

# Inspiring Lifelong Health and Well-being

2012–2013  
Corporate Social  
Responsibility Report



# Humana®

Published April 2014



## Inspiring Lifelong Health and Well-being

In our third Corporate Social Responsibility (CSR) report, we aim to illustrate how our CSR efforts — *Healthy People, Healthy Planet, Healthy Performance* — reflect our commitment to improving the health and well-being of our associates, our members, the communities we serve and our planet.

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# Letter from Our President and Chief Executive Officer

Inspired by Humana's dream to help people achieve lifelong well-being, I came to the company three years ago to make a meaningful and measureable impact on health care. At its core, our business is about partnering with people to help them achieve their best health.

I am pleased to present our third Corporate Social Responsibility (CSR) report that illustrates how our CSR endeavors — *Healthy People, Healthy Planet, Healthy Performance* — connect with Humana's dream. At the heart of these efforts lie our company values, the guiding forces behind all our actions — Inspire Health, Cultivate Uniqueness, Rethink Routine, Pioneer Simplicity and Thrive Together.

We are privileged to be in a business where we can do well by doing good. And that intention extends across all of our businesses to all of our customers, from helping our Medicare Advantage members get and stay healthy, working with our employer customers as they focus on the health, productivity and engagement of their employees, to helping military veterans and their spouses find employment within our organization.

Encouraging healthy behaviors within our own walls remains a significant priority for Humana. We offer a broad range of health and well-being programs intended to help our associates live healthy lives. And we are proud of the progress associates have made in improving their well-being. We have seen the percentage of associates who are overweight or obese decline for two consecutive years, as well as a decline in reported levels of stress.

From the products we offer to the many partnerships we have formed, Humana is committed to improving the health of the communities we serve. Take, for example, Team Up 4 Health, a pilot program we launched in 2011 with partners Microclinic International and the Bell County Health Department in southeastern Kentucky. Team Up 4 Health is dedicated to building wellness systems that treat the whole person — not just chronic conditions. And it's demonstrating that health can be contagious. Over the course of the two-year pilot, Team Up 4 Health helped spur six healthy-school projects, construction of two fitness parks, a community garden and pavilion, healthier menus in local restaurants, as well as significant health improvements for the 750 people who participated in the program.

As a reflection of our commitment to multi-generational health, Humana and the Humana Foundation are working alongside KaBOOM!, a nonprofit that aims to create a safe and active play space within walking distance of every child in America. Through that partnership, Humana is building more than 50 playgrounds in underserved neighborhoods across the country. The playgrounds — many of which are multi-generational and equipped with walking trails and gardens, in addition to playground equipment — are built by Humana volunteers, community members and KaBOOM! partners.

And there are countless other examples of the positive difference our associates are making in their own communities every day.

In 2013, Humana was honored to be recognized as an industry leader on the Dow Jones Sustainability World Index and the Dow Jones Sustainability North America Index. Being recognized on the indices for the seventh consecutive year and as an industry leader in 2013 reflects our continuously improving environmental, social and economic performance.

From this report, I'm confident you will conclude that we are making progress in our business and social purpose objectives. We welcome your feedback on how we're doing, and we invite you to share with us how we can help you on your path to a long, healthy life.

**Bruce D. Broussard**  
President and Chief Executive Officer



# Company Profile

Humana has been working to help people live healthier lives since it was founded more than 50 years ago. Well-being is at our core, and as a company whose primary focus is on the well-being of the people we serve, Humana is going beyond health insurance to partner with people in their health.

To help fulfill our dream of helping people achieve lifelong well-being, Humana associates live these values:

- **Inspire Health:** We inspire health by making conscious choices every day and motivating others with our positive example. We care about each other and actively contribute to an environment of well-being.
- **Cultivate Uniqueness:** We find ways to connect with each other and our customers. Respecting one another, listening with an open mind, and seeking different perspectives result in richer solutions.
- **Rethink Routine:** Innovation emerges from a culture that cultivates curiosity. We spark creativity by challenging ourselves to think differently.
- **Pioneer Simplicity:** We make life easier and believe that less can be more. When we empower associates with responsibility, we are able to create an agile organization and an exceptional experience.
- **Thrive Together:** We focus on shared success by breaking down silos, inviting collaboration and mentoring others. We believe in, and act with, positive intention to create an environment of trust and integrity.

Humana Inc. (NYSE: HUM), headquartered in Louisville, Ky., with 52,000 associates across the nation (including such businesses as Concentra®, Humana Cares® / SeniorBridge®, and other subsidiaries), is a leading health care company that offers a wide range of insurance products and health and wellness services that incorporate an integrated approach to lifelong well-being. By leveraging the strengths of our core businesses, Humana believes we can better explore opportunities to further enhance wellness opportunities for the millions of people across the nation with whom we have relationships.



## HUMANA'S BOARD OF DIRECTORS

standing left to right:

**James J. O'Brien**, Chairman of the Board and Chief Executive Officer, Ashland Inc.

**William J. McDonald**, Managing Partner, Wild Irishman Advisory, LLC

**William E. Mitchell**, Managing Partner, Sequel Capital Management, LLC

**David A. Jones, Jr.**, Chairman, Chrysalis Ventures, LLC

**Kurt J. Hilzinger**, Chairman of the Board, Humana Inc. and Partner, Court Square Capital Partners, LP

Sitting left to right:

**Frank A. D'Amelio**, Executive Vice President, Business Operations and Chief Financial Officer, Pfizer, Inc.

**W. Roy Dunbar**, Former Chairman of the Board, NetworkSolutions

**Bruce D. Broussard**, President and Chief Executive Officer, Humana Inc.

**Marissa T. Peterson**, Former Executive Vice President Worldwide Operations, Services and Customer Advocacy, Sun Microsystems, Inc.

**David B. Nash, M.D.**, Founding Dean, Jefferson School of Population Health, Thomas Jefferson University





**INSPIRE  
CULTIVATE  
RETHINK  
PIONEER  
THRIVE**

Our business units deliver a range of products and services to help people live their best lives. In addition, our commercial and military health insurance and Medicare plans serve all types of individuals, families, seniors, disabled people, servicemen and women, and military veterans.



Specifically, as of January 1, 2014, Humana's business units are arranged in three reportable segments: **Retail, Employer Group, and Healthcare Services**. In addition, the Other Businesses category includes businesses that are not individually reportable because they do not meet the quantitative thresholds required by generally accepted accounting principles. More specifically:

- **The Retail segment** consists of Medicare and commercial fully insured medical and specialty health insurance products — including dental, vision, and other supplemental health and financial protection products — that are marketed directly to individuals. This segment also includes our contract with The Centers for Medicare & Medicaid Services to administer the Limited Income Newly Eligible Transition (LI-NET) prescription drug plan program and contracts with various states to provide Medicaid, dual eligible, and Long-Term Support Services benefits, collectively state-based contracts.
- **The Employer Group segment** consists of Medicare and commercial fully insured medical and specialty health insurance benefits including dental, vision and other supplemental health and voluntary benefit products, administrative services only products and health and

wellness solutions that are primarily marketed to employer groups.

- **The Healthcare Services segment** includes services offered to our health plan members, as well as to third parties, including pharmacy services, health care provider services, home-based services, integrated behavioral health services, and predictive modeling and informatics services.
- **The Other Businesses category** consists of our military services, primarily our TRICARE South Region contract and contracts with the U.S. Veterans Administration, Puerto Rico Medicaid (contracts were terminated effective Sept. 30, 2013), and closed-block long-term care insurance policies.

We consider accountability and transparency critically important and diligently communicate our financial and social performance to our stakeholders. The table below reports select 2012 and 2013 financial data. For more information, please see our Form 10-K for the year ended December 31, 2013, available via the Investor Relations page at [humana.com](http://humana.com).

Select Financial Data	2012	2013
Revenues	\$39.1 billion	\$41.3 billion
Operating Costs	\$5.8 billion	\$6.4 billion
Net Income	\$1.2 billion	\$1.2 billion
Donations and Community Investments	\$10.7 million	\$10.5 million
PAC Disbursements	\$585,000	\$610,000
Employee Wages and Benefits	\$2.4 billion	\$2.6 billion
Payments to Providers of Capital	\$275 million	\$314 million





## CSR: Humana's Approach

**Our dream to help people achieve lifelong well-being powers our commitment to corporate social responsibility (CSR) through three areas of concentration: *Healthy People, Healthy Planet, Healthy Performance*. To bring these pillars of our CSR platform to life, we continually work to:**

- Assess and enhance our existing CSR endeavors
- Establish new metrics and benchmarks to measure our environmental and social impacts and progress
- Review and strengthen our ethics and governance policies
- Offer associates a variety of volunteer opportunities

Our CSR endeavors involve many stakeholders, including our CSR Stewards and CSR Council — Humana associates who provide strategic guidance across our CSR areas of focus. These associates are committed to facilitating a connection from Humana's day-to-day business operations to the company's CSR efforts, associates, customers, nonprofit partners, shareholders, suppliers and a cross-section of other external influencers.

Humana senior leaders, including Bruce Broussard, who became Humana's Chief Executive Officer at the beginning of 2013, are also engaged in our social, environmental and governance initiatives to facilitate alignment of our efforts with our core business priorities.

In this, our biennial CSR report and our second report to comply with Global Reporting Initiative (GRI) standards, we address progress we've made since our 2010-2011 report, as well as plans for our path forward. We believe this report demonstrates how our actions mirror our pledge to enhance the health and well-being of all the people we serve and the planet we share.



# Healthy People

Helping people live healthier lives — that's at the heart of our business. At Humana, we not only work to inspire people to take an active role in their overall well-being, we partner with them on experiences that lead to better health outcomes and a chance for a more fulfilling life.

We assist and support our associates and approximately 12 million-plus members across the nation as they strive to live healthier — to eat right, stay active and exercise their bodies and their minds, at home, at work and in their communities.

## Our Associates

We commit to the individual well-being of our associates by providing benefits and programs that create a culture of well-being and inspire health across the organization.

### Organization Well-being Snapshot

In 2012, Humana launched the Organization Well-being Snapshot, a scorecard that combines more than 150 data inputs to display our collective associate participation, engagement and outcomes related to well-being. The Snapshot shows a big picture of well-being based on an aggregate score, as well as measurements for multiple dimensions of well-being.

### Well-being Champions

Another key initiative that connects associates to our well-being drive is our network of more than 200 Well-being Champions — associate volunteers who are enthusiastic about motivating others to get involved with health and wellness initiatives at our Humana locations across the country. Champions serve as liaisons with our central associate well-being team, answer questions about wellness programs, and plan activities to engage their work areas. Humana has also created an intranet resource with tips and communications tools for our Well-being Champions.

### 100-Day Dash

Humana associates stepped it up in the company's 2013 100-Day Dash, our effort to encourage associates to wear pedometers and, for 100 days, challenge themselves and one another to take steps and improve their health and well-being.

In 2012, nearly 12,000 associates — Dashers, as they were dubbed — logged 5.7 billion steps during the event, the equivalent of walking around the earth 112 times. In 2013, that pace accelerated as associates beat the 2012 mark by 26 percent, logging 7.2 billion steps.

We concentrate our *Healthy People* efforts on three key populations: **our associates, our members and our communities.**



### ASSOCIATE FEEDBACK

At Humana, we value associates' opinions. In November 2013, we surveyed associates to better understand their feelings about Humana's CSR endeavors. Of the 650+ associates who responded, nearly 40 percent said that Humana's CSR efforts have impacted their decision to stay with the company. When asked about the impact of CSR on the business, 61 percent said they believe that Humana's CSR efforts have a positive effect on the business.

One respondent shared, "The fact that Humana's CSR efforts existed is why I applied for a job here. Humana was my number one choice. A company that shows it cares about its employees, its customers, and the communities they're in is a company with a heart."







### MEASURING ASSOCIATE WELL-BEING

To measure our success in pursuing our goals, we use a number of metrics. For example, we regularly monitor participation in our 401(k) program, annual completion of a health-risk assessment, engagement with health/rewards programs, HumanaVitality® and Humana's WOW! Working on Well-being Account!®, as well as health outcomes measured in our company-provided biometric screening.

HumanaVitality enables associates to establish goals for a defined time period. More than 18,000 associates participate in these programs that present them with the opportunity to earn rewards such as gift cards to popular retailers and a host of well-being items or services. As associates achieve or exceed goals, objectives are adjusted to facilitate continuous improvement, while small rewards are given to incentivize positive behavior changes.



## Our Members

As a health and well-being company, Humana has an array of programs and initiatives that reflect a holistic approach to well-being. For instance, we offer members:

- A broad product portfolio that includes individual Medicare, commercial, and employer-sponsored insurance plans, medical care, home care, health and wellness coaching, pharmacy-benefit management, clinical care services, and insights and analytics that enable us to create personalized health experiences for our members
- Agents who will sit down with our members to better understand their needs and co-create a path to wellness

For people wanting to learn more about health care reform under the Affordable Care Act, we partnered with organizations, including CVS/pharmacy®, YMCA of the USA and WebMD, to be a resource.

As part of our collaboration with the YMCA, we hosted informational seminars, local events and online training for individuals and families. At CVS/pharmacy we held in-store events about Affordable Care Act coverage options. We also sponsored a destination at WebMD, “Protecting and Insuring Your Health,” that is part of a suite of new offerings from WebMD to help individuals make the right plan choice for themselves and their families. We also launched the “Humana Helps” campaign, which reflected new — and ongoing — initiatives designed to ensure that anyone (Humana members and non-members alike) who had questions about health reform got the answers they needed.



**We know that, beyond healthy behaviors, having adequate health coverage is a critical part of helping individuals and their families manage their overall wellness; we want to help them along the way.** Our holistic approach to serving members includes a variety of programs and partnerships.

### HumanaVitality

HumanaVitality is an incentive-based program that integrates rewards with healthy behaviors, such as obtaining preventive screenings, exercising, quitting smoking, donating blood or getting CPR-certified. By receiving Vitality Points for each healthy activity, HumanaVitality members can achieve different Vitality Status™ levels (Blue, Bronze, Silver, Gold and Platinum) and receive reward opportunities at each level. We also see this program as an opportunity to build the business case for workplace well-being and encourage other companies to invest in employee health.

With more than 3 million members, HumanaVitality is currently integrated as part of Humana’s medical plan offerings for its commercial fully insured, administrative services only and individual members. In addition, self-funded employer groups without Humana medical coverage have the option to purchase and implement the program. HumanaVitality is also offered to more than 800,000 Humana Medicare Advantage, Humana Medicare Advantage Prescription Drug Plan and Humana Medicare Supplement members in select plans in select markets.

### Walmart Stores Partnerships

At Humana, we know that prevention and access to affordable care are key elements to living better. That’s why we’ve partnered with Walmart on multiple health-and-wellness-related programs:

- Through our Prescription Drug Plan relationship with Walmart, we’ve been able to help nearly 2 million members save by offering them an affordable premium for their prescription-drug coverage. With nearly 23 million Americans relying on Medicare Part D for their prescriptions, this partnership provides an affordable prescription solution for those who need it most.
- In September 2012, HumanaVitality partnered with Walmart to launch Vitality HealthyFood™, a unique effort to help people across the U.S. save money on nutritious foods — the first national program of its kind between a major retailer and a health care company. More than one million HumanaVitality members who shop at Walmart are eligible for the program, which offers a 10 percent savings on products that qualify for Walmart’s *Great For You* program, including fresh fruits, vegetables and low-fat dairy items.



### National Council of La Raza Viviendo Saludable Pilot

Diabetes is a serious health problem in the U.S., especially among Hispanics, with 2.5 million Hispanic adults ages 20 and older diagnosed as having diabetes. In 2012, Humana and the National Council of La Raza (NCLR) launched a pilot study to test the community health worker approach to helping Hispanic seniors with Type 2 diabetes better manage their disease.

In San Antonio, 10 community health workers were charged with educating 100 participating senior citizens on the disease and how to manage it. Initial findings from the pilot illustrated that the combination of community health workers and a culturally tailored diabetes self-management program are effective tools for improving Hispanic diabetic seniors' health outcomes.

Phase I results show that participants in the intervention group reported statistically significant changes after their participation in the study, including:

- Decreases in weight
- Greater sense of responsibility for their health
- Higher knowledge levels regarding the use of their medication
- Increases in perceived ability to maintain changes in their lifestyle
- Increases in perceived ability of eating four to five small meals per day
- Increases in perceived ability to eat in a healthy way if they had to share their food with people who were non-diabetic
- Increases in perceived ability to control their diabetes so that it did not interfere with their lives after their participation in learning sessions



### National Senior Games

Humana believes in challenging the conventions of aging and celebrating healthy, vibrant senior athletes as role models for all of us. This is one of the reasons we were the presenting sponsor of the 2013 National Senior Games in Cleveland.

Participating athletes included Humana members from all over the country who competed in track and field, tennis, swimming, softball and other sports. Each athlete demonstrated how regular physical activity positively impacts overall health and served as inspiration to fellow 50+ athletes to live healthier lives. Humana previously served as presenting sponsor of the 2007 Games in Louisville, Ky.; the 2009 Games in Palo Alto, Calif.; and the 2011 Games in Houston. The company has also committed to sponsor the upcoming 2015 and 2017 National Senior Games.



### MEET OUR AGELESS ATHLETES

**Mario Alvarez**, Milton, Fla., has been playing tennis for more than 40 years, and he holds annual "Tennis Across America" clinics for players of all ages. He won both singles and doubles tennis tournaments at the Games.

Registered dietician and Wilmington College adjunct professor **Miriam Jackobs**, Mason, Ohio, competed in a race-walk.

Grandmother of nine **Ethel Lehmann**, Largo, Fla., is a National Senior Softball Hall of Famer who competed in softball.

Great-grandmother **Flo Meiler**, Shelburne, Vt., competed in high jump, long jump, javelin, discus, hammer throw, tennis doubles and pole vaulting. Flo holds multiple world and U.S. age-group records.

**DeEtte Sauer**, Houston, started swimming at age 58 when she hardly had the strength or technique to swim across a pool. In 2013, she competed in the butterfly, individual medley, backstroke and freestyle swimming events.





#### **OPERATION COMEDY NATIONAL COMEDY TOUR**

As part of our commitment to giving something back to those who serve our country, Humana Government Business serves as a sponsor of the nonprofit Operation Comedy National Comedy Tour. The tour is a group that supports wounded warriors and military personnel returning from duty in Iraq and Afghanistan; its purpose is closely aligned with our commitment to supporting the men and women who serve in our military.

In 2012, Humana sponsored one show for Fort Campbell and Fort Knox personnel in Kentucky, as well as National Guard members and reservists. In 2013, Humana sponsored six free concerts for active duty soldiers and retired veterans and their families.

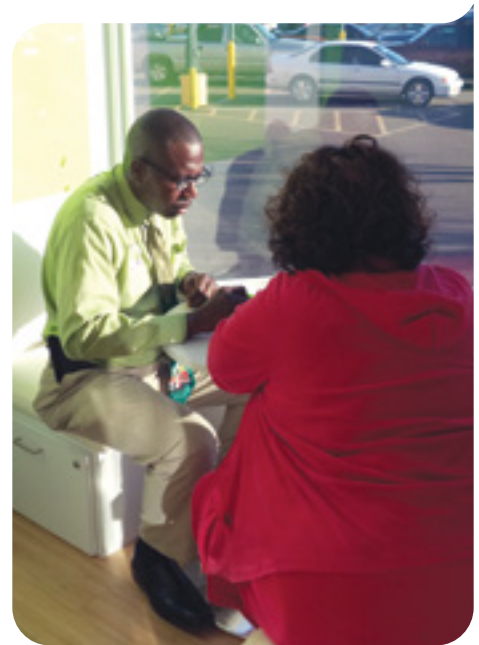


## COVERING MISSISSIPPI

In November 2013, Humana launched “Covering Mississippi,” a statewide mobile outreach and education campaign to provide Mississippians with information and answers on the health care coverage options available to them through the Affordable Care Act. Humana showed up when no other health insurer would, becoming the only company to offer 2014 individual health insurance plans on the Health Insurance Marketplace in 36 Mississippi counties.

Two specially designed vehicles stopped at health centers, retail outlets, churches, schools and civic auditoriums to provide free one-on-one meetings with residents statewide. From November 2013 through March 2014, all were welcome to speak to Humana-certified health insurance agents to learn more about the Health Insurance Marketplace and their health care options.

With one in five Mississippians uninsured, it was important for residents to have the opportunity to discuss their options with an insurance professional before selecting their plans. Over five months, the tour stopped at more than 100 locations and had more than 1,500 visitors. Humana enrolled more than 25,000 Mississippians in the Health Insurance Marketplace.



## CONCENTRA, HUMANA CARES / SENIORBRIDGE AND LIFESYNCH: HELPING OUR MEMBERS GET — AND STAY — HEALTHY

Our subsidiaries like Concentra, LifeSynch, and Humana Cares / SeniorBridge, enable us to equip our members with tools to live better. For example, LifeSynch serves more than 10 million members and offers extensive behavioral health resources, including behavioral health care, employee assistance programs and work-life services, behavioral pharmacy services, health coaches and web-based wellness tools. Another subsidiary, Concentra, delivers health care services at hundreds of locations across the U.S., in open-to-the-public urgent care facilities, and at best-in-class worksite-based clinics.



# Our Communities

Humana is deeply committed to inspiring health in all of the communities where we operate. We engage with external partners and apply our expertise, knowledge and care to activities that improve the well-being of people and their communities.

## Team Up 4 Health

Our country faces a modern-day epidemic. Chronic illnesses — heart and kidney disease, cancer and diabetes, among others — account for 70 percent of American deaths annually<sup>1</sup>. The cost of care for such illnesses represents up to three-fourths of the nearly \$2 trillion that Americans spend on health care each year<sup>2</sup>. In an effort to address these issues, Humana partnered with Microclinic International, a global public health nonprofit, to create Team Up 4 Health, a pilot health-and-wellness program in Humana's backyard of Bell County, Ky. The county was selected based on

its need for such a program (one-third of county residents were obese and one in eight had Type 2 diabetes) and its residents' enthusiasm for a fresh approach to chronic disease management and prevention. The mission of Team Up 4 Health is simple: create a local system that empowers small groups of people to influence each other and their community in adopting healthy behaviors that can prevent chronic diseases. We want to demonstrate that good health can be contagious.

**Over two years, 750 participants made sustainable health improvements through the program.**

As part of the two-year Team Up 4 Health pilot program, residents of Bell County in southeastern Kentucky (pop. 28,750) served as a litmus test on social innovation in health and well-being. The pilot sought to determine if local residents could influence each other and their community to adopt and maintain healthier behaviors. As a first-of-its-kind health-and-wellness program launched in an entire county, Team Up 4 Health scored impressive gains against chronic diseases such as diabetes, cardiovascular disease and obesity, which rank among the most common and preventable health problems in the U.S.

Sponsored and funded by Humana and implemented by partners Microclinic International, a global public health nonprofit, and the Bell County Health Department, Team Up 4 Health engaged 750 local participants and empowered them to influence one another to make healthier decisions through "microclinics," which are small groups of two to six people who work together to achieve personal health goals. Participants also took part in health screenings and large group activities, such as fitness and nutrition counseling, healthy cooking demonstrations and grocery store visits.

Results from the pilot's completion in June 2013 demonstrate the program's considerable impact. Ninety-five percent of participants improved in at least one of the following measures: body mass index (BMI); waist circumference; HDL ("good") cholesterol; Hemoglobin A1c (HbA1c); and systolic blood pressure (SBP).

Participants maintained their health improvements over time. Obese participants who lost weight kept off 81 percent of all weight loss improvements six months after program completion. Furthermore, participants maintained blood pressure improvements six months after program completion.

Key outcomes from the two-year pilot program include:

**Participants lost weight:**

On average, obese participants

**lost 10.2 pounds**



**82 percent of participants reported an increase in physical activity**



**Participants made positive changes to their eating habits:**

By the end of the program,

**49 percent of participants reported eating healthier**



<sup>1</sup>Source: <http://www.cdc.gov/chronicdisease/overview/index.htm>

<sup>2</sup>Source: <http://www.dpc.senate.gov/docs/fs-111-1-86.html>





The pilot program impacted more than just those who participated directly. Sustainable healthy changes, such as local restaurants incorporating healthier menu items and an increase in the number of community gardens and fitness parks, have been introduced across the county.

Microclinic International is in the midst of expanding its model across southeastern Kentucky with a \$2.4 million grant from the U.S. Centers for Disease Control and Prevention, and Humana is continuing its financial and on-the-ground support for the mission.

“I’ve always wanted to be healthier, but I didn’t really know how. Team Up 4 Health taught me how to set goals for my health.

“I take walks now and exercise with my family. I pay more attention to what I eat. Through this program, I have learned to take a more active interest in my health and ask my doctors more questions. It was like a light bulb went off in my head! Team Up 4 Health changes both participants and their families. This program has shown me how to help my granddaughter, Claudia, make wiser choices in food. Claudia even talks to her friends at school about the good choices she is learning to make. It feels good when people around town tell me that I’m looking healthy. But, to me, it’s more important that I’m feeling healthy. Because of Team Up 4 Health, I take better care of my granddaughter, my family, and — most of all — myself. I thank God every day for this program.”

—WILLENE B., participant



# Humana Communities Benefit

The Humana Communities Benefit program engages local communities to lead change within the Humana Foundation's priority areas of childhood health, intergenerational health and active lifestyles. In 2012 and 2013, the program was offered in Greater Phoenix; Austin, Texas; Chicago; Greater Cincinnati; Houston; Kansas City, Mo.; Nashville; New Orleans; and the Tampa Bay area. The program awarded a one-time \$100,000 grant — in each location — that provided funding to create transformational change for the organizations and communities served. Since its inception, the program has awarded more than \$8.1 million to worthwhile nonprofits.

## Humana Challenge

Humana partners with the Bill, Hillary & Chelsea Clinton Foundation to host the Humana Challenge, a PGA TOUR golf tournament that raises money for charity and now highlights the topic of health and well-being. Since 1960, Desert Classic Charities, the nonprofit entity that organizes the Humana Challenge, has donated more than \$52.5 million to numerous nonprofits in the Coachella Valley region in California.

Our goal is to make the Humana Challenge the healthiest event in America. In 2013, we sought new ways to challenge players, spectators and the general public to improve their health by making positive changes in diet, exercise and lifestyle. To this end, we conducted local community engagement events and activities, including building three multi-generational playgrounds in the community, sponsoring a Healthy Well-Being Walk and Fun Fair, and launching the Humana Walkit Challenge.

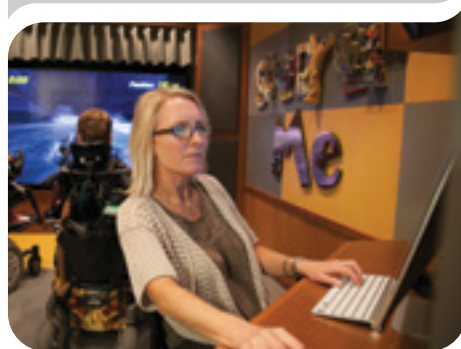
## KaBOOM!

As a reflection of our commitment to multi-generational health, Humana and the Humana Foundation are working with KaBOOM!, a nonprofit that aims to create a safe and active play space within walking distance of every child in America. Humana has teamed up with KaBOOM! to build more than 50 playgrounds in underserved neighborhoods across the country by the end of 2014.

The playgrounds — many of which are intergenerational and equipped with walking trails and gardens, in addition to traditional playground equipment — are being built by Humana volunteers, community members and KaBOOM! partners.

## STORY OF ME ROOM

In September 2012, Ryan House, a Phoenix organization that provides respite, palliative and end-of-life care for children with life-threatening conditions, received a \$100,000 Humana Communities Benefit grant from the Humana Foundation. With this funding, the nonprofit created the Story of Me Room, a state-of-the-art multimedia space with video-journaling equipment, voice-recording technologies, and therapeutic media opportunities. The children who stay at Ryan House and their families use the room to record their stories and leave lasting memories and legacies for their families.



# Humana Foundation

As the philanthropic arm of Humana, the Humana Foundation supports nonprofits that deliver social impact and promote healthy lives and communities. The Foundation's giving centers on three priority areas: childhood health, intergenerational health and active lifestyles.

More specifically, the Foundation supports efforts that encourage healthy behaviors and healthy relationships. Studies have shown that the presence of a caring adult can be transformative in the life of a child, especially children facing adversity. The influence of a caring adult helps children develop character skills, such as resilience, to overcome adversity and achieve in school and life. One example of how this theory of change is being applied is a partnership between Big Brothers Big Sisters and the Humana Foundation to pair seniors as mentors to at-risk children.



## SPOTLIGHT ON INTERGENERATIONAL HEALTH: BIG BROTHERS BIG SISTERS

In 2013, the Humana Foundation met with a number of external community partners and internal colleagues to gain perspective on the best approaches to address the causes of poor health among disadvantaged children and to seek answers to this important question: *How can a caring adult change a child's life and enhance his/her own?* As a result, the Foundation committed to support mentoring opportunities that connect older adults and children to build intergenerational relationships and improve well-being. The Foundation then launched a partnership with Big Brothers Big Sisters of Kentuckiana to pilot the *Humana Legacy Program*, an intergenerational mentoring program that pairs adults 55+ with children, especially those facing adversity. The program's goal is to enhance overall well-being for both generations, and the partners are tracking outcomes to evaluate potential for replication in additional cities.



## KABOOM!'S PLAYFUL CITY USA LEADER SUMMIT

In September 2013, the Humana Foundation sponsored KaBOOM!'s inaugural *Playful City USA Leader Summit* focused on "Promoting Children's Health Through Access to Play." The meeting, held in Baltimore, brought together U.S. Cabinet members, mayors, school superintendents and leaders of nonprofits and research centers who agreed that the creation of play spaces must be a priority in our communities to help give children a bright and healthy future.

KaBOOM! began the Playful City USA initiative in 2007 to honor cities and towns that make play a priority and use innovative approaches to get children active and healthy. The Humana Foundation and KaBOOM! also have begun a multi-year research study to assess the connection between access to quality play spaces and health and well-being.





### Organizations We Support

Each year, the Humana Foundation offers U.S. nonprofits an opportunity to apply for funding during its annual grant cycle. Nonprofits are asked to outline their needs and the needs of their stakeholders and explain how funding from the Humana Foundation can be utilized to address those gaps. The Humana Foundation considers proposals aligned with its areas of priority, which are childhood health, intergenerational health, and active lifestyles. Examples of organizations the Humana Foundation supports include:

- **Ochsner Clinic Foundation (New Orleans)**

The *Kids Cooking Healthy Choices* program addresses childhood obesity, family wellness, and academic achievement through various school-based interventions in New Orleans. Elementary and middle school students take part in nutrition programming that teaches them how to prepare healthy meals and nutritious snacks for their families and when they're home alone. High school students are paired with local professional chefs who act as mentors educating the teens on ways to cook affordable and healthy meals that their entire family can enjoy.

- **YMCA of Greater Kansas City (Kansas City, Mo.)**

The *Salsa, Sabor y Salud (Sauce, Flavor and Health)* program is a nationally recognized curriculum that helps Hispanic/Latino families make healthy choices and increase their physical activity. Through this program for the whole family, participants learn how to eat a balanced diet and incorporate healthy options into daily meals, including how to cook ethnic foods in a more nutritious way. Participants also engage in physical activity such as family Zumba, take part in a community garden, and receive regular health screenings.

- **ElderServe (Louisville, Ky.)**

The *Friendly Visitor Program* engages community volunteers in helping older adults live healthy and independent lives. While volunteers are not nurses or caregivers, these “friendly visitors” provide social interaction and support enabling older adults to remain in their homes. Volunteers are trained to identify signs of distress, abuse, or health concerns. In some cases, volunteers advocate for their senior companions to ensure they receive the necessary resources to maintain independence.



## Additional Humana Foundation highlights include:

- **Humana Volunteer Network**

We appreciate the desire our associates have to give back to the communities where they live and work. That is why Humana continues to grow the Humana Volunteer Network — to support and encourage our associates' community engagement. For example, associates have the opportunity to participate in company-sponsored volunteerism events such as the playground-building partnership with KaBOOM!; the Humana Volunteer Fellowship, a skills-based volunteer opportunity; and team-building activities. To measure associate engagement, Humana captures volunteer hours and the percentage of associates who volunteer through the *Humana Volunteer Network* website.

- **Giving Together Matching Gift Program**

The Foundation also supports Humana associates and the causes and organizations they care about most through the *Giving Together Matching Gift Program*, which began in 2011. The program offers associates the opportunity to receive a dollar-for-dollar match for their contributions to approved 501(c)(3) organizations, up to \$100 per calendar year. In 2012 and 2013, more than 1,500 organizations benefited from Giving Together matching gifts.

- **Make A Difference Day**

*Make a Difference Day*, the nation's largest day of service, inspires millions of Americans to reach out to their communities and support volunteer initiatives, such as book drives, community cleanups and revitalization efforts. In 2013, the Humana Foundation promoted participation by encouraging individuals and teams of Humana associates to volunteer and make a difference in their communities. On October 26, 2013, Humana associates across the country built community gardens, participated in city clean-ups, cooked and served meals at local nonprofits, and took part in charitable walks and runs. To recognize associates' efforts, the Humana Foundation provided grants to various organizations where Humana teams volunteered.

- **HEALThE Schools**

The Humana Foundation promotes healthy behaviors among school children by encouraging and helping schools track health outcomes. The Foundation and Humana's IT department developed the [HEALThESchools.org](http://HEALThESchools.org) website in 2010. HEALThE stands for *Healthy Environment & Active Lifestyles Through Education*. The website measures the percentage of students who meet six goals each day: eating breakfast; consuming five servings of fruits and vegetables; avoiding sugary drinks and foods; being moderately to vigorously active for an hour each day; having less than two hours of sedentary screen time; and getting nine hours of sleep each night.

The interactive website has been piloted in Louisville and New Orleans and is being offered to elementary schools in the Coachella, Calif., region. Teachers report that the tool provides a fun and easy way for students to become more aware of daily choices that affect their health, and provides them with a way to track progress toward goals.

## HUMANA VOLUNTEER FELLOWSHIP

The Humana Foundation launched the *Humana Volunteer Fellowship*, a four-week, full-time, skills-based volunteer initiative, in 2012. The Fellowship program is designed to help a designated nonprofit build capacity to make a transformational impact on the organization and the community, while also tapping into the professional expertise and personal passion of a team of Humana associates.

In 2013, the Foundation took the program to Green Bay, Wis. For one month, five Green Bay Humana associates worked with the Volunteer Center of Brown County to formalize its *Neighborhood Volunteer Connection* program into a year-round offering. The *Neighborhood Volunteer Connection* sends volunteers to provide social interaction and help senior citizens and people with disabilities with routine home upkeep. The team of Humana Fellows created a guidelines and procedure handbook, developed a marketing and outreach plan, established a database to track volunteers, and set up an evaluation plan to measure success.

**Since 2007, Humana associates have volunteered more than 531,000 hours** in support of nonprofit organizations around the country. In 2012, more than 4,500 Humana associates logged more than 131,000 volunteer hours. The number of associates volunteering and reporting that **volunteer activity increased to nearly 5,000 in 2013 with approximately 165,000 hours of reported volunteer time.**

## Natural Disaster Relief

In 2012 and 2013, several natural disasters required immediate and ongoing aid to afflicted communities. Close to Humana's corporate headquarters, the disasters included tornadoes in Henryville, Ind., and the surrounding region, as well as multiple U.S. and international disasters, such as Hurricane Sandy along the East Coast, and tornadoes in Oklahoma. In response to Hurricane Sandy, the Foundation and Humana associates provided gifts to the American Red Cross, New York Cares, and City Harvest. For the Oklahoma cleanup efforts, the Foundation provided grants to the American Red Cross of Central Oklahoma and the Oklahoma City Community Foundation.

Our disaster relief giving for communities in need in 2012 and 2013 totaled \$620,000. Additional 2013 disaster relief gift recipients include:

- American Red Cross – Philippine typhoon
- American Red Cross of Colorado – Flood relief
- American Red Cross of Central Illinois – Tornado relief
- Foothills United Way (Colorado) – Flood relief



Humana goes beyond traditional advocacy to advance public policy that supports health and well-being.

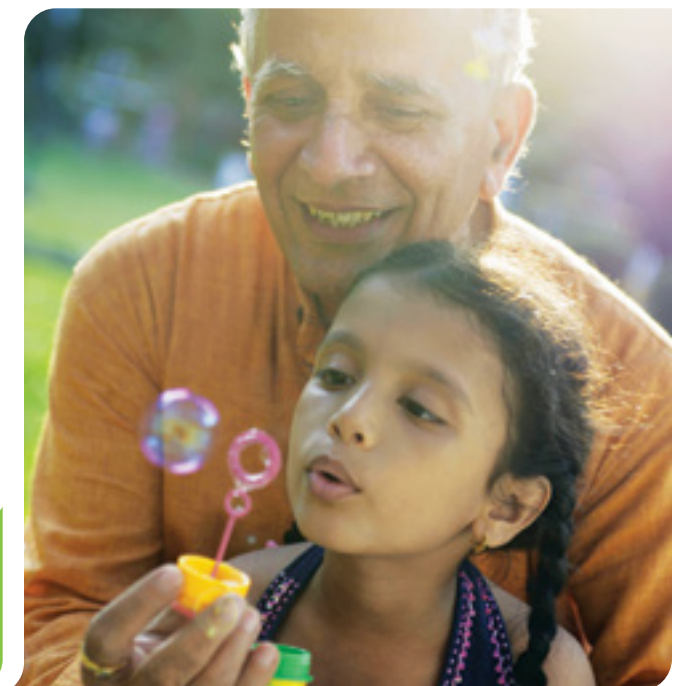




# Advocacy

Humana has sought out and collaborated with non-traditional allies to form partnerships and programs that have a positive impact on people's health. Examples of those partnerships include:

- **Alliance for a Healthier Generation:** As part of a larger initiative of the Alliance for a Healthier Generation, Humana continues to participate in a pilot program targeting childhood obesity. The pilot includes a childhood obesity benefit for certain employer groups in Kentucky and Wisconsin and seeks to identify young people ages 3-18 with a BMI above the 85th percentile for their age. Participants are eligible for four office visits with their pediatrician or primary care physician, plus four visits with a registered dietician.
- **National Association of Area Agencies on Aging (n4a):** Over several years, Humana has developed a strong relationship with n4a. The organization aims to "build the capacity of its members to help older persons and people with disabilities live with dignity in their homes and communities for as long as possible." n4a focuses on coordinating care for seniors through local, community-based Area Agencies on Aging (AAAs). Humana works closely with n4a to furnish information about Medicare Advantage health coverage in general as well as the company's efforts to enhance quality of care and coordinate care through public/private partnerships, including new CMS demonstration projects for individuals who are "dual eligible" for Medicare and Medicaid. Recently, Humana has collaborated with local and state AAAs to present best-practice examples of partnerships designed to enhance home- and community-based services provided to dual eligible beneficiaries in Virginia. Humana has also co-sponsored policy panel discussions and helped to underwrite the organization's annual meetings, which bring together AAA representatives.
- **Campaign to End Obesity:** Humana continues to work with the Campaign to End Obesity on obesity prevention policy and legislation. Humana provided information for an economic study that focused on prevention policies and how they can help control health care costs. Humana has also supported the Campaign's efforts to bring healthy lifestyles to underserved communities. The Campaign is recommending the creation of a tax credit within federal law to incent businesses to bring grocery stores and athletic facilities to these communities, which exhibit a higher vulnerability to obesity. Humana joined the Campaign in asking key congressional committees to include this new incentive in their tax reform package.
- **Patient Centered Primary Care Collaborative:** The Patient Centered Primary Care Collaborative is a nonprofit organization dedicated to advancing the Patient Centered Medical Home (PCMH) concept around the world. Humana was one of the first members asked to join the Collaborative. We have been a member for more than six years and are represented on the organization's executive committee. Humana has contributed information on its early PCMH programs. For example, our partnership with Cincinnati-based Queen City Physicians demonstrated initial results that include a 34 percent decrease in emergency room visits, a 15 percent improvement in blood pressure control and a 10 percent improvement in diabetic management.
- **Accountable Care Organizations:** At Humana, we believe new models of care like Accountable Care Organizations (ACOs) can make a difference in improving health care quality and outcomes and in controlling costs. Humana has built a range of innovative partnerships and new, collaborative delivery system models with hospitals and physicians, with a goal of providing better care and better value. Perhaps the most prominent example is Humana's commercial ACO pilot with Norton health care in Louisville, Ky. The project is sponsored by the Dartmouth Institute and the Brookings Institution. Norton is one of just five U.S. ACO pilots authorized by Dartmouth-Brookings. The Norton pilot creates accountability for outcomes, cost and patient care delivery, using industry-standard performance measures.



# Healthy Planet

A healthy planet is important to Humana because we believe there is an intrinsic link between the health of our planet, our business and the services we provide. Specifically, we acknowledge that climate change poses a serious challenge to our natural environment and impacts the health and well-being of those we serve.

This is one of the reasons we have been a part of the Business Roundtable's Climate RESOLVE (Responsible Environmental Steps, Opportunities to Lead by Voluntary Efforts) initiative and publish a letter of progress in its annual sustainability report. Climate RESOLVE promotes voluntary actions to control greenhouse gas (GHG) emissions and improve the GHG intensity of the U.S. economy.

As part of our commitment to continuously assess and enhance our CSR efforts, we elected to engage in an assessment of the many topics and impact areas related to Humana's environmental sustainability efforts. This materiality assessment was conducted in accordance with industry best practices in order to assess the relative materiality (as described in the GRI) of each issue, from the context of its importance to external stakeholders, as well as to Humana's own business. The results of this assessment, including those topics that were found to be of most material nature to Humana, have been broadly categorized into a) operational efficiency, b) supply chain and procurement, and c) integration of sustainability and wellness via broader engagement.

We are taking meaningful steps to improve environmental sustainability in three critical areas — energy reduction and operational efficiencies, supply chain sustainability and associate engagement — as we believe these are areas where we can have the most meaningful impact. Our goals across these three areas are as follows:

## Energy Reduction & Operational Efficiencies

- Minimize our environmental footprint throughout our facilities and operations — from offices to health clinics — including water, energy, raw materials, waste and other resources, especially nonrenewable ones
- Adopt environmental and green standards in our facilities and set goals and metrics to track our progress
- By the end of 2015, increase our waste diversion rate from the current 13 percent to 40 percent in those properties where we manage waste services

## Supply Chain Sustainability

- Assess and survey our largest suppliers' sustainability efforts to share best practices and share our supplier expectations
- Identify areas of opportunity and room for improvement across our supply chain
- Apply best practices to Humana operations in the supply chain

## Associate Engagement

- Increase engagement of our 52,000 associates in our sustainability efforts
- Promote efficient use of materials and resources and reduce waste through initiatives that seek to promote recycling, encourage reuse of materials and minimize consumption



**We comply with all environmental regulations and rules that apply to our operations, and we train associates about environmental matters that affect their work. We also remain committed to providing safe and healthy working environments.**







Over the years, we've transformed from a traditional health insurance business to a company that also delivers integrated health care. As such, our portfolio of facilities has evolved to include medical clinics and other facility types that are new to Humana. Our ongoing strategies for environmental management will require the consideration of these changes as we plan future activities.

# Environmental Goals

In 2013, we set environmental targets, including net reduction of waste and energy use. We assigned timing elements to each of these efforts in order to reduce our environmental footprint in a timely, accountable and sustainable manner.

We will continue to evaluate opportunities to reduce our water consumption and understand current trending at existing facilities in order to develop a reduction target for our portfolio throughout the next year.

Our facilities represent one of our biggest opportunities to increase efficiencies and reduce pollution. To reach our 10 percent reduction goal set for energy and emissions in 2012 (more information below), we worked to identify the most impactful energy-savings opportunities — from improvements that relate to heating, ventilation and air conditioning, to investing in renewable energy, solar panels and power management for vending machines. We are converting to energy-efficient light bulbs and auto on/off light switches in some of our larger facilities, for example, and are retrofitting existing owned and leased properties to be more efficient. We have already realized a savings of four metric tons of carbon dioxide equivalent used as a result of our efficiency improvements. In addition, Humana's Tampa office received a Leadership in Energy and Environmental Design (LEED) Commercial Interiors Certification in 2013, a major accomplishment that illustrates our company's commitment to sustaining our natural environment.

Humana has incorporated several standards from both the ENERGY STAR program and the U.S. Green Buildings Council LEED standards into the design of new construction projects and in leasing decisions.

During 2012, Humana announced ambitious energy-savings goals. We identified and invested in a broad variety of energy efficiency projects, primarily focused on owned real estate. By the close of 2012, we achieved a six percent reduction in energy consumption. By the end of 2013 we realized an eight percent reduction in energy consumption and a three percent reduction in greenhouse gas emissions from our 2009 baseline. Our capital investments and other efficiency efforts have laid the groundwork for future progress. Work to achieve our 2015 goals is under way.

We work with various vendor partners and internal stakeholders on an ongoing basis to evaluate the expansion of our targets to include energy, emissions and cost parameters associated with our leased property footprint. We also receive consultation on additional emission sources such as fleet operations.

## Green Real Estate

Humana has integrated group-wide environmental management policies and procedures, and we routinely review environmental considerations as part of our company's operations for existing and new facilities. Regarding efforts to integrate green building and sustainability principles into our existing and new portfolio of facilities, in 2012 we considered factors like energy efficiency, access to transportation, Energy STAR or LEED ranking in our site searches, proposal requests and real-estate decision-making process.

During the next generation of our program, we will continue to evolve our standards to reflect our changing business strategy and expanding portfolio of leased facilities.

By the end of 2015,  
Humana will achieve:

**5% reduction**



in annual energy consumption from 2013's baseline consumption across our portfolio of owned and leased properties under vendor management

**40%**



diversion rate of waste to landfill, via reduction and recycling efforts at our portfolio of sites where Humana and its vendors manage waste and recycling services

**5% decrease**



in greenhouse gas emissions from 2013's baseline emissions across our portfolio of owned and leased properties under vendor management





## Indirect and Direct Energy Use and Waste

In 2009, we began to measure our indirect and direct energy use in an effort to understand and ultimately lower our consumption across the company. An index of our 2012 and 2013 energy use and waste created is below.

ENVIRONMENTAL METRIC	2012	2013
Primary energy sources purchased by Humana for our own consumption	56,565 MWh	82,322 MWh
Total energy consumption	203,634 GJ	296,360 GJ
Total direct energy consumption by non-renewable primary source	203,634 GJ	296,360 GJ
Intermediate energy purchased and consumed from sources external to Humana	186,963 MWh	220,601 MWh
Total energy saved by efforts to reduce energy use and increase energy efficiency	3,656 metric tons CO <sub>2</sub> -e	1,060 metric tons CO <sub>2</sub> -e
Total amount of energy saved	23,432 GJ	6,793 GJ
Direct emissions of greenhouse gases from all sources owned or controlled by Humana	12,660 metric tons CO <sub>2</sub> -e	17,543 metric tons CO <sub>2</sub> -e
Indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam	111,905 metric tons CO <sub>2</sub> -e	130,983 metric tons CO <sub>2</sub> -e
Total greenhouse gas emissions as the sum of direct and indirect emissions	124,565 metric tons CO <sub>2</sub> -e	148,526 metric tons CO <sub>2</sub> -e
Indirect emissions	Business Travel: 25,290 metric tons CO <sub>2</sub> -e  Waste Generated in Operations: 808 metric tons CO <sub>2</sub> -e	Business Travel: 32,426 metric tons CO <sub>2</sub> -e  Waste Generated in Operations: 1,194 metric tons CO <sub>2</sub> -e
Sum of indirect greenhouse emissions	26,098 metric tons CO <sub>2</sub> -e	33,620 metric tons CO <sub>2</sub> -e
Amount of waste created by Humana's operations	Non-hazardous: 5,300 metric tons  Hazardous: 69 metric tons	Non-hazardous: 8,222 metric tons  Hazardous: 67 metric tons
Total amount of waste by type	Recycling: 3,623 metric tons Landfill: 1,677 metric tons Other: 69 metric tons	Recycling: 5,689 metric tons Composting: 21 metric tons Landfill: 2,512 metric tons Other: 67 metric tons

GJ=gigajoules; MWh=megawatt hours; CO<sub>2</sub>-e=carbon dioxide equivalent; Other = mixed use of incinerator/autoclave/Endo-Thermo-Desenfactor

Humana used the following methodologies associated with the data presented: The Climate Registry: General Reporting Protocol, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), US EPA Climate Leaders: Direct Emissions from Stationary Combustion, and US EPA Climate Leaders: Indirect Emissions from Purchases/Sales of Electricity and Steam. Humana did not produce, extract, harvest, collect, convert or export primary energy. Humana did not directly consume energy from a renewable primary source or primary fuels to produce intermediate energy. Humana did not use indirect energy from indirect, non-renewable sources or generate greenhouse gas emissions resulting from indirect energy use. Waste/recycling information was provided by several contractors, and those figures were then consolidated.

### Climate Change

Humana acknowledges that climate change and resulting changes in precipitation and weather events could negatively impact the spread of disease and create an increased risk to human health. Therefore, the need for Humana's primary business, health services and health insurance could increase and affect our business. However, ambiguity exists in regard to the severity and timing of risk to human health due to climate change, including precipitation changes and changes in the frequency and intensity of extreme weather events. Because of this, Humana is not able to objectively evaluate the opportunities associated with changing climate conditions and our business operations. As more information becomes available, our CSR Stewards will continue to review pertinent risks and opportunities presented by climate change on a regular basis, including the potential impact on our business in the short- and long-term.

Humana has considered risks related to climate change both from a regulatory standpoint, as well as physical climate risks.

Our Workplace Solutions team continuously evaluates short- and long-term regulatory risks around energy and carbon. A combination of forecasted energy costs due to general

commodity price pressures, taxes and regulations or other impact is evaluated by the team to manage evolving financial exposure to energy prices. In order to curb projected increases, the team works to budget for cost and environmental impact mitigation efforts such as energy efficiency projects to manage this risk. This resulted in the formulation of an aggressive energy and carbon reduction target for the portfolio in efforts to manage operating costs and reduce Humana's environmental impacts.

In order to prepare for potential changes in climate, Humana is working with its partners to understand projected regional changes in climate and assess how and if those changes will affect Humana's direct operations as well as its customer base. This is expected to be a longer term approach vs. short term at this stage. We have also taken steps to consider the potential opportunities in regard to the general environmental regulations. Financial incentives, grants, rebates or other financing models that help to encourage energy efficiency, conservation, or renewable energy all have the opportunity to greatly enhance Humana's environmental footprint. Our commitment to high performance in our operations (including our facilities) increases our interest in pursuing local, state, regional, and federal financial efficiency-centered incentives.



## Supply Chain Sustainability

Humana works with our suppliers by identifying opportunities to collaborate with them. We developed Standards of Excellence for Procurement and have assessed 300 of our largest suppliers to better understand their environmental sustainability focus. Our assessment has also identified areas of opportunity to collaborate throughout our supply chain in order to minimize costs.

### Examples of such efforts include:

- Using efficient shipping and eco-friendly packaging associated with pharmaceuticals, medical devices and office supplies
- Reducing consumption and increasing recycling efforts in conjunction with external print suppliers
- Devising ways to retrieve and recycle or refurbish end-of-life items and packaging
- Partnering with suppliers to manage inventories
- Researching alternative materials, products, equipment and processes with lower life-cycle impacts

**We will continue to look for ways to integrate sustainability principles into our own operations and those of our supply chain, as well as share best practices throughout our supplier network.**



# Associate Engagement

We continue to explore and develop programs and initiatives that encourage our associates to understand and take actions (such as participating in supporting activities) that can make a positive difference in both their own lives and the world around them.

## Change the World, Start with ENERGY STAR

In 2012, associates were invited to participate in the Change the World, Start with ENERGY STAR campaign. The campaign encourages individuals to use programmable thermostats, improve the insulation in their homes and purchase appliances and electronics that carry the ENERGY STAR logo. Commitments from Humana associates are expected to save \$800,000 and reduce greenhouse gas emissions by more than 10 million pounds, which is 145 percent of our goal. Humana ranked among the top four percent of campaign leaders with 6.5 million pounds saved already — 20th of all 480 participating companies.

## Recycling / Waste / Bash the Trash

In an effort to improve our workplace recycling and waste programs, Humana completed a thorough assessment of our facilities. As a result of that assessment, we have focused on approximately 40 sites where we are retooling our collection process while educating and engaging associates and vendor partners on improved ways to recycle at work. One new method is the adoption of shared recycle and waste bins in our workspaces, which eliminates the need for individual desk bins. This approach produces several benefits including increased recycled content, reduced waste fees, reduced liner and janitorial fees, and a potential increase in physical activity for our associates throughout the day. During Humana's CSR Month, which takes place each November, we launched a two-year recycling competition at more than 20 work sites to help us meet our 40 percent waste diversion goal.

## Food Waste Recycling

Humana started food waste recycling programs in two of our biggest food service locations (Louisville, Ky., and De Pere, Wis.) in 2013. Food waste from those sites is now processed into compost and other fertilizers.

## S.H.A.R.E.

Our internal office supplies exchange program, S.H.A.R.E. (Stop Holding and Recycle Everything) continued into its second year in 2013. These events encourage associates to redistribute extra or unused office supplies among their co-workers. In 2012, approximately \$80,000 worth of office supplies was redistributed to associates. In some cases, leftover items were donated to non-profit organizations. Humana plans to extend the reach of these events in 2014.

## Rethink Paper Campaign

Humana launched our Rethink Paper campaign in November 2012. In our 10 locations with the highest paper consumption at that time, the Rethink Paper campaign resulted in 17 million fewer sheets of paper being used the following year. The campaign has been promoted through Humana's Well-Being Champions, company intranet articles, plasma screen communications, emails to associates, features on our CSR SharePoint site and our internal social networking site. We sought to change individual associates' daily paper consumption and did not include Humana's print centers in the campaign. Plans for the 2014 campaign include expanding to include more Humana locations.







“It is very important that Humana gets out in the community and shows everyone that it is not just a company, but people who care. This is what brings the company to life.”

ANN CUSTER, CSR Corps Leader in Northern Ohio

## CSR CORPS

Humana has deployed CSR Corps teams that focus on promoting responsible business practices among associates through positive messaging around the office and through internal digital communications.

Ann Custer's day-to-day job at Humana is as a Manager of Sales Administration in Northern Ohio; she is also the leader of the CSR Corps for this region. Ann has been with Humana for eight years and inspires others to engage in socially and environmentally responsible behaviors on a daily basis. Ann and her CSR Corps team of 50 associates encourage their colleagues to engage in environmentally responsible behavior such as recycling and reducing material use at the office, while also engaging associates in Humana's CSR platform of *Healthy People, Healthy Planet, Healthy Performance*. A specific passion of Ann and the Northern Ohio CSR Corps is the work the team has done in their local community, including participation in a KaBOOM! playground build, organizing volunteer events at local food pantries and participation in Earth Day clean-ups.

	2012	2013
SHEETS OF PAPER USED	 100 m	 83 m
SPEND ON PAPER	 \$793k	 \$687k

# Healthy Performance

At Humana, our principles remain constant — and have since the company's founding in 1961: dedication to ethical practices; pursuit of excellence; belief in the power to make a difference for our associates, members, customers, stakeholders and communities; a commitment to associate training and education; and strict adherence to the principles of good governance. These standards come to life in the following ways:

- Our ethics and compliance strategy
- Our inclusion and diversity initiatives
- The training and development we provide our associates
- Our governance model
- The standards of performance and accountability to which we hold ourselves and our suppliers
- The external recognition we receive

## Ethics & Compliance

Ethics and compliance are at the center of Humana's business. Our strong ethics and compliance program provides guidance to and monitoring of all areas of the business.

To maintain strong ethical standards throughout our business, Humana's compliance team aims to:

- Provide pragmatic guidance for complying with regulatory requirements
- Monitor and develop proactive controls around compliance
- Manage Humana's relationships with regulatory agencies

We manage our compliance through internal assessments, auditing and monitoring, external relationship management, regulatory consultation and guidance, and inspiring a compliance culture. We expect that these practices will facilitate best-in-class compliance oversight, monitoring and surveillance tools, mechanisms and processes capable of meeting relevant federal governmental standards for an effective compliance program.

In 2014 and beyond, we anticipate that the compliance function will focus increasingly on fulfilling federal and state regulations related to the Affordable Care Act. These regulations apply specifically to new business that demands we apply our compliance program model of risk evaluation, mitigation and ongoing monitoring to our work with them. The Affordable Care Act has introduced significant public policy and marketplace changes, and we are acting accordingly.

In addition, as a government contractor, Humana complies with a broad range of federal and state laws, including the U.S. Foreign Corrupt Practices Act and the Procurement Integrity Act. Humana's Government Business area has established a rigorous internal audit function and employs various external audit resources. It also has established a recognition program — called the Exemplar — that recognizes an associate who has gone “above and beyond” the basic requirements to help Humana Government Business maintain a world-class ethics and compliance program.

**Ethics and compliance are at the center of Humana's business.**







Our ethics and compliance program also includes components such as annual training that includes content about CSR; Humana's code of conduct; management of the Corporate Compliance Plan; compliance risk assessment; auditing; monitoring; increased focus on Medicare, Medicaid, Commercial and Specialty product compliance; and compliance-program guidance for new business.

**Select ways we align and integrate ethics and compliance into our culture include:**

- Developing effective organizational policies, procedures and processes
- Creating an auditing and monitoring program to drive compliance with laws, regulations and governmental requirements as well as to detect and prevent noncompliance, unethical, illegal or criminal conduct, including health care fraud, waste and abuse
- Coordinating with operational areas with respect to ethics and compliance issues
- Developing and delivering an Ethics and Compliance Training and Awareness Program, as well as crafting and administering a system to address questions, concerns and alleged violations of Humana policies, processes and programs

**We benchmark our performance regularly against industry best practices in ethics and compliance programs and consistently report our performance to our Board of Directors' Audit Committee and Corporate Compliance Committee.**

Reputational Risks

Humana has several tools in place to manage reputational risks that arise from corrupt practices by associates or business partners, including those listed below. Our Internal Audit & Consulting Group (IACG) conducts Enterprise Risk Management Assessments of various business units, which include limited assessments of fraud risks.

Ethics Help Line

Humana’s 24-hour Ethics Help Line serves as a resource for associates who become aware of a potential violation. Among other things, the help line can provide clarification about or be used to report a suspected violation of a Humana policy or a federal, state or local law or regulation. Trained, non-Humana associates receive all calls, and callers can remain anonymous. Associates also can report a concern (anonymously, if desired) by using the Ethics Help Line web reporting site at [ethicshelpline.com](http://ethicshelpline.com).

Anti-Corruption Policy & Committee

Humana conducts its business in accordance with the Foreign Corrupt Practices Act (FCPA) of 1977 and all amendments implemented since its inception, and any other anti-bribery or related laws of countries where Humana is doing business. Humana’s Anti-Corruption Committee has general oversight responsibility for Humana’s Anti-Corruption Program and monitors compliance with the Anti-Corruption Policy.

Privacy Office

The role of the Privacy Office is to safeguard protected information while ensuring it is available to those who need and have a right to know. We ensure Humana’s strategy and actions are consistent with federal and state laws, rules and regulations. In addition, we oversee activities related to the development, implementation, maintenance of, and compliance with Humana’s privacy policies and procedures that support the safeguarding of protected information.

This includes responsibility for enforcing policies and practices that help balance the business with consumer privacy interests, as well as conducting formal breach notifications whenever breach incidents result in actual or likely exposures of information. During the two-year reporting period, Humana received 136 privacy-related

complaints from our vast stakeholder population (e.g., associates, members, providers, etc.); that total does not include those received by Concentra.

Complaint Hotlines

Humana maintains several points of intake for allegations including — but not limited to — fraud, ethics violations, associate misconduct, and compliance violations. Examples of these points of intake include the Ethics Help Line and email, our human resources HR4U hotline and email, Special Investigations Unit referral line and email, and the Board of Directors hotline.

Enterprise Investigations Consortium

The Enterprise Investigations Consortium (EIC) facilitates collaboration among groups that perform an investigative function throughout the company and manage potential allegations of corruption in all of its forms. The EIC is composed of 10 investigative groups and nine support groups that conduct investigations that involve, but are not limited to, fraud, waste, abuse, criminal activity, ethics and compliance concerns, physical threats and information security breaches.

Transparency

Humana is committed to providing accurate and truthful information in our transactions. We have developed internal controls and procedures to facilitate accurate and reliable reporting. This includes a system of internal accounting controls that maintains the integrity and reliability of our financial reporting to the Securities and Exchange Commission, state insurance departments and other state and federal regulatory agencies.

Humana’s Board of Directors has an Audit Committee composed of independent directors. It meets regularly with management and the internal and external auditors to oversee the company’s financial reporting processes. Humana complies with all laws and regulations that apply to its marketing communications and activities. Humana does not market products banned in certain markets.

To help maintain compliance, Humana leaders from all business units and geographies meet regularly to review current and planned communications. Humana also engages in “audit readiness” activities and uses a robust process to address new and updated regulations and laws as they occur.

Total number of management and non-management associates who have received ethics training

	AS OF 12/31/2012	AS OF 12/31/2013
Management	6,669	6,940
Non-management	44,148	48,888

100% of management and non-management associates completed annual ethics training in 2012 and 2013.



## Inclusion & Diversity

Diversity within our own organization isn't just a business imperative; it's a mindset that enables us to create a work environment where associates feel welcome and safe to be their true selves. Diversity is the abundance of experiences and perceptions — the unique characteristics, backgrounds and beliefs of our associates — that drive the innovative, strategic thinking that gives Humana our competitive edge in the marketplace and enables us to thrive together. Learn more in the 2013 Report on Inclusion & Diversity at Humana on [humana.com](http://humana.com).

**With this in mind, we spent much of 2013 updating our strategy, mission and vision for Inclusion and Diversity. Our focus for 2014 includes:**

- **Increasing membership of Network Resource Groups (NRGs) from the current six percent to 10 percent of all associates**
- NRGs are voluntary organizations that are open to all associates. Current NRGs include groups for African-Americans; Hispanics; lesbian, gay, bisexual and transgender (LGBT) associates; caregivers; military veterans; and women.

- **Boosting professional development options for NRG members**

- In the past year, Humana developed NRG Connect, where leaders of Humana NRG committees serve on cross-functional project teams to influence and enhance the business strategy for the specific community represented. The first of these projects was an opportunity to identify enhancements to Humana's health care provider directory in order to create a better experience for members and potential members.

- **Expanding Inclusion and Diversity Councils to include more Humana locations**

- Current locations are Atlanta; Louisville, Ky.; Green Bay, Wis.; Springdale, Ohio; Tempe, Ariz.; and Glendale, Ariz.

To create an inclusive and diverse workforce that enhances the well-being of and experience for our associates, we engage with other organizations that share a similar commitment. These partners include the National Black MBA Association, National Society of Hispanic MBAs, Reaching Out LGBT MBA and YMCA Black Achievers Program, as well as the National Sales Network, National Hispanic Sales Network, National Black Accounting Association, National Medical Association, National Hispanic Nurses Association and National Black Nurses Association.



**BETH BIERBOWER**

President, Humana  
Employer Group Segment;  
Women's NRG  
Co-Executive Sponsor

### A LONG, LONG WAY

"Establishing myself as a business leader in the 80s and 90s wasn't always easy given it certainly was "a man's world" back then. Think about it, even women's styles in the 80s — big shoulder pads, boxy suits, clunky shoes — reflect women trying to fit into male-dominated workplaces.

"While there's still progress to be made, women in the workforce have come a long, long way (and thankfully, so have the fashions!). Today, women represent the majority of Humana's workforce, which is why I'm so proud of our company for supporting the Women's Network Resource Group (WNRG), which officially launched Oct. 16, 2013. To date, nearly 1,500 associates — women and men — have joined the WNRG.

"I have every confidence that the current Network Resource Groups, as well as the many other groups yet to be created, will have a significant impact on our company, our culture and our industry for years to come."



### NATIONAL VETERANS INITIATIVE

In part as a response to President Obama's 2011 call for employers to hire at least 100,000 military veterans and/or their spouses by 2013, we launched the Humana Veterans Initiative with a national goal to hire 1,000 veterans and/or their spouses for a variety of roles across the company. We were proud that we reached our three-year hiring target in just 16 months, and in early 2013, we committed to hiring an additional 1,000 veterans and/or spouses within the next two years.

Our Veteran Talent Network website includes up-to-date content relevant to Humana veteran associates' needs. We are proud of our efforts to support military veterans.

In May 2013, *Military Times EDGE* magazine named Humana among its "Best Employers for Vets 2013." And in October 2013, Humana received the U.S. Secretary of Defense Employer Support Freedom Award, in honor of our commitment to supporting National Guard and Reserve Employees. Humana is one of only 15 U.S. companies to receive the honor in 2013.



**In addition to the NRGs, the Inclusion & Diversity and Humana's Leadership Strategies teams have developed leadership development programs, including:**

- **Women in Leadership (WIL)**

Seeking to foster a leadership culture and build a strong, enduring leadership pipeline of women at Humana, this program encompasses thought-leadership sessions, executive coaching, collaboration and networking opportunities. More than 2,000 women have participated in the WIL program, and 54 percent of them have been promoted or had their roles expanded.

- **Development Acceleration Program (DAP)**

This 12-week program provides the organization with a pipeline of diverse professionals, especially women and people of color, who are ready to assume a higher level of leadership in the company. Participants work in cross-functional teams with a mentor in the program. Thirty-two percent of DAP participants have received a promotion or expansion opportunity within three years of participating in the program.

- **Inclusion & Diversity Councils**

These councils help put Humana's inclusion and diversity strategy in place at Humana locations across the country by acting as change agents to build a more inclusive environment. Among other ways, the councils accomplish this by facilitating community engagement activities around Humana's inclusion and diversity platform and promoting an inclusive workplace. The councils are in six Humana locations with plans to expand that number by the second quarter of 2014.

- **Inclusion & Diversity Days**

These celebrations create a rich environment for recognizing our diversity today while cultivating a more inclusive company for tomorrow. They also create opportunities for associates to learn about and develop an appreciation for other cultures, which builds bridges across differences and fosters greater inclusion.

- **Board of Diversity**

This group of senior-level leaders committed to creating and promoting an inclusive and diverse work environment meets quarterly to address key issues. The Board has helped set our diversity recruiting agenda, driven recruiting efforts, provided input on our Hispanic marketing initiatives and worked to boost internal awareness of the Network Resource Groups.

- **Community Involvement**

Humana pursues several initiatives in the communities we serve that benefit people from diverse socio-economic backgrounds. These include the YMCA Black Achievers Program, a national college-readiness program for teens of color; Habitat for Humanity; Project BUILD, which connects high school juniors and seniors with local companies and their leaders; and the National Council of La Raza, the largest Hispanic civil rights and advocacy organization in the U.S.

## CELEBRATING PRIDE

Humana helped the lesbian, gay, bisexual and transgender (LGBT) community celebrate Pride Month in 2013 with a full slate of activities in locations where Humana has a large associate presence, including Cincinnati; Dallas; Green Bay, Wis.; Louisville, Ky.; and the Tampa Bay area. In Louisville, for example, Humana was a sponsor of the Kentuckiana Pride Festival, hosted by the Kentuckiana Pride Foundation. HumanaVitality also sponsored the inaugural Powered with Pride 5K run, which attracted 500 runners and walkers. In addition to more than a dozen events that focus on diverse communities in the Tampa area, Humana sponsored St. Pete Pride for the third consecutive year. Humana put up two booths, ran a full-page ad in the annual printed guide and sponsored an entry in the Promenade Parade. In Cincinnati, Humana was a sponsor of Cincinnati Pride and has signed on as a sponsor for 2014. We will continue to support our LGBT associates and the LGBT community through PRIDE, Humana's LGBT Network Resource Group.



# Training & Development

As part of our focus on *Healthy Performance*, we create personal and professional growth opportunities for associates by offering a wide array of learning and leadership experiences.

## Learning and Development at Humana

At Humana, we foster growth and leadership development in part through providing learning opportunities for our associates. Professional development offerings include:

- **The Learning Center**

As Humana's primary location for all internal training and development opportunities, The Learning Center gives associates the opportunity to search for online or instructor-led training and register for various professional development courses that cover a range of topics from developing competencies to learning about Humana's values and business strategy. The catalog of 70+ courses includes function-specific courses to help associates better carry out their roles.

- **Harvard Manage Mentor Plus**

An online performance-support resource, Harvard Manage Mentor Plus delivers accessible, action-oriented information on key management and leadership topics. It offers practical advice, tips and tools on subjects such as business essentials, communication skills, personal development, working with teams and working with individuals.

- **SkillSoft**

This resource offers online courses and books on desktop tools such as Windows, Word, Excel and Access. SkillSoft also offers support on business skills (online courses on topics such as professional effectiveness) and IT skills (courses, books, certification test preparation and mentoring for all IT associates).

- **Knowledge Exchange**

This online, social learning community provides mentoring opportunities for individuals to give and receive their expertise while thriving together for personal and professional development. Each learning event is known as an "engagement." The range of topics and engagements is as wide as the participants wish to make it. The advisors participate on a voluntary basis and share best practices for subjects ranging from Six Sigma to "balanced scorecards."

- **SharePoint Learning Sites**

Across the enterprise, teams and individuals have leveraged the power of this collaboration tool to build content-rich sites around topics, tools, and processes. A single site can combine documents, wikis, graphics, videos, podcasts, and even online games and forums to allow associates to self-serve their learning and information needs.

- **HELLO Program**

HELLO, Humana Leadership Orientation, is a virtual cohort program that equips newly hired and promoted leaders with foundational knowledge about leadership at Humana. The program combines structured coursework, development forums (virtual learning sessions), and application discussions (reflections using social media to provide an engaging virtual learning environment for leaders).

- **Toastmasters**

The Humana chapter of this international group meets biweekly to develop oral communication and leadership skills. The learning-by-doing workshop provides a mutually supportive and positive learning environment for fostering self-confidence and personal growth.

- **Hispanic Cultural Competency**

Humana recognizes the unique health care needs of the Hispanic population, and we work to identify how best to communicate with varied Hispanic subgroups in a culturally relevant and competent manner. Through the development and launch of this unique online cultural competency module, our associates are better positioned to attract and retain Hispanic members, while demonstrating Humana's commitment to reducing health disparities and increasing cultural awareness.





## Associate Data

### Total and Average Hours of Training by Associate Category

	2012	2013
<b>Exempt</b>	788,000 (Avg. 33 hrs. per associate)	766,000 (Avg. 33 hrs. per associate)
<b>Non-Exempt</b>	545,000 (Avg. 29 hrs. per associate)	666,000 (Avg. 37 hrs. per associate)

This data was sourced from Humana's Learning Center. Not all courses have a duration associated with them as "duration" is a manually entered field on the course settings page. As such, average enrollment duration per month was calculated for those courses that contain an entry in the duration field. The average duration per enrollment was then projected onto courses that lacked a noted duration.

### Hours of Associate Training by Gender

	2012	2013
<b>Females</b>	979,000 (Avg. 37 hrs. per associate)	1 million (Avg. 35 hrs. per associate)
<b>Males</b>	354,000 (Avg. 30 hrs. per associate)	361,000 (Avg. 35 hrs. per associate)

The numbers in this table have been rounded. This data is from the Learning Center and applies to Humana associates who are on that system. Not all courses have a duration associated with them as "duration" is a manually entered field on the course settings page. As such, average enrollment duration was calculated for those courses that contain a duration. The average duration per enrollment was then projected onto courses that lacked a noted duration.

### Associates and Contractors by Gender

	AS OF 12/31/2012	AS OF 12/31/2013
<b>Females</b>	37,526	37,670
<b>Males</b>	34,952	33,953

### Associates and Contractors by Employment Type

		PART-TIME	FULL-TIME
As of 12/31/2012	<b>Associates</b>	366	44,949
	<b>Contractors</b> (supervised workers)	0	19,521
As of 12/31/2013	<b>Associates</b>	366	45,122
	<b>Contractors</b> (supervised workers)	0	19,487

These numbers represent the population within the listed employment types (totals do not include variable staffing pool, limited-term associates and interns).

## Associate Data (cont.)

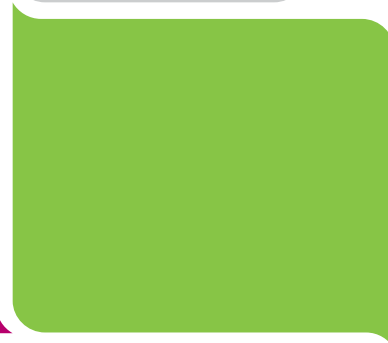
### Associates and Contractors by Country

		PART-TIME	FULL-TIME
As of 12/31/2012	United States	366	45,540
	Other	0	18,931
As of 12/31/2013	United States	365	45,316
	Other	0	18,897

### Full-time and Part-time Associates by Employment Type and Gender

		FULL-TIME	LIMITED TERM	PART-TIME	PART-TIME LIMITED TERM 20 HOURS	VARIABLE STAFFING POOL
As of 12/31/2012	Females	31,668	359	314	4	5,043
	Males	13,281	193	52	0	1,042
As of 12/31/2013	Females	31,813	367	316	4	5,076
	Males	13,309	195	53	0	1,057

Does not include contingent labor (contractors)





## Local minimum wage as a percentage of Humana entry-level wage

2012 LOCATION	LOCAL MINIMUM WAGE AS A PERCENTAGE OF HUMANA ENTRY-LEVEL WAGE	
	FEMALES	MALES
91 Glendale (Glendale, Ariz.)	54%	53%
Blakenbaker (Louisville, Ky.)	56%	55%
El Mundo Office Building (San Juan, Puerto Rico)	91%	84%
Executive Center (Cincinnati)	61%	61%
Green Bay Building (Green Bay, Wis.)	62%	53%
HCSB NY (New York, N.Y.)	94%	94%
Humana Center (Cincinnati)	57%	57%
Humana Tower (Louisville, Ky.)	81%	52%
National City Tower (Louisville, Ky.)	50%	49%
Miramar Building 3 (Miramar, Fla.)	62%	57%
Netpark (Tampa, Fla.)	61%	61%
Tempe Commerce Center (Tempe, Ariz.)	57%	61%
Waterfront Plaza (Louisville, Ky.)	72%	52%
Waterside (Louisville, Ky.)	60%	55%

2013 LOCATION	LOCAL MINIMUM WAGE AS A PERCENTAGE OF HUMANA ENTRY-LEVEL WAGE	
	FEMALES	MALES
91 Glendale (Glendale, Ariz.)	48%	50%
Blakenbaker (Louisville, Ky.)	55%	55%
El Mundo Office Building (San Juan, Puerto Rico)	88%	83%
Executive Center (Cincinnati)	61%	60%
Green Bay Building (Green Bay, Wis.)	61%	50%
Humana Center (Cincinnati)	57%	57%
Humana Tower (Louisville, Ky.)	53%	52%
Miramar Building 3 (Miramar, Fla.)	60%	57%
National City Tower (Louisville, Ky.)	52%	52%
Netpark (Tampa, Fla.)	62%	64%
Tempe Commerce Center (Tempe, Ariz.)	57%	60%
Waterfront Plaza (Louisville, Ky.)	72%	52%
Waterside (Louisville, Ky.)	59%	53%

A significant proportion of our workforce is compensated based on wages subject to minimum wage rules. The percentages presented above are based on locally or nationally legislated minimum wage depending on which is higher. Wages are derived from Humana's payroll department. Significant locations have an associate population of 500 or greater.

## Governance

Our governance is a reflection of our values, demonstrating that — through our organizational structure and commitment — we are all responsible for creating, adhering to and promoting positive change.

### Board of Directors Governance

Humana is governed by a 10-member board of directors that includes President and CEO Bruce Broussard. Directors are elected annually by stockholders. The Board fosters a culture of integrity in Humana's governance structure and reviews the company's management and performance during six annual meetings. All directors except Bruce Broussard are considered independent and meet independence standards established by the Securities and Exchange Commission (SEC), and the New York Stock Exchange (NYSE). In addition, the Board must determine affirmatively that a director does not have any material relationship with Humana. Processes for evaluating Humana's Board of Directors can be found on pages 9-10 of our Corporate Governance Guidelines. Additional governance issues are disclosed in our 2014 Annual Stockholders Meeting proxy statement. Whereas Humana recognizes the potential benefits of adopting a precautionary approach, doing so does not apply to our business at this time. Humana has not subscribed or endorsed any externally developed economic, environmental, and social charters, principles or other initiatives as of the time this report was published. You can learn more about Humana's Corporate Governance efforts at [Humana.com](http://Humana.com).

### Committees of the Board

Five board committees ensure efficient and responsible governance: Audit; Executive; Investment; Nominating and Corporate Governance; and Organization and Compensation. Only directors meeting the SEC's and the NYSE's director independence standards may serve on the Audit Committee, the Nominating and Corporate Governance Committee, and the Organization and Compensation Committee. Humana's Board also plays an important role in risk management. High risks are tracked and presented to the Audit committee in a report semi-annually. Humana's Internal Audit team reviews and evaluates additional risks that are identified by the company's operational areas. We disclose a list of risks in our 10-K and 10-Q.

### CSR Stewards & CSR Council

The CSR Stewards, a group of 16 vice president- and director-level leaders, provide strategic guidance for corporate responsibility in the company. They are supported by the CSR Council, a group of 18 associate ambassadors who mobilize participation and provide on-the-ground execution of CSR initiatives. We rely on these teams — as well as every Humana associate — to meet our CSR goals and provide ideas for advancing our CSR efforts.





# Performance & Accountability

## Our Supply Chain

We consider our supply chain an extension of our company; we involve our suppliers in maintaining our ethical and sustainable business standards.

## Supplier Standards of Excellence

Our Supplier Standards of Excellence are applicable to suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do, or seek to do business with Humana entities worldwide.

### People

- Encourage a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse.
- Treat employees fairly and honestly, including with respect to wages, working hours and benefits.
- Respect human rights and prohibit all forms of forced or compulsory labor.
- Ensure that child labor is not used in any operation.
- Respect employees' right to freedom of association, consistent with local laws.
- Establish an appropriate management process and cooperate with reasonable assessment processes requested by Humana.
- Provide safe and humane working conditions for all employees.
- Encourage healthy lifestyles and offer health-improvement programs for all employees and promote health-related events and activities in the local community.

### Planet

- Carry out operations with care for the environment and comply with all applicable environmental laws and regulations.
- Deliver products and services meeting applicable quality and safety standards.
- Actively participate in sustainability, carbon footprint reduction and other environmentally oriented programs.


### Performance

- Comply with all applicable laws and regulations of the countries of operation.
- Compete fairly for our business, without paying bribes, kickbacks or giving anything of value to secure an improper advantage.
- Observe Humana's policies regarding gifts and entertainment and conflicts of interest when dealing with Humana associates.
- Keep financial books and records in accordance with all applicable legal, regulatory and fiscal requirements and accepted accounting practices.
- Promote, employ and measure engagement of small and diverse suppliers.

## Supply Chain Snapshot

	2012	2013
<b>Total number of the reporting organization's significant suppliers, contractors and other business partners</b>	77	131
<b>Percentage of contracts with significant suppliers and contractors that included criteria clauses or screening on human rights</b>	Humana does not audit or screen our suppliers for such violations. However, our "Terms and Conditions of Purchase" explicitly state that our suppliers shall not hire forced or child labor.	
<b>Percentage of contracts with significant suppliers, contractors and other business partners that were either declined or imposed performance conditions, or were subject to other actions as a result of human rights screening.</b>	0	0





At Humana, the intent of our Supplier Diversity Program is to positively impact our communities, locally, regionally and nationally, through establishing mutually effective and sustainable relationships with suppliers for the procurement of quality goods and services.

## Supplier Diversity

To facilitate a diverse supplier base that reflects the diversity of our associates, our customers and the communities we serve, we identify procurement opportunities and maximize participation of approved suppliers, including minority-owned enterprises; woman-owned enterprises; small-business enterprises; lesbian, gay, bisexual, transgender enterprises and businesses owned by disabled people. Twelve percent of Humana's total supplier spend is spent with minority-owned, women-owned and small-business suppliers.

Through periodic events hosted by Humana or annual engagements with supplier diversity advocacy organizations, we continue to strengthen current relationships with diverse suppliers and identify new suppliers that are interested in partnering with us for the provision of products, services, and collaborative opportunities.

### **The organizations we work with include:**

- National Minority Supplier Development Council
- Women's Business Enterprise National Council
- Small Business Administration
- National Gay & Lesbian Chamber of Commerce
- US Business Leadership Network

In addition to Humana's commitment to supply chain inclusion, we have health care services contracts with commercial and government customers that require the utilization of certified minority business enterprises and woman-owned business enterprises, for the procurement of products and services in direct and indirect support of the contracts being administered to the customer. Customers require spend commitments with suppliers holding specific certifications, in specific locations, and/or of specific ethnicities. Our affiliation with and participation in these annual outreach events are critically important to affording us access to diverse suppliers who help Humana support the needs of our customers.





**Over the past several years, our commitment to ethical and sustainable practices has been recognized by a variety of prominent organizations.** We know much work lies ahead; acknowledgment from these organizations provides extraordinary encouragement to our associates and members to continue building upon our success.

## External Recognition

### **Carbon Disclosure Project**

Since 2007, Humana has provided information on our carbon-reduction efforts to the Carbon Disclosure Project (CDP), an independent nonprofit organization with the largest database of corporate climate change information in the world. The data originates from responses to CDP's annual information requests, issued on behalf of institutional investors, purchasing organizations and government bodies. For our 2012 data, Humana received an 80 percent ranking on the CDP Leadership Index, down one percent from 2011. However, in 2013, we improved and received a score of 83 percent for the depth and comprehensiveness of our disclosure.

### **Dow Jones Sustainability Indices**

Established in 1999, the Dow Jones Sustainability Indices (DJSI) were the first global sustainability benchmarks. DJSI identify sustainability leaders using rigorous environmental, social and governance criteria, such as corporate governance, social policies, environmental management and corporate citizenship and philanthropy. Humana has been recognized by the indices for seven consecutive years through 2013. Humana was recognized on both the DJSI World and DJSI North America Indices in 2013 and was one of only two U.S. health insurers recognized on the North America Index. Humana scored the top mark among health care companies in areas such as responsible marketing practices and risk-and-crisis management in 2013, for which we earned the distinction of sector leader.

### **FTSE4Good Index**

This index series was designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards. In 2013, Humana earned an overall Environmental, Social, Governance (ESG) rating of 3.8 on a 5-point scale, and a Supersector Relative ranking of 83 of 100. We first appeared on the FTSE4Good Index in September 2009.

### **Human Rights Campaign**

The largest civil rights organization working to achieve equality for lesbian, gay, bisexual and transgender Americans, Human Rights Campaign (HRC) releases an index every fall that analyzes and rates large U.S. employers on their policies and practices in support of LGBT employees. The index evaluates companies on a scale from 0 to 100 percent. Humana earned scores of 90 and 100 percent on the HRC's 2012 and 2013 Corporate Equality Indices, respectively. Humana's scores represent a marked improvement over our score of 45 percent in 2010.

### **Newsweek Green Rankings**

In the Newsweek Global Green Rankings, companies were ranked by their overall Green Score, derived from three component scores: the Environmental Impact Score, the Green Policies Score and the Reputation Survey Score, weighted at 45 percent, 45 percent and 10 percent, respectively. In 2012, the final year of the ranking, Humana finished 72nd among the 500 largest U.S. public companies. And Humana ranked 143rd among the 500 largest global companies.

# Stakeholder Engagement

Humana retains a tradition of open communication and cooperation with our stakeholders on environmental, social and governance issues, and we invite questions and comments via [csr@humana.com](mailto:csr@humana.com).

**Our stakeholders are any party interested in Humana's performance, operations, products and services, and include:**

- Associates and their families
- Industry analysts
- Members
- Neighbors and community groups
- News media
- Non-governmental organizations
- Regulators, legislators and political leaders
- Stockholders and potential stockholders
- Suppliers, vendors and contractors

**We welcome dialogue with our stakeholders to discuss environmental, social and governance issues that confront our company and the health care industry, as well as to review the actions we are taking on these fronts, including:**

- Expectations from the investment community, nonprofit organizations and regulatory authorities
- Feedback from our members on service, product and company performance
- Suggestions from vendors on opportunities to improve productivity
- Community feedback on facility operations and emergency-response procedures
- Input from our associates

2013 Net Promoter Score\*

**43.8**

**Net Promoter Score is a customer loyalty metric that is based on the question:**

**How likely are you to recommend our company/ product/service to your friends and colleagues?**



*\*Rolled up for all key lines of business excluding government, which we are not permitted to measure*

## MEASURING CUSTOMER SATISFACTION

At Humana, we measure customer satisfaction throughout the year for members, subscribers, employers and agents and brokers. The survey is carried out by a third-party market research agency that has a customer-satisfaction-measurement practice. Our members are picked at random and asked to participate in phone surveys; brokers and agents are contacted using online methodologies.

With the exception of Large Group Employers and Group Medicare Employers, satisfaction data for customer segments are reported on a monthly basis. Large Group Employers and Group Medicare Employer data are reported annually due to low sample/universe sizes. Data received are shared with respective lines of business on a quarterly basis for evaluation.



## Looking Ahead

We are excited about the progress we've made since we formalized our CSR efforts in 2008. However, we understand and acknowledge the challenges we have faced and will continue to encounter in the coming years. We remain mindful of the progress we must continue making toward our commitments, goals and plans.

**Looking forward, we would like to highlight some areas on which we plan to focus:**

### Healthy People

In the next year and beyond, we look forward to helping the communities we serve become healthier in the short term and long term. Specifically, in 2014, we'll begin new, health-focused initiatives and continue several successful existing programs. For instance, we'll continue our work on Team Up 4 Health with our nonprofit partner Microclinic International, investing in the program in Bell County, Ky., as well as moving into neighboring communities that can benefit from the program.

We are also excited to continue our partnership with KaBOOM! in 2014 and reach our goal of building more than 50 playgrounds by the end of 2014 while also advancing the importance of and learning about the impact of play through the Humana Foundation's sponsorship of the Playful City USA Leader Summit and research study. In addition, the Humana Foundation will continue to focus on promoting healthy behaviors and healthy relationships among children and adults with the end goal of achieving lifelong well-being among all generations. As one of Humana's values is *Inspire Health*, we're committed to doing everything we can to help our associates and customers achieve lifelong well-being.

### Healthy Planet

In 2014, we are setting long-term environmental goals, supported by shorter-term targets that will allow us to set strong benchmarks to further track our efforts. In 2013, we made great strides in revitalizing our recycling efforts, and we anticipate seeing the impacts of those through 2014 and beyond.

### Healthy Performance

Transparency, ethics and compliance will always be top priorities for Humana as we continue into 2014 and beyond. We will continue to invest in our people, from providing training in best-in-class protocols to equipping them with additional skills that will give them a competitive edge in the workplace. We look forward to enhancing our Inclusion & Diversity efforts and further engaging associates in our Network Resource Groups.



Humana invited Darell Hammond, Chief Executive Officer and Founder of KaBOOM!, to provide external commentary to this report. Humana, the Humana Foundation and KaBOOM! are engaged in a partnership to encourage well-being among all generations.



#### Humana Stakeholders,

At KaBOOM!, we believe society's well-being begins with a child's well-being, and balanced, active play is central to a child's ability to grow into a healthy, productive adult. Play can transform children — from sedentary to physically active, bored to mentally active, and solitary to socially active. When our children's lives are filled with play, we all benefit. Our communities will be healthier and happier today, and our society will be stronger and more resilient tomorrow. It is our goal to inspire families and communities across America to adopt healthy lifestyles and engage in active play, together.

With Humana and the Humana Foundation, we have already helped set nearly 26,000 children on a path to reaching their full potential by building 42 playgrounds across the United States, with another 12 planned in 2014. Our innovative partnership includes multi-generational playgrounds featuring child-friendly equipment and other enhancements including walking paths, community gardens and fitness stations for adults. Humana understands that engaging parents, grandparents and caregivers of all ages creates the right environment for children to get the active play they need to thrive. These multi-generational play spaces represent a modern-day, active town square where people come together, build strong communities and reinforce healthy habits.

In addition to the impact of this investment in playgrounds, the Humana Foundation's signature sponsorship of our Playful City USA (PCUSA) initiative is enabling cities across the country to take comprehensive action to increase play for *all* children in their communities. Children are hard-wired to play, and the 217 PCUSA cities recognized in 2013 are leading the way in creating vibrant communities that enable healthy lifestyles by making it easy for families to play everywhere.

We are proud to partner with Humana and the Humana Foundation to give all children the childhood they deserve. We are confident that, together, we can help families make healthy, playful choices that build a new generation of "Healthy People." *Play matters* — not just as an activity for children, but as a foundation for lifelong well-being and strong communities.

In Play,

A handwritten signature in black ink, reading 'Darell Hammond'.

**Darell Hammond**  
Chief Executive Officer and Founder, KaBOOM!



## About this Report

This report documents January 1, 2012, through December 31, 2013. To develop this report, we used the Global Reporting Initiative (GRI) G3.1 framework and self-declare the report to be level B. It is our second report since our 2009 Report to the Community, and our second GRI report (the first Humana GRI report was our 2010-2011 CSR Report). The GRI data within the report were validated by Humana's Internal Audit team. This report was not assured by a third party.

The boundary of the report includes all of our operating units, 100 percent of our leased and owned facilities, and 100 percent of our workforce in all regions in which we operate, unless otherwise noted. The report covers joint ventures and subsidiaries, unless expressly noted otherwise. There are no limitations on the scope or boundary of the report.

To determine the content of this report, we first looked at material issues and evaluated the priorities of our key stakeholders. Our stakeholders are defined as those who are interested in Humana's performance, operations products and services. Feedback from stakeholders informed our selection of content and GRI indicators. The report's content selection and production process was guided by a CSR report task force composed of Humana associates from various business units.

**Questions regarding this report can be sent to [csr@humana.com](mailto:csr@humana.com).**





## G3.1 Content Index

### Standard Disclosures Part 1: Profile Disclosures

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1.2	Description of key impacts, risks and opportunities	22-24, 26-28 19-37 of AR <sup>†</sup>

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<sup>†</sup>Humana's 2013 Annual Report

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3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	43
3.9	Data measurement techniques and the bases of calculations	23 33
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/ periods, nature of business, measurement methods)	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	43
3.12	Table identifying the location of the Standard Disclosures in the report	44
3.13	Policy and current practice with regard to seeking external assurance for the report	43



#### 4. Governance, Commitments and Engagement

PROFILE DISCLOSURE	DESCRIPTION	PAGE
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	36
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	2
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	N/A
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	36
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	32 of proxy <sup>†</sup>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	11 of proxy <sup>†</sup>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	10 of proxy <sup>†</sup>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	2 37
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	8 of proxy <sup>†</sup>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	36
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	36
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	20
4.13	Memberships in associations and/or national/international advocacy organizations	19
4.14	List of stakeholder groups engaged by the organization.	40
4.15	Basis for identification and selection of stakeholders with whom to engage	40
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	40
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	43

<sup>†</sup>Humana's 2013 Annual Stockholders Meeting proxy statement



## Economic

INDICATOR	DESCRIPTION	PAGE
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	5
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	24
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	35
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	15

## Environmental

INDICATOR	DESCRIPTION	PAGE
EN3	Direct energy consumption by primary energy source	23
EN4	Indirect energy consumption by primary source	23
EN5	Energy saved due to conservation of efficiency improvements	23
EN16	Total direct and indirect greenhouse gas emissions by weight	23
EN17	Other relevant indirect GHG emissions by weight	23
EN22	Total weight of waste by type and disposal method	23

## Social: Labor Practices and Decent Work

INDICATOR	DESCRIPTION	PAGE
LA1	Total workforce by employment type, contract, region	33-34
LA8	Education, training, counseling, prevention, risk-control programs to assist workforce members, families, or community members regarding serious diseases	6-19
LA10	Average hours of training per year per employee by employee category	33

## Social: Human Rights

INDICATOR	DESCRIPTION	PAGE
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	37

## Social: Society

INDICATOR	DESCRIPTION	PAGE
S02	Percentage and total number of business units analyzed for risks related to corruption	28
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	28
S05	Public policy positions and participation in public policy development and lobbying	19

## Social: Product Responsibility

INDICATOR	DESCRIPTION	PAGE
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	40
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	28
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	28





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