

BLUE CROSS AND BLUE SHIELD OF KANSAS CODE OF CONDUCT

GOALS OF THE CODE OF CONDUCT

Strive for Ethical Conduct in a Professional Environment. We should each strive to maintain a professional environment that considers ethics and compliance an integral part of all of our business decisions.

Our success as businesspeople and the success of Blue Cross and Blue Shield of Kansas, Inc. (*“the Plan”*) depend on our ability to build trusting relationships with our customers, suppliers, business partners, and regulators. For this reason, we should always strive to conduct our business activities in an honest, open and fair manner. We should each try to conduct ourselves so that ethics and compliance concerns are not sacrificed in the pursuit and achievement of business or personal goals. Instead, ethics and compliance should be integrated into the day-to-day performance of our job functions.

We each have an obligation to perform our jobs in a manner that is consistent with the Code of Conduct. Because the success of the Plan depends upon our individual and collective adherence to that goal, the ability of each of us to integrate the principles embodied in the Code of Conduct into our everyday activities should be a factor considered in each of our annual performance evaluations, and in promotional decisions as well.

Of course, the Code of Conduct is only meaningful if it creates a Plan-wide expectation of ethical behavior. For this reason, it is very important that each of us understands our obligations in the event that we are faced with an ethical or compliance dilemma. Therefore, the Plan’s first step in creating an ethical professional environment is to give you the tools you need in order to make ethical decisions.

If you have a question about whether what you are about to do might violate the Code of Conduct, you should first bring your concerns to the attention of Plan management – discuss the issue with your supervisor or manager. If you still have questions about the propriety of your actions after discussing them with your supervisor, contact the Plan Compliance Officer and discuss your concerns with him. Keep in mind that while it is always best to try to resolve these concerns with your supervisor first, if for some reason you do not feel comfortable doing so, you can always report your concern by directly contacting the Compliance Officer, by calling the Ethics and Compliance Resource Line toll-free at (866) 301-7627 or by using the Business Integrity

referral boxes located around the Plan. **Although you can make anonymous reports**, doing so can handicap the Plan in looking into the matter, since it might require more information from the person reporting. In addition, an anonymous report prevents the Plan from possibly reporting back to you about the results of any investigation of your concerns. Instead, you are encouraged to rely on the Plan keeping such reports confidential. **Retaliation against an employee for making a report in good faith about a possible violation of the Code of Conduct is strictly prohibited, even if the report turns out to be mistaken; anyone engaged in such retaliation will be subject to discipline up to and including termination.** Although the Plan will use its best efforts to protect the identity of someone reporting a violation, it is possible that identity may become known or may have to be revealed – for example, if federal or state agencies seek such information in the course of their own investigation of related matters, or if internal discipline of an offender requires it. For more information on this subject, please refer to the section at the introduction and the end of this document addressing how to report compliance concerns.

Adherence to the Code of Conduct is a mandatory requirement for all Plan employees. Any Plan employee who violates the Code of Conduct will be subject to disciplinary action, which could range from a verbal reprimand for a minor violation up to and including termination for a more serious violation. If you are aware, or become aware, of a potential or actual violation of the Code of Conduct, **you must report it to Plan management or the Plan Compliance Officer as soon as possible.** A failure to report a violation of the Code of Conduct will also subject you to disciplinary action.

STANDARDS OF CONDUCT

STANDARD 1

At a Minimum, Ethical Professionalism Requires Legal Compliance.
For this reason, we must conduct Plan business in accordance with the law at all times.

One of the purposes of the Plan's Compliance Program is to educate each of us about our obligations under the law. The Plan is subject to a wide variety of laws and regulations, some of which address, for example, licensure requirements, accuracy in records, confidentiality concerns, and reimbursement of providers and the Plan by Medicare and Medicaid. Thus, in order to comply with this Standard, we must each, at a minimum, be aware that laws and regulations apply to our business. As employees gain responsibility, they become increasingly aware of the particular provisions of those laws. The Plan will provide job-appropriate guidance on the laws and regulations that apply to our business through a variety of mechanisms.

We are each responsible for ensuring our own compliance with laws and regulations that are applicable to the Plan. We are also responsible for asking questions when we are uncertain about the propriety or legality of particular conduct, and for reporting specific instances of noncompliance with applicable laws and regulations, or these Standards, of which we are or become aware.

STANDARD 2

Live up to the Promises We Make in Our Contracts. We must take care to assure that we perform according to our contracts with insureds, employer groups, health care providers, and others.

Many elements of this Code of Conduct focus on compliance with federal or state statutes, but our business is also governed by our contracts. We sell a special, possibly unique, product. We sell promises: promises to pay for covered services, promises to restrain the cost of health care financing by not paying for services not covered, and promises to perform our work accurately yet quickly. All of these promises are enforceable: if we fail to pay a proper claim, an insured or provider can recover from us; if we pay an improper claim, we may have to reimburse an employer group; if we fail to perform both accurately and promptly, we may owe a customer a performance penalty, or may endanger our continuing relationship with that customer; if we fail to pay health care providers accurately they may recover from us, or we may have to reimburse insureds or employers for our errors.

Questions about whether a claim should be paid or denied, the amount payable, and similar questions can become complex. The Plan tries to assure that its automated systems provide the proper result in virtually all circumstances, and it provides additional guidance in the form of manuals and other materials. Ultimately, it is the contracts that determines our obligations, rather than how the automated systems work or what our manuals say. If you have questions about our obligations under any contract, contact your supervisor or other appropriate source of business guidance. If you remain concerned about the Plan's compliance with its contractual obligations, you may report that to, or seek guidance from, Legal Services or the Compliance Officer.

STANDARD 3

Report Data Truthfully and Accurately. We must each take special care to ensure that information is recorded and reported accurately and honestly.

Each of us is responsible for ensuring that the information we record and report as part of our daily job duties is truthful and accurate. Truthful and accurate reporting includes the correct reporting of the time we have worked, our business expenses, our own production or performance data and the production and performance data of the Plan, and any other business-related activities on which we must record and/or report data.

It is especially important that we each report and record information in connection with Plan contracts accurately and truthfully. No Plan employee may intentionally allocate costs to contracts in a manner that is contrary to the contract's provisions, or contrary to generally accepted accounting practices, where obligatory. Although allocation of costs generally is recorded in the Finance Division, employee reporting (*such as reporting of time worked by line of business*) is essential to assure the integrity of this allocation. In addition, no Plan employee may inaccurately identify labor costs in the Plan's records, or submit or instruct another Plan employee to submit time charges which do not accurately reflect actual time worked on a particular contract. If you have a question about how data related to a particular contract should be recorded, you should discuss it with your supervisor, Legal Services, and/or the Plan Compliance Officer.

This Standard also specifically prohibits the falsification or improper alteration of any information in any Plan record or document. If a co-worker or supervisor asks or instructs you to report data that is not accurate or truthful, or to falsify or improperly alter data in any Plan record or document, **don't do it**. Get in touch with the Plan's Compliance Officer immediately, and explain the situation and your concerns to him or her. Similarly, if you are concerned that others may be falsifying or improperly altering data in such records or documents, report it to the Compliance Officer.

Any Plan employee who violates this Standard will be subject to the full range of disciplinary sanctions, up to and including termination for cause where appropriate.

STANDARD 4

Follow Plan Record Retention Policies. We must each ensure that all business records are retained in accordance with the Plan's record retention policies.

Plan business records must be retained in accordance with the law and the Plan's record and/or document retention policies. This includes paper records, electronic information such as computer files or electronic mail, or information stored on any other medium. No Plan employee may tamper with Plan business records, or remove or destroy Plan business records in a manner that is contrary to the Plan's record retention policies. If you have a question concerning the Plan's policies regarding the retention of a particular type of record or document you should ask your supervisor for guidance. [Note: a Plan-wide record retention policy is currently under development. You may rely on your Division's record retention policy or *(in the absence of such)* may contact Legal Services with questions.]

STANDARD 5

Protect Confidential Information. We must each protect the integrity of confidential information at all times.

You should not disclose confidential information to persons outside the Plan unless they have a legitimate need for the information and they have been properly authorized by Plan management to receive it. In order to protect confidential information, you should take reasonable steps to ensure that it cannot be intentionally or inadvertently discovered by persons outside the Plan. This requires you to take reasonable steps to safeguard confidential information, such as not discussing confidential information with co-workers in public areas or with persons outside the Plan at any time without proper authorization.

Confidential information includes information related to the Plan's business strategies and operations that have not been publicly released. It consists of information such as pricing and financial data, marketing strategies, proprietary computer software, inventions, information about planned mergers or acquisitions, information about our fellow employees, and information about our subcontractors and vendors. It also includes medical records and other types of data relating to our insureds, the confidentiality of which is generally protected under state and federal law.

The Plan has developed specific policies regarding release of claims and membership information and information relating to our own current and former employees, and those policies must be followed rigorously by employees.

In particular, there are both state and federal laws providing specific privacy safeguards relating to claims and membership information, including such details as the fact that a specific person is covered by us or that we have a claim for a specific person. Those laws, which are incorporated in Plan policies as they become effective, must be strictly followed.

The Privacy Act of 1974, P.L. 93-579, and other pertinent government regulations are applicable to government contracts to the extent that the design, development, and operation of a system of records as defined in the Privacy Act is involved. Individual beneficiary data is to be treated with utmost confidence and released only in accordance with the applicable government regulations.

We must not disclose to any outside party, except as specifically authorized by management pursuant to established policy and procedures, any non-public business, financial, personnel, or technological information, plans or data that you have acquired during your employment. On termination of employment, you may not copy, take, or retain any documents containing confidential information.

The prohibition against disclosing confidential information extends indefinitely beyond your period of employment. Your agreement to protect the confidentiality of such information in perpetuity is considered an important condition of your employment.

STANDARD 6

Avoid Conflicts of Interest. We must each ensure that we do not engage in activities that conflict with, or are otherwise incompatible with, our responsibilities as Plan employees.

A conflict of interest can be defined as a situation where your personal interests or activities could influence your judgment or your decisions, and therefore your ability to act in the best interests of the Plan. A conflict of interest includes activities that may only appear to influence your judgment or decisions. Because even the appearance of a potential conflict of interest can cause our business partners and customers to question our motives, we must ensure that our personal interests do not create such a situation.

A conflict of interest between our personal interests and professional responsibilities is often characterized by situations where we, or members of our family, stand to receive a personal benefit, whether financial or otherwise, as a result of our actions in connection with the Plan. For example, if you or your spouse have a substantial financial interest in a company seeking to do business with the Plan, and you are in a position to influence (*directly or indirectly*) the Plan's decision to do business with that

company, your loyalty to the Plan would be in direct conflict with your personal financial interests. The same conflict would be present if you or your spouse have a financial interest in a Plan competitor. For this reason, the Plan will not purchase goods or services from an employee, or from a business in which the Plan is aware that an employee or a member of an employee's immediate family has a substantial interest and that employee would influence, directly or indirectly, the Plan's purchasing practices. In addition, in order to avoid the conflicts prohibited by this Standard, Plan employees must disclose any financial interests that they or immediate members of their family have in either Plan competitors or in companies doing business (*or seeking to do business*) with the Plan. These restrictions do not apply to minimal holdings of stock or securities of a corporation whose shares are publicly traded, nor where the investment is not a significant part of your own or your family's income or net worth, or if the area of competition has minimal effect on the Plan.

Another example of a conflict of interest would be where a company seeking to do business with the Plan offers you a gift or loan. As is discussed in more detail under Standard 7 below, the acceptance of a gift or loan from a potential business partner could compromise your ability to act in the best interests of the Plan, and must therefore be declined. This prohibition does not apply to routine business courtesies, which are discussed in more detail under Standard 7 below, or to loans in the ordinary course of business from institutions with whom the Plan does business if you are not in a position to influence, directly or indirectly, that Plan business.

We must also take care to ensure that any secondary employment we engage in does not create an actual or potential conflict of interest. For this reason, Plan employees may not serve as consultants to, or as directors, officers or part-time employees of, Plan competitors, subcontractors, vendors, or others seeking to do business with the Plan. The direct provision of nursing services in part-time outside employment by nurses is excepted from this, but such nurses, in their work for the Plan, must avoid any transaction involving their outside employer. The Plan specifically prohibits employment with a health care provider in a position involving claims coding or submission of bills, but permits other part-time employment with health care providers on a case-by-case basis, depending on the nature of the position and the employee's position in the Plan. Employees should contact the Compliance Officer before accepting any part-time employment with a health care provider.

Compliance with this Standard requires full disclosure on the part of all Plan employees. Accordingly, you must disclose all actual or potential conflicts of interest to the Plan so that the Plan can determine whether a conflict exists and if so, what actions should be taken to eliminate or avoid the conflict. At least once per year the Plan will distribute a conflict of interest questionnaire

to all Plan Directors, officers, and employees. Persons to whom the conflict of interest questionnaire is distributed must answer all questions fully and accurately, and must certify as to the accuracy of the information given.

Responses to the conflict of interest questionnaire will be reviewed by a member of Legal Services, who will prepare a summary report of those responses for the Board of Directors that includes a specific description of any actual or potential conflicts of interest, together with recommendations with respect to such actual or potential conflicts.

STANDARD 7

Don't Offer or Accept a Bribe or Kickback. Do not accept favors from potential business partners in exchange for your business decisions, and do not offer favors to potential customers in return for business.

Plan employees are strictly prohibited from offering, giving, soliciting and/or accepting gratuities, bribes, and kickbacks. Offering or accepting a gift or gratuity in exchange for favorable treatment or to secure business is illegal, and can subject you as an individual and the Plan as an organization to criminal prosecution. You must never offer, give, solicit or accept items such as cash, loans, gift certificates, travel, invitations to attend or participate in activities such as sporting events or hunting trips, or other things of value in order to secure business or in return for giving business. This prohibition applies across the board to all of our business relationships, whether those relationships are with the government or with private sector entities.

You must be especially vigilant in your business dealings with actual or potential business partners to ensure that what you may construe as a routine business courtesy is not in fact a bribe or a kickback. A routine business courtesy will generally be of fairly low value, and will be reasonably related to a legitimate business objective, such as food served at a breakfast meeting to non-government customers, or a coffee mug with the Plan logo given to a non-government customer. A routine business courtesy does not include a lavish dinner for a large group of people, a weekend trip, travel expenses for business meetings, and other expenditures designed to induce a customer to enter a contractual relationship with the Plan. Entertainment, including meals, involving \$100 or less would not be regarded as lavish. To the extent that you feel that social activities are helpful in maintaining good customer relations, you must coordinate closely with your management and with the Plan's Compliance Officer and Legal Services to ensure that such activities do not run afoul of this Standard or federal, state and local law.

In many instances, the Plan purchases goods or services from a supplier who also buys goods or services from us. This practice is normal and acceptable, but any form of pressure for reciprocity with that supplier is not. Suppliers must not be asked to buy our products or services in order to become or continue to be a supplier to the company.

The Plan has determined that employees may accept unsolicited, non-monetary gifts from a business firm doing business or seeking to do business with the company only if the gift is of nominal value (*\$100 or less in value from any one source in one year*). In addition, the Plan permits employees to accept attendance without charge at seminars from vendors with whom we have a contract, and may accept travel and lodging for the purpose of attending a training program provided by a vendor with whom the Plan has already established a contract (*spousal travel or lodging may not be accepted*).

Because employees of the government are subject to strict rules concerning gifts, meals and other business courtesies, we must all take special precautions to ensure that no Plan employee offers or provides any gifts, entertainment, meals (*aside from minor refreshments*), or anything else of value to a government employee without prior approval of the Plan Compliance Officer.

We must also ensure that the business relationships we as a Plan enter into do not run afoul of this Standard or the laws against kickbacks and bribes. For example, if we as a Plan enter into an agreement with a vendor to take stock in the vendor in exchange for awarding that vendor a subcontract on a federal government contract, the stock agreement might be construed to be an illegal kickback. On the other hand, this same standard might not apply to non-government contracts.

Likewise, we must be especially vigilant in the area of consulting agreements. In the provider context, consulting agreements between entities such as hospitals, medical supply companies, and laboratories on the one hand, and physicians on the other hand, have been found to have been entered for the purpose of inducing referrals, and to therefore violate the Medicare and Medicaid Anti-Kickback Act. This would be particularly relevant if the Plan entered into the Medicare or Medicaid risk contract business, as opposed to acting as fiscal administrator. Any proposed arrangement or agreement tying compensation to the anticipated volume of business must be referred to Legal Services for their review.

Violation of this Standard will subject the Plan employee to the full range of disciplinary sanctions, up to and including termination for cause where appropriate.

STANDARD 8

Always Remember That The Government Is a Unique Customer. We will conduct our government business with the highest degree of integrity and honesty.

An important part of our business is the work that we do on behalf of the federal government, such as our work for the Medicare program and the Federal Employee Program, along with our contracts with state and local government entities. When we act as a government contractor, we have a special obligation to the government (*along with the public at large*) to ensure that we perform that work with the highest degree of integrity. Accordingly, we must all be committed to compliance with not only the letter but also the spirit of the laws and regulations that apply to our government contracting business.

Although all of the Standards discussed in this Code of Conduct are, of course, applicable whether the customer is the government or a private entity, the unique nature of doing business with the government implicates particular statutes and regulations that do not normally apply to commercial transactions. For example, under Title 18 of the United States Code, it is a crime to knowingly make a false claim for payment to the government, or to knowingly make a false statement to the government. If you falsify data that is submitted to the government, even if you are not doing so in an attempt to obtain payment for the Plan, you may have committed a crime. Both you and the Plan could be subject to criminal prosecution for your violation, and could be subject to large penalties and fines, and to loss of existing government contracts. In addition, both you as an individual and the Plan as an organization could be prohibited, through suspension and debarment or exclusion, from working on government projects in the future.

If you engage in any conduct that results in a violation of this Standard, you will be subject to the full range of disciplinary sanctions, up to and including termination for cause where appropriate. In addition, the Plan may have an obligation to refer your actions to the appropriate prosecutorial authorities, which could lead to criminal prosecution of both you and the Plan.

Set forth below are some examples of the types of situations where we must be especially vigilant in ensuring that we do not engage in conduct that could violate this Standard or the special rules applicable to government contracts.

Cost Records, Price Estimates and Time Charging. We are required to maintain and provide the government with access to accounting and other records to enable the government to substantiate its payments to us for work performing on existing contracts, and to help it verify our cost and pricing estimates on future contracts. We must therefore ensure that accurate and

truthful records are maintained, and that records are preserved for the period of time required by applicable laws and contract provisions. We must charge all costs and labor accurately, to the appropriate account, regardless of the status of the budget for that account. If you engage in improprieties such as the charging of labor or material costs to the wrong contract, charging contract effort to an overhead or indirect account, falsification of time cards and improper destruction or alteration of records, you will violate this and other Standards set forth in the Code of Conduct, and will be subject to the full range of disciplinary sanctions, up to and including dismissal where appropriate.

Cost or Pricing Data. We may be required to submit cost or pricing data to the government or to prime contractors, and to certify that the data are current, accurate, and complete. This is an affirmative disclosure obligation. Moreover, the definition of the “*data*” that must be disclosed is very broad, and includes not only hard facts but also management decisions and estimates (*based on verifiable data*) which a reasonable person would expect to have a significant effect on price negotiations.

We must follow a policy of full disclosure in negotiations for government contracts or subcontracts. If your actions result in the submission of cost or pricing data that is not current, accurate, and complete as of the date of agreement on price, you will violate this and other Standards set forth in the Code of Conduct, and will be subject to the full range of disciplinary sanctions, up to and including termination where appropriate.

Unallowable Costs. We may submit proposals for reimbursement of indirect costs to the government, either under cost reimbursement contracts or as part of overhead rates. You (*or one of your co-workers*) may be required to certify your belief that a proposal or cost submission does not contain any “*unallowable*” costs, and in particular, does not contain unallowable costs for advertising, public relations, donations, entertainment, fines and penalties, lobbying, defense of fraud proceedings, and goodwill. We must take special care to ensure that these proposals seek reimbursement for only those indirect costs that are clearly allowable, or as to which we have a good faith argument that the costs are allowable. If your actions result in the inclusion of clearly unallowable costs in cost proposals, you will violate this and other Standards set forth in the Code of Conduct, and you will be subject to the full range of disciplinary sanctions, up to and including termination where appropriate.

Quality Control, Testing and Compliance With Specifications. We are often required to certify compliance with applicable quality control specifications and testing requirements for our services. We must make every effort to ensure that we deliver services that not only meet all applicable contract

requirements but also give the government the highest degree of confidence in us. If you engage in improprieties such as alteration of contract performance data, you will violate this and other Standards set forth in the Code of Conduct, and will be subject to the full range of disciplinary sanctions, up to and including termination where appropriate.

Certification and Representations. As the examples above illustrate, contracts and subcontracts on government projects often require the Plan to submit various certifications. These contracts also usually contain clauses wherein the Plan is required to make affirmative representations about a variety of matters in addition to those described above, such as compliance with financial reporting standards and contract requirements, and various procurement regulations.

These certifications and representations are serious matters. The Plan relies upon the truthfulness and accuracy of the information it receives from its employees when it submits these certifications. If your actions result in the knowing submission of a false certification or representation in connection with a government contract, both you and the Plan could be criminally prosecuted for making false statements to the government. For this reason, we must all exercise extreme diligence to ensure that these certifications and representations are truthful and accurate before they are submitted to the government.

Finally, although some of the subjects set forth below are discussed more fully in other Standards, we must all take special care to ensure that the Plan is in full compliance with the following standards of conduct in contracting with the government:

Gratuities. We should ensure that government employees are not offered or given, either directly or indirectly, entertainment, gratuities or other items, including transportation or meals at business meetings, that such employees are prohibited from receiving by applicable agency regulations. Accordingly, Plan employees should obtain clearance from the Plan's Compliance Officer before offering or giving any item or service to a government employee.

Kickbacks. We must never request or accept fees, commissions, compensation, gifts or gratuities from our subcontractors or suppliers, directly or indirectly, under any circumstance. We must also never pay or offer to pay kickbacks to any person. Moreover, we must never offer or give anything of value to government personnel, under circumstances that could create even an appearance that we are seeking to induce preferential treatment or pay a reward for placing business with the Plan.

Former Government Employees. Special restrictions apply to recruiting former government personnel and the activities of former government employees retained by the Plan as employees or consultants. Clearance must be obtained from Legal Services before even mentioning possible employment to a current government employee, and before retaining any former government employee.

STANDARD 9

Compete Ethically and Fairly. We must take special care to avoid engaging in anti-competitive activities or unfair trade practices.

A sincere commitment to ethical conduct requires us to conduct our business in a manner that helps maintain a free and competitive market for our goods and services. Activities that would artificially restrain a competitive market are contrary to that philosophy and to federal laws against anti-competitive activities. Accordingly, we must ensure that we avoid engaging in an activity that could be considered to violate those laws. Our goal should be to ensure that our activities do not interfere with the maintenance of a level playing field among our business competitors.

Activities that could run afoul of that goal include discussing pricing or supplier relationships with a competitor, agreements to allocate the market for our goods and services among ourselves and our competitors, and agreements among competitors to refuse to deal with particular suppliers or vendors. We must be especially vigilant when attending gatherings such as trade association meetings (*other than Blue Cross and Blue Shield Association meetings*) that we do not get drawn into discussions of inappropriate topics, such as discussions concerning pricing, labor costs, marketing plans, and the like. If you find yourself in such a situation, immediately end the conversation, and if appropriate, ask that your refusal to participate be documented in the meeting minutes. You should also immediately report any such incident to the Plan's Compliance Officer and Legal Services.

In addition, we must ensure that all information we obtain about our competitors is done in compliance with the law and the Standards set forth in the Code of Conduct. We must not solicit or obtain confidential information about a competitor in a manner that would be illegal or would require a person to violate a contractual agreement, such as a confidentiality agreement with a prior employer.

Finally, we must also ensure that all information we provide to our customers and the community at large about our products and services is truthful and accurate, and does not contain misleading or deceptive information.

STANDARD 10

Treat Internal Investigations, Internal and External Audits and Government Investigations As Serious Matters. Plan employees must cooperate with all internal investigations and internal and external audits. We will cooperate with all government investigations and reasonable requests for information.

In working with actual or potential legal claims against or by the Plan, with internal investigations concerning compliance with Plan policies, or with audits of Plan data and processes by internal or external auditors, the Plan must obtain full and frank disclosure of all information relevant (*or which may lead to information which is relevant*) to the claim, investigation, or audit. Plan employees are required to cooperate with Legal Services, the Internal Audit Department, the Compliance Officer and external auditors who are working on any such claim, investigation or audit. Such activities will be coordinated and/or directed by the Legal or Internal Audit Departments or the Compliance Officer and if employees are uncertain about the nature of any investigation or audit, they should consult Legal Services, Internal Audit Department, or Compliance Officer.

Plan employees are prohibited from discouraging others, including persons reporting to them, from cooperating in these activities or in government investigations. Any attempt to discourage cooperation should be immediately reported to Legal Services or the Compliance Officer.

From time to time, the Plan may be asked to cooperate with a government investigation, or to respond to a request for information from the government about how we conduct our business. The request may come through official channels from the government to Plan management, or you could be contacted individually by a member of an enforcement agency, such as the Federal Bureau of Investigation, the Office of Inspector General, or the Department of Justice.

When the Plan receives official requests for information or cooperation, it will notify you of your responsibilities and duties in connection with providing such information and cooperation. If you are contacted individually by government investigators and are asked to meet with them individually to discuss activities in connection with your employment by the Plan, the Plan requests that you immediately notify Legal Services and inform them that you have been contacted. Of course, the decision of whether to cooperate with their inquiry is up to you alone, and you will not be disciplined, punished, or otherwise retaliated against if you decide to do so.

However, if you decide to speak with government investigators, be sure that you are accurate and truthful in all your answers to their questions, because if you are not, both you and the Plan could be subject to criminal prosecution.

Although Plan employees are free to cooperate individually with government investigators, you may not provide documents or data that belong to the Plan or are in its custody and control in response to a government request for information without first obtaining authorization from Legal Services.

STANDARD 11

Safeguard Plan Assets. Plan employees should not use Plan assets for personal reasons unless they receive specific prior approval from their supervisor.

In general, Plan assets should be used for business purposes only. For this reason, you may not use Plan assets for personal financial gain unrelated to Plan business. Plan assets include your time, along with items such as office supplies, computer equipment, telephone equipment, copying machines, and computer software.

The Plan's electronic mail system is the property of the Plan and should be used for Plan business purposes only. It should not be used to send messages of a personal nature and should not be used for the conduct of any business other than Plan business. Plan employees should conduct electronic mail communications in the same professional and respectful manner as all other internal and external Plan communications with employees, customers and the public.

The Plan may monitor employees' use of the electronic mail system on an *"as needed"* basis in a manner consistent with applicable state and federal law. Any such monitoring will only be conducted by Plan authorized personnel in order to protect the company's legitimate business interests. By using the Plan's electronic mail system, all employees consent to this monitoring at the discretion of the Plan.

STANDARD 12

Don't engage In Improper Political Activities. Because the Plan's inability to participate in political activities is constrained by federal, state and local law, all organizational political activity must be cleared by Legal Services.

As an organization, the Plan's political activities must be conducted in accordance with applicable law. Accordingly, Plan employees should not use Plan assets to engage in political activities. The Plan maintains a political action committee funded solely through voluntary employee contributions; hence, the foregoing provisions do not apply to contributions by the political action committee.

Plan employees are strictly prohibited from including political contributions on their expense accounts and must not allow Plan assets to be used for a political cause, candidate or campaign. While you are free to participate in the political process on your own time and at your own expense, if you do so, you must make clear that you are speaking or acting on your own behalf. You must not conduct your activities in a way which give others the impression that you are speaking on behalf of the Plan, or otherwise represent the Plan.

If your position in the Plan requires you to have personal contact with governmental entities and officials on the Plan's behalf, be sure that you are aware of and understand all relevant regulatory provisions applicable to such contacts. If you have questions about your actions, get in touch with Legal Services before you act.

STANDARD 13

Recognize That The Plan's Greatest and Most Valuable Asset Is Its Workforce. The Plan is committed to maintaining a safe and professional working environment for all of its employees, and to ensuring that all employees are treated with fairness, dignity and respect.

The company is committed to providing a safe and healthy work place for our employees and or visitors to our premises. We are equally committed to preventing deterioration of the environment and minimizing the impact of our operations on the land, air and water. These commitments can only be met through the awareness and cooperation of all personnel. We each have a responsibility to abide by safe operating procedures, to guard our own and our fellow employees' health and to maintain and utilize pollution control systems.

In the U.S., regulatory agencies exist under federal, state or local jurisdiction to insure compliance with laws and regulations affecting safety, health and environmental protection. It is the company's policy to comply with both the letter and the spirit of the laws and regulations imposed by these agencies

and to attempt to develop a cooperative attitude with inspection and enforcement personnel from the agencies. In keeping with this spirit, personnel are encouraged to report to the EEO Coordinator conditions which they perceive to be unsafe, unhealthy or hazardous to the environment.

It is the policy of the company to provide equal employment opportunity to individuals who are qualified to perform job requirements, regardless of their race, sex, religion, national origin, age*, or disability. Equal opportunity shall be provided in all aspects of the employment relationship, including recruitment, hiring, work assignment, promotion, transfer, termination, wage and salary administration, and selection for training.

Every employee has a right to a work environment free of harassment or discrimination because of race, sex, religion, national origin, age or disability. These commitments can only be met if all employees treat each other with courtesy and fairness and have respect for the dignity of the other person. **Please call the EEO Coordinator about suspected violations of the employee relations policies.**

The company's policy precludes the use or possession of any illegal drugs or any alcohol on company property. Personnel are also prohibited from being on company property under the influence of either drugs or alcohol.

From time to time, acting through its senior management or its Board of Directors, the company may establish other policies binding on all employees in their business conduct. For example, the company has policies prohibiting the possession of firearms on the premises, policies addressing reimbursement for travel expense, and other policies. **Employees are obligated to adhere to all such applicable policies, and may report violations of them in the same manner as they may report concerns specifically noted within this Code of Conduct.**

You must report a known or suspected violation of the Code of Conduct by:

- a. Reporting it to your supervisor; in that case, the supervisor should document the contact to the Compliance Officer;
- b. Reporting it in person to, or by writing to, the Compliance Officer:

Doug George, General Auditor
Corporate Audit – Cost Center 701
Blue Cross and Blue Shield of Kansas
1133 Topeka Blvd.
Topeka, Kansas 66629-0001
e-mail: doug.george@bcbsks.com;

c. Calling the Ethics & Compliance Resource Line toll-free:

(866) 301-7627

d. Using the Business Integrity referral boxes; or

e. Reporting via the Open Board Website:

<https://www.openboard.info/bcbs/index.cfm>;

f. Reporting it to an attorney in Legal Services (291-7509).

All reports will remain confidential to the extent consistent with requirements of the law and the needs of the Plan; you may remain anonymous, although anonymous reports are more difficult to investigate.

Retaliation against an employee for reporting a violation or suspected violation in good faith (*even if the report turns out to have been erroneous*) is strictly prohibited; anyone engaging in such retaliation must be reported to the Compliance Officer, and will be subject to discipline up to and including termination.

***As a matter of law, certain highly compensated employees can be subject to a mandatory retirement age.**