At HCSC we support an environment where all employees feel valued, empowered and recognized for their unique talents, perspectives and differences. To do this, our Center for Diversity and Inclusion (CDI) embeds a commitment to diversity throughout all areas of the company, from how we hire, manage and interact with employees, to how we serve our customers and provide for our communities.

We strive to maintain an inclusive work environment where all employees experience
equity. This means employees know that when they come to work each day, they will be treated fairly and with the respect they deserve. We see our organization as one united by our differences and empowered by the various strengths we each bring to the table.

"The beauty of a diverse and inclusive workplace is that we give each other the space to be who we are. – Manika Turnbull"

“We come to work each day confident that our organization supports our unique ideas, perspectives and characteristics,” says Manika Turnbull, vice president and chief diversity officer. “I am proud to support an organization that values its employees. Starting with the chief executive officer, on down to each and every employee, we are dedicated to helping our organization maintain an inclusive environment by showing respect and acceptance for one another.”

The CDI is also committed to equipping employees with diversity-related knowledge, resources and programs on diversity and inclusion. Our vision of “uniting talent from all lines of difference to benefit all lines of business” recognizes that employees’ diverse contributions create better solutions and greater business outcomes for our members and our company.

“We know we can better serve our customers when we appreciate them both as individuals and as a community,” says Paula Steiner, HCSC president and CEO. “We extend this appreciation to our colleagues at work as well.”

Hear from Paula Steiner about why HCSC focuses on diversity and inclusion and what it means for the company.
Learn more about Our Commitment to Diversity in our 2017 Diversity and Inclusion Annual Profile.
For the past 15 years, HCSC has recognized employees who exemplify the spirit, principles and actions of diversity and inclusion in their workplace and community by presenting the Raymond F. McCaskey Diversity and Inclusion Award. This award was inspired by former HCSC President and CEO Raymond F. McCaskey. With a growing number of HCSC employees going above and beyond to exemplify these qualities, we have adapted our award to recognize employees at two levels, leadership and individual contributor.

**Raymond F. McCaskey Leadership Award**

The 2017 winner of the leadership award was Mercedes Millberry Fowler. Mercedes is a unit manager in the community relations department of our Tulsa, Oklahoma, office. She has
always been interested in social justice and equality and appreciates that HCSC has a strong philosophy of diversity and inclusion.

“I am fortunate that HCSC supports me as I continue to learn more about how we can engage all our employees to bring their authentic selves to work,” Mercedes says. “The company can benefit from embracing the diversity of perspectives and experiences that our employees possess.”

Mercedes has been with HCSC for eight years, first in the public relations department, working on outreach efforts related to the Affordable Care Act. She is now in community affairs, where she interacts with nonprofits in Oklahoma that work to address social determinants of health.

Mercedes is a member of four of our nine Business Resource Groups, employee-driven groups organized around a particular characteristic of diversity. “Diversity and inclusion are critical to the future survival of all companies as demographics and cultural norms change and grow,” she says.

Mercedes chairs the business services committee of the Tulsa Regional Chamber Mosaic Group, the chamber’s diversity council. Blue Cross and Blue Shield of Oklahoma (BCBSOK) has been recognized a Mosaic Inclusive Workplace recipient for the past four years.
“Companies that embrace diversity by actively encouraging it in peer companies, customers and partners will be the companies that shape the future and build trusted relationships that will last.” – Mercedes Millberry Fowler

Raymond F. McCaskey Individual Contributor Award

Ben Thierry, a business analyst for the information technology group at our Chicago headquarters, was the recipient of the individual contributor award. Ben is a member of HCSC’s Pride Alliance, our Business Resource Group for employees who are lesbian, gay, bisexual, transgender, queer/questioning (LGBTQ) and LGBTQ allies.

“I believe living authentically is key to the advancement, visibility and protections of people who identify as LGBTQ,” Ben says. Ben is a project co-lead/founder of an initiative to create the Authentically Blue OasisSM, an inclusive space for HCSC employees. He’s also the project lead on the company’s LGBTQ web presence project. One of his goals, he says, is to “promote a world in which all LGBTQ youth are free to be who they are.”

Meet our past Raymond F. McCaskey Award Winners in our previous Social Responsibility Reports.
AWARDS AND RECOGNITION
Recognizing diversity and inclusion practices, programs and strategies

HCSC has received recognition for the past five years from DiversityMBA, a national leadership organization focused on integrating diversity and inclusion with talent management. DiversityMBA awards companies with compelling stories, strategies, successes and best practices. We are proud to have advanced to No. 2 from No. 6 on its 2017 rankings of the Best Companies for Women and Diverse Managers to Work, also known as the 50 Out Front.

HCSC was also honored to have two employees recognized as DiversityMBA Top 100 under 50 recipients. The awardees were Dr. Esteban Lopez, Blue Cross and Blue Shield of Texas chief medical officer and southwest Texas market president, and Margaret Trietsch, senior director of content strategy and delivery.
Our 2017 Awards and Recognition include:

**National**

**DiversityMBA**

- 50 Out Front: No. 2 Best Companies for Women & Diverse Managers to Work
- 50 Out Front: Best Companies to Work for Women and Diverse Managers Ranking in five categories:
  - Workplace Inclusion and Retention
  - Accountability
  - Board Diversity
  - Representation
  - Succession Planning

**G.I. Jobs**

- Military Friendly Employers Designation and Bronze Status

**Human Rights Campaign Foundation**

- Awarded 100 percent on the Corporate Equality Index – Best Places to Work

**National Business Inclusion Consortium “Best of”**

- The 2017 Best Corporation for Inclusion

**National Gay & Lesbian Chamber of Commerce (NGLCC)**

- Best of the Best Corporation for Inclusion

**US Business Leadership Network (USBLN)**

- Awarded 100 percent on the Disability Equality Index

**Regional**

- HCSC named DiversityMBA No. 1 Regional Company
- Blue Cross and Blue Shield of Oklahoma recognized as the Tulsa Regional Chamber of Commerce Mosaic Top Inclusive Workplace Culture
- Blue Cross and Blue Shield of Illinois recognized as the Phoenix Center’s Springfield Community Partners PRIDE Award recipient (the Phoenix Center is an LGBTQ
**Business Resource Groups**

How does a large organization help employees feel connected, respected and valued? At HCSC, we developed Business Resource Groups (BRGs) for employees to engage with others who share common perspectives and goals.

These voluntary, employee-driven groups are formed around a common set of goals that relate to a certain dimension of diversity, such as race, gender or culture. The groups contribute to our business by creating an inclusive culture, enhancing community outreach efforts and strengthening employee recruitment and retention.

For example, Senior Vice President and Controller Jim Kadela says serving as executive sponsor of the Asian American Business Resource Group has given him insight into the
nuances across Asian cultures. “I have a better understanding of the unique perspectives each nationality brings to the table,” Jim says. And that insight, he says, helps him engage the members of his team as individuals.

Diversity and inclusion is an integral part of our workplace, and diverse teams drive innovative ideas and better serve our customers.

Our nine Business Resources Groups, with 41 chapters throughout the company, are:

- African Americans in Motion
- Asian American Business Resource Group
- Engaging Millennial Energy to Recognize Growth Enterprisewide (EMERGE)
- In-Abled
- Latinos for Advancement
- Pride Alliance
- Native Americans in Progress
- Supporters of Military Veterans
- Women Improving the Strength of the Enterprise (WISE)
I feel a sense of accomplishment when I see others get connected and involved. - Jim Kedel

Employee Networks

Our Employee Networks enhance the engagement of our workforce through social gatherings, events and activities organized around an affinity, talent or common interest.

“At a time when much in society attempts to divide us, employee networks provide a channel for us to stand with one another,” says Khurram Taufiq, a senior actuarial associate who serves as co-chairperson of The Diversity Forum in Richardson, Texas.

The Diversity Forum fosters an inclusive and culturally competent workplace in which employees share mutual understanding and respect for one another. The network “provides a platform for us to learn about one another,” Khurram says. “Whether through a simple forum discussion or a speaker during a cultural festival, we are also exposed to new information.”

These are a few 2017 highlights of our three Employee Networks:

- The Diversity Forum hosted a Lunar New Year festival that allowed employees the opportunity to understand the history behind the cultural festivities and participate in traditions celebrated by many East Asian countries.

- Europa, which works to increase employees’ knowledge of various European cultures, co-hosted a monthly Gastronomy Club with The Diversity Forum. Participants sampled different cuisines to better understand the connection between food and culture.

- Voices of Diversity, which spreads the message of diversity and inclusion through musical performances, honored our military veterans with performances on Memorial Day, Veterans Day and at the veteran job fair at HCSC’s Chicago headquarters.
Learn more about our commitment to diversity.
HCSC is shaping its future workforce today with practical experiences in science, technology, engineering and mathematics (STEM). With first-hand experiences and exciting opportunities in STEM-related fields for high school and college students, we’re bridging gaps in the STEM pipeline, attracting new talent and creating an inclusive culture.

“The more we can understand science, mathematics, engineering and technology, the better we can understand and adapt to the changing world around us,” says Melanie Simmons, a manager in integrated marketing at HCSC and a STEM programming volunteer.

Melanie says working with young people in these programs has taught her that STEM opens huge opportunities for people of all backgrounds. “It is the future and it’s an equalizer
for today’s youth.”

Our STEM programs and partners include:

- Boys and Girls Club of Richardson, Texas
- City Colleges of Chicago
- Dallas Independent School District STEM Expo
- Discovery Festival Event by Big Brothers Big Sisters of Central New Mexico
- Girl Scouts of Northeast Texas STEM Career Day
- Lumity One-Day Challenge
- Lumity STEM Career Day
- National Society of Black Engineers
- Project SYNCERE
- TutorMate Innovations for Learning
- UNCF STEM Scholarship
- Work-Study Program with Cristo Rey/Christ the King Jesuit High Schools
I have grown during my time with HCSC because I remember being here as a freshman and I was really shy and scared to talk to people. Now... I talk to more people and am more confident. I feel lucky to have this opportunity. - Evelyn S., intern

Building a pipeline of diverse talent in STEM fields is integral to our overall diversity and inclusion strategy.

Evelyn S., one of our interns from Cristo Rey Jesuit High School in Chicago, says the experience allowed her to meet people and work on real projects. She is now a senior and has interned with us all four years of high school.

“I personally think I have grown during my time with HCSC,” Evelyn says. “I remember being here as a freshman, and I was really shy and scared to talk to people. Now I talk to more people and am more confident. I feel lucky to have this opportunity.”

Evelyn works with the technology team in the human resources department. She has provided input on many projects and will leave with many new skills. “I was able to achieve more things than I could imagine,” she says.

We're thrilled to offer opportunities for Evelyn and many other young people who are looking to learn and grow in STEM-related careers.
We bring our commitment to diversity and inclusion to all levels of business operations. It’s why HCSC created a supplier diversity team, which maximizes opportunities for minority, women and other diverse-owned companies to do business with us.

When a need arises, the team seeks out qualified and competitive suppliers with diverse ownership. We don’t just hire these businesses for the immediate need, but also foster long-standing relationships for future opportunities. We look for suppliers that share our values and conduct business in the same ethical manner. All our diverse suppliers are certified and registered.

National agencies whose certification HCSC accepts include:
Our supplier diversity team is proud to be entering the second year of participation in the Chicago United **Five Forward 20/20 program**. Chicago United is an organization whose mission is “to achieve parity in economic opportunity for people of color.” Participating companies commit to doing business with five minority-owned businesses in the Chicago area for five years. Our current Five Forward 20/20 suppliers are Anchor Staffing, Kairos Worldwide, Montenegro, Inc., Vivia USA and Wedgeworth Communications.

Learn more about our commitment to supplier diversity.
Our footprint may not be as large as a giant of industry or manufacturing. But we hold ourselves accountable for the size of our impact. Our sustainability efforts are focused on strengthening our recycling practices, increasing energy efficiency, using renewable resources, protecting wildlife and working to “green” the commutes of our employees. We believe that environmental responsibility means everyone must do their part, so we remind our employees that even the smallest actions can make a positive impact. Over time, our efforts add up to measurable results, not just for today, but for future generations.

Here are some programs we’ve implemented at various company sites that demonstrate our dedication to sustainability:
Lighting

- High efficiency fluorescent light bulbs for office lighting
- LED light conversion in common areas
- Motion sensor lighting

Recycling and Green Products

- Recycle paper, fluorescent light bulbs, wooden shipping pallets, aluminum cans and plastic bottles, and cafeteria grease
- Use green janitorial cleaning products and pest control products
- Participate in programs such as America Recycles Day, a national initiative of Keep America Beautiful

High-Performance Energy Efficiency

- Energy use reduction programs, such as co-generation and load shedding
- Low-flow toilets
- Automatic paper towel and soap dispensers

Using Renewable Energy

- Solar or wind source for half the electricity for all Illinois facilities and 25 percent for all Texas facilities, reducing air pollutants and greenhouse gas emissions
- Electric vehicle charging stations

Building Design and Green Building Programs

- ENERGY STAR certification for several buildings
- State-of-the-art building automation technology to minimize the cost and environmental impact of energy used by heating, cooling and lighting
- Green roof technology to reduce storm water runoff and urban heat island effect on many buildings
- Green landscaping design to reduce water consumption and capture rain water

Protecting Wildlife

Animals play an important role in our ecosystems. To help protect migratory birds from flying into our buildings, we participate in the Audubon Society's “Lights Out” program and
turn off our exterior lights at 10 p.m. in our Chicago headquarters. Since 2013, the number of bird collisions has decreased by more than 80 percent.

**Our 2017 Company Recycling Programs Add Up**

- **309,574** Gallons of oil saved
- **1,629,339** Pounds of paper recycled
- **13,849** Trees saved
- **3,258,678** Kilowatts of electricity saved
- **5,702,687** Gallons of water saved
HCSC has created a strong corporate environment of integrity, supported with a broad range of ethics and compliance initiatives that touch every employee and guide everything we do.

In 2017, our company was again named a World’s Most Ethical Company® by the Ethisphere® Institute, an independent center of research, best practices and thought leadership in corporate ethics. The honor is reserved for a small number of companies worldwide that demonstrate through their programs, policies and actions that corporate integrity stands alongside operational factors as a key business driver.
Award for superior achievement in culture, governance, training and communications, monitoring and auditing, risk assessment, social and environmental responsibility and leadership endeavors.

We believe being named a World's Most Ethical Company reflects that we understand the importance of a strong ethical culture, and work to obtain that through senior leadership support, management involvement and formalized programs focused on achieving ethical business behaviors. “This recognition honors the work our employees do every day to operate with integrity in all areas of our business,” says HCSC President and CEO Paula Steiner.

We were also recognized by others in 2017 for our efforts, receiving two best practice awards from Health Ethics Trust — one for our Code of Ethics and Conduct and one for our Speak Up campaign. And HCSC’s compliance program was rated “outstanding to best practice” in the assessment of our overall program.

The reviewers commented on the nomination that they “have yet to review a program as consistently outstanding as the HCSC Compliance Program.”

This positive evaluation gives credit to the work the ethics and compliance department and the government programs compliance departments do above and beyond the minimum requirements to set ethical business standards.

From the Health Ethics Trust, a division of the Council for Ethical Organizations: Code of Business Ethics and Conduct and Speak Up Campaign.
At HCSC we live by five core values: Integrity, Respect, Commitment, Caring and Excellence. We live these values every workday as a partner in the health and well-being of our members. We also live those values beyond our jobs.

While “Blue Cross and Blue Shield” is widely recognized, the word “of” is easy to overlook. Importantly, “of” identifies that we are part “of” something bigger — part “of” a community. We share our work lives and our home lives with our neighbors, friends and members of Blue Cross and Blue Shield of Illinois, Montana, New Mexico, Oklahoma and Texas.

Being part of our communities isn’t just what we do, it’s what we love to do. Whether it is leading by example, supporting local community partners to achieve their goals, creating resources, funding necessary community health programs or delivering needed
vaccinations and flu shots to underserved children, we have and will continue to put our heart into everything we do.

We recognize, however that despite our efforts, the product we sell — insurance — is unattainable for many in our communities. That’s why earlier this year we announced *Affordability Cures™* — our commitment to create solutions with staying power with a dedication to make our product more affordable. *Affordability Cures* will build on our storied history of protecting individuals and helping them to be their best.

On behalf of our more than 20,000 employees, it is with great pride that I invite you to read our latest stories of how Blue Cross continues to live our core values and how that commitment makes a difference in the lives of millions across our communities.

**Joel Farran**

*Senior Vice President, Chief Brand Officer*

Health Care Service Corporation