



SPEAK UP

ANNUAL REPORT 2022

From the Compliance and Ethics Program

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SPEAK UP ANNUAL REPORT 2022

At CareFirst, our commitment to doing the right thing is essential to our success. How we do our jobs and treat each other is just as important as what we accomplish and our commitment requires the dedication and support of the entire organization.

Open and honest communication is essential to creating trust. We created the Speak Up program to guide our interactions with customers, vendors, third parties, community partners and especially one another.

When you—our employees and contingent workforce—speak up, you make a difference. You help us identify and investigate compliance and ethics violations, supporting our commitment to an ethical and transparent culture and making us a better company.

We are personally committed to ensuring we remain grounded in the values reflected by Speak Up that have sustained CareFirst's reputation as one of the most ethical healthcare insurance companies in the industry.

The Speak Up report provides an overview of our compliance and ethics processes and highlights important yearly trends and statistics in reporting, investigating and remediating issues. This report represents our high standards for governance, compliance, and ethical behavior fundamental to our core values and helps deliver on our mission.

Thank you for continuing to advance our efforts as One Company, One Team.



Angela Celestin

EVP, Chief Human Resources Officer
CareFirst BlueCross BlueShield

P. Todd Cioni

VP, Chief Compliance, Ethics and Privacy Officer
CareFirst BlueCross BlueShield

IN GOOD COMPANY

The World's Most Ethical Companies award is given out by the Ethisphere Institute, a global leader in business ethics. In 2022, CareFirst was one of **136 companies** across **22 countries** and **45 industries** recognized for our unwavering commitment to business integrity. The list of honorees included only three other health insurers: BlueShield of California, Cambia and Health Care Service Corporation.

In our **tenth consecutive year** as one of the World's Most Ethical Companies, CareFirst holds an elite status among the most respected companies in the world. Only **7 other organizations** have achieved the same number of back-to-back awards.

2022 | **WORLD'S MOST ETHICAL COMPANIES**™

WWW.ETHISPHERE.COM

10-TIME HONOREE

"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.



"Confidence is earned when business is conducted with the highest ethical standards. As CareFirst employees, we all have a duty to speak up when we believe our core values are at risk. I thank you for doing what is right for each other, our members, partners and the communities we serve."

Brian D. Pieninck

President and CEO
CareFirst BlueCross BlueShield

Photo credit: Baltimore Business Journal

CAREFIRST BY THE NUMBERS 2021

As a not-for-profit healthcare company, CareFirst works to make the communities it serves healthier places to live. Now in our 85th year of service, CareFirst is the largest healthcare insurer in the Mid-Atlantic.



In total contributions—including grants, subsidies and sponsorships



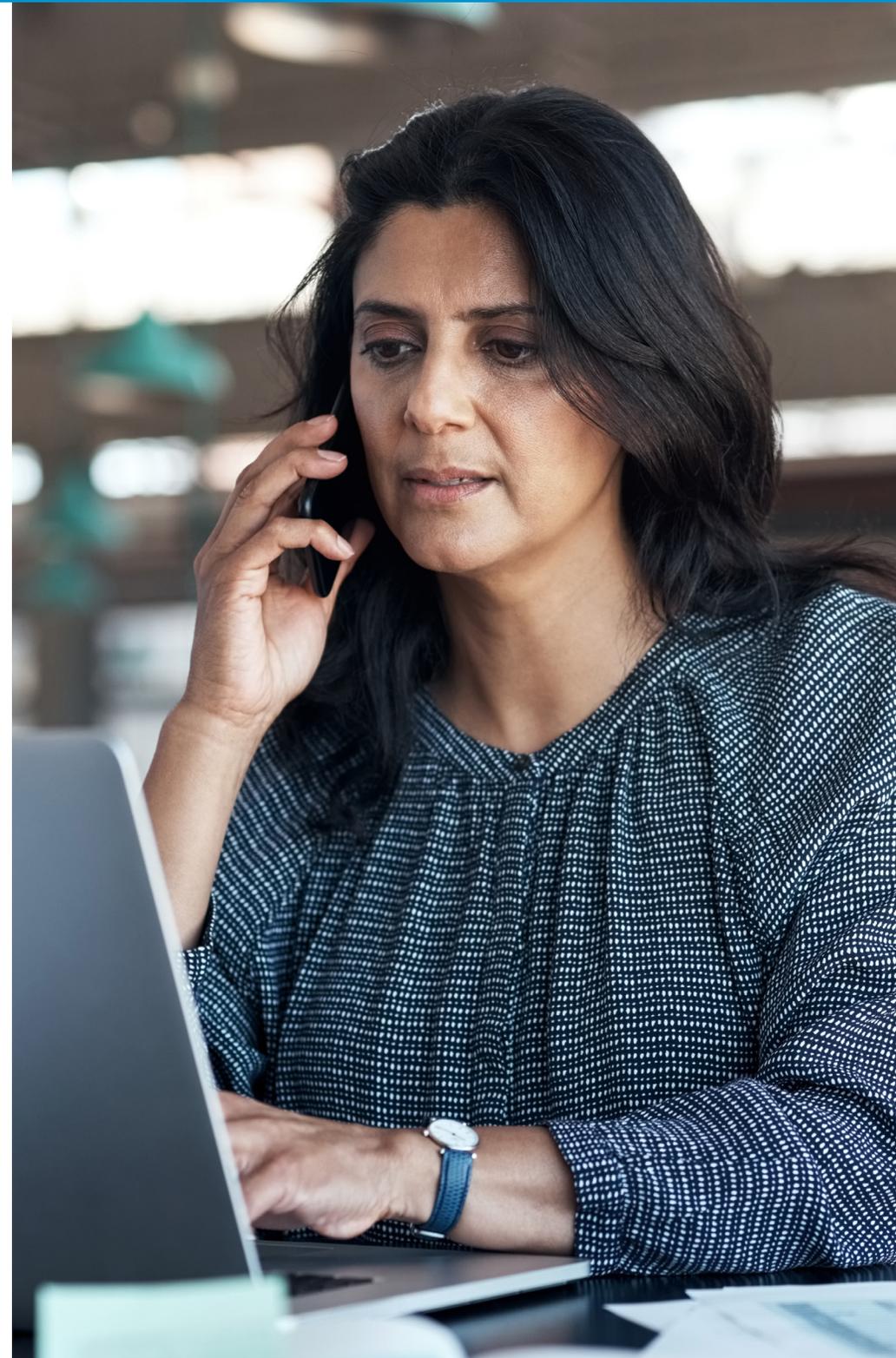
WHY IT'S IMPORTANT TO SPEAK UP

We are committed to building a strong culture of ethics and compliance. Doing so requires a thorough and transparent investigation process.

It also requires an environment where our workforce feels empowered to bring their concerns forward. By speaking up, you let us know our company is ethically healthy.



Retaliation and intimidation are prohibited. An individual who reports an issue in good faith should never face retaliation or intimidation.



ISSUES TO REPORT

No one expects to witness suspect behavior at work. But certain issues require you to speak up. These behaviors may include:

- Violation of a law or regulation
- Misuse of company resources, funds or property
- Abuse of accounting, financial policies and requirements
- Disclosure of proprietary or confidential information
- Conflict of interest with any business, individual or organization
- Bribery or kickbacks of any kind
- Filing false claims with a government agency or violating government contract requirements
- Theft, fraud or other criminal activities
- Harassment, intimidation or other inappropriate workplace behaviors



THE INVESTIGATION PROCESS

Every investigation follows the same, straight-forward process from beginning to end. Our goal is to provide fair and consistent outcomes for everyone involved.

1

A report is received and logged in an internal tracking system.

2

The report is assessed to determine who should handle the investigation.

3

The investigation takes place.

4

The information is reviewed for a fair and consistent outcome.

5

The case concludes and appropriate communications and actions are taken.



2021 YEAR IN REVIEW

INVESTIGATION STATUS

All reported issues are taken seriously and, are investigated to determine their context and cause(s) as well as to find a solution. Additionally, investigations seek to identify any underlying issues or opportunities for improvement. Reporting issues is necessary for a compliant and ethical culture. In 2021, 41 investigations were conducted.

Investigation Unsubstantiated VS Substantiated



54%

Unsubstantiated

A report is deemed unsubstantiated when it cannot be proven with sufficient confidence. Reasons include a lack of witnesses or insufficient or unclear information.

46%

Substantiated

A report is considered substantiated when some or all the allegations raised can be proven with reasonable certainty.

Investigation Complete VS Pending



93%

Investigation Complete

The issue was investigated and is now closed. A summary of facts and conclusions were shared with business leadership. If substantiated, corrective action and appropriate communication were referred to appropriate parties.

7%

Investigation Pending

The issue was evaluated and assigned for investigation. The case remains open.

 Both the Compliance and Ethics and Human Resources teams evaluate all reports. They are responsible for determining the scope of a case as well as who will investigate it. All reports are treated with the greatest confidentiality possible.

ABOUT THE SURVEY

Each year, the Compliance and Ethics team oversees a survey of CareFirst employees' perception of the company's ethics and compliance. The results are used to measure our ability to detect and prevent misconduct and our workforce's awareness of resources. It also helps identify opportunities for improvement and steer ethics and compliance efforts for the following year.

According to the 2021 CareFirst Ethics and Compliance Perception Survey:

68.1%

of respondents agreed that the company enforces its non-retaliation policy.

82.2%

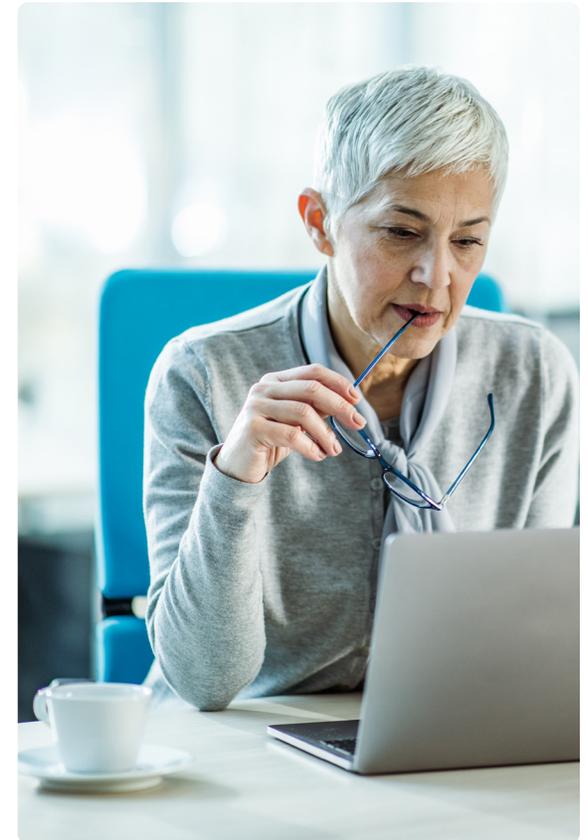
said they believed their manager complies with the non-retaliation policy.

94.1%

of respondents said they knew how to make an anonymous report regarding wrongdoing or unethical behavior.

81.9%

of respondents said they feel the company handles ethical problems completely and appropriately.



HELPLINE AND HOTLINE

CareFirst provides our workforce with two different channels through which to address their compliance and ethics concerns.

Helpline

The CareFirst Helpline offers the chance to ask questions or discuss concerns with the Compliance and Ethics team before reporting a violation.

They can be reached by phone at **410-528-7193** or email at complianceandethics@carefirst.com.

Hotline

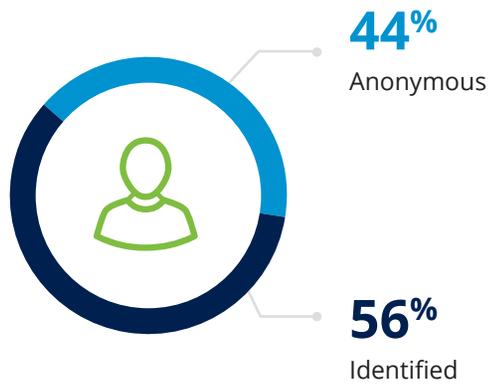
The CareFirst Hotline allows a person to file an **anonymous** report of known or suspected violations. This can be done either by calling **410-528-7800** or filling out the [online form](#).



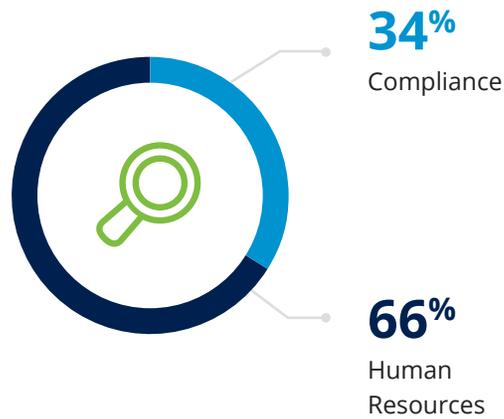
INVESTIGATION RESULTS

CareFirst conducted a total of 41 investigations in 2021.

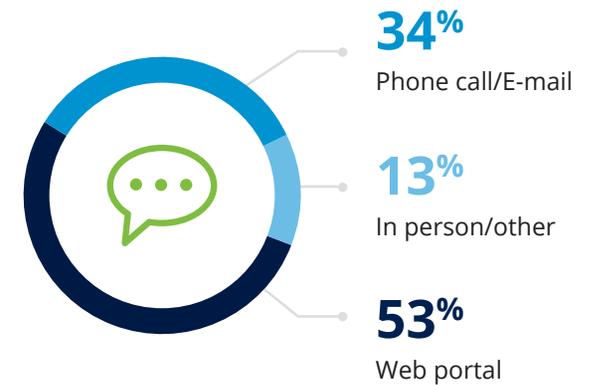
Identity of Reporters



Investigations by Team

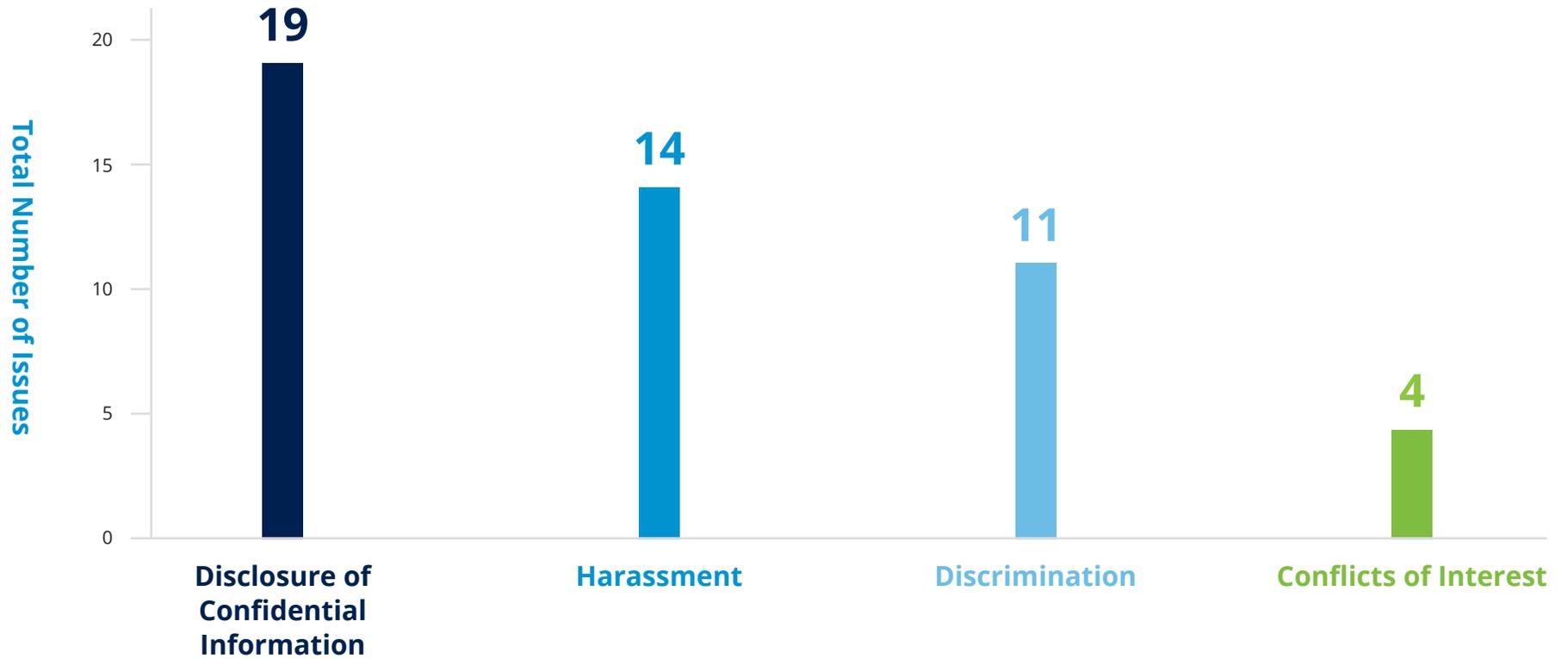


Intake Method



The Compliance and Ethics Office logs and tracks every reported concern. All reports are evaluated with Human Resources to determine how to best proceed. The majority of the reports received from individuals willing to identify themselves are employees.

TOP REPORTED ISSUES—HOTLINE



 *In 2021, the Hotline received a total of 59 reported issues representing—1 complaint per every 100 employees.*

TOP REPORTED CATEGORIES—HELPLINE



 In 2021, the Helpline received a total of 348 reported issues. Additional topics discussed on the Helpline include issues specific to Medicaid/Medicare, information security, providers, Code of Conduct and vendors.

TOP 6 REASONS EMPLOYEES MAY NOT REPORT MISCONDUCT



Source: 2021 Ethics and Compliance Perception Survey

ADDRESSING EMPLOYEE RELUCTANCE

5% of those completing the 2021 Ethics and Compliance Perceptions Survey indicated they would NOT be willing to report wrongdoing of unethical behavior. "Fear of retaliation" and "Did not believe corrective action would be taken" were the reasons cited most frequently.

Did you know?

- CareFirst has a policy against illegal retaliation.
- We require every employee and contingent worker to complete Code of Conduct and harassment prevention training each year.
- All misconduct allegations submitted through the Hotline are reported to the CareFirst Audit and Compliance Committee.
- Results of the annual Ethics and Compliance and biennial Employee Engagement surveys are shared with leadership as well as the board of directors.

How can employees help?



Review policies and other resources



Participate in awareness efforts.



Take pride in CareFirst's reputation for ethical business practices.



Attend focus groups.



Respond to ethics and engagement surveys.



Complete mandatory training.



We want to hear from you

We're here to answer your questions and offer our help. Contact us at complianceandethics@carefirst.com or by phone at 410-528-7193.

HOW TO SPEAK UP

If you suspect a violation, it is your duty to report it. Retaliation and intimidation are prohibited. When an employee reports an issue in good faith, they should never face retaliation or intimidation. Employees may report concerns about suspected business ethics or compliance violations in any of the following ways:

Talk to your leadership team members or people leaders about your concern.

Contact your Human Resources Business Partner.

Contact your division's Embedded Compliance Representative.

Contact the Compliance and Ethics Office Helpline at **410-528-7193** or complianceandethics@carefirst.com.

Submit an **anonymous complaint** by using the [online form](#) or calling the Compliance and Ethics Hotline 24/7 at **410-528-7800**.



Thank you for making compliance and ethical concerns a part of your daily work.

REPORTS AND OUTCOMES

HELPLINE INQUIRIES

In 2021, 348 concerns were received from the Helpline—6 out of every 100 employees filed the Compliance concerns.

Case Study

In October 2021, a CareFirst employee raised a concern about a potential conflict of interest. The employee was asked to participate in a clinical research project. Participants would be paid and all activities would occur outside business hours.

Based on our Conflict of Interest Policy, there were several matters to consider:

- Was the research company a competitor?
- Was the employee in a position to be improperly influenced by participating in this clinical research?
- Would the work be clinical and not consultative?

After review, it was determined that the employee could participate on a strictly clinical basis. The employee was also asked to update their Conflict of Interest Disclosure Statement with the details of the arrangement.



HARASSMENT ISSUES

In 2021, 19 harassment allegations were reported to either HR or Compliance and Ethics. After thorough investigations, harassment was not substantiated in any reported matter. Poor managerial skills, interpersonal misalignment and lack of communication were the most commonly substantiated outcomes for reported harassment.

Case Study

In the first quarter of 2021, an anonymous hotline complainant reported her manager for unprofessional behavior.

An extensive investigation found the following:

- The manager communicated with an autocratic, controlling and abrasive style.
- The manager required duplicate reports on work status, scheduled meetings and sent emails after hours.
- The manager expected team members to work evenings and weekends.

Allegations of unlawful harassment were not substantiated. However, senior leadership and the Human Resources Department determined that the manager and her team would benefit from coaching and additional training. A verbal warning was also issued.





"I'm proud to be part of a team that acts with purpose and integrity not only in its business activities but also in its dealings with the community. Our emphasis on doing things the right way—with care—continues to foster the kind of culture the entire industry can be proud of."

P. Todd Cioni

VP, Chief Compliance, Ethics and Privacy Officer,
CareFirst BlueCross BlueShield



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