Anti-Boycott Requirements & Exclusion Lists

Although Blue Shield is a California-centric health care company, we compete in a highly regulated and dynamic industry and we interact with parties throughout the U.S. and even the world (such as offshore service providers). In situations where we interact with citizens or entities of other countries, we should have an understanding of the laws relating to exports. Although we are not in an industry that commonly ships products overseas, export laws can also apply to information, technology or software that is provided in any way (including verbally in the case of information) to a non-U.S. citizen or entity. Before engaging in exporting activity, you must verify the eligibility of both the location of delivery and the recipient. You must also obtain all required licenses and permits, and pay all proper duties.

Certain countries, individuals and entities are subject to different levels of restrictions, requirements and compliance risk under U.S. foreign policy, international trade regulations and regulatory exclusion lists. We cannot do business with certain individuals, entities or countries that the U.S. has identified as being involved in terrorism, money-laundering, fraud or other criminal activities. We likewise cannot cooperate with any requests concerning boycotts not initiated by the U.S. government. Penalties for violating trade control laws or regulatory exclusion lists can be severe. If you have any questions regarding these regulations, please contact Blue Shield Law or Corporate Compliance.

Prohibited Persons & Entities

Federal laws provide for the exclusion of individuals and entities from participating in federally-funded programs if they are identified on exclusion lists maintained by the federal government. Additional federal and state laws prohibit the employment of, contracting with or payment of monies to certain individuals and entities. Blue Shield regularly reviews applicable exclusion lists to ensure that we comply with these requirements for workforce members, Board members, business partners and customers. Any Blue Shield personnel, business partner or other party who becomes subject to such exclusion or debarment must immediately report this fact to their manager and Corporate Compliance.

Contingent workers must immediately report this fact to their employer, who must immediately report it to Blue Shield. Business partners must likewise immediately report this fact to their Blue Shield supervising manager, who must immediately report it to Corporate Compliance.

Competitive Intelligence

Market or competitive information can be valuable to understand and manage our business and services so we can better meet our customers' needs. However, we will gather and use information only in accordance with the law and our ethical standards, and we will respect the confidentiality of our competitors' and business partners' information. For example, we must never obtain information through illegal means such as theft, blackmail, wiretapping, electronic eavesdropping, hacking, pretexting (i.e., "phishing"), bribery, improper inducement, receiving stolen property, threats or other improper methods.

Here are some guidelines to ensure that we acquire competitive information in legal and ethical ways:

- We will not misrepresent who we are or for whom we work. We clearly represent ourselves as Blue Shield personnel to avoid any confusion or accidental disclosure on others' parts.
- We will not use a competitor's current or former employees or business partners as improper sources of confidential or proprietary information, even if they are current Blue Shield personnel or recruits.
- We will not accept or use confidential information obtained from another company or third party, especially if it is marked as "proprietary" or "confidential" (or should be marked this way), unless we have authorized permission to do so from the party to whom it belongs.

Remember that we always respect the rights and property of our competitors, so we gather competitive information through the news media, the Internet, publicly available databases, industry journals and other non-confidential, non-proprietary sources. We never attempt to acquire a competitor's trade secrets or other confidential or proprietary information. If you have any questions or believe that any materials you possess may violate these standards, you should immediately contact Blue Shield Law or Corporate Compliance.

Intellectual Property

We will not misappropriate or misuse the intellectual property of any other entity, including others' copyrighted, trademarked or patented materials, and trade secrets. Many publications and data sources carry restrictions on their use or are licensed to an individual within Blue Shield rather than the full Company. Sharing these materials with others, either within or outside Blue Shield, may be a violation of intellectual property laws and could subject us to legal and financial risks. If you are in doubt as to whether any material legally belongs to someone else or can be used for Blue Shield's benefit, you should seek advice from Blue Shield Law.



Decision Point

Question:

Zack recently got involved with a local candidate's campaign for Congress. Zack thinks her ideas on health care reform are compelling and believes that his Blue Shield colleagues would agree. Would it be okay for Zack to print a stack of fliers at work to leave in the break room or to send out a mass e-mail?

Answer:

No, Zack shouldn't do either of these things. Although Blue Shield encourages us to get involved in political and community activities, we shouldn't use Company resources or assets (including our printers and communications systems) to further our personal political activities.

Proper Handling of Inside Information

In performing our responsibilities for Blue Shield, many of us may have access to information of which the general public is unaware, about Blue Shield, our customers, business partners and competitors. Although Blue Shield is not a publicly traded company, many of our customers, business partners and competitors are. Such information is often considered "material," meaning it would influence an individual's decision to buy, sell or hold the stock of that company. Federal and state securities laws make it illegal for anyone to use material, non-public information to trade in securities (such as stock and stock options) regardless of how the information is obtained. Given that "tipping" is also illegal, you must not disclose any such information to anyone who does not need to know it, including close family members and friends.

Violations of these laws can have serious legal and financial consequences for you, and they may subject Blue Shield and our stakeholders to unreasonable legal, financial and brand risks. Be sure to keep the following guidelines in mind:

- Do not trade in the securities of any public company about which you possess material, non-public information. Examples of material information include corporate earnings, line of business performance, potential mergers or acquisitions, significant contract wins or losses, lawsuits and regulatory actions. Non-public information means that it has not yet been released publicly, such as in a press release.
- Do not disclose any material, non-public information about a public company to anyone outside Blue Shield, including spouses, relatives, friends and advisors.
- Do not disclose any material, non-public information about a public company to anyone inside Blue Shield except those who have a business need to know such information.

If you have any questions or uncertainty about trading in a public company's securities because of information you received or learned in the course of your duties at Blue Shield, you should contact Blue Shield Law for guidance.

Public, Political & Charitable Activities

Blue Shield encourages us to participate in policy, educational and political matters that affect our lives, communities and business, as long as we do so on our own time and at our own expense. If we do so, we must make clear that we are speaking or acting on our own behalf, never giving others the impression that we are speaking on behalf of, or otherwise representing, Blue Shield.

When engaging in these activities, we may not use Blue Shield's name or logo, or identify ourselves as being affiliated with Blue Shield without obtaining prior written consent from External Affairs. We ask that our personnel and leaders use good judgment and common sense when participating in any activity outside the office, including civic affairs. Even when not using Blue Shield's name, your

unique position and profile within the community means that almost anything you say or do could be attributed to the Company.

Any personal political contributions that we make are also done in an individual capacity and are in no way authorized or endorsed by Blue Shield. We should never expect to be reimbursed by Blue Shield for any political contributions. Before making a political contribution to any person holding or running for a public office in an agency with which Blue Shield is bidding on a contract, you should promptly notify Blue Shield Law.

Lobbying

Blue Shield's ability to participate in political activities is highly regulated by federal, state and local laws, so all Blue Shield political activity must be approved in writing by External Affairs and the Law Department. The term "lobbying" covers many types of activities, including but not limited to the following:

- Contact with legislators, regulators, executive branch officials or their staffs
- Communicating with government officials, employees or intermediaries
- Efforts to influence legislative or administrative action
- Exchanging gifts, entertainment or other items of value with government officials, employees or intermediaries

Corporate political contributions and lobbying of government entities or officials are strictly regulated activities. If you require guidance regarding these matters, you should contact External Affairs or Blue Shield Law.

Managing Business Partners and Third Parties

Blue Shield believes in working with business partners that demonstrate high standards of ethical business conduct and legal compliance. We expect our providers, suppliers, vendors, producers, service providers, consultants, contractors, subcontractors, agents, and anyone who may perform services or activities on our behalf to be guided by the same values and standards set forth in this Code.

When we initiate a relationship with a new business partner, we must conduct appropriate due diligence to ensure that any business relationship will be mutually beneficial and appropriate. In particular, we should ensure that any new business partners meet our required competencies, have a proven track record of compliance and ethics, and engage in responsible conduct and contracting. In short, proper due diligence will help to ensure that the new relationship does not harm Blue Shield or our constituents. Those of us who manage our business partner relationships should know and follow Company policies for suppliers and procurement, and should exercise proper due diligence and oversight for vendor conduct prior to entering into the business partner relationship and on an ongoing basis thereafter. We each have a responsibility to report any actual or suspected business partner misconduct to our manager or any of the resources listed in the reporting procedures of Cornerstone One. For further guidance regarding business partner selection, management and oversight, you may also contact Corporate Procurement and our vendor management teams.

For more information, see:

- [Political Contributions Policy](#)
- [Sourcing and Procurement Policies](#)

Waivers of the Code of Conduct

In extremely limited circumstances, it may be appropriate to waive a provision of our Code of Conduct. All waiver requests must be made in writing to the Chief Risk & Compliance Officer or the General Counsel, who will present the request to the appropriate Blue Shield Executive Officer. All waivers and exceptions will be properly documented and disclosed, as needed and if required by law.



Conclusion

We each have an ongoing obligation to treat our colleagues and others with respect, to represent Blue Shield with unwavering integrity and to lead by our values as we fulfill our Mission. These values form the core of the standards by which we conduct our business. This is a personal responsibility for each of us representing Blue Shield, as we are each accountable for our individual actions. No illegal or unethical act can be justified by claiming that it was ordered or encouraged by someone else.

While the Code cannot anticipate every situation that may arise in our business lives at Blue Shield, applying its guiding principles and using good judgment can help us to make the right decisions in most cases. When we need additional guidance or support, the Code informs us where we can seek information and assistance.

Questions to Ask Before Acting

- Is it legal?
- Does it follow Company policy?
- Is it the right thing to do?
- How would it be perceived by our customers, the media, our communities and people I respect?

Remember These Rules

- Know the legal requirements and Blue Shield policies that apply to your responsibilities.
- Follow these rules, requirements and standards.
- If you are unsure, ask your manager or one of the other resources listed in this Code.





Compliance & Ethics Resources

At Blue Shield, you have many resources available to assist you with your questions and concerns. You should raise concerns with your manager, who can help you navigate through the issues and identify the best courses of action. You may also report actual or suspected violations or misconduct, or find out information, by contacting the appropriate Corporate Compliance team through various means.

The Compliance telephone and Web reporting Hotlines are vendor-managed hotlines that are available 24x7x365 for reporting actual or suspected legal, policy or Code violations and/or other misconduct.

The Compliance telephone Helplines are for seeking guidance or asking questions. Calls to the internal Company Helplines will be answered by the appropriate Blue Shield Compliance subject matter experts.

Although Blue Shield strictly prohibits any form of retaliation for making good faith reports, you can make anonymous reports through our various reporting options at any time.

Issues	Resources	
<p>Code of Conduct</p> <p>Corporate Compliance</p> <p>Ethics Issues</p>	<p>Blue Shield Corporate Compliance & Ethics</p>	<p>Helpline 888-800-2062 -</p> <p>Hotline 855-296-9083 https://bsccomplianceandethics.alertline.com -</p> <p>Email corporate-compliance@blueshieldca.com</p>
<p>Privacy</p> <p>Confidentiality</p> <p>Mishandling of private information, IIPI, PHI</p>	<p>BSC Privacy Office</p>	<p>Helpline 888-266-8080 -</p> <p>Hotline 855-296-9086 https://bscprivacy.alertline.com -</p> <p>Email https://bscprivacy.alertline.com</p>
<p>Fraud, Waste & Abuse Issues</p>	<p>BSC Special Investigations Unit</p>	<p>Helpline 800-221-2367 -</p> <p>Hotline 855-296-9092 https://bscspecialinvestigations.alertline.com -</p> <p>Email stopfraud@blueshieldca.com</p>
<p>Government Program</p> <p>Medicare</p> <p>Medicaid/Medi-Cal</p> <p>Regulatory Compliance</p>	<p>BSC Medicare Compliance Medi-Cal Compliance (Promise Health Plan)</p>	<p>Helpline 800-445-2517 -</p> <p>Hotline 855-296-9084 https://bscmedicarecompliance.alertline.com -</p> <p>Email mccomplyteam@blueshieldca.com</p>
<p>Human Resources</p> <p>Employee Relations</p>	<p>BSC Human Resources</p>	<p>HRCconnect 877-322-7348 -</p> <p>Email https://blueshieldca.service-now.com</p>
<p>Workplace Safety and Security</p>	<p>BSC Security Operations Center</p>	<p>Phone 888-310-2828 Email securityopscenter@blueshieldca.com</p>

blue  of california

blueshieldca.com

© 2014 Blue Shield of California, an independent member of the Blue Shield Association