

# HEALTH NET CODE OF BUSINESS CONDUCT AND ETHICS

*Our shared commitment to honesty, integrity,  
transparency and accountability*



Health Net®  
A BETTER DECISION



Health Net®

Welcome to Health Net's Code of Business Conduct and Ethics.

Health Net, Inc. is committed to helping people be healthy, secure and comfortable. In order to achieve our goal, we must earn and maintain the trust of our customers, associates, investors and business partners every day. Earning this trust means much more than just following a handful of company rules. It means that each of us must be absolutely committed to doing our work with complete integrity. It means that we must always be honest with others and ourselves. It means that transparency – the idea that what we say about our business is accurate and timely – and personal accountability are always basic aspects of the way we do business.

Health Net, Inc. has developed this Code of Business Conduct and Ethics to express these commitments and to support the unique values that are key components of our Health Net culture. **Honesty, Integrity, Transparency, and Accountability** are more than concepts at Health Net; they are the standards we embrace and demonstrate in our daily work, in our relationships with customers, members and business partners, and ultimately, in the high-quality health plan services we provide.

This Code memorializes Health Net's commitment to ethical and lawful conduct and is designed to guide us in upholding our high standards of fair and ethical practices. Read this Code thoroughly and make sure you understand it. We are all responsible for abiding by the standards of behavior described in the Code. In any case where we believe illegal or unethical conduct may have occurred, we must report it to our supervisors, the Legal Department, the Chief Compliance and Ethics Officer, or to the Health Net Integrity Line. All reports will be taken seriously and appropriate disciplinary action will be taken if anyone violates Health Net's policies or the law. Also, each of us is invited to contact any of these resources if questions about the ethical nature of any action arise.

We must all strive to preserve and strengthen Health Net's reputation for excellence. This pursuit of excellence begins with our firm commitments to the company; to each other; in the marketplace; in the global, government and political arenas; and to our members and the communities in which we do business. This is what our Code of Business Conduct and Ethics is really all about.

We thank each of you for your enduring commitment to Health Net's ethical values. Together, we will ensure our commitments and principles continue to be reflected in every aspect of our business activities.

Jay Gellert  
President and CEO  
Health Net, Inc.

Jim Woys  
Executive Vice President and  
Chief Operating Officer  
Health Net, Inc.

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# About the Code of Business Conduct and Ethics

At Health Net, everyone is committed to **Honesty, Integrity, Transparency, and Accountability**. In our interactions with associates, members and others, this is *who we are*. This Code of Business Conduct and Ethics establishes the standards that reflect our reputation as an ethical company.

Our reputation as a promoter of good health must be beyond question. Compliance with laws and regulations is a minimum standard of conduct. Of course it is essential that each of us remain in compliance with the law. But sometimes doing the right thing goes beyond merely following the rules. When making decisions about coverage, treatment plans, or other services we must apply the highest standards of professional ethics with respect for the autonomy, dignity, privacy and rights of health plan members.

*honesty*  
*integrity*  
*transparency*  
*accountability*

Health Net's policies can be found on Health Net Connect. We are each responsible for reading, understanding, and applying them.

This Code is meant as a guide to assist us in choosing the proper course of action, individually and as a company, in every aspect of our work lives. It is designed to promote honest and ethical behavior, and to help us avoid situations that would give even the appearance of impropriety.

This Code applies to all associates, officers and directors of the Company.<sup>1</sup> Throughout the Code, the phrases "Health Net" and "the Company" refer to Health Net, Inc. and all of its subsidiaries and affiliates.

This Code is not intended to be a comprehensive rulebook and cannot address every situation we may face. Health Net has developed a number of Associate Policies that support the standards outlined in this Code and provide guidance on many issues that may arise during the course of your employment. These associate policies are referenced throughout the Code and can be found on HN Connect. We are each responsible for reading, understanding, and applying the standards of the Associate Policies to our professional work environment.

<sup>1</sup>Any waiver of this Code may be made only by the company's Chief Executive Officer and/or Board of Directors or a Board committee. Any waiver of this Code will be promptly disclosed to the public as required by law and the listing standards of the New York Stock Exchange. When necessary, a waiver will be accompanied by appropriate controls designed to protect the Company.

## MAKING GOOD ETHICAL DECISIONS

Sound ethical decision-making by each of us is essential to Health Net's success. Some decisions are obvious and easy to make, while others are not. When faced with a difficult ethics-related situation, thinking through the following questions can help you to make the right decision:

### **Question One: *Have I considered all the relevant facts?***

A good ethical decision requires an accurate understanding of the facts. Do you have all the information you need in order to make a well-informed decision? What other information do you need? Are any of the relevant facts in dispute or questionable?

Responsible decision-making depends upon the care with which we consider all the relevant facts.

### **Question Two: *Does this situation violate or appear to violate a law, regulation, or Company policy?***

Compliance with the law and with Health Net's policies is a non-negotiable requirement. Once you have a clear understanding of the facts, you need to ask: Does this situation or action violate or appear to violate Company policy or the law?

In some ethics-related situations, you might arrive at clear answers to the first two questions, which may allow you to resolve the matter quickly. The right course of action in these cases will be clear and straightforward.

However, other cases may prove to be more complex and difficult. A number of responses may seem appropriate, and there may not be any obvious "right answers." These additional questions can help you to think through these more challenging situations in order to arrive at the best course of action:

### **Question Three: *How would it be perceived?***

This question brings into focus the consequences of your decision for both you and for Health Net. It's worth asking: How will this decision affect my reputation and that of the Company? How would I feel about my decision if it were reported on the front page of the newspaper?

### **Question Four: *Is it fair to all stakeholders?***

Ethical decision-making requires that you take into account the effects of your decision on customers, suppliers, employees, shareholders, and the wider community. It's important to widen your ethical lens and think about whether the situation or action is consistent with our Company's mission and if it is fair for everyone concerned. Who has an interest at stake in the situation, and how significant is it compared to others? Who will be helped or hurt by your decision?

When you have thought through these questions, a clearer answer to the ethical challenge should start to emerge. But always keep in mind that while each of us is accountable for making ethical choices individually, we are not alone. There are many resources at Health Net to help us make ethical decisions.





## COMPLIANCE WITH LAWS AND REGULATIONS

We work in one of the most regulated industries in the world. Full compliance with both the spirit and the letter of all applicable laws, rules and regulations is the responsibility of every associate. We are each expected to understand and comply with the laws, rules, and regulations that apply to our positions.

If you have any doubt about whether a course of action is lawful or ethical, seek advice from your supervisor, the Chief Compliance and Ethics Officer, the Legal Department, or the Health Net Integrity Line.

## REPORTING A POTENTIAL VIOLATION

If any of us is unsure about a situation, or if we believe that our own conduct or that of another associate, officer, or director may have violated this Code, we are required to report the situation promptly.

Discuss the problem with your supervisor, who knows you and the issues in your workplace. Your supervisor is required to assist you in complying with this Code. We should all feel free to discuss any situation that raises ethical issues or appears to violate this Code. Health Net is committed to ensuring that no one will ever suffer retaliation for seeking such guidance, or for reporting violations. If a report is made to your supervisor, he or she is required to report the violation by contacting the Chief Compliance and Ethics Officer, the Legal Department or the Health Net Integrity Line. If you do not feel comfortable approaching your supervisor or if you need further assistance, you may direct your questions to the Legal Department or to the Chief Compliance and Ethics Officer, who is responsible for overseeing the Company's compliance and ethics programs.



## THE HEALTH NET INTEGRITY LINE

**Another way to report your concerns or a possible violation of this Code is to call the Health Net Integrity Line yourself at 1-888-866-1366.**

Health Net maintains the Integrity Line specifically for associates to ask questions or report a suspected violation of the law or our ethical standards of conduct. When reporting a violation to the Health Net Integrity Line, you may choose to remain anonymous. If you do give your name, every effort will be made to keep your identity confidential. However, it is possible that your identity may have to be revealed in the course of investigating the reported situation.

If you believe an officer or director of the Company has violated the law or this Code, you must immediately report your belief to the Chief Compliance and Ethics Officer, the Legal Department or the Health Net Integrity Line.

In addition, reports related to questionable accounting or auditing practices are reported to the Audit Committee of Health Net's Board of Directors.

## NON-RETALIATION POLICY

We are all encouraged to raise issues and concerns, and each of us may do so without fear of retaliation or disciplinary action. Health Net does not tolerate any form of retaliation against anyone who makes a report in good faith. Retaliation such as suspension, threats, harassment, or other discriminatory behavior is not allowed. Anyone who attempts to or encourages others

to retaliate against an individual who has reported a violation in good faith will be subject to disciplinary action up to and including termination of employment.

At Health Net, we take shared commitment to this Code seriously and respond to reports of violations with prompt and consistent actions. Those who violate the standards in this Code will be subject to disciplinary action up to and including termination of employment.

Health Net is committed to its strict policy prohibiting retaliation against anyone who reports a violation of the Code in good faith.

### *Related Associate Policies*

**MP43-7597** Complaints and Investigations

**MP86-145819** Associate Policy: Reporting and Investigating Violations/Non-Retaliation

**MP510-152830** Complaints to Integrity Line

## Q&A

### ***I observed a situation that I suspect is a violation of our Code. Should I report this situation even if I am not completely certain that there is a problem?***

Yes. Associates are responsible for reporting possible violations immediately. While reporting to your supervisor is usually the first step, you may also contact the Chief Compliance and Ethics Officer, the Legal Department or the Health Net Integrity Line. Your report will be taken seriously and investigated. It is better to report a suspicion that turns out not to be an issue than to ignore a possible violation of the law or company policy.

### ***My supervisor asked me to do something that I don't believe is in compliance with the law. Should I follow my supervisor's instructions?***

No. We must all obey the law. If you think you have been asked to do something that is against the law, you have a duty to report the situation.

### ***If I see a questionable situation, is it better for me to call the Health Net Integrity Line or to talk to my supervisor?***

You don't have to call the Health Net Integrity Line if there is a way to resolve the situation through a discussion with your supervisor or another company resource. It's possible that a situation that may seem questionable does, in fact, have a legitimate purpose. Sometimes, just talking to your supervisor will help clarify the situation and answer your questions. If you still have concerns after talking with your supervisor, you may always contact the Chief Compliance and Ethics Officer, the Integrity Line or the Legal Department.



# OUR COMMITMENT TO ETHICAL CONDUCT

## Our standards of conduct

Health Net expects appropriate, ethical and lawful conduct from all associates at all times. Conduct that interferes with Health Net operations, discredits the company, is illegal or is offensive to our customers, business partners, vendors or fellow associates is unacceptable and a violation of this Code.

Health Net also requires that associates holding the title of Vice President or above disclose, as allowed by law, any arrest, indictment, conviction or involvement in any criminal or civil action or legal matter that could affect their ability to perform their duties, or that may have a negative impact on Health Net, its reputation or its operations.

We conduct ourselves according to the highest ethical and legal standards.



## Our professional ethics

Health Net requires its licensed professionals, including medical directors, case managers, and other medical management associates, to abide by the highest standards of professional ethics when making decisions on coverage and medical necessity. Health Net prohibits the use of financial incentives, bonuses or other rewards which may be viewed as inducements to deny or limit care, or otherwise interfere with coverage or treatment decisions.

Health Net associates must also provide case and medical management services with respect for the autonomy, dignity, and privacy rights of our members, and they must act as effective stewards of the health care services we provide by promoting quality, cost-effective outcomes.

Health Net's reputation for providing the highest quality health care services is its greatest asset.

### *Related Associate Policies*

**MP913-104021** Standards of Conduct





# OUR COMMITMENT TO OUR CUSTOMERS

## Respect for our customers

Health Net associates must always adhere to the highest standards of integrity and ethics when interacting with our customers. Even associates whose job responsibilities don't include interaction with customers must be mindful that the decisions they make and the work they perform ultimately have an impact on our customers in some way.

Health Net's customers must always be treated with dignity and respect.



# OUR COMMITMENT TO THE COMPANY

## Avoiding conflicts of interest

We must all avoid situations where our personal interests conflict, or even appear to conflict, with the interests of the Company. A conflict of interest arises when we take action or enter into a relationship that opposes the interests of the Company, interferes with our responsibility to the Company, or interferes with our performance or independent judgment when carrying out our duties. If you become aware of a conflict of interest, you must report the situation immediately to your supervisor, the Chief Compliance and Ethics Officer, or to the Health Net Integrity Line.

When outside activities or personal interests influence – or appear to influence – us, our ability to make objective business decisions may be questioned. We must not take any action or enter into any relationship that creates, or even appears to create, a conflict of interest.

Examples of conflicts of interest include:

- You engage in outside employment that conflicts with your duties or prevents you from giving your best efforts to your job at Health Net.
- You consult or perform work for a competitor of Health Net.
- You hold a financial interest in a business venture similar to Health Net or that does business with Health Net.
- You or another person derives personal benefit from information you obtained in the course of your work.

If you have questions about the Company's policy on conflicts of interest, or if you need assistance avoiding a potential conflict, seek the advice of your supervisor, the Chief Compliance and Ethics Officer, or the Health Net Integrity Line.

Situations in which our personal interests may seem to conflict with the interests of the Company may call our **integrity** into question.



## CORPORATE OPPORTUNITIES

We all have a duty to advance the Company's interests when the opportunity to do so arises. We do not use Company property, information, or our position with the Company for personal gain or to compete with the Company.

If any of us discovers or is presented with a business opportunity as a result of our job at Health Net, we must present the business opportunity to the Company before we pursue the opportunity as an individual. Contact your supervisor, the Chief Compliance and Ethics Officer or the Legal Department to disclose the terms and conditions of any business opportunity you wish to pursue.

## PATIENT REFERRALS

When referring patients to any service provider, we must be certain never to refer patients to our own private practices for care. We must also avoid making referrals to any service provider with which we or any of our family members have a financial relationship. These actions not only violate Health Net's conflicts of interest policy, they could also violate the federal Stark law, which specifically prohibits self-referrals.

## GIFTS AND ENTERTAINMENT

All of our business transactions must be free from even the appearance of a conflict of interest. Gifts, favors, or improper incentives of any kind can easily create this appearance; that's why our business dealings with vendors, providers, contractors, government entities, or third-party payers must be based only on sound business decisions and fair dealing.

Health Net associates may never accept gifts of money, nor may we accept or solicit non-monetary gifts. Items such as discounts, prizes, tickets, gratuities, transportation, or any other personal benefit or favor may not be accepted from vendors, suppliers or customers.

There are times, however, when we may accept certain business courtesies and gifts from a business firm or individual doing or seeking to do business with Health Net, but only if the gift is:

- Not money, given infrequently, and you didn't ask for it;
- Primarily advertising or promotional in nature;
- Provided by the vendor or supplier to many existing and potential customers; and
- Valued at less than \$50.

**Gifts or entertainment valued at more than \$50 are not allowed.**

Just as we do not accept improper gifts in the course of doing business, we also do not offer improper gifts to others. In addition, unique laws apply to government officials and employees. For example, some government entities prohibit us from giving gifts, gratuities or favors to government employees or officials; but in other cases, gifts may be given if they don't exceed a specified value. You should never pay for meals, entertainment, travel or other expenses for government employees and officials without knowing whether applicable law permits it. Failure to abide by the law could subject Health Net to fines and adverse publicity.

### *Related Associate Policies*

**MP913-104021** Standards of Conduct

**MP912-145942** Conflicts of Interest

**MP913-95353** Corporate Opportunities

**MP914-143646** Gifts and Entertainment

## Q&A

***I am negotiating a contract with a medical group. One of the physicians in the group offered me a pair of expensive concert tickets, saying her plans had changed and it would make her feel better to know the tickets were being used. Can I accept these tickets?***

No. These tickets are valued at more than \$50 and therefore exceed the limit outlined in our Gifts and Entertainment policies. The physician may offer you the tickets with the best intentions, but the offer might be viewed as an attempt to influence your judgment in negotiating this business. You should decline these tickets graciously and notify your supervisor about the offer. If you feel that declining the tickets may create any kind of discomfort in the negotiation, talk to your supervisor or the Chief Compliance and Ethics Officer.

***My sister is an executive at a skilled nursing facility. If Health Net is considering negotiating with this facility, is there a potential conflict of interest?***

Yes. You should disclose this relationship to your supervisor, the Legal Department or to the Chief Compliance and Ethics Officer.

***A vendor invited me to attend their training session at the vendor's expense. May I do this?***

Yes. You may attend a local vendor-sponsored training session at the vendor's expense; however you must obtain your supervisor's approval in advance.

***At a trade show, a vendor was handing out coffee mugs printed with their company logo. May I accept this kind of gift?***

Yes. This kind of promotional gift is readily available to others and usually has value that falls below the \$50 gift limit, so it's okay to accept it.

***A relative has applied for Health Net coverage and asked me to help get his membership forms processed quickly. I know this person doesn't have any major health issues. Can I ask someone in Enrollment to put a rush on his paperwork?***

No. In processing applications for members we must apply due diligence and follow all necessary procedures. Helping your relative in this way is not only a conflict of interest, it could result in fraud if it turns out that important information was overlooked in the underwriting process.



## Accurate books and records

As a public company, Health Net has an obligation to make and keep books, records and accounts that accurately and fairly reflect its transactions and financial condition. The accuracy and integrity of our accounting system relies on every one of us. Even the smallest expense report is a part of our company records.

Health Net financial officers and other associates working in the Finance Department have a special responsibility to ensure that all our financial disclosures are full, fair, accurate, timely and understandable.

Our internal auditing mechanism ensures accurate reporting of Health Net's financial information. The Audit Committee of the Board of Directors is responsible for reviewing our policies and practices with respect to financial reporting. By conducting this review, the Audit Committee helps the Company identify deficiencies in its practices so they can be promptly corrected.

Each of us is responsible for helping to maintain the following standards:

- We must record all transactions accurately on the company's books in accordance with generally accepted accounting principles and all standards, laws, and regulations for accounting and financial reporting.
- We must never conceal or incompletely record any fund, asset, liability, revenue or expense for any reason.
- We must always ensure that our books and records are supported by documentation adequate to permit internal audit to verify their accuracy.

Accurate and timely books and records are critical, and demonstrate our commitment to **Accountability** and **Transparency**.

- We must all cooperate fully with internal and external audits. Auditors shall have unrestricted access to all Health Net documents and records. We may never make a false or misleading statement to any internal or external auditor, withhold records, or otherwise interfere with an audit.

If you suspect or know of any unreported or improperly reported financial activity, it is your duty to report this activity, in accordance with Health Net's Reporting Procedures.

### FALSE CLAIMS

The Federal False Claims Act is a federal law that prohibits knowingly submitting to the federal government a false or fraudulent claim for payment. The Act is intended to reduce fraud, waste and abuse of federal funds. Many states have enacted similar laws.

The Act allows individuals to file suit on behalf of the government against people or businesses alleged to have committed fraud. The Act also provides whistleblower protection for those who report violations. Health Net will never retaliate against employees who exercise their rights under the Federal False Claims Act – or any other federal or state anti-fraud laws.

We must all comply with the federal False Claims Act, and any applicable state false claims acts. We must never make false claims or statements to the federal government or to any state government.

## RECORDS RETENTION

There are many laws and regulations that govern how we maintain company documents, including business, financial and medical records. Each of us is responsible for ensuring that company records are retained and disposed of in accordance with all applicable laws and regulations and/or licensing and accreditation requirements. Records include information stored in various formats, including paper, electronic, audio or video.

Retention timeframes depend on the content and type of record involved. We are each responsible for understanding the retention schedule for our records.

We must never alter or destroy any documents requested for a government investigation or legal proceeding, or documents that might be relevant to an expected investigation or proceeding.

## Q&A

***I'm supposed to keep track of the time I spend on business related to a certain government contract, but writing everything down is such a hassle. Is it okay to give it my "best guess" when I submit my time report?***

No. Accuracy is more important than inconvenience. Never file an inaccurate or incomplete time report. Even an inadvertent error can subject you and our company to prosecution under the False Claims Act.

***I noticed an unusually high incidence of a certain treatment code for a provider. It's possible that these are legitimate claims, but I'm suspicious. What should I do?***

Report your suspicions. Disregarding this situation could make you and our company liable under the False Claims Act. If you ever suspect that a claim is incorrect or fraudulent, you must report it to your supervisor.

***The auditors have requested a certain range of files, and when I was scanning them I realized there are some documents missing. I don't think the documents are critical, but I know the auditors will look for them. Can I recreate the missing documents for the audit?***

No. Recreating records might be viewed as an improper attempt to alter existing records. Speak to your supervisor about this situation so it can be properly disclosed to the auditors.

***I'm not a manager. Can I be held legally responsible for failing to report company information accurately?***

Yes. Although executive management must sign off on our company's financial reports, most associates record transactions, and these all affect our financial reports. Be sure every transaction you record is accurate.

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***It's the end of the quarter and I'd like to delete some electronic documents to free up space in my home drive. I know our Legal Department has placed a hold on all documents in connection with an ongoing investigation, but I don't think my documents are that important. May I delete the documents in order to free up disk space?***

No. Any document that is likely to be the subject of litigation, a government investigation, or audit must be retained until the Legal Department authorizes its destruction.

***While out of town on business, I treated a friend to dinner at a local restaurant. The total of the dinner was moderate, but it was still more than a typical meal for one person. Is it OK to file an expense report to be reimbursed for this dinner-for-two?***

No. Health Net will reimburse your travel expenses, but not dinner for your friend. Claiming your friend's dinner on your expense report is dishonest, and you should not do it.



### ***Related Associate Policies***

**MP912-9526** Accounting and Recordkeeping

**MP27-72938** Preventing and Detecting Fraud,  
Waste and Abuse of Federal Health Care  
Programs

**HR810-84520** Monitoring and Auditing

**HR328-152533** Cooperation with External  
Audits

## Use of company assets

We are each responsible for protecting our Company's assets, which includes ensuring their efficient use. Company assets include buildings and property, equipment, vehicles, computers, software, information and telecommunications systems, office machinery, furniture and supplies. All company assets belong to Health Net and must be used for legitimate business purposes only.

We must all guard against theft, carelessness and waste of resources. Be mindful of your own use of resources, and remind others to do the same. If you are aware of a situation or incident that might lead to loss, misuse or theft of resources, you must report it to your supervisor, the Legal Department, the Chief Compliance and Ethics Officer, or the Health Net Integrity Line.

## USE OF ELECTRONIC MEDIA

You should always remember that Health Net assets include data and communications transmitted or received via the company's electronic or telephone systems. Electronic data such as emails, instant messages, and voice mail messages are never private, confidential or personal to any individual. As permitted by law, Health Net may periodically monitor and access electronic data stored or sent via company hardware, storage devices, or systems.

Health Net assets should never be used for:

- Illegal activities.
- Advancing personal views, or harassment of any kind.
- Creating, communicating or distributing communications that are derogatory, defamatory, sexually explicit or otherwise inappropriate.
- Conducting personal business, selling services or products other than Health Net's, or soliciting for commercial ventures, religious or political causes, external organizations, or other non-job related purposes.
- Sending or receiving copyrighted materials, trade secrets, proprietary financial information, or similar materials without proper authorization.

You must always abide by Health Net's policies concerning access to Company systems and data. You should never share passwords, provide an unauthorized user with access to any Health Net system, or access another user's applications without authorization. Each associate is responsible for ensuring that personal passwords and other access codes are secure.

Some of us may maintain personal social networking accounts or blogs. We must always be clear that any opinions expressed on the Internet are our personal opinions and not those of the company. Never post details about your job or about our company.

## CONFIDENTIAL AND PROPRIETARY INFORMATION

Each of us has access to a number of kinds of confidential information. Confidential information includes, but is not limited to:

- Proprietary information about the Company;
- Private medical information about health plan members and applicants;
- Private information about providers;
- Private information about brokers, agents or business partners;
- Non-public marketing strategies, underwriting formulas, rate filings or other information that might be of use to competitors;
- Private information regarding Company personnel.



Each of us is responsible for safeguarding all confidential information of the Company or of third parties with whom the Company does business. We may disclose information only if disclosure is authorized by the Company or required by law.

Our obligation to protect confidential information continues even after we leave the Company.

**Honesty and accountability** dictate that we use company assets for legitimate business purposes only, and that we are vigilant against theft, carelessness and waste.

## INTELLECTUAL PROPERTY

Each of us is responsible for safeguarding Health Net's intellectual property. Intellectual property includes copyrighted, trademarked, and patented information, as well as trade secrets. Trade secrets include information that is not known outside of the company, but which may not be subject to trademark, copyright, or patent protection.

In addition to protecting Health Net's intellectual property rights, we must also respect the intellectual property rights of others. Theft or misappropriation of trade secrets, proprietary information, or other intellectual property may expose Health Net and individual associates to significant fines and criminal penalties.

## PRIVACY AND PERSONAL DATA

Information about the medical conditions, medical history, medications, and treatment of our members is sensitive information that is protected by privacy and security laws. We are each responsible for keeping this information confidential, private and secure.

Keep in mind the following principles:

- We may only discuss or view member information that is necessary to do our jobs.
- We never disclose confidential information that violates the privacy rights of members.
- We use member health information only for the reasons it was received, or as the member allows or the law requires.
- We only release member-specific information if we have the member's consent, it is necessary to serve the member, is allowed or required by law, or deemed appropriate to protect the member or others.



- We are always careful to follow security procedures such as locking doors and using ID badges in secured areas.
- We do not store private or confidential information on portable electronic devices or media without encryption.
- We never transmit unencrypted member information to any third party.

Each of us is obligated to read and understand Health Net's policies regarding member privacy and securing member information.

### *Related Associate Policies*

**MP913-105141** Use of Company Assets

**MP913-95353** Corporate Opportunities

**MP912-111512** Confidentiality of Company Information

## Q&A

***I read some negative information about our company on a blog. I want to respond and correct this information. May I do this?***

Although your intention is to protect the Company's reputation, you should not engage in this type of discussion on a blog. Discuss the information with your supervisor. If the company feels it is important enough to warrant a response, a designated company spokesperson will do so.

***While visiting another department, I noticed a secured door propped open. The room contained sensitive member information. What should I have done?***

Take immediate action by closing the door. Then find a supervisor in the area to report what you have seen.

***I often communicate with our providers via email. If they request member information that is private and confidential, is it okay to send it electronically?***

Yes. Member information may be sent via email, but only if the email is encrypted. Be sure the provider has signed the correct agreements to receive protected member information. In addition, send only the information that is requested (the minimum necessary data) and nothing else.

***A colleague of mine has a Facebook account, and I noticed he and his friends exchanged some unkind comments about the company and some of our managers. He didn't use anyone's name but it's clear who he meant. What should I do?***

Associates who use social networking accounts or blogs should never post negative information about the Company or anything that is offensive or could be considered harassment. Speak to your supervisor about what you have seen.

***Can I use my Health Net email account to send an occasional email to family or friends?***

Occasional personal use of email is permitted. Think of the email as a personal phone call; a quick, occasional personal call is allowed. However, just as you would not abuse your time on the telephone, you should not be "chatting" on the Company email. Recognize that any email on a Company network may be accessed or read by our Company at any time. Information transmitted on the network that violates any law or is deemed to be offensive or inappropriate may subject you to disciplinary action.



# OUR COMMITMENT TO EACH OTHER

## Creating a positive workplace

Everyone has the right to be treated with fairness and respect. At Health Net, each of us must be committed to a workplace that is diverse, and free from unlawful discrimination and harassment. Our interactions with one another should always be fair, objective and professional.

We are all committed to a workplace that is diverse and free from harassment and discrimination.

### DIVERSITY

The diversity of our work force is a large part of what makes us successful in delivering quality health care solutions to people from a variety of backgrounds. Each of us benefits from a work environment in which fairness and equity are the guiding values in selection, compensation, benefits and personal growth.

We always hire and promote associates based on their ability to demonstrate excellence in their work and dedication to meeting our members' needs. We make reasonable accommodations for individuals with physical or mental disabilities, as required by applicable U.S. federal or state law.

### PREVENTING DISCRIMINATION AND HARASSMENT

We do not tolerate any form of discrimination, harassment or unwelcome conduct based on an individual's race, color, religion, creed, citizenship status, gender, national origin, age, ancestry, medical condition, physical disability, marital status, veteran status, sexual orientation, gender expression or identity, or any other protected status.

Sexual harassment can include unwelcome sexual advances, requests for sexual favors, unsolicited physical contact, propositions, unwelcome flirtations, or offensive verbal, visual or physical conduct of a sexual nature. Examples may include suggestive or lewd remarks, unwanted touches, or offensive jokes or visuals.

We should all be aware of – and sensitive to – the fact that what one person may consider to be a joke or an inoffensive comment may be extremely offensive to someone else. For this reason, we must avoid any conduct that might reasonably be interpreted as offensive, suggestive or hostile.

### FAIR EMPLOYMENT PRACTICES

Health Net pursues fair employment practices in every aspect of our business. Each of us is responsible for supporting fair employment values by complying with applicable labor and employment law, including anti-discrimination laws and laws related to privacy. You are responsible for understanding and complying with the laws, regulations and policies that are relevant to your job. If you need help understanding a requirement, talk to your supervisor, the Legal Department, your Organization Effectiveness representative, or the Chief Compliance and Ethics Officer. You and the Company may be civilly liable if we do not comply with labor and employment laws.

#### *Related Associate Policies*

**MP21-134918** Sexual and Other Harassment



## Q&A

***An associate in my area has worked with our supervisor for many years and sometimes seems to get preferential treatment. It doesn't seem fair that the rest of our team doesn't get the same consideration. What should we do?***

As a Health Net employee, your supervisor is responsible for treating associates fairly and objectively. The length of your supervisor's working relationship with your fellow associate should not affect the assignment of work, performance reviews, raises or promotions. If you believe that you or any other associate is being treated unfairly, contact the Organization Effectiveness Department to discuss the situation. If you still have concerns, you may also contact the Health Net Integrity Line.

***An associate occasionally gives his fellow associates back-rubs during stressful times. Is this appropriate?***

No. This behavior is not appropriate in the workplace. You should report the behavior to your OE representative, the Chief Compliance and Ethics Officer or to the Health Net Integrity Line.



## Workplace safety

A safe, productive, healthy work environment is vitally important to our success. Every Health Net associate must work safely and encourage others to maintain a healthy and safe workplace. You must comply with health and safety laws, as well as our company health and safety policies and procedures.

Having safety rules is not enough, though. Your commitment to safety includes staying alert to safety risks and promoting the safety of your coworkers as you go about your job.

We should each hold ourselves, and each other, accountable for adopting a "safety mindset" in all of our workplace activities.

## VIOLENCE PREVENTION

Having a safe workplace also means a workplace free from violence. All Health Net associates, and the employees of other companies working on or visiting our premises, should feel secure and safe in our work environment. Health Net will not tolerate violence or threats of violence in the workplace.

Verbal assaults, threats, stalking, intimidation, coercion and harassment can all be considered workplace violence. These forms of violence can affect our business in the same way as physical violence and will not be tolerated.

You should always take threats and warning signs seriously. Don't ignore your observations or instincts. If you see a violent or potentially violent act unfolding, you should immediately contact your supervisor, facility security or the Health Net Integrity Line.

No one is permitted to bring weapons of any kind onto Health Net premises except duly authorized law

enforcement personnel. As a Health Net associate, you are never permitted to have weapons in your possession while on company business, whether the business is conducted on Health Net premises or offsite. This policy applies even if you have obtained a legal permit to carry weapons.

### MISUSE OF DRUGS AND ALCOHOL

Associates who use illegal drugs or misuse alcohol may have a number of work-related problems, including absenteeism, tardiness, low productivity, and increased accidents or injuries. Any of us with problems involving drugs or alcohol are strongly encouraged to seek help from the company's Employee Assistance Program.

While working for Health Net at any location, operating a vehicle or equipment for the company, or performing services on behalf of Health Net, we are prohibited from:

- Using, possessing, buying, selling, manufacturing, distributing, dispensing or transferring illegal drugs;
- Being under the influence of illegal drugs or alcohol; or
- Possessing or consuming alcohol.

#### *Related Associate Policies*

**MP19-81853** Workplace Violence Prevention

**MP21-1521** Alcohol and Drug Misuse

## Q&A

***I saw an associate confront another associate in the company parking lot. Their voices were raised and one person was shoving the other. Should I report this?***

Yes. You observed inappropriate workplace conduct. You should immediately report it to your supervisor, your facility security department, or the Health Net Integrity Line.

***One of my coworkers is often late to work and is frequently nodding off at her desk. I suspect drug use. Should I do something?***

Yes. If you feel comfortable doing so, speak to your coworker and urge her to seek help from the company's Employee Assistance Program. You may also speak to your supervisor about the problem, or contact the Health Net Integrity Line.

***Everyone in my department is under a lot of pressure. Sometimes there's a lot of yelling in the office and the atmosphere is tense enough to give me a headache. What can I do?***

There are ways of dealing with stress that don't involve yelling or arguing. Immediate steps must be taken to improve the atmosphere in your department. Talk to your supervisor, if you can. If you don't feel comfortable speaking to your supervisor, contact your OE representative or call the Health Net Integrity Line.



# OUR COMMITMENT IN THE MARKETPLACE

## Fair dealing

Health Net's success depends on our ability to outperform our competitors. But we must each be committed to achieving success by fair and ethical means. Our reputation for fair dealing among our competitors and with the public is an asset we all must protect.

You are expected to deal fairly with fellow associates as well as with the Company's members, suppliers, and competitors. You may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other unfair practice. You are expected to treat others with respect and professionalism that reflect well on Health Net.

We want to outperform the competition, but only through honest and ethical means.



## COMPLIANCE WITH ANTITRUST LAWS

Antitrust laws of the United States and other countries are designed to protect consumers and competitors against unfair business practices and to promote and preserve competition. Health Net competes vigorously and ethically while complying with all antitrust, monopoly, competition or cartel laws in all countries, states or localities in which we conduct business.

We do not engage in any actions that would be contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws. For example, we do not misappropriate and/or misuse a competitor's confidential information or make false statements about a competitor's business or business practices.

Violations of antitrust laws carry severe consequences and may expose the company and its associates to substantial civil damages, criminal fines and, in the case of individuals, prison terms. If you doubt the legality of a particular action or arrangement, contact the Chief Compliance and Ethics Officer or the Legal Department for guidance.

## IMPROPER PAYMENTS AND KICKBACKS

A kickback is anything of value provided for the purpose of rewarding, obtaining, or attempting to influence the award of a contract or subcontract. Each of us is responsible for complying with all anti-kickback laws that apply to our business. If you have questions about the provisions of these laws, you should speak with your supervisor or the Legal Department.

## Q&A

***I've just been hired at Health Net from another managed care company. I have a box of files from my former employer that I think would be helpful in my work at Health Net. Can I bring the files to work and use the information at Health Net?***

No. Bringing records from your prior job would be wrong, just as it would be wrong for someone to take our confidential information to one of our competitors. We should never use the confidential information of others.

***I need to order some office supplies but our procurement process is a hassle. I need the supplies quickly for legitimate work reasons. Can't I just contact the vendor directly and bypass the procurement process?***

No. The procurement process was put in place to make sure that the company's procurement practices are fair, proper and prevent any appearance of improper favoritism, bribes or kickbacks. You may contact the procurement department to explain the urgency of your order, but you may not go outside Health Net's authorized process.

***My friend just took a job with a competitor. When we get together, we often talk about work, and he sometimes shares confidential information with me that's useful to my job, like when he tells me details of provider contracts he's negotiating. Can I pass along to my supervisor the information he gives me?***

No. Explain to your friend that when you talk together about work, neither of you should reveal confidential information about either company.

***Our Call Center has received a number of member complaints about one of our brokers. It looks to me like there's a pattern to the broker's behavior. Should I report my suspicions to someone?***

Yes. Health Net is responsible for ensuring our brokers are fully trained and share our commitment to treating members with fairness and respect. You must raise this issue with your supervisor, the Chief Compliance and Ethics Officer, or the Health Net Integrity Line.



### ***Related Associate Policies***

**MP913-101751** Fair Dealing

**HR43-95859** Marketing Ethics Policy

## Insider trading

There may be times, in the course of your job, when you become aware of information about the Company that is not yet available to the general public. The use of such non-public or “inside” information for purposes of securities trading is strictly prohibited.

U.S. law restricts anyone who possesses material, non-public information about a company from trading in its stock or other securities. “Material” information is usually defined as any information that might influence a reasonable investor to buy, sell or hold stock.

### NO TIPS

You must never give someone (your spouse, a coworker, a friend, etc.) a tip regarding non-public inside information. This prohibition includes Internet blog posts and chat rooms. At Health Net we are careful to comply with Securities laws. Violations of those laws can result in severe fines and criminal penalties, as well as disciplinary action up to and including termination of employment.



Any securities trading based on inside information violates our high standards of **integrity** – as well as the law.

### PUBLIC COMMUNICATIONS

Health Net places a high value on its credibility and reputation in the community. We’re committed to providing public disclosure regarding the company in a manner consistent with legal and regulatory requirements. It is our policy to provide timely, accurate and complete information in response to public requests from media, analysts, stockholders, securities market professionals, and others. Our public disclosures must be consistent with our obligations to maintain the confidentiality of competitive and proprietary information. We also comply with the requirements of the Securities and Exchange Act, such as Regulation FD (“Fair Disclosure”), which requires the fair disclosure and reporting of information.

If you are contacted by a member of the public, a securities market professional, a stockholder or member of the news media for information about Health Net, you must immediately contact Health Net’s Investor Corporate Communications Department.



## Q&A

***My department just finished successfully testing a vendor's new software system that Health Net is going to buy. Once Health Net buys the software, I think other managed care companies will want to buy it, too, and the vendor's stock will go up. Can I invest in the software company and get in on the ground floor of their success?***

No. Your knowledge of Health Net's plans to use the vendor's software would certainly be considered material nonpublic information, or inside information. If you purchase or sell this vendor's securities on the basis of this information before it becomes public, you are engaging in insider trading.

***I accidentally saw a copy of a confidential memo describing a large contract that our company will soon sign with another company. I know I can't purchase any of the other company's stock on the basis of this information before news of the contract is made public. But I want to tell my brother this information so he can buy stock. Is this considered insider trading?***

Yes. Nonpublic information about large contracts would certainly be "material" information. If you tell your brother this information and he buys stock, both you and your brother are engaging in insider trading.



### ***Related Associate Policies***

**LM88-19330** Insider Trading and Disclosure of Material Inside Information

# OUR COMMITMENT IN THE GLOBAL, GOVERNMENT AND POLITICAL ARENAS

## Global business

Health Net maintains the highest ethical standards in all business transactions, including those involving foreign countries. Health Net associates and business partners must conduct international business practices in compliance with U.S. international trade laws and applicable foreign laws.

### FOREIGN CORRUPT PRACTICES ACT

The Foreign Corrupt Practices Act (FCPA) prohibits all of us from paying or promising to pay any kind of bribe or kickback to foreign government workers, political parties and their officials, and political candidates. Violation of the FCPA can result in civil and criminal sanctions, including severe fines and imprisonment.

If your work involves trade or travel outside of the U.S., you must be familiar with and understand the requirements of the FCPA. Although the FCPA allows us to make certain facilitating payments, we must be very cautious before making payments of any kind to any government official. Always seek guidance from the Legal Department before making payments of any kind to a government or public official.

Wherever we do business around the world, our commitment to **transparency** is critical to our success.

## Q&A

***We're negotiating an agreement with a vendor in a foreign country and the agreement states we will abide by all the laws of their country. Since we always obey overseas laws, isn't it okay to accept this agreement?***

No. Agreeing to abide by another country's laws may amount to signing a contract to support an unsanctioned boycott, which violates U.S. anti-boycott laws. You must discuss the terms of the contract with Health Net's Legal Department.

### ANTI-BOYCOTT LAWS

Anti-boycott laws prevent Health Net from taking action in support of a boycott imposed by a foreign country upon a nation that is friendly with the United States. Health Net is required to report to the United States government any boycott-related requests. We all must refer any boycott issue or question to the Legal Department, the Chief Compliance and Ethics Officer or the Health Net Integrity Line.

### ANTI-MONEY LAUNDERING AND OFAC

Money laundering is a method of attempting to conceal the origins of money gained through illegal activity, and is itself a crime that can result in substantial criminal and civil sanctions, including fines and prison terms. To ensure compliance with anti-money laundering laws and regulations, Health Net has set up programs to detect, prevent and report money laundering and other fraudulent activities. In addition, it is Health Net's policy to refrain from doing business with any person or entity designated under the Office of Foreign Asset Control ("OFAC") regulations.

Our reputation as a company can be severely damaged by failing to detect transactions or relationships that put us at risk. Each of us is expected to report suspected money laundering or other suspicious activity to a supervisor, the Legal Department, the Chief Compliance and Ethics Officer or the Health Net Integrity Line.



## Interactions with the government

Health Net conducts business with federal, state and local governments. Our business with all governments and their representatives must be conducted with the highest standards of business ethics and in compliance with all applicable laws and regulations.

In our interactions with the government, we must:

- Be forthright and honest at all times. We must never misstate or omit any material information from any written or oral communication with the government.
- Exercise extreme care in maintaining records for – and allocating costs to – government contracts.
- Know and follow the rules on recruiting and hiring current or former government workers. Health Net's Legal Department must give us approval before we approach any such individuals about working at Health Net.

Our business with all governments and their representatives must be conducted with **honesty** and **integrity**, and in compliance with the law.

Some government entities prohibit the company from offering gifts, gratuities or favors to government employees or officials. In other cases, gifts may be given, but may not exceed a specified value. We are all responsible for consulting the Legal Department for advice before providing or offering anything of value to any government employee or official. Failure to abide by these laws could subject the Company and the government employee or official to fines and adverse publicity.

If your job responsibilities include interacting with the government, you are expected to understand and comply with the special laws, rules, and regulations that apply to your position. If you have questions or doubts about whether a course of action is lawful or acceptable, seek advice immediately from your supervisor, the Chief Compliance and Ethics Officer or the Legal Department.

### *Related Associate Policies*

**MP87-9462** Special Restrictions with Respect to Government Employees and Public Officials

**MP226-82258** Dealing with the Government

## Q&A

***Next week, I am hosting an all-day meeting to discuss a Medicaid contract with U.S. government employees. Can we provide a box lunch to the participants during the meeting?***

No. Providing lunch may seem like a small gesture, but federal laws prohibit certain employees from accepting any gratuities, including meals. To avoid the appearance of trying to unduly influence their decision, you should not serve lunch.

***Part of my job involves work on a contract that is paid by the federal government. My supervisor asked me to charge more hours to this contract than I actually worked. What should I do?***

It is essential that we accurately report any time charged to government contracts. Failure to maintain accurate time accounting could result in serious fines and penalties for our company, as well as possible exclusion from future government business. Immediately contact the Legal Department or the Health Net Integrity Line to report this situation.



*honesty*  
*integrity*  
*transparency*  
*accountability*

## Contact with regulators, media, and the public

On occasion, someone outside Health Net, including regulators or members of the media, may approach you for information. It is important that you not make any unauthorized statement to anyone outside our company. Only individuals designated for such contact must make communications to those outside the company. If you are approached for such information, you must immediately contact your supervisor or the Legal Department.

This principle also applies to electronic communications of any kind. You must never share information about the company on Internet newsgroups, chat boards, blogs, or social networking sites. Offering this kind of information not only damages our business, it may also violate our legal obligations as a public company.

We are responsible for ensuring that only designated individuals make communications to anyone outside Health Net.

## Q&A

***I have been approached by a government regulator who has asked me for a number of specific documents. Should I provide them?***

Health Net always provides complete and accurate information in response to regulator requests, subpoenas, etc. However, before you ever provide information to anyone outside of our company, you must first report the request to your supervisor, and await further instructions.

***I received a call from a research team at the local university asking for information about trends in certain treatment areas. I am able to answer their questions, but should I provide this kind of information?***

No. Contact your supervisor or Health Net's Media Relations Department for instructions on responding to questions from people outside the company. They will determine whether the information should be shared and will get back to you if your expertise is needed.

***A journalist doing a story on health care has contacted me for an interview. I have several positive stories to share with him. Is it okay for me to be interviewed?***

Refer this inquiry to your supervisor or Health Net's Media Relations Department. Although you are proud of Health Net's reputation and would say only positive things about the company, information you share with the media might be misinterpreted and may negatively impact our company's reputation. Health Net's Media Relations Department will determine what information to share and will involve you if they feel you are the right person to be quoted.



# Political activities

Health Net encourages all of us to be good citizens and to participate fully in the political process. However, any time we engage in the political process, we must always be aware that:

- U.S. federal law and most state laws prohibit corporate contributions to political candidates, political parties or party officials. This prohibition extends to non-monetary contributions, such as allowing an employee to work on a campaign while on company time.
- If we participate in partisan political activities, we must make every effort to ensure that we do not leave the impression that we speak or act on behalf of Health Net.

## POLITICAL CONTRIBUTIONS

Federal law allows federal candidates to receive contributions from company-sponsored political action committees (PACs). Health Net maintains a political action committee with contributions from Health Net associates for this purpose.

Any political contribution made by Health Net must fall within the limits and restrictions of all applicable laws and must be properly reported. Making illegal contributions or failing to properly report a legitimate contribution could subject Health Net to fines and adverse publicity.

We must never use Health Net resources – such as time, email, phone systems or personnel – to engage in personal political activities.

When we engage in personal political activities, we must be certain not to leave the impression that we are acting on behalf of Health Net.

It is also against the law for Health Net to reimburse an associate for making a political contribution.

Refer any questions concerning political contributions to the Senior Vice President and Chief Regulatory and External Relations Officer.

## LOBBYING

Health Net, Inc. and its business units may at times seek to influence federal, state and local government actions, including legislation and regulation. The company's position on these matters will be decided by senior management and will be expressed by its designated associates and contractors.

Health Net will always abide by the laws governing lobbying activities. Conducting illegal lobbying activities or failing to properly report legitimate efforts to influence policy could subject Health Net to fines and adverse publicity.





## Q&A

***I am working for the campaign of a local candidate whom I know supports positions favorable to Health Net. Can I ask her to come to our office to meet our team informally?***

All political endorsements and lobbying efforts must be approved by the Senior Vice President and Chief Regulatory and External Relations Officer. Given that your candidate's platform is favorable to our company's interests, contact the Legal Department to suggest the idea, but be sure to get approval before you extend the invitation.

***My supervisor asked everyone in our department to contribute to our company's PAC. Although my supervisor said that the contributions were voluntary, I felt pressured to donate money. What can I do about this?***

It is inappropriate for your supervisor to bring his political views and activities into the workplace. You should report his actions to your HR representative, the Chief Compliance and Ethics Officer or the Health Net Integrity Line.

***I know our company cannot directly support certain issues or candidates, but would it be okay to host a fundraiser in our conference room for a ballot measure that affects healthcare?***

No. Political contributions do not have to be monetary; allowing Health Net's premises to be used for a fundraiser could be considered a contribution, therefore subject to all the legal restrictions of monetary contributions. Contact the Health Net Integrity Line or the Senior Vice President and Chief Regulatory and External Relations Officer.



### ***Related Associate Policies***

**MP226-8137 Political Activities**

# OUR COMMITMENT TO OUR COMMUNITIES AND THE ENVIRONMENT

## Sustaining healthy relationships with our stakeholders

As a company and as individuals, we are committed to sustaining healthy relationships with all of our stakeholders. We understand that human wellbeing and environmental health are basic values we share with our customers, fellow employees, shareholders, business partners, and the communities in which we live, work and play. In our daily actions, we uphold these shared values by showing concern for others, respecting the dignity of the individual, and acting as responsible stewards of the environment.

At Health Net, our corporate responsibilities are expressed in a number of ways. Some of these include: professional development, community involvement, and sustainability.

### PROFESSIONAL DEVELOPMENT

Health Net encourages every associate to make a meaningful contribution to the business while developing his or her own career skills. We believe in lifelong learning and offer internal learning and development opportunities to employees.

We each understand that human wellbeing and environmental health are basic values we share with many stakeholders.

### COMMUNITY INVOLVEMENT

Health Net is committed to helping to improve the communities that our business serves. Every one of us should feel obligated to speak up when we see some aspect of Health Net's interaction with the communities beyond our four walls that might be made better. While we must at all times make prudent business decisions, there are always considerations beyond the bottom line that go into such decisions.

In addition, the Company supports associates who choose to perform community service, because we recognize that healthy communities and a safe environment depend in good measure on the combined efforts of many volunteers. A spirit of service motivates both our professional work and our civic engagements.

### SUSTAINABILITY

Health Net takes seriously its responsibility to act as good stewards of the environment. In addition to complying with environmental laws and regulations, we are committed to conserving resources and reducing our ecological footprint wherever possible. Each of us is accountable for helping Health Net find new and better ways of achieving this goal.





## HEALTH NET COMPLIANCE AND ETHICS RESOURCES

**Health Net Integrity Line: 1-888-866-1366**

**Health Net Ethics Office:**

Bruce R. Anderson

*Chief Ethics Officer*

(818) 676-6621 – phone

(818) 676-8122 – confidential fax

[bruce.r.anderson@healthnet.com](mailto:bruce.r.anderson@healthnet.com)