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Among the constants found at the best companies are engaged employees who are proud of their roles and who understand the importance of their work. Also within these businesses exists a steady drive to foster creative and productive teamwork that comes from having a diverse workforce of employees who have differing cultural, political, educational, and even spiritual perspectives.

One important aspect of our goal at BlueCross BlueShield of Tennessee is to make sure that we accurately reflect the same diversity in our workforce that we see across our state.

Diversity of thought, skills, backgrounds and abilities means that together we can understand and connect with the multiple and unique needs of our customers and communities. It’s good business and it’s good for morale – making BlueCross a stronger company.

Our diversity commitment is embedded in our culture and seen in action throughout the year. These actions range from our hiring practices and mentoring programs to partnerships with and funding of community groups. Through outreach efforts, our work with diverse suppliers and our own commitment to an inclusive workforce, we are successfully achieving our mission of providing peace of mind to all Tennesseans.

I invite you to read our company’s inaugural diversity report and learn more about how the power of “we” is making an impact in our state.

Bill Gracey
President and Chief Executive Officer
BlueCross BlueShield of Tennessee

“an organization that employs individuals from all over the world.”
BlueCross processes claims from countries outside the United States, coordinates benefits for multi-national corporations, serves culturally diverse members and employs a global workforce. As an organization that employs individuals from all over the world, it is imperative that we engage and fully leverage the diversity that exists within our workforce.

As the company seeks to hire and retain top talent, the ability to work effectively in a cross cultural environment is important. Globalization is a business reality. Our customers, business partners and employees continue to grow more diverse even as our industry readies for health care reform. And while health care reform will drastically change the industry landscape, we need to realize that people will be the vehicles to make that change possible.

Our culture of inclusion empowers employees to share their perspectives, ideas and solutions—each of which is important as the company enters the exchange market and engages consumers in new ways. It’s about working together.

Ron Harris
Director of Workforce Diversity
Working Together

It’s a simple idea, really. Bring together the best of what our employees have to offer to make BlueCross a dynamic place to work. In doing so, together we will help improve the health and wellness of our members which benefits the entire state. It’s about building relationships, from the inside out.

We recognize that diversity in the workforce is a cornerstone of an organization’s success. Our people are the source of the company’s strength, leadership and vitality. Even more, our commitment to diversity touches businesses and lives across the state with initiatives and practices to enhance economic opportunities, as well as improve personal health, community strength and overall well-being.

To create and maintain an inclusive workplace and build diversity awareness, BlueCross has developed a comprehensive diversity and inclusion strategy aligned with talent management. This strategy ensures parity and equity in processes and procedures. Components of the strategy encompass representation at all levels of the organization.
Investing Internally

Diversity and inclusion are parts of our overall succession planning initiative. On a day-to-day basis, Corporate Diversity educates employees on collaborating with other areas to offer programs such as:

- Exempt and non-exempt employee mentoring
- Cross-cultural customer service diversity training
- Cultural awareness
- Competency education sessions

A total of 1,140 employees attended diversity and inclusion training. Our organization offered 66 sessions in 2012 with topics including:

- Generational diversity
- Critical Management Skills training
- Executive on boarding
- Executive diversity training

In 2012, we also developed an enterprise and division profile for hiring managers to aid in promoting diverse representation at all levels throughout the company. Additionally, senior staff members (director and above) attended a diversity training session where unconscious bias was explored with Howard Ross, an international diversity expert.

Celebrating our Differences, Similarities

BlueCross hosts a number of events that celebrate diversity and educate our employees on how to use their differences.

- Cultural Awareness series highlights various cultures represented by our employee population
- Women in Leadership series which focuses on employee development opportunities to build and foster female talent
- Mentoring programs for both salaried and hourly employees that offer inclusive development opportunities

As a company, we also honor and celebrate those who have fought for the freedom and equality we all deserve by holding ceremonies for Veteran’s Day, Black History Month and other nationally recognized observances. Holding events on all of our campuses with guest speakers and community members, who share their stories on overcoming hardships to achieve success, provide us an opportunity to learn from their experiences.
Addressing a Changing Population

BlueCross BlueShield of Tennessee’s large market share places us in a unique position to help providers develop the skills needed to care for an increasingly diverse population.

U.S. Census data show that African-Americans comprise 16 percent of the state’s population. Tennessee is also witnessing a growth in its Hispanic and other ethnic populations. These demographic factors, along with market demands, accreditation requirements and regulatory compliance, are the reasons behind the establishment of a cross-functional, cross-divisional team dedicated to researching, evaluating, and fostering activities to develop cultural competence capability among Tennessee health care providers.

Here are just a few of the ways we educate and assist our providers and members:

- Health literacy initiatives to ensure patient understanding when accessing the health care system
- Language assistance to meet the needs of members with limited English proficiency
- Dedicated nurses educating the public on health disparities and the positive impact of a healthy lifestyle
- Tennessee Office of Minority Health
- Spanish language translation and interpretation services for members

Empowering our Communities

Not only do we strive for diversity within our company but we also practice it in communities across Tennessee. BlueCross contributes, either financially, through volunteering, or partnerships, to organizations across the state:

- The National Civil Rights Museum
- The Sickle Cell Center of Memphis
- Progress, Inc.
- The Knoxville Area Urban League
- 100 Black Men Knoxville
- The Urban League of Greater Chattanooga
- La Paz Chattanooga
- Valley Fest in Dunlap
- A Night to Remember
- Armed Forces Day parade and luncheon
- The Memphis Urban League
- Caring for the Community, WMPZ-FM

We also partner with community groups on outreach activities such as Chattanooga’s Go Fest to increase disability awareness, Culturefest, promoting Chattanooga’s rich cultural diversity and the India Association of Chattanooga’s annual Diwali Festival. BlueCross also hosts and participates in health fairs to educate at-risk populations on the importance of minority-related health issues.
Ensuring a Diverse Health Care Workforce

The health care industry is changing. That change not only brings increased access to insurance for populations never covered before but also a greater need for a qualified, diverse workforce to deliver that care.

In 2012, we established a scholarship to address this need for more inclusion in the health care setting. The BlueCross BlueShield of Tennessee Community Trust, in collaboration with the Memphis chapter of the National Association of Health Services Executives, is offering a $5,000 college scholarship to three Tennessee minority students.

The scholarships, in recognition of outstanding achievements in community service, leadership and academics, are given to undergraduate students who wish to pursue careers in the health care field.
Reflecting All Tennesseans

To ensure that our suppliers reflect our diverse employee and customer base, as well as society as a whole, we are committed to establishing ongoing relationships with small, minority-, woman-, veteran-, and disabled veteran-owned businesses as well as HUBZone companies and to further their growth and development.

To further assist in searching for qualified minority-owned companies, BlueCross became a member of the Tennessee Minority Supplier Development Council. As a member of the organization we have access to a national database of third party certified minority-owned companies.

### 2012 Spending with Diverse-Owned Businesses

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TOTAL 2012 SPEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian American-owned</td>
<td>$ 5,434,519</td>
</tr>
<tr>
<td>African American-owned</td>
<td>$ 2,262,684</td>
</tr>
<tr>
<td>Disabled Veteran-owned</td>
<td>$ 28,193</td>
</tr>
<tr>
<td>Hispanic American-owned</td>
<td>$ 1,568,771</td>
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<tr>
<td>Lesbian/Gay/Bi-Transgender-owned</td>
<td>$ 203,743</td>
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<tr>
<td>Native American-owned</td>
<td>$ 5,730</td>
</tr>
<tr>
<td>Veteran-owned</td>
<td>$ 1,816,415</td>
</tr>
<tr>
<td>Woman-owned</td>
<td>$ 14,275,251</td>
</tr>
<tr>
<td><strong>TOTAL DIVERSE-OWNED</strong></td>
<td>$ 25,695,306</td>
</tr>
</tbody>
</table>

### 2012 Spend with Small and Disadvantaged Businesses

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TOTAL 2012 SPEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historically Underutilized Business</td>
<td>$ 2,149,407</td>
</tr>
<tr>
<td>Small Business</td>
<td>$ 68,419,298</td>
</tr>
<tr>
<td>Small Disadvantaged Business</td>
<td>$ 4,765,065</td>
</tr>
<tr>
<td>8/A Business Development Program</td>
<td>$ 1,095,466</td>
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<tr>
<td><strong>TOTAL SMALL &amp; SDBs</strong></td>
<td>$ 76,429,235</td>
</tr>
<tr>
<td><strong>TOTAL DIVERSE &amp; SDBs</strong></td>
<td>$ 102,124,541</td>
</tr>
<tr>
<td><strong>TOTAL REPORTABLE SPEND</strong></td>
<td>$ 280,117,168</td>
</tr>
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</table>
Our suppliers reflect our diverse employees and customer base.
Measuring our Progress

To ensure we’re making an impact with our efforts, the director of workforce diversity meets with the senior team on a regular basis to discuss updates to the diversity strategy.

Demographic profiles are prepared comparing business unit representation with enterprise demographics to include hires, promotions and turnover by job level, gender and race. The information is shared in an effort to generate dialogue regarding representation at all levels throughout the organization.

BlueCross has developed a diversity strategy to monitor the results of enterprise inclusion efforts. Continued monitoring and reporting of diversity data allows the organization to measure the effectiveness of diversity initiatives. These include analysis of job movement data, annual review of employee demographics and labor availability data, review of engagement survey results, training evaluations, training logs, and benchmarking with other companies.

The company also has a tremendous resource available to aid in the advancement of our inclusion efforts. As a member of the national BlueCross BlueShield (BCBS) system, we are able to collaborate with fellow diversity professionals from Blues Plans across the country through the BCBS Diversity Alliance. The Alliance is an informal mechanism for sharing diversity best practices among the plans by acting as a “community of practice” to establish and increase knowledge sharing regarding the diversity discipline, particularly as it relates to the Blues system.
Gathering Together

Our employees come from all corners of the globe and represent a wealth of different experiences and knowledge. Why? Because we firmly believe that diversity is a business imperative. Diversity and inclusion tactics are stressed not only during the recruiting process but are also incorporated into all components of the employee lifecycle.

BLUECROSS EMPLOYEE DEMOGRAPHICS AS OF FEB. 26, 2013

<table>
<thead>
<tr>
<th>ETHNIC GROUP</th>
<th>FEMALE</th>
<th>MALE</th>
<th>GRAND TOTAL</th>
<th>PERCENT OF TOTAL ETHNICITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaska Native</td>
<td>13</td>
<td>4</td>
<td>17</td>
<td>0.3%</td>
</tr>
<tr>
<td>Asian</td>
<td>53</td>
<td>54</td>
<td>107</td>
<td>2.1%</td>
</tr>
<tr>
<td>Black/African American</td>
<td>750</td>
<td>123</td>
<td>873</td>
<td>17.0%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>23</td>
<td>12</td>
<td>35</td>
<td>0.7%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>0.1%</td>
</tr>
<tr>
<td>Not Specified</td>
<td>143</td>
<td>75</td>
<td>218</td>
<td>4.3%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>0.1%</td>
</tr>
<tr>
<td>White</td>
<td>2779</td>
<td>1083</td>
<td>3862</td>
<td>75.4%</td>
</tr>
</tbody>
</table>

GRAND TOTAL: 3768 FEMALE, 1354 MALE, 5122 GRAND TOTAL

Note: The company does not report demographics on disability. As an inclusive employer, the company will make any reasonable accommodations for such employees as required by applicable local, state and federal laws and regulations.
BlueCross was awarded the
2012 Diversity Recognition Award

Recognized for our diversity efforts including our cultural competency classes, cultural awareness sessions, translation services and special events throughout the year, BlueCross was awarded the 2012 Diversity Recognition Award from the Chattanooga chapter of the Society for Human Resource Management. BlueCross was also recognized for its 2012 sponsorship of Valley Fest in Dunlap as well as for sponsoring the 25th Annual Chattanooga-Hamilton County NAACP Ruby Hurley Image Awards.
For more information on BlueCross’ diversity efforts, please visit the BlueCross BlueShield of Tennessee website, bcbst.com. You may also contact:

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