

## Welcome to our Company

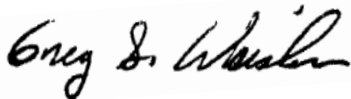
Thank you for joining the PharMerica team! We feel you have the ability to make a great contribution to PharMerica, and that you will find your employment here to be a mutually beneficial and rewarding experience. We look forward to the opportunity of working together to create the best Company in our industry.

You are joining an organization that is committed to being the nation's leading provider of pharmacy programs and services to institutional providers. Our mission is to set industry standards by providing consistent quality pharmacy services and innovative solutions to save our clients money. We hope you will find satisfaction and take pride in your work here. As a member of the PharMerica team, you are expected to contribute your talents, creativity and energies to help us deliver value to our clients, patients, residents and shareholders.

The Employee Handbook is designed to answer many of the questions you may have about our Company's policies and procedures. The intent of this Handbook is to provide you with an understanding of what PharMerica expects from you, and what you can expect from PharMerica. You are responsible for reading and understanding this Employee Handbook. If anything is unclear, please discuss the matter with your supervisor or manager.

We extend to you our personal best wishes for your success at PharMerica.

Sincerely,



Gregory S. Weishar, Chief Executive Officer  
PharMerica Corporation

## **Purpose of the Handbook**

We believe that employees are more satisfied and more productive if they know what they can expect from our Company and what our Company expects from them. In the beginning sections of this Employee Handbook, you will be introduced to our Company's history, vision and goals. We expect you to incorporate that information into your day-to-day job performance, striving to meet our Company's values in everything you do.

This Handbook will familiarize you with the benefits and responsibilities of being an employee at PharMerica. Please understand that this Handbook can only highlight and summarize our Company's policies and practices. For more detailed information, talk to your manager/supervisor or Human Resources.

## **Important Points**

- The information highlighted in this Employee Handbook is based on the policies described in the Human Resource Policy and Procedure Manual. The Policy and Procedure Manual is the official policy document for the Company.
- Due to changes in employment legislation and business conditions, the policies and procedures in the Human Resource Manual are subject to change. As a result we may have to revise, rescind or supplement these policies from time to time. Any changes in PharMerica policies take precedent over the information in this Handbook. If there are discrepancies between the Policy and Procedure Manual and this Handbook, we will follow the Policy and Procedure Manual.
- Because PharMerica operates in many states, all of which have differing employment laws and statutes, if any Policy in the Policy and Procedure Manual or this Handbook conflicts with individual state law, the state law governs.

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## **SECTION 1 - INTRODUCTION**

### **1:1 History of PharMerica**

In 2007, AmerisourceBergen and Kindred Healthcare, Inc. combined their respective institutional pharmacy businesses, PharMerica and Kindred Pharmacy Services into a new, independent, publicly traded company. PharMerica is the second largest company in the institutional pharmacy service market.

PharMerica is an industry-leading pharmaceutical services company, serving patients and residents in hospital and long-term care settings. PharMerica provides quality and cost-effective pharmacy solutions for our clients and the patients and residents they care for.

### **1:2 Company Vision**

Our vision is to lead, shape and define the institutional pharmacy business by providing quality, innovative pharmacy services to our clients and the residents and patients they serve.

### **1:3 Company Shared Values**

To achieve our vision, we embrace the following shared values:

- Respect for our clients, patients, residents, employees and the communities in which we live and work.
- Integrity that embraces, high standards of honesty, trust, ethical behavior and compassion.
- Excellence that is reflected in our continuous search for new ways to improve the performance of our business in order to become the best at what we do.
- Responsiveness to the needs of our clients and their patients and residents.

## **SECTION 2 - NATURE OF EMPLOYMENT**

### **2:1 At-Will Employment**

We are happy to welcome you to PharMerica and sincerely hope that your employment here will be a positive and rewarding experience. Your employment here is at-will and based on the mutual consent of you and the Company. This means that neither you nor PharMerica is required to continue the employment relationship for any particular length of time. You may resign at any time, with or without reason. Similarly, we are free to separate your employment at any time, for any reason – with or without cause and with or without notice.

Nothing in this Handbook, or in any other Human Resource document, shall change the at-will nature of your employment relationship with PharMerica. No one, other than the CEO of PharMerica, has the power to change the at-will nature of your employment. Even the CEO may only do so in a written agreement that is signed by you and the CEO. Nothing in this Handbook constitutes a contract or promise of continued employment.

### **2:2 Management Philosophy**

PharMerica believes that great companies are born from the desire to do what is right. We will be a driving force in our industry by treating our employees with dignity and respect. We will empower you to provide quality products and service excellence and to create value for our clients, patients and residents and our shareholders.

In turn, you as a PharMerica employee, have a responsibility to maintain a positive and professional work environment and to constructively bring forward ideas, suggestions, and recommendations that can better our ability to serve our clients and shareholders more efficiently and effectively. It is this sense of mutual cooperation and respect that will make PharMerica a great place to work!



## **SECTION 3 – HIRING PRACTICES**

### **3:1 Commitment to Equal Opportunity**

The Company is committed to providing equal employment opportunities for all employees and job applicants. The Company will recruit, hire, train, and promote persons in all job titles without regard to race, color, gender, age (*except where gender or age is a bona-fide occupational qualification, as defined by law*), pregnancy, sexual orientation, gender identity, ancestry, religion, national origin, veteran status, physical or mental disability (*except where the disability prevents the individual from being able to perform the essential functions of the job and cannot be reasonably accommodated in full compliance with the law*), or other characteristic protected by local, state or federal law. The Company also will ensure that all personnel decisions and actions, including, but not limited to compensation, benefits, transfers, promotions, layoffs, returns from layoff, discipline, terminations, Company-sponsored training, education, and social and recreation programs, will be administered without regard to race, color, gender, age, pregnancy, sexual orientation, gender identity, ancestry, religion, national origin, veteran status, disability, or other characteristic protected by law.

### **3:2 Minimum Hiring Age**

The minimum hiring age for all employees at PharMerica is 18 years of age (21 years of age for drivers). Where a state law establishes a minimum hiring age greater than 18, the state law will be honored.

### **3:3 Driver's License and Driving Record**

If you are an employee whose work requires frequent operation of a motor vehicle to perform Company business, you must present and maintain a valid driver's license and a driving record acceptable to our insurer and without restrictions imposed as a result of accident or traffic citation/moving violations. Any changes that impact your ability to operate a motor vehicle for Company business must be reported to your manager/supervisor immediately.

Employees who drive on behalf of the Company as part of their employment with PharMerica are required to have auto insurance at all times and provide coverage information to their managers and/or the risk management group when asked. Employees are also required to alert their manager and risk management of any changes in their insurance coverage, carrier, etc.

### **3:4 Exclusion from Federal Programs**

Individuals who are excluded, debarred, suspended or otherwise ineligible to participate in federal healthcare programs like Medicare and Medicaid or federal procurement or non procurement programs are ineligible to be employed by PharMerica. Ineligibility for employment also extends to individuals who have been convicted of a criminal offense under a federal healthcare program, but have not yet been excluded, debarred, suspended or otherwise declared ineligible. In the event the Company learns that an existing employee falls into one of these categories, that employee will be subject to immediate separation from employment.

### **3:5 Internal Application Procedures**

Sometimes, the best person for a job is already in our Company. We encourage you to apply for posted positions that interest you and for which you meet the minimum requirements. Open positions below senior management level will normally be posted near employee gathering places such as bulletin boards and lunchrooms. Job vacancies nationwide may be posted on the Company's website and/or intranet service.

Keep in mind that a non-exempt employee must be in his or her current position for a minimum of six months to be eligible to apply for a posted position. An exempt employee must be in his or her current position for a minimum of one year to be eligible to apply for a posted job. In order to be eligible for a posted position, you must meet the minimum hiring specifications for the position; be capable of performing the essential functions of the job, with or without a reasonable accommodation; be an employee in good standing in terms of your work performance and meet the minimum in-job time requirements. Your current supervisor and Human Resources must approve any exceptions to the minimum time in job requirements. You must notify your current manager/supervisor before interviewing for a new position. Your current supervisor as well as your new supervisor must approve any promotion or transfer.

Generally, you need to start work at a new facility within one month of your transfer date in order for the job change to be considered a transfer. You will be paid the rate of pay for the position in effect in the new facility.

### **3:6 Reasonable Accommodations for Individuals with Disabilities**

PharMerica complies with the Americans with Disabilities Act and applicable state and local laws prohibiting discrimination in employment against qualified individuals with disabilities.

If you have a disability that limits your ability to fully perform the essential functions of the position you hold or to which you are applying, you may request an accommodation by notifying Human Resources or your manager/supervisor. Upon receiving a written request for accommodation, PharMerica will work with you to determine if a reasonable accommodation can be made. You may be asked to provide a doctor's certificate of the disability as well as the need for an accommodation.

PharMerica reserves the right to determine if a qualified disability exists and, if one is found, whether a reasonable accommodation can be provided without undue hardship to PharMerica, and which does not compromise the health and safety of you or others.

### **3:7 Refer a New Hire: Get a Bonus**

You know our needs and Company culture better than anyone else and are often the best situated to find and recruit new employees to fill open positions within our ranks. PharMerica offers an employee referral bonus to non-management employees who refer a qualified candidate that is subsequently hired. See the employee referral policy for details.

### **3:8 Employment of Relatives**

The hiring of relatives of our employees has the potential to affect negatively the morale of other employees and to create actual or perceived conflicts of interests for the relatives involved. Therefore, PharMerica discourages hiring of relatives of employees, and prohibits placing members of an immediate family into positions of close organizational proximity. This includes, but is not limited to the following:

- A related employee may not report directly or indirectly to a member of his or her immediate family.
- Related employees may not hold positions that create a conflict of interest or the appearance of a conflict of interest.
- Related employees may not hold positions that influence the outcome of actions or decisions that impact related employees, to include influencing the relative's work responsibilities, salary, or career progress.
- Employees who are related by blood or marriage are permitted to work in the same physical location, provided no direct or indirect reporting or supervisory/management relationship exists or the appearance of a conflict of interest.
- Employees who marry while employed are treated in accordance with these guidelines, and one of the employees may be required to transfer at the earliest practicable time if such marriage is in conflict with any of these guidelines.

Under this policy, the terms "immediate family" and "related employees" encompass, but are not limited to, the following relationships: domestic partners, parents/children, grandparents/grandchildren, spouses, siblings and corresponding in-law or step family members.

### **3:9 Licensure or Certification**

The Company will not reimburse employees for licenses and/or certifications and continuing education credits that are required as part of your job responsibilities. If your position requires licensure or certification, it is your responsibility to acquire and maintain licensure/certification and provide appropriate documentation to the Company as a condition of being hired and maintaining employment.

As a condition of employment, it is your responsibility to notify your manager/supervisor within 24 hours if there has been any change to the status of your licensure/certification, including, but not limited to, an expiration or lapse, or if any action has been taken against your licensure/certification.

## **SECTION 4 - INFORMATION FOR NEW EMPLOYEES**

### **4:1 Introductory Period for New Hires**

The first ninety (90) days of employment at PharMerica, whether you are new to the position, facility or Company is considered an Introductory Period. During this period, you will get to know your fellow employees, your manager/supervisor and your job responsibilities, as well as becoming familiar with PharMerica's products and services. Your immediate manager/supervisor will work closely with you during this time to help you understand the responsibilities and requirements of your position.

During this Introductory Period, your supervisor will evaluate your skills, work ethic and attendance and will determine whether you are suited to the job and capable of satisfactorily performing the work assigned. Successful completion of your Introductory Period does not guarantee you a job for any period of time or in any way change the at-will employee relationship. Unsuccessful completion of the Introductory Period may result in your immediate separation from employment.

## SECTION 5 - CLASSIFICATION OF EMPLOYEES

### 5:1 What Classification Are You?

Depending on the number of hours per week you are regularly scheduled to work, you are either a full-time, part time or per diem employee. You need to understand which of these classifications you fall into, because your classification determines your eligibility for benefits.

**Full-time regular employees** – Employees who are regularly scheduled to work thirty (30) or more hours per week on a regular basis.

**Part-time regular employees** – Employees who are regularly scheduled to work sixteen (16) hours per week or more (but less than thirty (30) hours).

**Casual (Per Diem) employees** – Employees that work on an as-needed basis and/or normally work less than sixteen (16) hours per week. Casual (Per Diem) employees may work up to full time hours for brief periods of time.

In addition to the employees mentioned above, there are other people who work with PharMerica on a frequent or occasional basis who are not employees of the Company. These individuals provide services through companies from which PharMerica contracts for services. Typical types of services provided by independent contractors or vendors include janitorial, maintenance, repair, consulting, project technical workers, and employees of temporary employment services. While they are valued external partners to the success of PharMerica and are critical to satisfying our clients' needs, they are not employees. Independent contractors and vendors are not eligible for any benefits or privileges through PharMerica.

### 5:2 Exempt and Non-Exempt Employees

Your entitlement to earn overtime pay depends on whether your position is classified as exempt or non-exempt.

**Exempt employees** are those who do not earn overtime because they are exempt from the overtime provisions of the federal Fair Labor Standards Act and applicable state laws.

**Non-exempt employees** are those who meet the criteria for being covered by the provisions of the federal Fair Labor Standards Act and applicable state laws and are therefore eligible for overtime.

If you are uncertain which category your position falls in, contact Human Resources or speak to your manager/supervisor.

You will be informed of your initial employment classification and of your status as an exempt or non-exempt employee prior to beginning work. If your position changes during your employment as a result of a promotion, transfer, or otherwise, you will be informed of any change in your exemption status.

## **SECTION 6 –HOURS OF WORK**

### **6:1 Your Work Schedule**

Your particular hours of work, including possible mandatory overtime if you are a non-exempt employee and the scheduling of your meal and rest periods will be determined and assigned by your manager/supervisor. Occasionally, operational requirements may necessitate schedule changes. Should you have any questions concerning your work schedule, please ask your manager/supervisor.

### **6:2 Meal and Rest Break**

#### Rest Breaks

If you have a non-exempt position, you will be provided one (1) fifteen (15) minute paid break for each four (4) hours worked. Breaks cannot be used to extend your meal period or reduce your work day. All breaks should be scheduled with your manager/supervisor. You are expected to return to work promptly at the end of any rest break. A rest break is not authorized for anyone whose total daily work time is less than three and one half (3.5) hours.

#### Number and Timing of Rest Breaks

If you work a shift from three and one-half (3.5) to six (6) hours in length you will be entitled to one (1) fifteen-minute rest break. If you work more than six (6) hours and up to 10 hours, you will be entitled to two (2) fifteen-minute rest breaks. If you work more than 10 hours and up to 14 hours, you will be entitled to three (3) fifteen-minute rest breaks. You are authorized and permitted to take a rest break in the middle of each four hour work period.

#### Meal Period

Non-exempt employees who are scheduled to work more than a six (6) hour shift (or in accordance with state law if less) are permitted a thirty (30) minute unpaid meal break during that shift. The Company may designate longer meal breaks at certain locations. It is important to clock in and out and return to work on time at the end of your meal periods. Scheduling of meal periods varies among departments depending upon each department's needs.

On occasions management may interrupt your meal period when it is necessary for you to return to work. Interrupted meals are considered time worked, and the full one-half (1/2) hour meal period will be paid. If possible, when your meal period is interrupted for a business purpose, you will be provided a complete one-half (1/2) hour, uninterrupted meal period, which will not be paid.

Anytime you miss a meal period that was provided to you (or you work any portion of a provided meal period), you will be required to report to your manager/supervisor and document the reason for the missed meal period or time worked. While you will be paid if you work through your meal period, if you fail to notify and receive prior approval for such work you may be subject to corrective action, up to and including separation from employment.

If for any reason you are not provided a meal period in accordance with our policy, or if you are in any way discouraged or impeded from taking your meal period or from taking the full amount of time allotted to you, please immediately notify Human Resources.

Please also refer to the PharMerica Timekeeping Policy.

### ***6:2a California Meal Periods (California employees only)***

All nonexempt employees will be provided an uninterrupted unpaid meal period of at least 30 minutes if you work more than five (5) hours in a workday. You must clock out for your meal period. You will be permitted a reasonable opportunity to take this meal period, and you will be relieved of all duty. During your meal period, you are free to come and go as you please and are free to leave the premises. You are expected to return to work promptly at the end of any meal period.

If your total work period for the day is more than five hours per day but no more than six hours, you may waive the meal period. This cannot be done without the mutual consent of you and your supervisor. You must discuss any such waiver with your supervisor in advance.

The waiver must be in writing.

#### Timing of Meal Period

Your meal period will be provided no later than the end of your fifth hour of work. For example, if you begin work at 8:00 a.m., you must start your meal period by 12:59 p.m. (which is before the end of your fifth hour of work).

Your meal period will be scheduled by department head.

#### Second Meal Period

If you work more than 10 hours in a day, you will be provided a second, unpaid meal period of at least 30 minutes. Again, you must clock out for your meal period. You will be permitted a reasonable opportunity to take this meal period, and you will be relieved of all duty. There will be no control over your activities during your meal period. During your meal period, you are free to leave the premises and are free to come and go as you please. You are expected to return to work promptly at the end of any meal period.

Depending on the circumstances, you may be able to waive your second meal period if you took the first meal period and if your total hours worked for the day is no more than twelve hours. This cannot be done without the mutual consent of you and your supervisor and must be in writing. You must discuss any such waiver with your supervisor in advance.

#### Timing of Second Meal Period

This second meal period will be provided no later than the end of your 10th hour of work.

Your second meal period will be scheduled by department head.

#### Recording Meal Periods

You must clock out for any meal period and record the start and end of the meal period.

Employees are not allowed to work "off the clock." All work time must be accurately reported on your time record.

If for any reason you are not provided a meal period in accordance with our policy, or if you are in any way discouraged or impeded from taking your meal period or from taking the full amount of time allotted to you, please immediately notify Human Resources.

Anytime you miss a meal period that was provided to you (or you work any portion of a provided meal period), you will be required to report to Human Resources and document the reason for the missed meal period or time worked. While you will be paid if you work through your meal period, if you fail to notify and receive prior approval for such work you may be subject to corrective action, up to and including separation from employment.

Please also refer to the PharMerica Timekeeping Policy.

### **6:3 Overtime**

On occasion, we may ask non-exempt employees to work beyond their regular scheduled hours. We will try to give you advance notice when overtime work is necessary; however, it will not always be possible to notify workers in advance.

Exempt employees will generally not be paid extra for working beyond their regular scheduled hours. Non-exempt employees are entitled to payment for overtime, according to the rules set forth below:

- Employees must obtain prior approval from their manager/supervisor to work overtime. Working overtime without permission is not permitted.
- For purposes of calculating how many hours you have worked in a week, our Payroll work week begins on Sunday at 12:00 a.m. and ends on Saturday at 11:59 p.m. Work hours associated with a schedule that begins during this timeframe apply to the work week. For example, if your schedule starts at 10:00 p.m. on Saturday and goes to 6:00 a.m. on Sunday all 8 hours will be included in calculating the time worked in that shift period.
- Non-exempt employees will be paid overtime in accordance with federal and state regulations.
- Only time actually spent working counts as hours worked. Holiday, PTO or other paid time, during which you did not actually work, will not count as hours worked.



## **SECTION 7 - PAY POLICIES**

### **7:1 Basis for Determining Pay**

Your rate of pay is influenced by several factors:

- The nature and scope of your position based upon your duties and responsibilities.
- The market value for comparable positions - external equity.
- PharMerica's compensation structure - internal equity.
- Individual performance, as reflected in performance appraisal ratings and overall Company performance.

### **7:2 Pay Cycle**

Payday is normally on every other Friday for services performed during the two (2) week period ending the previous Saturday at 11:59 p.m. This includes work hours associated with schedules that begin during this timeframe. The bi-weekly pay schedule is made up of twenty-six (26) pay periods per year.

Changes will be made and announced in advance whenever holidays or closings interfere with the normal pay schedule.

### **7:3 Paycheck Distributions**

You have the option to receive either a live paycheck, direct deposit, or the option to sign up for a money network payroll debit card.

Live paychecks will be distributed by your manager/supervisor, team leader or designated Company representative on the pay dates specified. If you elect for direct deposit or the money network card you can view your pay statements using Dayforce (Ceridian).

Your live paycheck will be given to a designated individual (co-worker/family member) only with written authorization from you. Paychecks are not available in advance of payday and there will be no pay advances.

Direct payroll deposit is the automatic deposit of your pay into financial institution accounts of your choice. To participate in the direct payroll deposit program, you must complete and sign a direct deposit authorization form. Direct Deposit forms are available from your facility payroll representative or from the Corporate Human Resource department, this information can also be updated by the employee using the self-service option in Dayforce (Ceridian). Direct deposit may take up to 2 pay periods to implement.

The Money Network Payroll Debit Card ("Card") provides a dependable, safe, optional, and convenient way to receive and access your pay on and after each payday morning. There is no

monthly service charge for the Card as long as you are employed by PharMerica. Many Card transactions are free, but there are fees for other transactions. To participate in the money network payroll debit card, contact your facility payroll representative or Human Resources.

Please review your pay statement for errors. If you find a mistake, report it to your supervisor immediately. Your supervisor will assist you in taking the steps necessary to correct the error.

#### **7:4 Mandatory Payroll Deductions**

PharMerica is required by law to make certain deductions from your pay. These deductions include social security and Medicare tax, federal income tax and state and local taxes where applicable.

Wage attachments (garnishments, child support order and/or tax levy) will also be deducted in accordance with court orders and federal and state laws. In addition, you may authorize voluntary payroll deductions for benefits such as health coverage, insurance and savings plans.

All deductions will be itemized on your pay stub. We advise you to check your pay stub to ensure it reflects the proper withholdings.

#### **7:5 Expense Reimbursements**

From time to time, you may incur expenses on behalf of PharMerica. We will reimburse you for reasonable, actual work-related expenses you incur per the established Company Travel Policy, located on the Company intranet.

#### **7:6 Timekeeping Records**

By law, we are required to keep accurate records of the time worked by non-exempt employees. This is done by the payroll software, time sheets, or timeclock to record time worked for payroll purposes. Time sheets must show, at a minimum, the number of hours worked daily for each day of the work week and will indicate if the 30 minute unpaid meal break was taken. Timekeeping records/reports are the property of the Company.

Your timekeeping record is used to document the following:

- Actual start time, start and stop of meal breaks.
- Time of day and hours worked when shift premiums are used.
- Regular hours
- Daily overtime if overtime is paid over eight (8) hours in a day.
- Weekly overtime if overtime is paid over (40) hours in a week.
- Total overtime for the pay period.

You are responsible for accurately recording your time. No one may record hours worked on another's timesheet. Tampering with or falsifying your own or another's timekeeping report is cause for corrective action, up to and including separation from employment of all involved. In the event of an error in recording your time, or a change that needs to be made to a time sheet,

please report the matter to your manager/supervisor immediately. Employees also must record their time whenever they leave the building for any reason other than PharMerica business.

All non-exempt employees will be paid for all hours worked. They must record their time immediately before starting work and immediately upon completing work, and review the report at the end of the pay period. The manager/supervisor also must approve review and approve an employee's recorded time. **Working off the clock is strictly prohibited.**

Pay for time **not** worked such as paid time off (PTO), jury duty and bereavement leave is to be authorized and recorded on the timekeeping report by the immediate manager/supervisor and is **not** used when calculating overtime hours.

Please also refer to PharMerica's Meal and Rest Break Policy

### **7:7 Travel Time for Non-Exempt Employees**

The travel time policy exists to establish standards for defining and compensating travel time and to establish a fair and consistent approach to applying these standards across all employees subject to this policy.

Unless state or municipal law dictates otherwise, this policy is generally applicable to all non-exempt employees (see section 5:2) who do not have a single, primary worksite or who travel away from their primary work site on behalf of the Company.

#### Responsibility

##### 1. Employee Responsibility

- Record time accurately and report time in accordance with the payroll schedule.
- Report missed punches, missed meals, and anything else affecting submitted time to manager/supervisor.
- Employees that do not have access to a time clock or on-line timekeeping system will submit timesheets or other written documentation to their manager/supervisor.

##### 2. Manager/Supervisor Responsibility

- Approve employees' time and exception documentation.
- Evaluate employees' time and ensure employee is compensated for hours worked.

##### 3. Human Resources Responsibility

- Periodically monitor pay practices to ensure employees are compensated appropriately according to applicable laws, regulations, and Company policies.

#### Policy Definitions

##### 1. Home to Work Travel

- The employee's work day begins when they arrive at work or, in the case of multiple locations that need to be visited, the first work location.
- The employee's work day ends when they leave work or, in the case of multiple locations that need to be visited, the last work location.
- In cases of both travel to and travel from work, the Company will consider the first thirty (30) minutes of travel not to be compensable time. Any time spent traveling beyond that before or after the start of the shift to or from work will be considered compensable time.
- Employee meal periods are not compensable time.
- The Company is entitled to request documentation justifying travel time reported, such as map estimates, traffic reports, etc.
- Home to work on a special, one-day assignment in another city; the employee has a single, primary worksite and is given a one-day assignment in another city and is to return the same day
- The time spent traveling to and returning from the other city is compensable work time, except that the Company may deduct the time that the employee would normally spend commuting to the primary work site.
- Employee meal periods are not compensable time.

## 2. Travel *During* a Day's Work

- Time spent by an employee in travel as a part of their principal activity, such as travel from job site to job site during the workday, is compensable time.
- Employee meal periods are not compensable time.

## 3. Travel Away from Home

- The employee travels away from home and stays away from home overnight.
- Travel away from home is compensable work time when it occurs during the employees' normal work hours. This time is also compensable during corresponding normal work hours on normally non-working days (weekends, etc).
- If the nature of the work or operational requirements make it necessary to work outside normal work hours, that time will also be considered compensable time.
- Time spent in travel away from home outside of regular working hours as a passenger on an airplane, train, boat, bus, or automobile will not be considered compensable time, unless the employee engages in work activity during the travel time.
- Time spent in travel away from home outside of regular working hours while driving an automobile is considered compensable time.
- Employee meal periods are not compensable time.

## 4. Time Zones

- The same time zone should be used for calculating all compensable time, generally, the time zone in which the employee's compensable work time began.

## **SECTION 8 - EMPLOYEE BENEFITS**

### **8:1 Employee Benefit Plans**

As part of our commitment to our employees and their well-being, PharMerica provides eligible employees with a comprehensive Benefits Program. This Program is reviewed periodically to ensure it meets the needs of PharMerica and its employees.

Although this section of the Handbook introduces you to some of these programs we cannot provide the details of each plan here. As part of your new employee orientation and during open enrollment, you will receive a summary brochure that describes the benefit plans offered as well as the eligibility requirements for participation and enrollment instructions. Your primary resource for details about your benefit plans is PharMerica's benefit enrollment website. If you see any conflict between the summary information and the information in this Handbook, the Summary Plan Description is what you should rely upon.

The benefits we provide are meant to help you maintain a high quality of life – both professionally and personally. We sincerely hope that you will take full advantage of these benefits. If you don't understand your benefit plan, need additional information, or if you have any questions, please contact a Human Resource Representative.

### **8:2 Benefit Status Changes**

It is critical that you keep your manager/supervisor informed of changes in your personal status or situation, such as changes in address, dependent coverage, spousal employment changes, student status of children, etc. Within thirty-one (31) days of the event, you must take appropriate action on the benefits website to ensure updates to your coverage and benefits.

### **8:3 Tuition Reimbursement Program**

Individuals who desire to continue their education while performing their full-time position demonstrate a commitment to improving themselves and their contribution within the Company. To encourage and reward these individuals, PharMerica offers a Tuition Assistance Program.

Full-time employees with greater than ninety days of service may apply for Tuition Reimbursement. Eligible expenses include tuition, books and lab fees of up to \$1,250 per calendar year for approved employees. To be eligible for tuition reimbursement, all courses **must be pre-approved by your supervisor and your supervisor's supervisor or Human Resources**. Once the course is completed with a grade of "C" or better (or for courses related to a Master's degree or higher, a "B" or better, or for courses given on a Pass/No Pass basis a "Pass"), submit a certified transcript of grades with original receipts for paid expenses. All documentation must be received within 90 days of class end date to receive reimbursement.

PharMerica will reimburse you up to the pre-approved amount. Please note: the Company will only reimburse you for actual out-of-pocket expenses. Therefore, if you have received grant or scholarship funds for an expense, the Company will not reimburse you for those expenses.

In order to qualify for this Tuition Reimbursement benefit you must:

- Complete a Tuition Reimbursement Form and advise your manager/supervisor, prior to enrolling for the class, that you intend to take a particular course. Your manager/supervisor will let you know if the course qualifies for Tuition Reimbursement and the maximum amount of reimbursement you are eligible for in that calendar year. If you enroll in a class prior to receiving approval and PharMerica determines the course does not qualify for tuition assistance, PharMerica is not responsible for any costs incurred.
- Take the courses at an accredited educational institution or participate in a class offered by an accredited educational institution on line. Courses must be:
  - Job and/or business related.
  - Able to enhance your skills relevant to your current position or prepare you for a potential future assignment.
  - Part of a technical, undergraduate or graduate degree program related to the Company's business.
- Agree to the payback provisions described on the Tuition Reimbursement Form should you voluntarily leave the Company within one year of reimbursement.
- Ensure that courses do not interfere with your job responsibilities and are taken on your time.

If you voluntarily leave the employ of the Company within one year of receiving tuition reimbursement you must reimburse the Company for any payments received under this program within the year prior to your departure.

Tuition Reimbursement is available only for traditional college courses at an accredited institution. Courses for certifications, examinations, licensure or other non-college programs are not eligible to be reimbursed under the Tuition Reimbursement Plan.

#### **8:4 Workers' Compensation Insurance**

If you experience an illness or injury that is related to your work, you may be eligible for workers' compensation benefits. Workers' compensation will pay for medical care and lost wages resulting from job-related illness or injuries.

If you are injured or become ill through work, immediately inform your manager/supervisor regardless of how minor the injury or illness might be. If you will be out of work for more than

three days due to your injury or illness, you must also contact the Company's FMLA provider and file a claim in order to preserve any rights you may have under FMLA.

It is your manager's responsibility to ensure a claim is submitted through the Company's workers compensation carrier. This ensures PharMerica can assist you in obtaining appropriate medical treatment. Your failure to follow this procedure may result in the appropriate workers' compensation report not being filed in accordance with state law. This may jeopardize your right to benefits in connection with the injury or illness. Any group disability income benefits to which you may be entitled will be reduced by any benefits you receive under this program. Lost work time resulting from a work-related injury or illness may require you to take a leave of absence. If you are approved for FMLA and unable to return to work after your approved time is exhausted (usually twelve weeks), your employee benefits will end and you will be given an opportunity to continue them under COBRA. A determination about your work status will be made at that time given your individual situation and prevailing regulations.

### **8:5 Employee Assistance Program**

Another benefit that PharMerica offers you is the Employee Assistance Program (EAP). The EAP provides confidential, easily accessible professional counseling services for our employees who have personal or medical issues. The program assists you in dealing with emotional issues, job/career issues, family/marital issues, substance abuse, financial concerns, stress and legal issues, to name a few. This program is offered to all PharMerica employees and their immediate family members. The EAP is completely confidential; PharMerica sponsors the EAP only and has no diagnostic or counseling responsibilities. The outside professional counselors are not employees of PharMerica. Information on how to use the EAP is located on the Human Resources page of the Company intranet or you can contact a member of Human Resources.

## **SECTION 9 - LEAVE AND TIME OFF**

### **9:1 Paid Time Off**

The Company provides its full-time employees with paid time off (“PTO”) benefits in lieu of the traditional benefits of paid vacation, personal days, and sick days. PTO may be taken by employees with prior supervisory approval, at such times and in such increments as best accommodates each employees own schedule and the operational needs of the organization – if unforeseen circumstances arise, employees must give as much notice as possible to their supervisor. PTO is intended to allow employees paid time off from work for reasons such as vacation, personal illness, family illness, medical appointments, religious or ethnic holidays not otherwise recognized by the Company, or personal or family business. Employees who are absent from work for any reason are required to use any available PTO. In accordance with the schedule below, employees will be eligible to accrue a maximum of 200 PTO hours during the course of the year. If your balance reaches 200 hours, you will stop accruing any new time until you use some of your balance. At the end of the year, you will be allowed to carry over a maximum balance of 80 hours to the next year, except where state or municipal law requires greater carryover; otherwise all unused hours above 80 will be forfeited. Employees who have a change in status from full-time to part-time or per diem will have any accrued but unused PTO paid to them as soon as practicable after the effective date of the status change; if you reside in a state where sick time regulations apply, some or all of the PTO balance may remain in your bank to be used as sick leave (see Paid Sick Leave policy). Unless state or municipal law dictates otherwise, accrued but unused PTO is paid out upon separation of employment unless, if asked, an employee refuses to reveal their future employer and position during the separation process. Please contact a member of Human Resources for more details.

PTO accrues on hours worked, holiday hours, and PTO hours. It does not accrue on unpaid time. Newly accrued PTO becomes available after the pay period in which it accrues. For full-time (40 hour employees), PTO accrues according to the following schedule:

1. During the first year of service, 12 days of PTO can accrue (approximately 3.69 hours per pay period.)
2. During the second through fourth years of service, 18 days of PTO can accrue (approximately 5.54 hours per pay period.)
3. During the fifth through ninth years of service, 22 days of PTO can accrue (approximately 6.77 hours per pay period.)
4. After completing the ninth full year of service, 25 days of PTO can accrue (approximately 7.69 hours per pay period.)

For full-time employees working less than 40 hours per week, PTO is prorated.

### **9:2 Holidays**

Full time exempt and non-exempt employees are eligible for holiday pay as of their date of hire. Eligible employees will receive holiday pay if they work their complete scheduled hours before, during and after the holiday.



Holiday pay is prorated based on the regularly scheduled hours to a maximum of 8 hours per holiday. For example, an employee who regularly works 30 hours a week would receive 6.0 holiday hours.

Employees who are required to work on a holiday will receive straight time pay for each hour worked on the holiday. If the holiday worked is the actual calendar holiday, a .5 holiday premium will be paid for each hour worked on the holiday. If a non-exempt employee becomes eligible for overtime while working the holiday, no additional premium will be paid.

Since there are six (6) standard holidays recognized by the Company, employees who regularly work at least 40 hours per week are eligible for a maximum of 48 hours of holiday pay per year (6 days of 8 hours each.) Therefore, even employees who work shifts longer than 8 hours are still paid only 8 hours for any holiday. In order to keep their paychecks “whole,” those employees may request that some of their PTO time be applied to their paycheck that pay period. When a holiday falls on a Saturday, the Company will recognize the previous Friday as a holiday-paid day. If the holiday falls on a Sunday, the following Monday will be a holiday-paid day.

PharMerica recognizes the following holidays as paid holidays:

- New Year’s Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

PharMerica may at its discretion, adjust the holiday schedule each year for business considerations.

### **9:3 Paid Sick Leave**

Where state or municipal law requires, the Company provides all employees, including part-time and per diem employees, with paid sick leave in compliance with those laws. Except as defined in this policy, the use of leave under this policy is dictated by the applicable state or municipal law, but is generally intended to be used in connection with the care or treatment of an existing health condition for, or the preventive care of an employee or an employee’s family member. Where applicable law permits, leave under this policy may also be used for employees who are the victims of domestic violence. Leave under this policy is not intended for use as vacation or otherwise personal leave. Employees cannot be discriminated or retaliated against for requesting or using accrued paid sick time.

Where state and municipal laws permit the Company to substitute Paid Time Off for paid sick leave, the paid time off (PTO) policy of Section 9:1 applies to full-time employees. PharMerica's PTO policy meets the requirements of the individual state and municipal laws. Our PTO policy provides a **minimum** of one hour of paid time for every 30 hours worked. An employee can use

accrued PTO for any of the qualifying reasons protected by the Act, as set forth below. If an employee decides to use PTO as protected paid sick time, the employee should designate the time off accordingly.

In those instances where the PTO policy cannot be substituted or does not apply, paid sick leave benefits will be governed by the applicable state or municipal laws in terms of accrual, usage, and to the extent required, carryover. There is no payout of accrued but unused sick leave unless required by applicable law.

Employees can utilize paid sick leave 90 calendar days after they became eligible to accrue such paid leave. Paid sick leave can be used in such increments as best accommodates each employee's own schedule and the operational needs of the organization, with prior supervisory approval, except in unforeseeable circumstances. Paid sick leave can be used in 15 min. increments. Paid sick leave will generally be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives or bonuses.

When employees are absent for three or more consecutive days due to their own illness or injury, a physician's statement may be requested to verify the condition and expected return to work date. Such verification may also be requested for other sick absences. Before returning to work from a sick absence of three consecutive days or more, employees may be required to provide a physician's verification that they may safely return to work. Payment of paid sick leave is not conditioned on receipt of a physician's statement. An employee's use of paid sick time may run concurrently with other leaves under local, state or federal law.

#### **9:4 General Eligibility and Provisions for All Leaves of Absence**

PharMerica employees may be eligible for the following types of leaves of absence:

1) a personal leave of absence without pay; 2) a Family and Medical Leave Act (FMLA) leave and 3) a California Family Rights Act (CFRA) leave (*CFRA applies to California employees only*).

The following general rules are applicable to personal leaves and FMLA/CFRA leaves unless contradicted by applicable law or more specific policies below.

Leaves of absence must be approved by an employee's supervisor in writing at least 30 days before the anticipated leave of absence start date. If the leave of absence is unexpected, the employee must notify the supervisor verbally and in writing, as far in advance of the anticipated start as practical, and must follow any normal call-in procedures. If an employee is absent for more than three (3) consecutive scheduled workdays, then the leave must be covered by one of the three types of leave to prevent the employee's attendance record from being negatively impacted. Supporting documentation, such as a doctor's note, is required when requesting a medically-related leave. Approval or denial of personal leaves is at the discretion of the

employee's supervisor in conjunction with Human Resources, and all available paid time off must be used before the personal leave begins. Any changes to an employee's record, such as status change, wage change, etc. will be processed after the employee's return from his/her leave of absence. It is the employee's responsibility to contact his/her manager with any change to his/her leave status.

Employees returning from a leave associated with the employee's medical condition must present a medical release upon returning to work. If an employee is released with medical restrictions, he/she must provide the written restrictions to his/her manager. The manager, in conjunction with Human Resources, will determine if the restrictions can be met. If the medical condition qualifies as a disability under the Americans with Disabilities Act (ADA) or applicable state law, the parties will engage in an interactive process to consider potential reasonable accommodations that will enable the employee to perform the essential job functions. The accommodation request will be reviewed to determine if an accommodation is appropriate and reasonable. The result will then be discussed with the manager and the employee will be notified.

Contact the HR department for more information on how to initiate a leave of absence.

### **9:5 Personal Leave of Absence without Pay**

If an employee has completed 90 days of employment, the employee's manager may grant him/her a personal leave of absence, without pay, for up to four (4) weeks, based on the circumstances of the request. All available PTO must be exhausted while on leave before any unpaid time begins. The employee is required to pay both his/her own as well as the Company's portion of benefits contributions for any period of unpaid personal leave. Reinstatement following a personal leave of absence is not guaranteed. Failure to return to work following the end of the designated personal leave of absence will be considered a voluntary resignation.

### **9:6 Family Medical Leave (FMLA)**

PharMerica employees may be eligible for coverage under the provisions of the Federal Family and Medical Leave Act of 1993 (FMLA) and any similar applicable state/city/municipal law. If the employee lives in California, they may be eligible for benefits under CFRA (California Family Rights Act) leave.

#### Eligibility

Employees that have worked for PharMerica for at least a full year and have worked for at least 1,250 hours during that year preceding the commencement of the leave may be eligible for FMLA/CFRA leave.

Eligible employees may take unpaid family and medical leave for one or more of these purposes:

- An employee's own serious health condition that makes him/her unable to perform his/her job (FMLA/CFRA);

- The care of the eligible employee's spouse, child, or parent (as defined under FMLA) with a serious health condition (FMLA/CFRA);
- The birth of a child and the care of a child after birth, adoption or placement of a child with the eligible employee for foster care (eligibility for taking such leave expires 12 months after the child's birth, adoption or placement) (FMLA/CFRA). CFRA does not cover Pregnancy/Maternity Leave; or
- Because of any qualifying exigency arising out of the fact that a spouse, child or parent (as defined under FMLA) called to covered active duty in the Armed Forces or is on regular duty with the Armed Forces (including National Guard and reserves); or
- The employee must attend to a qualifying exigency arising out of the fact that the employee's spouse, child, or parent is on covered active duty or has been notified of an impending call or order to covered active duty in the Armed Forces.
- To care for the employee's registered domestic partner (CFRA only).

### Requesting Leave

PharMerica works with a third-party FMLA/CFRA administrator to process FMLA/CFRA leave and benefits. When an employee requests FLMA leave, the employee must do both of the following:

- (1) Apply for FMLA by contacting PharMerica's FMLA Administrator.

Employees can apply in one of two ways: call PharMerica's FMLA Administrator, or apply on-line with PharMerica's FMLA Administrator. The employee must contact PharMerica's FMLA Administrator 30 days before the anticipated leave of absence start date, or in the case of unforeseeable leave, as soon as practical (typically within two business days of the absence). Failure to timely contact the FMLA administrator, absent extenuating circumstances, can result in the delay or denial of leave; AND

- (2) Notify his or her supervisor of any absences.

Employees are required to provide verbal or written notice of leave to their supervisor thirty (30) days in advance when the need for FMLA leave is foreseeable. Supporting documentation, such as a doctor's note, is required when requesting a medically-related leave. When the need for leave is not foreseeable, the employee must notify their supervisor as soon as practical, according to the normal procedures for requesting absences and must comply with the normal call-in procedures. Failure to follow normal absence and call-in procedures can result in disciplinary action, even if the absence would otherwise qualify under the FMLA.

Leave may be designated and counted against the employee's annual FMLA leave entitlement if it qualifies as FMLA leave, even if the employee fails to provide the requested medical certification.

### Serious Health Condition

A serious health condition under FMLA is defined as a condition that requires inpatient care at a hospital, hospice, or residential medical care facility, including any period of incapacity or any

subsequent treatment in connection with such inpatient care and/or is a condition that requires continuing care by a licensed health care provider. Chronic and other long-term conditions may also be covered. An employee should consult with Human Resources with regard to any FMLA eligibility or coverage questions.

### Pregnancy, Childbirth or Related Conditions

Time off because of pregnancy disability, childbirth or related medical condition does count as family and medical leave under federal law (the Family and Medical Leave Act). Leave because of the employee's disability for pregnancy, childbirth or related medical condition is not counted as time used under California law (the California Family Rights Act/CFRA).

#### California Employees

*California employees who take time off for pregnancy disability and who are eligible for family and medical leave will also be placed on family and medical leave that runs at the same time as their pregnancy disability leave (PDL). Once the pregnant employee is no longer disabled, or once the employee has exhausted PDL/FMLA and has given birth she may apply for leave under the California Family Rights Act, for purposes of baby bonding.*

*Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time. California Family Rights Act leave taken for the birth or placement of a child will be granted in minimum amounts of two weeks.*

*However, the Company will grant a request for a CFRA leave (for birth/placement of a child) of less than two weeks' duration on any two occasions. The Company may also grant additional requests for leave lasting less than two weeks at its discretion. Any leave taken must be concluded within one year of the birth or placement of the child with the employee.*

### Leave Related to Military Service

A leave taken due to a "qualifying exigency" related to military service must be supported by a certification of its necessity. A leave taken due to the need to care for a servicemember shall be supported by a certification by the servicemember's health care provider or other certification allowed by law. Special certification requirements apply to leaves related to military service.

### Pay During FMLA

FMLA leaves are generally unpaid. Employees are required to substitute any eligible paid leave they currently receive, including, but not limited to, PTO or accrued paid sick leave, for any leave taken under FLMA. If the eligible employee qualifies for Short Term Disability benefits while on an approved FMLA leave, he/she must use any available PTO during the elimination period for disability benefits. Paid time off cannot be used during the eligible employee's leave period if he/she is receiving paid disability or workers' compensation benefits, even if he/she is not receiving 100% of the applicable pay rate. Employees with PTO time available may elect to cover unpaid FMLA time beyond the elimination period with paid PTO, but are not obligated to

do so. If employees elect to use PTO after the elimination period, STD benefits will begin after PTO is exhausted or stops.

### Leave Time Allowed

An eligible employee is entitled to twelve (12) weeks of unpaid FMLA/CFRA leave within a twelve (12) month period. PharMerica uses a rolling method to determine the twelve (12) month period. Each time an employee uses a portion of the twelve (12) weeks allotment under the FMLA/CFRA, the amount of leave time that he/she has remaining is the balance of the 12 weeks he/she has not used during the immediately preceding twelve (12) months. The twelve (12) month period is the twelve (12) months that immediately precede the start date of the leave being requested.

Employees approved to care for an eligible family member who is seriously wounded or becomes ill while on active duty in the Armed Forces may be entitled to up to twenty-six (26) weeks of leave in a single 12-month period.

### Documentation and Certification

The Company, working through its third party administrator, will require employees who take FMLA/CFRA leave for their own serious health condition or to care for a spouse, domestic partner, parent, or child with a serious health condition or eligible servicemember with a serious injury or illness, to provide a completed FMLA/CFRA certification form certifying the need for leave and the probable length of time required. Appropriate documentation may also be required to support a request for military exigency leave.

The employee must provide such certification within 15 days of the request, or provide a reasonable explanation for the delay. Failure to provide certification may result in the denial of leave. Within five (5) business days after the employee has submitted the completed certification, the Company will provide a written response to the leave request and certification.

If the employee does not provide medical certification in a timely manner to substantiate the need for family and medical leave, the Company may delay approval of the leave, or continuation thereof, until certification is received. If certification is never received, the leave may not be considered family and medical leave.

The Company is also entitled to seek a second or third opinion and require periodic recertifications. If an employee takes leave because of his/her own serious health condition, the Company may ask him/her to provide a fitness for duty report from the doctor before returning to work.

### Intermittent and Reduced Schedule Leave

Eligible employees may take FMLA/CFRA leave in a single block of time, intermittently (in separate blocks of time) or by reducing the normal work schedule when medically necessary for the serious health condition of the employee or immediate family member. Intermittent leave for birth of a child, to care for a newly born child or for placement of a child for adoption or foster

care generally must be taken in at least two-week increments under the CFRA, with shorter increments allowed on two occasions. Employees who require intermittent or reduced-schedule leave must try to schedule their leave so that it will not unduly disrupt the Company's operations

The Company may temporarily reassign an employee to a different position with equivalent pay and benefits to accommodate an intermittent or reduced leave schedule.

Reduced schedule leave is when FMLA leave is taken to reduce the workweek or workday.

If the employee seeks leave on an intermittent or reduced schedule basis, he/she must submit medical certification, as discussed above, including certification from a healthcare provider that the intermittent or reduced schedule leave is medically necessary. Also, if the leave is planned for medical treatment that will be taken on an intermittent basis, the employee is expected, whenever possible, to schedule the treatment so as to create minimum disruption to PharMerica. Employees are required to use any available PTO when taking intermittent time off. If PTO is not available to cover the leave, then time will be taken unpaid and the employee will not be penalized for the absence. PharMerica will follow applicable federal and state city/regional/municipal laws in reviewing and approving such leave requests.

#### Status of Benefits under FMLA

**Paid Time Off Benefit:** The employee will not earn/accrue PTO while on a leave of absence that is unpaid or for which the employee is receiving workers' compensation benefits or short-term disability (STD) pay. The employee will not be eligible for holiday pay while on leave.

**Medical, Dental, Life and Disability Coverage:** The employee's benefit coverage will continue as applicable to him/her under the group plans for the period of the approved FMLA leave (for a maximum of 12 work weeks, or 26 work weeks if the leave is to care for a covered servicemember). The employee is responsible for paying his/her portion of the applicable employee contribution, and must make arrangements for these payments during any unpaid leave. If the employee fails to pay his/her contribution while on leave, PharMerica has the option of terminating the employee's coverage or taking appropriate deductions from the employee's pay upon return to work. If the employee's benefits are terminated, he/she will be given an opportunity to continue his/her benefits coverage under COBRA.

#### Reinstatement Rights

Upon return from FMLA, the employee is entitled to his/her former position or an equivalent position with no loss in benefits that accrued prior to the leave of absence. Exceptions to this provision may apply if business circumstances have changed (e.g., if the position is no longer available due to job elimination/reduction in force). Exceptions may also apply for certain key employees under certain conditions. If an employee is a key employee, he/she will be notified of such status before he/she takes FMLA.

Failure to return to work following the end of the designated FMLA period will be considered a voluntary resignation unless the employee requests accommodations under ADA. If the employee does not return to work, unless for serious health reasons, he/she will be required to

repay the employer's share of his/her healthcare benefits paid during his/her FMLA and the Company may take legal action to recover such monies.

FMLA and its supporting regulations contain many definitions and guidance that are incorporated by reference herein.

### **9:7 Pregnancy Disability Leave (*California Employees Only*)**

The Company provides female employees who reside in California with job-protected unpaid leave, up to four months, for disabilities relating to pregnancy, childbirth or related medical conditions (meaning a physical or mental condition intrinsic to pregnancy or childbirth). For the purposes of leave under this policy, "four months" mean the number of days the employee would normally work within four calendar months (one-third of a year equaling 17 1/3 weeks), if the leave is taken continuously, following the date the pregnancy leave commences. Part-time employees are entitled to leave on a pro rata basis. This leave may run concurrently with FMLA.

The Company also provides reasonable accommodations, to the extent required by law, for conditions related to pregnancy, childbirth or related medical conditions. In addition, a transfer to a less strenuous or hazardous position or duties may be available pursuant to an employee's request, if such a transfer is medically advisable. Employees requesting a leave or reasonable accommodation should promptly notify Human Resources.

If intermittent leave or leave on a reduced work schedule is medically advisable the employee may, in some instances, be required to transfer temporarily to an available alternative position that meets the employee's needs. The alternative position need not consist of equivalent duties, but must have the equivalent rate of pay and benefits. The employee must be qualified for the position. The position must better accommodate the employee's leave requirements than her regular job. Transfer to an alternative position can include altering an existing job to better accommodate the employee's need for intermittent leave or a reduced work schedule. Leave does not need to be taken in one continuous period of time and may be taken intermittently, as needed. Leave may be taken in increments of a minute.

For more information regarding leave under this policy employees should contact their Human Resources representative.

#### **Eligibility**

All California employees who experience disabilities relating to pregnancy, childbirth or related medical conditions (meaning a physical or mental condition intrinsic to pregnancy or childbirth) may request leave or a reasonable accommodation under this policy. This includes leave for severe morning sickness and for prenatal care, doctor-ordered bed rest, as well as other reasons. Your healthcare provider determines how much time you need for your disability.

#### **Use of accrued paid leave**

Accrued paid sick leave must be used concurrently with leave taken under this policy. If State Disability Insurance (SDI) benefits have begun, the employee may choose to supplement those benefits with accrued paid sick leave. Paid sick leave and SDI benefits combined may not exceed 100% of regular pay.



Additionally, employees may choose to use accrued paid leave (such as vacation or paid time off), concurrently with some or all of the leave under this policy. To receive paid leave, eligible employees must comply with the Company's normal procedures for the applicable paid-leave policy (e.g., call-in procedures, advance notice). If SDI benefits are being paid, accrued paid leave and SDI payments combined may not exceed 100% of pay.

### **Maintenance of health benefits**

If employees and their families participate in the Company's group health plan, the Company will maintain coverage during leave under this policy on the same terms as if employees had continued to work. If applicable, employees must make arrangements to pay their shares of health plan premiums while on leave. In some instances, the Company may recover premiums it paid to maintain health coverage or other benefits for employees and their families. Use of leave under this policy will not result in the loss of any employment benefit that accrued prior to the start of leave under this policy. Employees should consult the applicable plan document for information regarding eligibility, coverage and benefits.

### **Procedures**

When seeking leave or a reasonable accommodation under this policy, an employee must provide their manager/supervisor with the following:

1. Employees who need to take pregnancy disability must inform their manager/supervisor when a leave is expected to begin and how long it will likely last. If the need for a leave, reasonable accommodation, or transfer is foreseeable (such as the expected birth of a child or a planned medical treatment for yourself), employees must provide at least 30 days advance notice before the pregnancy disability leave or transfer is to begin. Employees must consult with their manager/supervisor regarding the scheduling of any planned medical treatment or supervision in order to minimize disruption to the operations of the Company. Any such scheduling is subject to the approval of the employee's health care provider;
2. As soon as practicable and if possible prior to commencing leave, a statement from his or her health care provider supporting the request for leave or reasonable accommodation. The statement should confirm that the requested leave or reasonable accommodation is based on a pregnancy-related disability, and if the statement is provided in support of a leave request, the statement should include an anticipated start and end date. An employee must also supply periodic reports as deemed appropriate during the leave regarding the employee's status and intent to return to work.
3. Pregnancy leave usually begins when ordered by the employee's physician. The employee must provide PharMerica with a written certification from a health care provider for need of PDL, reasonable accommodation or transfer. The certification must be returned no later than 1 calendar days after it is requested by the Company. Failure to do so may, in some circumstances, delay PDL leave, reasonable accommodation or transfer. Please contact the human resources department for a medical certification form to give to your health provider.
4. Upon return from leave, medical certification of fitness for duty before returning to work. The Company will require this certification to address whether employees can perform the essential functions of their positions. For emergencies or events that are unforeseeable, we need you to

notify the Company, at least verbally, as soon as practical after you learn of the need for the leave. Failure to comply with the foregoing requirements may result in delay of leave, reasonable accommodation, transfer; or denial of leave, or disciplinary action, up to and including termination.

### **Employer responsibilities**

To the extent required by law, the Company will inform employees whether they are eligible for leave under this policy. Should employees be eligible for leave, the Company will provide eligible employees with a notice that specifies any additional information required, as well as their rights and responsibilities.

As detailed in the Family and Medical Leave Act (FMLA) Policy, the Company will also inform employees if leave will be designated as FMLA-protected and, to the extent possible, note the amount of leave counted against employees' leave entitlements. If employees are not eligible for FMLA leave, the Company will provide a reason for the ineligibility.

Additionally, the Company will engage in an interactive process with employees who request a reasonable accommodation under this policy.

### **Job restoration**

Upon returning from leave, employees will typically be restored to their original positions or to equivalent positions with equivalent pay, benefits, and other employment terms and conditions. An employee returning from a pregnancy disability leave has no greater right to reinstatement than if the employee had been continuously employed.

### **Failure to return after leave**

If an employee fails to return to work as scheduled after leave under this policy, or if an employee exceeds the leave entitlement, the employee will be subject to the Company's other applicable leave of absence, accommodation and attendance policies. This may result in termination if the employee has no other company-provided leave available to her that applies to the continued absence.

## **9:8 Bereavement Leave**

If you are a full-time employee and experience the death of an immediate family member, you are entitled to take bereavement leave of three (3) working days. This leave will be paid. If additional time is required due to travel or other circumstances, you may use PTO, if approved in advance by your manager/supervisor.

Bereavement Leave is prorated based on regularly scheduled hours to a maximum of 8 hours per day. For example, an employee who regularly works 30 hours a week would receive 6.0 bereavement leave.

Immediate family members include the following relationships: domestic partners, parents/children, grandparents/grandchildren, spouses, siblings and corresponding in-law or step family members, and any relative living in your household.

Upon requesting bereavement leave, your manager/supervisor may require documentation for approval.

## **9:9 Military Leave**

Our Company supports those who serve in the armed forces to protect our country and complies with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and with state military leave laws that provide employment protection and other rights to employees serving in the uniformed services.

PharMerica will grant an unpaid military leave of absence to employees performing service in the uniformed services, regardless of date of hire, for a period of up to five years of cumulative military service (longer under certain conditions). These leaves are unpaid.

You are eligible for military leave if you meet the following eligibility requirements:

- You must be a member of or entering a uniformed service protected by state or federal law
- You must be performing uniformed services duty; and
- You must provide either verbal or written notice of military service as far in advance of service as possible, unless giving notice is impossible or precluded by military necessity. Notice should be provided to your manager/supervisor.

You will be reinstated in your current or a comparable position upon returning from military service if:

- You have provided advance written or verbal notice of your service obligations (active duty or training)
- You have five years or less of cumulative service in the uniformed services while working for PharMerica
- You return to work or apply for re-employment in a timely manner; and
- You have not been separated from uniformed service with a disqualifying discharge or under other than honorable conditions.

Medical, dental, life and disability coverage as applicable under the Company's group plans, subject to your continuing contributions, will continue for up to 30 days. You may choose to elect to continue medical benefits for up to 24 months under terms similar to COBRA. You may use available PTO during military training or service.

## **9:10 Jury Duty and Court Appearances**

You will receive time off to comply with a court summons to serve as a juror or to comply with a legal subpoena to appear as a witness in a judicial proceeding representing PharMerica.

Full-time employees are eligible for jury pay not to exceed 8 hours per day (including night work schedules), 40 hours during any single work week and a total of 10 days in any 12-month period, unless otherwise required by state law.

You must inform your manager/supervisor within 48 hours of receiving your jury summons. If you are chosen to sit on a jury, you should inform your supervisor how long the trial is expected to last. Whenever possible, check in with your supervisor periodically during your jury service, so that the Company knows when to expect you back at work.

You are not paid for time off from work to appear in court as a witness pursuant to a subpoena or if you are a party to a lawsuit unless otherwise required by state law. PharMerica pays for time off from work to appear in court or as a witness on behalf of PharMerica.

## **SECTION 10 - EMPLOYEE JOB PERFORMANCE**

### **10:1 Your Job Performance**

Each and every employee at PharMerica contributes to the success or failure of our Company. If one employee allows his or her performance to decline, then all of us are negatively impacted. We expect everyone to perform to the highest level possible.

Poor job performance can lead to corrective action, up to and including separation from employment.

### **10:2 Annual Performance Appraisal**

PharMerica recognizes the importance of performance appraisal as a developmental tool to assess individual achievements versus performance goals/standards and to help determine salary, promotion and other employment decisions.

PharMerica uses a “common date appraisal system,” where all employees receive a performance appraisal during a common period (early in the first quarter of the year- January-March). Your performance is evaluated based on job related criteria and assessment is based on objective and documented data.

### **10:3 Compensation Reviews**

Your total compensation at PharMerica consists not only of the salary you are paid but also various benefits you are offered. Merit increases and/or salary adjustments may be, but are not necessarily, given in conjunction with annual performance appraisals. Any pay increase linked to merit or performance will be effective on the first day of a pay cycle. Your pay increase, if any, will depend upon several factors:

- Your performance rating for the period covered by the review.
- Your position in the salary range.
- The Company’s overall performance.

### **10:4 Promotional Increases**

You may be considered for an increase if you are promoted to a position evaluated at a higher-level position grade. Your promotional increase amount will depend upon your skills and experience, current salary, the length of time since your last merit increase, and the salary range of the new position grade.

### **10.5 Service Awards**

PharMerica is pleased to honor its full and part time employees by recognizing them with service awards. These awards are given after you have completed one (1) year of service, three (3) years of service and in five-year increments from your date of hire thereafter.

## **SECTION 11 - WORKPLACE BEHAVIOR**

### **11:1 Professional Behavior**

People who work together have an impact on each other's performance, productivity and personal satisfaction in their jobs. In addition, how we act toward clients and vendors will impact the overall success of our Company.

Because your conduct affects many more people than just yourself, we expect you to act in a professional and respectful manner whenever you are on Company property, conducting Company business or representing the Company at business or social functions.

### **11:2 Attendance and Timeliness**

In order to operate efficiently and meet the demands of our clients, all PharMerica employees must come to work as scheduled and be ready to work at the beginning of their assigned daily work hours. Please notify your manager/supervisor if you know you will be late or absent prior to the start of the workday, but no later than one (1) hour before your schedule or shift begins unless you are granted an authorized medical leave, in which case different notification procedures apply. In the rare instance when you are unable to call, it is very important that you have someone else contact your manager/supervisor. It is also your responsibility to inform your manager/supervisor if you will be away from your workstation for an extended period of time, and when you expect to return.

Excessive absenteeism, as determined by your immediate supervisor, reporting late or leaving early will result in corrective action up to and including separation from employment. Absence from work for two (2) consecutive days without notifying your supervisor will be considered a voluntary resignation.

If you are absent for three (3) or more days due to illness or injury, or where in management's opinion a pattern of attendance abuse exists, you may be required to provide a verification of your illness from your doctor. If you are absent for more than three days due to the same illness or injury, refer to section 9 for a leave of absence.

### **11:3 Workplace Neatness**

Neatness and good housekeeping are signs of efficiency. You are expected to keep your work area neat and orderly at all times.

Neatness is also a required safety precaution. If you spill a liquid, clean it up immediately. Do not leave tools, materials, or other objects on the floor, which may cause others to trip and fall. Keep aisles, stairways, exits, electrical panels, fire extinguishers, and doorways clear at all times. Please put all litter and recyclable materials in the appropriate receptacles and containers.

Please report anything that needs repairing or replacing to your manager/supervisor.

Managers at various Company facilities may establish additional housekeeping and/or decorating standards to maintain the professional appearance and safety of the facility.

#### **11:4 Manner of Dress**

At PharMerica, we feel that it is important to project a professional image to our clients, our vendors and our peers. Every employee is expected to report for work professionally dressed and groomed. Members of management are responsible for ensuring that their employees follow this policy.

Regardless of the guidelines below, clothing that is revealing or offensive, or that is worn in a revealing or offensive manner, is never appropriate. Tattoos that could be offensive must be covered and visible piercings should be kept to a minimum. Types of dress are:

Business attire includes:

Dress shirt and tie, slacks, pantsuit, dress, etc. Business attire is acceptable on any work day.

Business casual includes:

Slacks, dress shirts or blouses, sport coats, blazers & sweaters, dresses and skirts, etc.

In the corporate office and field office locations, employees are expected to wear business attire when meeting with clients. If not meeting with clients, business casual attire is permitted.

In the Pharmacies, the Pharmacy Director and the Pharmacy Operations Manager are expected to wear business attire when meeting with clients. If not meeting with clients, business casual attire is permitted.

For other pharmacy employees, the following is appropriate attire: (open toed shoes are not appropriate for production areas)

Pharmacists:	Lab Coats, Scrubs or Business Casual
Techs:	Scrubs or Business Casual
Office Workers:	Business Casual
Warehouse:	Business Casual

What not to wear: The following is a list of some items that are never appropriate for wear. This list is not all-inclusive:

Jeans, tight or constricting clothing, see-through apparel, tank or tube tops, muscle shirts, sweat suits, wind suits, any type of workout or beach wear, clothing exposing the midriff, overalls, mini-skirts, baseball caps and bandanas, flip flop or beach type foot wear.

If your supervisor/manager feels your attire and/or grooming is not appropriate, you may be asked to leave your workplace until corrected.

When wearing cologne, perfumes or lotions with a heavy scent, please take into consideration that fellow employees may have sensitivity to strong odors and wear these items in moderation.

## 11:5 Solicitations and Distributions

Solicitation for any cause or distribution of non-company literature during working time and in working areas is not permitted. This applies while either the person doing the soliciting or the person being solicited is on working time. You are also not permitted to sell chances or merchandise. Working time is defined as the portion of the working day in which the employee is performing job duties and does not include any lunch periods, break periods, or time before or after work.

Persons not employed by PharMerica are prohibited from soliciting or distributing literature on Company property and from being on PharMerica property, except as approved by PharMerica senior management.

## 11:6 Telephones and Cell Phones

The Company's telephone system is for business use only. Personal calls should be infrequent and brief in duration. Personal cell phone use is limited to breaks. Personal cell phones must be turned off or on vibrate while at work.

Cellular phones may be provided to employees who:

- Travel frequently.
- Have responsibilities that require them to be consistently out of their assigned work environment.
- Have 24-hour On-Call responsibilities.

Employees who misuse their Company cell phones are subject to corrective action up to and including separation from employment.

**Personal mobility** numbers ported to PharMerica will become the property of PharMerica and will remain with the Company when an employee separates employment, unless written approval is received from the user's executive management and HR approving the transfer and financial responsibility from PharMerica to the separated employee.

**Corporate-owned numbers** are the property of PharMerica and will remain with the Company when an employee separates employment, unless written approval is received from the user's executive management and HR approving the transfer and financial responsibility from PharMerica to the separated employee.

If you need a cell phone for Company use, you have the option of using your personal phone. If you choose to use your personal phone for Company use, you will need to sign a Personal Mobile Device Agreement and the Company will not be financially responsible.



## 11:7 Standards of Conduct

By accepting employment with us, you have a responsibility to PharMerica and to your fellow employees to adhere to certain rules of behavior and conduct. The purpose of these rules is not to restrict your rights, but rather to be certain that you understand what conduct is expected and necessary.

We expect each employee to act in a professional, respectful, mature and responsible way at all times. Unacceptable activities are those actions and behaviors where dishonesty, a breach of personal integrity or professionalism, or other willful acts of a threatening, unsafe, unlawful, immoral or illegal nature have taken place.

The following list is not inclusive, but contains examples of actions which, if you engage in, may result in separation from employment, depending upon the severity of the action:

- Violating PharMerica's policies, including but not limited to conflict of interest, harassment, discrimination, violence prevention, drug-free workplace, confidentiality, criminal conviction, computer, internet and email, and PharMerica's Code of Conduct.
- Being intoxicated or under the influence of a controlled substance while at work. Possession or use of alcohol or a controlled substance in any quantity while on Company premises, except medications prescribed by a physician which do not impair work performance.
- Aggressive, threatening, antagonistic, obscene or abusive language/conduct toward any manager/supervisor, employee, client or vendor. Physical assault or battery or attempting to provoke a fight on Company premises or while performing job responsibilities.
- Possession of weapons on Company premises or while performing job responsibilities.
- Theft or unauthorized possession of Company property or the property of fellow employees; unauthorized possession or removal of any Company property, including any drugs or documents from the premises without prior permission from management; unauthorized use of Company equipment or property for personal reasons; using Company equipment for profit.
- Sabotage, intentional misuse, destruction or breaking of Company tools, machines, products, or property of another employee.
- Dishonesty, falsification, misrepresentation or alteration of personnel and/or any Company records.
- Disclosure of confidential or proprietary PharMerica information to competitors or other organizations or to unauthorized PharMerica employees; working for a competing

business while a PharMerica employee and/or breach of confidentiality of Human Resource information.

- Improper or excessive use of Company telephone for personal calls; misuse of the Company email system or Internet, including the sharing of passwords.
- Tobacco use, including smokeless tobacco, electronic or other artificial cigarettes, in restricted areas or at non-designated times, as specified by Company policy.
- Failure to use timesheet or alteration of timesheet or records of attendance documents, punching of or altering another employee's timesheet or records.
- Sleeping during working hours on Company premises or in performance of job responsibilities.
- Refusing to obey instructions properly issued by management pertaining to your work; refusal to help out on a special assignment.
- Accepting money or gifts from clients, visitors or those doing business with PharMerica of more than a nominal value, or any item if it is intended to influence your actions or decisions.
- Engaging in horseplay, destructive practical jokes or other dangerous acts.
- Engaging in inappropriate or unprofessional personal relationships with clients, visitors, co-workers or those doing business with PharMerica.
- Failing to report for scheduled work for two (2) consecutive days without calling the facility in advance ("no call/no show").
- Any action that is not consistent with your applicable license registration, certification or other state requirements.
- Requesting, using, accepting medications that are intended for clients.
- Violation of security or safety rules or failure to observe safety rules or PharMerica safety practices; failure to wear required safety equipment; tampering with PharMerica equipment or safety equipment.
- Posting, removing or altering notices on any bulletin board on Company property without the permission of Human Resources or authorized personnel.

### **11:8 Coaching, Feedback and Corrective Action**

One of the most important responsibilities of managers/supervisors at PharMerica is to coach and motivate employees to better job performance. Communication and feedback between

managers/supervisors and employees is a critical element of the coaching process. You must always know where you stand in the organization – what you are doing well and what you could improve. It is the manager's/supervisor's responsibility to establish standards of job performance, to inform you of these performance expectations and to coach and to promptly bring to your attention any unsatisfactory performance. It is your responsibility, if you feel you are not receiving coaching and feedback, to discuss this issue with your manager/ supervisor or with your Human Resource Representative.

Specifically, PharMerica addresses conduct and work performance issues by focusing on performance improvement, whenever possible. Except for cases of gross or serious misconduct, which may result in immediate separation from employment, PharMerica usually takes a performance improvement and progressive corrective action approach. Corrective actions will be taken consistent with the seriousness of the conduct or work performance issues.

These steps are guidelines only. Your manager/supervisor will use his or her discretion in addressing conduct or work performance issues and may utilize only some of the steps in this policy depending upon the situation.

Coaching: In a coaching session, your manager/supervisor will provide guidance and instruction on tasks, procedures or situations you encounter in your daily work. The purpose of the session is to enhance your skill and knowledge and to help you become more comfortable and confident in your work. It is your opportunity to show initiative and take responsibility for improving your performance or the quality of your work environment.

Verbal Counseling: Counseling is used to call your attention to performance deficiencies or unacceptable work conduct. Your supervisor will identify the issues and describe the impact your performance or conduct has on your department or team results or success. Your manager/supervisor will review conduct or performance expectations, advise you on the consequences if the problem continues, provide guidance and discuss ideas for improvement with you.

Written Warning(s): You may receive a written warning if your conduct or performance does not improve after counseling or is seriously deficient or unacceptable. Your manager/supervisor will discuss with you the performance deficiencies he or she has observed, review conduct or performance expectations, advise you on the consequences if the problem continues and ask you to commit to immediate improvement.

As part of coaching, counseling or warnings, you and your manager/supervisor may develop action plans. All written warnings and action plans will be documented, with approval/assistance from Human Resources, and placed in your personnel file. You may also provide a written response that will be placed in your personnel file.

Suspension Pending Investigation: There may be times when suspension is necessary in order to conduct an investigation. This is not a disciplinary suspension. It means that serious allegations have been reported, and that further investigation is necessary before a decision can be made regarding what, if any, action to take. If no policy violation is found, or if a policy

violation occurred which does not warrant a disciplinary suspension, you will be reinstated with pay for the workdays missed during the suspension.

Separation from Employment: Your employment from PharMerica may be separated if your conduct or performance does not improve after you are given a written warning and action plan, or if your conduct or performance is very seriously deficient or unacceptable.

### **11:9 Media and Investor Relations**

In order to ensure that the Company has timely, accurate and consistent communications with the media, PharMerica has designated the Chief Financial Officer to act as our Company spokesperson. No employees are to grant media interviews, respond to media questions or verify information related to PharMerica business to the media, on the Company's behalf. If you are contacted to speak on behalf of the Company, you should refrain from responding with "no comment" but instead should politely and professionally state, "PharMerica's Chief Financial Officer should be able to assist you."

### **11:10 Diversity of Language in Our Business**

PharMerica is an organization with a diverse workforce made up of employees from a wide variety of ethnic and cultural backgrounds. PharMerica encourages and promotes diversity and inclusiveness in the workforce. There are no restrictions on employees speaking in their native language or any language, except when safety, customer service, or the work environment could be adversely affected. Because our business is the safe, accurate and timely dispensing of pharmaceutical products, the following are instances when English must be used:

- English will be used when interacting with customers unless the customer has expressed another preference to Company management.
- In our pharmacies, all task directions and work directives will be provided in English and, while employees are engaged in work-related efforts or on project teams, they will be expected to communicate in English.
- Communications using Company email will be in English.

Employees having concerns or questions regarding this policy should address them with their immediate supervisor or Human Resources for resolution. PharMerica remains committed to the expression of its diversity efforts, which include the use of languages other than English, but realizes that specific business operational requirements necessitate that communication be clear, concise and distinct. Thus, in meeting these operational requirements, the use of English will be required.

## **SECTION 12 - HEALTH AND SAFETY**

### **12:1 General Employee Safety**

PharMerica is committed to the safety and health of all employees and recognizes the need to comply with regulations governing injury and accident prevention and employee safety. Maintaining a safe work environment, however, requires continuous cooperation.

### **12:2 Reporting Safety Issues**

All accidents, injuries, potential safety hazards, safety suggestions and health and safety related issues must be reported immediately to your manager/supervisor. If you or another employee are injured, you must seek first aid for all injuries and immediately report it to your manager/supervisor. If your supervisor is not available, you should contact Human Resources.

Even if an injury does not require medical attention, you still must report the situation in writing via the appropriate reporting form in case medical treatment is later needed and to ensure that any existing safety hazards are corrected.

Additionally, all employees must:

1. Report to supervisors any unsafe conditions, equipment or practices;
2. Use safety equipment at all times;
3. Exercise maximum care and report to supervisors instances where other employees are not operating in a safe manner; and
4. Notify their supervisors before beginning their workday of any medication they are taking that may cause drowsiness or other side effects that could lead to injure them or their co-workers.

Federal law requires we keep records of all illnesses and accidents which occur during the course of employment. Workers' Compensation law also requires that you report any workplace illness or injury, no matter how slight. If you fail to report an injury, you may jeopardize your right to collect Workers' Compensation payments as well as health benefits. Refer to Workers' Compensation Insurance Policy 8:4 in this Handbook.

### **12.3 Property and Equipment Care**

It is your responsibility to understand the machines needed to perform your duties. Good care of any machine that you use during the course of your employment, as well as the conservative use of supplies, will benefit you and the Company. If you find that a machine is not working properly or in any way appears unsafe, please notify your supervisor immediately so that repairs or adjustments may be made. Under no circumstances should you start or operate a machine you do not think is safe, nor should you adjust or modify the safeguards provided. Do not attempt to use any machine or equipment you do not know how to operate, or if you have not completed training on the proper use of the machine or equipment.

## **12:4 Company Premises and Property**

You are responsible for using Company property, premises and resources for authorized business purposes only and for protecting them to the extent possible, from misuse by others, loss, theft or damage.

“Company Premises” includes, but is not limited to offices, work locations, break rooms, halls, common areas, kitchens, closets, lockers, out buildings, parking lots, grounds or locations of PharMerica operations of any kind, and any vehicle being used for PharMerica business.

“Company Property” includes but is not limited to, all owned leased or rented equipment, hardware, software, computers, electronic codes, email, medical devices, furniture, furnishings, business machines, maintenance equipment, supplies, food, keys, identification badges, name tags, credit cards, building access cards, policy and procedure manuals, training manuals, books, documents, records, handbooks, buildings or vehicles.

To protect the health, welfare and property of employees and the Company, as well as to ensure business is being conducted properly, PharMerica reserves the right to conduct inspections of Company property or premises. PharMerica is not responsible for anything destroyed, lost or stolen from your locker, desk, cabinets or other storage containers or areas on Company premises. Refer to Search Policy 13:1 for additional information.

PharMerica leases many of our properties and as a result all employees and visitors are required to follow the landlord’s building and property rules and regulations. If you have questions regarding these rules and regulations please contact your manager/supervisor or the Facilities Department.

## **12:5 Entering and Leaving Premises**

At the time you are hired, you will be advised about the proper entrances and exits for our employees, as well as unauthorized areas, if any. Our Company prohibits unescorted or unauthorized visitors in our facilities. If you are expecting visitors, such as clients, clients or friends, please notify the appropriate personnel, arrange for a “visitor’s pass” and be prepared to escort your guests. You are expected to abide by these rules at all times.

## **12:6 Preventing Violence in the Workplace**

It is the policy of PharMerica to maintain a work environment free from abusive, intimidating, threatening, and violent acts by individuals. This includes, but is not limited to, abusive, intimidating, threatening or hostile behavior, physical abuse, vandalism, arson, sabotage, use of weapons, and carrying weapons of any kind onto PharMerica property. The term “weapon” is construed broadly and inclusively to safeguard employees and others and includes, but is not limited to, handguns, firearms, knives or other prohibited weapons of any kind regardless of whether the person is licensed to carry the weapon or not.

The only exception to this policy will be police officers, security guards or other persons who have been given written consent by PharMerica to carry a weapon on property.

PharMerica's prohibition against threats and acts of violence applies to all persons involved in the Company's operation, including but not limited to, full and part-time employees, contract and temporary workers and anyone else on PharMerica's property. Violations of this policy by any individual on PharMerica's property will lead to corrective action, up to and including separation from employment and/or legal action as appropriate.

You are encouraged to report incidents of threats or acts of physical violence to your manager/supervisor and Human Resources. Complaints will be investigated in a fair and confidential manner. If there is thought to be an imminent and/or serious threat to the safety and health of others and no other senior management personnel is available, you should contact the proper law enforcement authorities.

PharMerica prohibits any form of retaliation against an employee for reporting a possible violation of the Company's Violence Prevention Policy.

### **12:7 Severe Weather**

It is likely we will experience some type of severe weather throughout the year that will make coming to work more difficult than normal. Due to the critical nature of our pharmacy services and the clients and patients we serve, it is imperative that the Company continue to operate in spite of severe weather conditions. Barring unusual emergencies, it is PharMerica's intention to keep all departments open and operating during all normally scheduled working days and hours. As such, employees are asked to report for duty as scheduled, keeping in mind that they are expected to act in a way that protects their own safety while meeting the needs of our patients and customers.

If roads and/or streets are not closed and travel to and from work is possible, employees will be expected to report for duty as scheduled. In most instances, preparing ahead of time and leaving for work earlier may be necessary to safely arrive at work on time. If the employee's facility is closed due to severe weather conditions, the employee will be instructed by local management as to where to report for work under the facility's emergency preparedness plan.

If conditions are such that they may impede travel somewhat, employees must notify their supervisor that they are reporting to work, but may be late due to weather conditions.

If employees work in a pharmacy location where travel is not possible, they are asked to contact their supervisor about possible alternative transportation. At Management's discretion, alternate transportation and lodging may be provided. If alternate transportation and lodging is offered, but the employee still refuses to come into work, he/she may be subject to disciplinary action in accordance with Company policy and/or the revised local Attendance Policy. If employees are not able to report to work, they must follow the normal "call-in" procedures to report their absence in a timely manner.

Due to the nature of the work, non-exempt/hourly employees may not work from home during

inclement weather. Additionally, non-exempt/hourly employees are not paid for work hours missed due to inclement weather, except when they report for work and are subsequently sent home that day. In those cases, non-exempt employees will be paid for the day as if they had worked their entire shift. Where employees are not paid for time missed, such time missed can be made up within the same work week if it can be arranged; however, such arrangements are at the Company's option.

For all employees, missed hours due to inclement weather must be taken as Paid Time Off (PTO) if available, although Attendance Policy occurrences will still apply.

### **12:8 Company Identifications Badges**

In states that require it, all employees must wear identification badges when on Company premises.

### **12:9 Fire Prevention**

It is important that you know the location(s) of the fire extinguisher(s) and alarms in your area and that you make sure they are kept clear at all times. Notify your manager/supervisor if an extinguisher is used or if the seal is broken. Keep in mind that extinguishers that are rated ABC can be used for paper, wood or electrical fires. Make sure all flammable liquids, such as alcohol, are stored in approved and appropriately labeled safety cans and are not exposed to any ignition source.

### **12:10 Security**

Maintaining the security of PharMerica buildings and vehicles is everyone's responsibility. Develop habits that ensure security as a matter of course. For example:

- Always keep cash properly secured. If you are aware that cash is insecurely stored, immediately inform the person responsible.
- When you leave PharMerica's premises make sure that all entrances are properly locked and secured.
- Report any suspicious behaviors or potential security risks to management.
- Escort all non-PharMerica employees throughout the building.
- Employees or visitors without their photo ID, where required, must check in at the Security desk or other designated areas.

### **12:11 Tobacco Use**

The use of tobacco, including smokeless tobacco, electronic or other artificial cigarettes, is not permitted in PharMerica work locations. The leadership at each location may choose to designate an area outside of the building where employees may use tobacco



products. Designated areas should be at least 25 yards from entrances to the building. Employees who elect to use these products should do so only while on approved breaks. The use of tobacco products in other than designated areas, or other violations of this policy, will result in corrective action that may include separation from employment. Please remember to conform to our clients' smoking policies when working at a clients' site.

#### **12:12 Disease Prevention (Infectious Diseases and Life Threatening Illness)**

PharMerica observes applicable federal, state and local health standards and guidelines concerning employees with infectious diseases. If you have direct contact with patients you must complete a baseline TB screening test after you have accepted an offer of employment and prior to beginning work. Applicable employees will also be screened for TB annually or periodically based on the level of exposure.

## **SECTION 13 - EMPLOYEE PRIVACY**

### **13:1 Searches**

The Company reserves the right, at all times, to conduct without prior notice, searches and inspections of your work area and/or PharMerica provided materials. Examples include, but are not limited to, lockers, boxes, desks, computer files, file cabinets and Company vehicles. It should be noted that all offices, desks, closets, files and lockers, etc. are the property of PharMerica and are for your use only during the period of your employment. You should have no expectation of privacy in your use of Company property, premises or resources.

### **13:2 Telephone Monitoring**

PharMerica reserves the right to monitor business-related telephone calls for training and customer service purposes, except where prohibited by law. You agree by virtue of employment with PharMerica that you authorize the monitoring of your business-related calls by your supervisor or a designee.

### **13:3 HIPAA**

HIPAA refers to the Health Insurance Portability and Accountability Act. One of the provisions of HIPAA pertains to the use or disclosure of protected health information, commonly referred to as "PHI." Protected Health Information is information that can be used to identify an individual and/or relates to an individual's health status, health care or payment for health care. Protected health information does not include employment records.

You will learn more about HIPAA privacy rules and their impact on PharMerica in New Hire Orientation. Questions regarding HIPAA should be directed to the Legal Department.

## **SECTION 14 - COMPUTERS, EMAIL AND THE INTERNET**

### **14:1 Email**

PharMerica provides many of its employees with computer equipment, which may include an Internet connection and access to an electronic communications system, to enable them to perform their jobs successfully.

#### Use of the Email System

The email system is intended for official Company business. The use of the electronic mail system may not be used to solicit for commercial ventures, religious or political causes, outside organizations, or other non-work solicitations. In addition, the electronic mail system may not be used to send (upload) or receive (download) copyrighted materials, trade secrets, proprietary financial information or similar materials. Personal messages through the Company's emails system should also be held to a minimum. You should use discretion as to the number and type of messages you send. As a general guideline, confidential, proprietary or sensitive legal or financial matters should be communicated via telephone or in person, and NOT by email. Any employee who abuses this privilege may be subject to corrective action up to and including separation from employment.

#### Email is Not Private

Email messages sent using Company communications equipment are the property of the Company. We reserve the right to access, monitor, read and/or copy email messages at any time, for any reason. You should not expect that any email message you send using Company equipment – including messages you consider to be, or label as, personal – will be private.

#### Email Rules

All of our policies and rules of conduct apply to the use of the email system. This means, for example, that you may not use the email system to send harassing or discriminatory messages, including messages with explicit sexual content or pornographic images; to send threatening messages; or to solicit others to purchase items for non-company purposes.

We expect you to exercise discretion in using electronic communications equipment. When you send email using the Company's communication equipment, you are representing the Company. Make sure that your messages are professional and appropriate in tone and content. Remember, although email may seem like a private conversation, email can be printed, saved and forwarded to unintended recipients.

PharMerica email is used for business communications. Slogans or signatures that promote political, religious, or other ideals, or that contain "humor" could offend a customer, vendor or co-worker, and cannot be used on PharMerica email. It may not seem offensive to you, but perception is in the eye of the reader. Use only slogans or signatures that pertain to our business or promote PharMerica.

## **14:2 Using the Internet**

Our network and Internet access are for official Company business only. If you engage in excessive Internet use, even during non-work hours, or violate any other provision of this policy you may be subject to corrective action up to and including separation from employment.

### Prohibited Uses of the Internet

You may not, at any time, access the Internet using Company equipment or links for the following purposes:

- To visit websites that feature pornography, violent images, or are otherwise inappropriate in the workplace.
- To engage in a non-company related profit activity such as operating an outside business and/or soliciting money for personal purposes.
- To engage in illegal purposes or in support of illegal purposes such as gambling.
- To use “Instant Message” programs.
- To download files or software from the Internet, without prior approval from your manager/supervisor or IT.
- To read, open or download any file from the Internet, without first screening that file for viruses using the Company’s virus detection software.

### Internet Use is Not Private

We reserve the right to monitor your use of the Internet at any time, to ensure compliance with this policy. You should not expect that your use of the Internet – including but not limited to the sites you visit, the amount of time you spend online and the communications you have – will be private.

## **14:3 Computer Software (Unauthorized Copying)**

PharMerica does not condone the illegal duplication of software. The copyright law is clear. The copyright holder is given certain exclusive rights, including the rights to make and distribute copies. Title 17 of the U.S. Codes states that “it is illegal to make or distribute copies of copyrighted material without authorization.” (Section 106) The only exception is the users’ right to make a backup copy for archival purpose. (Section 117) Unauthorized duplication of software is a federal crime. Penalties include substantial fines and jail terms.

For this reason, PharMerica follows certain rules related to software. These include the following:

- With regard to use on local area networks or on multiple machines, you should use the software only in accordance with the software publisher's license agreement.
- Notify your manager/supervisor or the Legal Department immediately if you learn of any misuse of software or related documentation within the Company
- If you make, acquire or use unauthorized copies of computer software for either business or personal use you will be subject to corrective action, up to and including separation from employment.

#### **14:4 Password Management**

You should always keep your user ID's and passwords confidential. Under no circumstances should you share or disclose your account and password information with anyone else. Sharing or disclosing account information may lead to corrective action against all parties involved. Passwords should also not be written down unless they are properly protected or encrypted. If you feel your password has been compromised you should notify your manager/supervisor immediately.

#### **14:5 Virus Protection**

You must always run the Company-provided virus detection software on your Company-provided workstations, laptop computers and computer servers. If infection by a computer virus is suspected, you should immediately stop using the involved computer and call the Help Desk to report the incident. Do not attempt to eradicate the computer virus yourself.

#### **14:6 Social Networking**

PharMerica takes no position on your participation during non-work time in interactive discussions or sharing of information on particular topics using a wide variety of social media, such as Facebook, Twitter, blogs and wikis. However, it is the right and duty of the Company to protect itself from unauthorized disclosure of confidential and proprietary information.

Employees must comply with PharMerica's policies on confidentiality and the disclosure of trade secrets or other proprietary information. Such information may include Company processes, systems, products, know-how, financial information and strategic business plans. Employees are prohibited from disclosing proprietary and nonpublic information to which employees have access. PharMerica respects its employees Section 7 rights to discuss their terms and conditions of employment, and nothing in this policy or this handbook is intended to restrict these rights.

Employees cannot use blogs or social networking sites to harass, threaten, or discriminate against employees or anyone associated with or doing business with PharMerica. Additionally, employees cannot post disparaging comments about clients that would jeopardize the Company's relationship with them.

No employee, unless specifically selected, is authorized to speak on behalf of PharMerica. PharMerica has designated the Chief Financial Officer to act as our Company spokesperson.

When using social networking sites, employees must use a personal email address and not their PharMerica email address as a primary means of identification. If you choose to identify yourself as a PharMerica employee, please understand that some readers may view you as a spokesperson for PharMerica. Because of this possibility, we ask that you include a clear disclaimer that your views expressed in your blog or social networking area are your own and not those of the Company, nor of any person or organization affiliated or doing business with PharMerica.

PharMerica reserves the right to monitor comments or discussions about the Company, its employees, clients and the industry, including products and competitors, posted on the Internet by anyone, including employees and non-employees. Violation of the Company's social networking policy will result in disciplinary action up to and including immediate termination. Discipline or termination will be determined based on the nature and factors of any blog or social networking post. PharMerica reserves the right to take legal action where necessary against employees who engage in prohibited or unlawful conduct.

## **SECTION 15 - EMPLOYEE RECORDS**

### **15:1 Personnel Files**

This Company maintains a personnel file for each employee. The purpose of this file is to allow us to make decisions and take actions that are personally important to you, including notifying your family in an emergency, calculating income tax deductions and withholding and paying for appropriate insurance coverage. Although we cannot list here all of the types of documents that we keep in your personnel file, examples include: forms that you filled out on the first day of work, records of changes in salary or promotion, performance appraisals, written warnings, records of training, Handbook acknowledgement page, confidentiality agreements, etc.

### **15:2 Please Notify Us If Your Information Changes**

Keeping your file up-to-date can be important to you with regard to pay, deductions, benefits and other matters. If you have a change in any of the items listed below, please notify your manager/supervisor and Human Resources within thirty-one (31) days whenever possible:

- Legal name – this will require a social security card under your new name
- Home address
- Home telephone number
- Person to call in case of emergency
- Number of dependents
- Marital status
- Change of beneficiary
- Driving record or status of driver's license, if job related
- Military or draft status
- Exemptions on your W-4 tax form
- Training certificates
- Professional license

### **15:3 Access to Personnel Files**

If you wish to review your personnel file you should make a written request to do so. Human Resources, or its site designee, will make every effort to make arrangements within 24 to 48 hours of receipt of your request. The review of your personnel file will take place at a location and time designated by Human Resources or its representative. A Company representative will be present at the time you review your file. Your supervisor/manager will be informed of your request to review your file.

### **15:4 Medical Records**

Any personal medical records will be kept in a separate confidential file. This file contains medical records information, benefit enrollment, leave of absence, and work restriction and limitations.

## **SECTION 16 - DRUGS AND ALCOHOL**

### **16:1 Drug-Free Workplace**

PharMerica has a responsibility to protect its employees, clients and the general public from the dangers posed by the unlawful possession and use of controlled substances and alcohol in the workplace or in the performance of job responsibilities.

While employed by PharMerica, you are prohibited from:

- The unlawful manufacture, possession, use or distribution of drugs or alcohol on PharMerica property.
- Being under the influence of an illegal drug while at work and performing job duties or having any detectable level of illegal drug in your system while at work.
- Being under the influence of alcohol while performing job responsibilities.

The legal use of prescribed drugs is permitted on the job. However, such use should not impair your ability to effectively perform the essential functions of your job, nor should fellow employees be placed at unnecessary risk. It is your responsibility to notify your manager/supervisor before you begin working if you are taking any prescription drug that may affect your work performance.

With the recent changes in some state laws regarding the use of “recreational” marijuana, it is important that you, as an employee, understand PharMerica’s position in this matter. The PharMerica Drug Free Workplace Policy was developed to ensure that we are making every effort to protect the health and safety of our patients and our employees.

Because marijuana is still an illegal drug under federal law, it will continue to be considered an illegal drug in our Drug Free Workplace policy and in our pre-employment, random and suspicion drug screening process. Possession of illegal drugs, including marijuana, at the work site or a positive test result for an illegal drug, including marijuana, will result in separation from employment.

If you have any questions regarding this matter, contact your Human Resources representative.

In addition, as a condition of employment you are expected to abide by this Drug-Free Workplace policy and report to PharMerica, in writing, any conviction related to a violation of a criminal drug statute no later than five calendar days after such conviction. If you have such a conviction, PharMerica must respond with appropriate disciplinary action, up to and including separation from employment.

### **16:2 Testing for Illegal Drugs and/or Alcohol**



In order to ensure a safe environment for our clients and our employees, PharMerica will, where permitted by state or local law, require you to undergo appropriate tests designed to detect the presence of alcohol, illegal drugs and other controlled substances in the following situations:

- Pre-Employment Testing. All successful applicants for employment must take a pre-employment drug test after a conditional offer of employment is given and accepted and prior to beginning their position with PharMerica. Applicants whose drug test indicate the presence of illegal drugs, or the presence of a prescribed drug for which the applicant cannot provide a valid doctor's prescription, or when the sample has been adulterated or classified as diluted, will not be hired.

Former employees returning from a break in service exceeding three months may be required to pass a drug/alcohol test. Any employees returning to work after completion of a rehabilitation program may be required to pass a drug test, as well as periodic tests thereafter.

- Reasonable Suspicion Testing. Any employee who displays reasonably suspicious behavior that is deemed by management to be possibly indicative of illegal drug use or alcohol or prescription drug abuse, must submit to a drug test when asked by management. If the drug test reveals the presence of an illegal drug or of non-prescribed prescription drugs or alcohol, the employee will be subject to discipline up to and including separation from employment. If the drug test does not reveal the presence of illegal drugs, alcohol or prescription drugs, the employee will be paid for his/her normally scheduled hours. In the event a pharmacy discovers missing medication, the facility may test the employee(s) who had access to the medication.
- Random Drug Testing. PharMerica reserves the rights to have you submit to a random drug test any time while you are employed by the Company in accordance with state law. If your drug test indicates a presence of illegal drugs, or a medication for which you do not have a prescription you will be subject to discipline up to and including separation from employment. As with drug testing for reasonable suspicion, if the test proves to be negative, you will be paid for your normally scheduled hours.
- Post-Accident or Post-Incident Testing. The Company also reserves the right to request a test for drugs and alcohol if you are involved in any accident or incident (including, but not limited to, Company vehicle accidents) in the course of work.

Drug testing is treated confidentially by management. Unless otherwise prohibited by law, any employee who refuses to comply with a request to submit to a drug test will be immediately suspended and subsequently separated from employment.

## **16:3 Background Check**

### **A. Objective**

This policy establishes procedures for conducting background checks of applicants who are made a conditional job offer and existing employees. This policy lists the types of background checks conducted and criminal convictions that are considered disqualifiers, or potential disqualifiers, from employment with PharMerica Corporation (“PharMerica” or the “Company”).

## **B. Basis for Policy**

PharMerica believes that conducting targeted background checks is important to ensure existing and potential employees are meeting the minimum expectations of employment eligibility. . Background checks provide data regarding an individual that may not be available during the interview process or through continued employment.

## **C. Policy**

Before any candidate can be hired by PharMerica, the candidate must have completed an application and signed a separate Fair Credit Reporting Act agreement release (“FCRA Release”) authorizing the Company to conduct background checks. A candidate must consent to a background check as a condition of employment. Background checks will only be performed after a conditional offer of employment is made. The following background checks will be conducted:

1. Employment Eligibility. Employment eligibility to work in the United States will be conducted once the employee has started work. If eligibility is not verified, the job offer will be rescinded.
2. Criminal Conviction History. Criminal conviction history for both felony and misdemeanors will be checked using a background check vendor. These results will be used to verify accuracy of information provided by the candidate on his/her application and/or resume, and ensure no disqualifying convictions, or potentially disqualifying convictions, have occurred. See section E for more information on disqualifying and potentially disqualifying criminal history convictions. The same criteria regarding criminal records for applicants will apply to current employees. If after hire and during employment, the Company learns an employee may have a disqualifying conviction, a criminal record review can be conducted pursuant to this policy. Current employees should notify Human Resources of any arrests or pending charges as soon as they are made aware of such charges existing. The Company reserves the right to determine if discipline, up to and including termination, is appropriate under the circumstances.
3. Employment Verification. Typically, the last employer is verified for all exempt and non-exempt positions. If the last employment was less than six months in duration, the second to last employer may be verified as well. . In addition, the Company may conduct personal and professional reference checks in-house.

## **D. Procedures**

1. Verify the applicant has completed an application and signed a separate, stand-alone FCRA Release authorizing the Company to conduct background checks.
2. Job offers must be made contingent on a satisfactory background check.
3. No applicant may be added to payroll or begin employment until the background check is successfully completed unless authorized in writing by Human Resources.
4. Any convictions disclosed on the application are reviewed by Human Resources to determine if any disqualify or potentially disqualify the applicant based on the Hiring Guidelines listed in Section E below.
5. Once an offer is made and FCRA Release is completed, Human Resources may apply the following process:
  - a. Verify prior employment.
  - b. Obtain a criminal history for any county and federal district in which the applicant has lived, worked or attended school in the last seven years.
  - c. Review the criminal record data against the Hiring Guidelines, and identify whether the applicant “meets criteria,” “must supply additional information,” or “does not meet criteria.” Alternatively, the Company may provide a third-party vendor with the Hiring Guidelines and have the third-party vendor review the data applying these procedures.
6. The background check process should be considered and treated as highly confidential and should generally not be disclosed outside of Human Resources and executives. Managers and supervisors may be informed whether an applicant passed the background check, but generally should not be provided any additional details except on a need-to-know basis.
7. Background check records should be maintained by Human Resources in the personnel file, in addition these records will be retained by our third-party vendor responsible for conducting background checks.

## **E. Hiring Guidelines**

1. Misrepresentation. Any false or misleading information on the application, provided at any time during the hiring process, or during employment will be grounds for rescinding the job offer and/or termination of employment.
2. Disqualifying Criminal Records.
  - a. Felony Convictions. Individuals with federal or state felony convictions within the last **seven** (7) years for any of the following crimes will not be eligible for employment:

- i. Violent or sexual offenses against or involving people.
    - ii. Theft, fraud or misrepresentation.
  - b. Misdemeanor Convictions.** Individuals with federal or state misdemeanor convictions within the last **three** (3) years for any of the following crimes will not be eligible for employment:
    - i. Violent or sexual offenses against or involving people.
    - ii. Theft, fraud or misrepresentation.
  - c. Drug and Alcohol Offenses.**
    - i. Felony Drug Offense. If the individual has one or more felony drug convictions in the past ten years, they will not be eligible for employment.
    - ii. Misdemeanor Drug Offense. If the individual has one or more misdemeanor drug convictions in the past five years, they will not be eligible for employment.
    - iii. Felony Alcohol Offense. If the individual has a felony alcohol conviction in the past five years, they will not be Eligible for employment.
    - iv. Misdemeanor Alcohol Offense. A single alcohol misdemeanor conviction in the last two years will not disqualify an applicant if the applicant provides proof of completion from a certified substance abuse program (“SAP”) following the offense.
    - v. Multiple Offenses. If the applicant has two or more federal or state misdemeanor convictions for any drug-related crime, operating a motor vehicle under the influence of alcohol (DUI/DWI related offenses) or other drug/alcohol-related offenses involving up to two separate incidents in the past ten years, the individual will not be eligible for employment.
  - d. Terrorist Activity Convictions.** Individuals with federal or state, felony or misdemeanor convictions for terrorist activity will not be eligible for employment.
  - e. Multiple Offenses.** If the individual has a record of three or more convictions of any type of crime, whether felony and/or misdemeanor, in the last **five** years involving two or more separate incidents, the individual will not be eligible for employment.
- 3. Potentially Disqualifying Criminal Records – Individualized Assessment.**
- a.** Individuals with a record of any of the following criminal convictions will undergo an individualized assessment:
    - i. a felony conviction of murder (including murder, manslaughter or felony murder) older than 7 years;

- ii. a felony conviction for a violent or sexual offense or theft, fraud or misrepresentation older than 7 years old;
  - iii. a misdemeanor conviction for a violent or sexual offense or a theft, fraud or misrepresentation offense between 3 and 7 years old;
  - iv. a felony drug offense between 10 and 15 years old; or
  - v. a felony alcohol offense between 5 and 10 years old.
- b.** The Company will inform the individual in writing that he/she may be excluded because of criminal conduct.
- c.** The Company will allow the individual three business days to provide additional information to the Company to demonstrate that he/she should not be excluded from employment due to the conviction. Failure to provide the information requested within the requested timeframe shall disqualify the individual from employment.
- d.** Additional information the Company may request and consider includes:
- i. Information that the individual was not correctly identified in the criminal record, or that the record is otherwise inaccurate;
  - ii. The facts or circumstances surrounding the offense or conduct;
  - iii. The number of offenses for which the individual was convicted;
  - iv. Older age at the time of conviction, or release from prison;
  - v. Evidence that the individual performed the same type of work, post-conviction, with the same or a different employer, with no known incidents of criminal conduct;
  - vi. The length and consistency of employment history before and after the offense or conduct;
  - vii. Rehabilitation efforts, e.g., education/training;
    - a. NOTE: individuals with a potentially disqualifying alcohol offense must submit proof of completion from a certified substance abuse program (“SAP”) following the most recent offense.
  - viii. Employment or character references and any other information regarding fitness for the particular position; and
  - ix. Any other pertinent information.
- e.** The Company will review all additional pertinent information provided by the individual to determine whether the conviction should be considered as an indicator of fitness for the position in question.
- 4. Sensitive Positions.** The Company reserves the right to consider whether additional felony or misdemeanor convictions stated in the Hiring Guidelines bear a substantial relationship to certain Sensitive Positions, including executive-level positions and those involving fiduciary responsibilities. For example, applicants for positions involving financial or fiduciary responsibilities may be excluded from employment based upon any history of conviction of fraud or misrepresentation, regardless of the

severity or age of the conviction. Criminal record reviews for Sensitive Positions will be considered on a case-by-case basis.

5. Expunged/Sealed Records. The Company shall not request applicants to disclose and will not consider sealed or expunged records.
6. Pending Arrests. If the Company discovers during the pre-employment process or if the background check reveals that a criminal matter is pending for an applicant that could result in a disqualifying conviction under the Hiring Guidelines, this will result in a “does not meet criteria” determination. The applicant can reapply after the criminal matter is completed, and at that time, will be required to submit proof that no conviction resulted. Current employees should notify Human Resources of any arrests or pending charges as soon as they are made aware of such charges existing.
7. Driver Positions. Motor vehicle records will be reviewed for driver positions at PharMerica in which driving a motor vehicle is a requirement of the job. The following guidelines apply to these positions:
  - a. A candidate will not be hired if the candidate is currently disqualified from driving at the time the motor vehicle records are checked.
  - b. Disqualifying offenses include (see chart, Appendix A):
    - i. A major violation within the last five years.
    - ii. Driving under the influence of alcohol or drugs and/or refusal to submit to a blood alcohol test.
    - iii. An invalid driver’s license.
    - iv. Conviction for driving after his/her driver’s license has been suspended or revoked.
    - v. Two minor violations based on the chart in Appendix A if the candidate has less than 2 years driving experience.
    - vi. Three minor violations based on the chart in Appendix A.
    - vii. Conviction for a felony involving a vehicle and/or a determination of fault in a fatal accident.
8. Prior Employment Verification.
  - a. Workplace Violence or Theft Reference. A confirmation of workplace violence or theft in a prior employment reference will result in “does not meet criteria” determination.
  - b. Other discrepancies, such as inconsistent or gaps in dates of employment shall be considered by Human Resources on a case-by-case basis, depending upon the position to be filled.

## **F. Adverse Action Process**

1. If an applicant is designated “does not meet” or the hiring process is discontinued due to information contained in a background report, PharMerica is required by law to notify the applicant prior to formally taking adverse action. The required adverse action process includes:
  - a. Pre-Adverse Action Notice. This notice is mailed to the applicant, which must include:
    - i. A copy of the consumer report.
    - ii. Notice of the consumer's rights under the FCRA. The consumer reporting agency from whom the consumer report is obtained should provide PharMerica the current notice. The FTC publishes a model notice of rights under the FCRA.
  - b. Waiting Period. PharMerica will wait four business days to take an adverse action after mailing the Pre-Adverse Action Notice, and may consider clear and convincing evidence from the applicant that the relevant contents of a consumer report information is incorrect.
  - c. Adverse Action Notice. If no clear and convincing evidence is forthcoming on a timely basis from the applicant, PharMerica will mail an Adverse Action Notice to the applicant. This notice must include the following information:
    - i. Notice of the adverse action.
    - ii. The name, address and phone number of the consumer reporting agency from which the report was obtained.
    - iii. A statement that the consumer reporting agency did not make the decision to take adverse action and is unable to provide the consumer the specific reasons why the adverse action was taken.
    - iv. Notice of the right to obtain a free copy of a consumer report from the consumer reporting agency within sixty days of the adverse action and to dispute the accuracy or completeness of any information in a consumer report with the consumer reporting agency.
  - d. Investigative Consumer Reports. If the Company hires a third party to conduct personal interviews or otherwise obtain an investigative consumer report, additional disclosures are required under the FCRA.

## **G. Contingent Workers**

1. PharMerica requires that background checks be conducted on all contingent workers, including independent contractors, temporary employees, and interns before beginning work for the Company, with eligibility for hire determinations based on the PharMerica Hiring Guidelines in this Policy. Background checks performed by third party vendors must comply with this Policy, and as such, this Policy should be provided to the third party vendor. Background checks should be performed and a

determination made by the temporary employment agency that employs the temporary worker, not PharMerica.

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**APPENDIX A**

<b>VIOLATION</b>	<b>DEGREE</b>
Driving without a license (i.e., never had a valid license vs. “left at home”)	Major
Driving while license is suspended or revoked	Major
D.W.I., D.U.I.N. (narcotics), or refusal to test	Major
Speeding 1 to 10 mph over speed limit & driver under 21	Major
Speeding 1 to 10 mph over speed limit all other	Minor
Speeding 11 to 20 mph over speed limit & driver un 21/over 65	Major
Speeding 11 to 20 mph over speed limit all other	Minor
Speeding 21 mph or more over speed limit (any operator)	Major
Reckless driving	Major
Careless driving	Minor
Chargeable accident (B.I. Collision and/or P.D. Collision)	Minor
Leaving the scene of an accident	Major
Any other moving violation	Minor
Out-of-Service Violation	Major





## **SECTION 17 – CODE OF CONDUCT, TRADE SECRETS AND CONFLICTS OF INTEREST**

### **17:1 Compliance Program: Code of Conduct**

PharMerica requires all employees to perform their job responsibilities in an ethical manner and in accordance with applicable laws. To that end, PharMerica's Compliance Program is designed to promote the ethical and legal conduct of employees at all levels. When you begin employment at PharMerica, you will be asked to review and sign PharMerica's Code of Conduct as a commitment that you will conduct all aspects of your job in an ethical and legal manner. You will also be required to participate in Compliance Program training and review the Code of Conduct annually. PharMerica's Code of Conduct is incorporated into the Employee Handbook by reference and all employees are subject to the requirements of the Code of Conduct.

PharMerica's Code of Conduct describes the Company's expectations, standards and requirements in its relationships with employees, shareholders, clients, suppliers and contractors and the communities in which we work. PharMerica requires you to comply with all laws and regulations that govern our operations as a healthcare provider, employer and publicly held company.

The Federal False Claims Act 31 and similar state laws are some of the most important laws that govern our business. The False Claims Act and similar state laws impose liability on persons or companies that make or cause to be made false or fraudulent claims to the government for payment or who knowingly make, use or cause to be made or used, a false record or statement to get a false or fraudulent claim paid by the government. These laws apply to Medicare and Medicaid reimbursement and prohibit, among other things:

- Billing Medicare and Medicaid for services not rendered
- Billing Medicare and Medicaid for undocumented services
- Making improper entries on Medicare and Medicaid cost reports
- Billing Medicare and Medicaid for medically unnecessary services
- Assigning incorrect codes to secure higher Medicare and Medicaid reimbursement
- Characterizing non-covered services or costs in a way that secures Medicare and Medicaid reimbursement, and
- Participating in kickbacks

A violation of the False Claims Act may result in monetary penalties of up to \$11,000 per false claim plus three times the amount of damages the government sustains, and exclusion from Medicare and Medicaid programs. Private Citizens, including employees, may file a lawsuit on behalf of the federal government, and in return, may share a percentage of any monetary recovery or settlement. The False Claims Act prohibits employers from retaliating, discriminating or harassing employees because of their lawful participation in a Federal False Claims Act investigation, report, claim or legal proceeding.

Certain states have adopted Medicaid false claims reporting laws and regulations that may be more stringent than the Federal False Claim Law. If applicable, your manager/supervisor will provide you with this information.

You are responsible for reporting suspected violations of PharMerica's Code of Conduct, the False Claims Act, or other healthcare laws or regulations. It is not acceptable to overlook actual or potential wrongdoing.

Violations of PharMerica's Code of Conduct may lead to corrective action, up to and including separation from employment.

### **17:2 Conflict of Interest**

PharMerica employees are expected to carry out their responsibilities in the best interest of the Company, and its clients. We ask all applicants to disclose any potential conflicts of interest during the application process, and we expect that you as a condition of employment disclose such information throughout your employment at PharMerica. Generally, you are responsible for avoiding any activity that appears to conflict with PharMerica's interests or those of our clients and suppliers. While it is impossible to describe all of the situations that may give rise to a conflict of interest, some examples are:

- Entering into or maintaining a close personal, dating or sexual relationship with a person who reports directly to you. Or, in cases where the employee reports indirectly to you, where it appears that the relationship may affect how you carry out your responsibilities or is not in the best interests of the Company. (You must disclose any such relationship to your manager/supervisor and Human Resources.)
- Accepting outside employment with those doing business with PharMerica (without obtaining advance approval from PharMerica's manager/supervisor) or a competitor of PharMerica, or outside employment that interferes with your commitment to PharMerica's professional standards. (You should discuss any additional work with your manager/supervisor that may create a conflict of interest.)
- You or an immediate family member possessing a financial interest in an organization that does business with PharMerica, or its competitors, in which it appears that the interest could affect your decisions as determined by PharMerica.
- Accepting gifts, of greater than nominal value, from any person or firm doing or seeking to do business with PharMerica under circumstance where it appears that the purpose of the gift maybe to influence the conduct of business with the donor.
- Using confidential or PharMerica proprietary information for personal gain or the benefit of others.
- Using Company property for personal purposes.

### **17:3 Concern Resolution Procedure**

Compliance related questions and concerns should be addressed by contacting the Compliance Officer. If you desire anonymity in seeking information or reporting a concern, call

PharMerica's Compliance Hotline. If you intentionally misuse the Compliance Hotline you will be subject to corrective action, up to and including separation from employment.

PharMerica prohibits any form of retaliation against an employee for reporting a possible violation of the Code of Conduct in good faith. If you conduct or condone any form of retaliation against another employee for reporting a potential Code of Conduct or regulatory violation you will be subject to corrective action up to and including separation from employment.

#### **17:4 Confidential Information**

All employees and independent contractors accepting employment with PharMerica are required to sign a Confidentiality Agreement which generally provides that you will not disclose or use any PharMerica confidential information, either during or after your employment. We sincerely hope that our relationship will be long-term and mutually rewarding. However, your employment with PharMerica assumes an obligation to maintain confidentiality of client, personnel, financial and operational information.

Additionally, our clients and suppliers entrust PharMerica with important information relating to their businesses. The nature of this relationship requires maintenance of confidentiality. In safeguarding the information received, PharMerica earns the respect and further trust of our clients and suppliers.

Medical information should never be disclosed to anyone outside of the Company unless the patient or the law authorizes that such information be given to the person making the request. Medical records should never leave the location unless by court order, and only after approval from PharMerica's Legal and Human Resources Departments.

#### **17:5 Trade Secrets, Inventions, Ideas, Processes and Designs**

From time to time, you may participate in the planning or development of certain trade secrets, concepts, or inventions that are meant to assist PharMerica's ability to gain a competitive advantage in the marketplace. You may also be exposed to certain trade secrets, unique data, concepts, ideas or information during the course of your employment. PharMerica has a strong desire to protect these concepts and ideas.

All trade secrets, inventions, ideas, processes, programs, software and designs (including all improvements) made by PharMerica or its employees during the course of employment (whether or not actually conceived during regular business hours) and any work related to our business must be immediately disclosed in writing to us. PharMerica will evaluate and determine if the idea, invention, or design is Company property.

## **SECTION 18 -DISCRIMINATION AND HARASSMENT**

### **18:1 Equal Employment Opportunity**

PharMerica is an equal opportunity employer that is committed to providing equal employment opportunities to all employees and prohibits all forms of unlawful harassment and/or discrimination based upon race, color, gender, age (*except where gender or age is a bona-fide occupational qualification, as defined by law*), pregnancy, sexual orientation, gender identity, ancestry, religion, national origin, veteran status, physical or mental disability (*except where the disability prevents the individual from being able to perform the essential functions of the job and cannot be reasonably accommodated in full compliance with the law*), or any other characteristic protected by local, state or federal law. This policy applies to all areas of employment including, but not limited to recruiting, hiring, training, promotion, compensation, and benefits. You may not discriminate against or harass any other employee, applicant, client, vendor or visitor. This policy applies to all employees, including non-supervisory personnel, supervisors, managers, executives, as well as independent contractors and vendors doing business with the Company. PharMerica recognizes that diversity amongst our employees represents a Company strength and valuable competitive advantage.

Equal Employment Opportunity notices are posted near Company gathering places as required by law. These notices summarize the rights of employees to equal opportunity in employment and list the names and addresses of the various government agencies that may be contacted in the event that any person believes he or she has been discriminated against, and is unable to resolve the issues internally.

Any employee, including managers or supervisors, found to be involved in discriminatory or harassing practices will be subject to corrective action up to and including separation from employment.

### **18:2 Discrimination, Harassment and Retaliation Will Not Be Tolerated**

It is our policy and our responsibility to provide our employees with a workplace free from harassment. Harassment on the basis of race, color, national origin, religion, sex, age, sexual orientation, disability, citizenship status, or military status, undermines our workplace morale and our commitment to treat each other with dignity and respect. Accordingly, the Company does not tolerate any form of discrimination and harassment in the workplace. The Company will not tolerate unlawful harassment of any employee of PharMerica, whether by a client, a manager/supervisor or a vendor.

Harassment can take many forms, including but not limited to touching or other unwanted physical contact, posting offensive cartoons or pictures, using slurs or other derogatory terms, telling offensive or lewd jokes and stories and sending email messages with offensive content. Unwanted sexual advances, requests for sexual favors, sexual demands in exchange for

maintaining or improving a job benefit and sexually suggestive gestures, jokes, propositions, email messages or other communications all constitute harassment.

PharMerica recognizes that victims and observers of discrimination, harassment or retaliation are sometimes reluctant to report such conduct for fear of being blamed, retaliated against or because it is difficult to discuss such matters with others. However, no employee should have to endure workplace discrimination, harassment or retaliation. If you experience or witness any form of discrimination or harassment in the workplace, please report the matter immediately to your manager/supervisor or the Human Resources Department. We encourage you to come forward with complaints – the sooner we know about a problem the sooner we can take steps to resolve it. The Company will not retaliate, or allow retaliation, against anyone who complains of discrimination or harassment in good faith, or who assists in an investigation. All information disclosed in the investigation of discrimination, harassment and sexual harassment complaints will be appropriately documented and held in the strictest confidence, and will only be disclosed on a need-to-know basis in order to investigate and resolve the matter.

Complaints will be investigated quickly and thoroughly. Those who are found to have violated this policy will be subject to appropriate corrective action, up to and including separation from employment.

If you feel you have experienced or witnessed harassment, discrimination, or retaliation, we urge you to contact the Human Resources representative for your location, or contact corporate HR at 1-866-577-3784, option 2, option 4. If you wish to make your complaint anonymous, you can contact the compliance hotline at 1-800-793-7741.

### ***18:2a California Amendment – Harassment, Discrimination and Retaliation Prevention***

The Company is an equal opportunity employer. The Company is committed to providing a work environment free of harassment, discrimination, retaliation and disrespectful of other unprofessional conduct based on sex (including pregnancy, childbirth, breastfeeding of related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin (including language use restrictions and possession of a driver's license issued under Vehicle Code section 1280.9), ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual origin, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation. It also prohibits discrimination, harassment, disrespectful or unprofessional conduct based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

In addition, the Company prohibits retaliation against individuals who raise complaints of discrimination or harassment or who participate in workplace investigations.

**All such conduct violates Company policy.**

### **Harassment Prevention**

The Company's policy prohibiting harassment applies to all persons involved in the operation of the Company. The Company prohibits harassment, disrespectful or unprofessional conduct by any employee of the Company, including supervisors, managers and co-workers. The Company's anti-harassment policy also applies to vendors, customers, independent contractors, unpaid interns, volunteers, persons providing services pursuant to a contract and other persons with whom you come in contact while working.

Prohibited harassment, disrespectful or unprofessional conduct includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations, comments, posts or messages;
- Visual displays such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings or gestures;
- Physical conduct including assault, unwanted touching, intentional blocking normal movement or interfering with work because of sex, race or any other protected basis;
- Threats and demands to submit to sexual requests or sexual advances as a condition of continued employment, or to avoid some other loss and offers of employment benefits in return for sexual favors;
- Retaliation for reporting or threatening to report harassment; and
- Communication via electronic media of any type that includes any conduct that is prohibited by state and/or federal law or by Company policy.

Sexual harassment does not need to be motivated by sexual desire to be unlawful or to violate this policy. For example, hostile acts toward an employee because of his/her gender can amount to sexual harassment, regardless of whether the treatment is motivated by sexual desire.

Prohibited harassment is not just sexual harassment but harassment based on any protected category.

### **Non-Discrimination**

The Company is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in Company operations. The Company prohibits unlawful discrimination against any job applicant, employee or unpaid intern by any employee of the Company, including supervisors and coworkers.

Pay discrimination between employees of the opposite sex performing substantially similar work, as defined by the California Fair Pay Act and federal law, is prohibited. Pay differentials may be valid in certain situations defined by law. Employees will not be retaliated against for inquiring about or discussing wages. However, the Company is not obligated to disclose the wages of other employees.

### **Anti-Retaliation**

The Company will not retaliate against you for filing a complaint or participating in any workplace investigation and will not tolerate or permit retaliation by management, employees or co-workers.

### **Reasonable Accommodation**

Discrimination can also include failing to reasonably accommodate religious practices or qualified individuals with disabilities where the accommodation does not pose an undue hardship.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any job applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact a Human Resource Business Partner (HRBP) with day-to-day personnel responsibilities and discuss the need for an accommodation. The Company will engage in an interactive process with the employee to identify possible accommodations, if any, that will help the applicant or employee perform the job. An applicant, employee or unpaid intern who requires an accommodation of a religious belief or practice (including religious dress and grooming practices, such as religious clothing or hairstyles) should also contact a Human Resource Business Partner (HRBP) with day-to-day personnel responsibilities and discuss the need for an accommodation. If the accommodation is reasonable and will not impose an undue hardship, the Company will make the accommodation.

The Company will not retaliate against you for requesting a reasonable accommodation and will not knowingly tolerate or permit retaliation by management, employees or co-workers.

### **Complaint Process**

If you believe that you have been the subject of harassment, discrimination, retaliation or other prohibited conduct, bring your complaint to your supervisor or to a Human Resource Business Partner (HRBP) or to the Vice President of Human Resources (VP of HR) as soon as possible after the incident. If you cannot get a hold of your HRBP or VP of HR call the Hotline number at 1-800-793-7741. If you need assistance with your complaint, or if you prefer to make a complaint in persona, contact the HRBP. Please provide all known details of the incident or incidents, names of individuals involved and names of any witnesses. It would be best to communicate your complaint in writing, but this is not mandatory.

The Company encourages all individuals to report any incidents of harassment, discrimination, retaliation or other prohibited conduct forbidden by this policy immediately so that complaints can be quickly and fairly resolved.

Supervisors must refer all complaints involving harassment, discrimination, retaliation or other prohibited conduct to the Human Resource Business Partner (HRBP) so the Company can try to resolve the complaint.



You also should be aware that the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing investigate and prosecute complaints of prohibited harassment, discrimination and retaliation in employment. If you think you have been harassed or discriminated against or that you have been retaliated against for resisting, complaining or participating in an investigation, you may file a complaint with the appropriate agency. The nearest office can be found by visiting the agency websites at [www.dfeh.ca.gov](http://www.dfeh.ca.gov) and [www.eeoc.gov](http://www.eeoc.gov).

When the Company receives allegations of misconduct, it will immediately undertake a fair, timely, thorough and objective investigation of the allegations in accordance with all legal requirements. The Company will reach reasonable conclusions based on the evidence collected. The Company will maintain confidentiality to the extent possible. However, the Company cannot promise complete confidentiality. The employer's duty to investigate and take corrective action may require the disclosure of information to individuals with a need to know.

Complaints will be:

- Responded to in a timely manner
- Kept confidential to extent possible
- Investigated impartially by qualified personnel in a timely manner
- Documented and tracked for reasonable progress
- Given appropriate options for remedial action and resolution
- Closed in a timely manner.

If the Company determines that harassment, discrimination, retaliation or other prohibited conduct has occurred; appropriate and effective corrective and remedial action will be taken in accordance with the circumstances involved. The Company also will take appropriate action to deter future misconduct.

Any employee determined by the Company to be responsible for harassment, discrimination, retaliation or other prohibited conduct will be subject to appropriate disciplinary action, up to, and including termination. Employees should also know that if they engage in unlawful harassment, they can be held personally liable for the misconduct.

### **18:3 Affirmative Action Policy Statement**

The Company reaffirms its belief and commitment in equal employment opportunity for all employees and applicants for employment in all terms and conditions of employment.

The Company has developed and maintained a written Affirmative Action Program (AAP) for certain divisions within the organization. The Company's Chief Executive Officer supports the affirmative action program and urges each employee to commit to carrying out the intent of this policy. The Company maintains an audit and reporting system to determine overall compliance with its equal employment opportunity mandates. The HR department oversees the affirmative action plan development, modification, implementation, effectiveness, reporting requirements

and conducts management updates. The Company invites any applicant and/or employee to review the Company's written Affirmative Action Plan. This plan is available for inspection upon request during normal business hours at the Human Resources office.

As part of the Company's commitment to this overall process, it will seek to ensure that all aspects of employment, including recruitment, selection, job assignment, training, compensation, benefits, discipline, promotion, transfer, layoff and termination processes remain free of illegal discrimination based upon race, color, religion, sex, sexual orientation, gender identity, national origin, disability (as defined under Section 503 of the Rehabilitation Act of 1973) or protected veteran status (as defined under Vietnam Era Veterans' Readjustment Assistance Act of 1974). Company ensures that all employment decisions are based only on valid job requirements. Regular review helps to ensure compliance with this policy.

The Company will ensure that employees and applicants shall not be subjected to harassment due to their status described above, or any harassment, intimidation, threats, coercion or discrimination because they have engaged in or may engage in any of the following activities; (1) filing a complaint with the Company or with federal, state, or local agencies regarding status covered under this AAP, (2) assisting or participating in any investigation, compliance review, hearing, or any other activity related to the administration of any federal, state, or local equal employment opportunity or affirmative action statute pertaining to the status covered under this AAP; (3) opposing any act or practice made unlawful by section 503 and/or VEVRAA, and (4) exercising any other right protected by section 503 and/or VEVRAA or its implementing regulations in this part.

#### **18:4 Pay Transparency Non-discrimination**

The Company will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with the contractor's legal duty to furnish information.

## SECTION 19 - COMPLAINT POLICIES

### 19:1 Open Door Policy

Open, direct and respectful communication is a critical and necessary part of working effectively with others and having an enjoyable and profitable work environment. PharMerica encourages you to discuss directly any issue you may have with an employee. If a resolution is not reached, please arrange a meeting with your direct manager/supervisor to discuss any concern, problem or issue that arises during the course of your employment.

Please remember that it is counterproductive to a harmonious workplace for you to create or repeat corporate rumors or office gossip. It is more constructive if you consult your manager or supervisor immediately with any questions.

### 19:2 Problem Resolution Process

PharMerica is committed to providing a safe and productive work environment, free of threats to the health, safety and well-being of our employees. Any employee who witnesses or is subject to inappropriate conduct in the workplace may complain to any manager/supervisor or to senior management.

Inappropriate conduct includes, but is not limited to, any conduct prohibited by our policies regarding harassment, discrimination, standards of conduct, workplace violence, health and safety, and drug and alcohol use. In addition, we encourage you to come forward with any workplace problem or complaint, even if the subject of the problem or complaint is not explicitly covered by our written policies. All problems and complaints will be handled as confidentially as possible. When the investigation is complete, the Company will take corrective action, up to and including separation from employment, if appropriate. We will not engage in or allow retaliation against any employee who makes a good faith complaint or participates in an investigation.

If you have a conflict/problem with another individual at work (employee, supervisor, etc.), and are not able to resolve it, the following are the recommended procedures to be followed for problem resolution. Either management or you may choose to involve Human Resources in any step in the process:

**Step 1: Manager/Supervisor** You should talk with your immediate manager/supervisor and give him/her the opportunity to resolve the problem. However, if the conflict is with the manager/supervisor you should go immediately to Step 3.

**Step 2: Department/Location Manager** If you are not satisfied with the results of the discussion with your manager/supervisor, you may refer the issue to the next level of management.

**Step 3: Senior/Executive Management** In the rare instance that you are still not satisfied with the results of the discussion after speaking with your Department/Location Manager you may talk to senior/executive management to help resolve the issue.

## **SECTION 20 - ENDING EMPLOYMENT**

### **20:1 Separation**

PharMerica expects that all employees will offer at least two (2) weeks notice in the event of resignation. If you hold a management position we request that you offer at least four (4) weeks notice. Lack of notice may influence future re-employment. PTO may not be used during your notification period.

PharMerica will consider you to have voluntarily separated your employment if you do any of the following:

- Resign from PharMerica.
- Fail to return from an approved leave of absence on the date specified by PharMerica, or its designated Administrator, without contacting your manager/supervisor in advance.
- Fail to report to work or call in for two (2) or more consecutive work days.

### **20:2 Exit Interviews**

PharMerica may conduct an exit interview with employees who leave the Company voluntarily. This provides you with the opportunity to tell us about your employment experience here – what you liked, what you didn't like and where you think we can improve. We greatly value these comments.

One of the subjects we will likely inquire about during the separation process is any future employment plans. The reason we do so is to identify situations where you may be joining one of our competitors. This will enable us to apprise you of applicable post-employment policies, such as our confidentiality policy. If you refuse to identify your future employer or do not otherwise cooperate with us regarding your exit, PharMerica reserves the right to treat any accrued but unused PTO time as forfeited, unless state law dictates otherwise.

### **20:3 Return of Company Property**

Any PharMerica property issued to you, such as computer equipment, cellular telephone, keys, parking passes or Company credit card must be returned to PharMerica at the time of your separation of employment. You will be responsible for any lost or damaged items.

### **20:4 COBRA Benefits**

According to the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, in the event of a “qualifying event” such as your separation from employment with PharMerica or loss of your eligibility to remain covered under our group health insurance program, you and your eligible dependents may have the right to continue coverage under our health insurance program. This coverage will be for a limited period of time and it will be at your own expense. Consult the Benefits Department for more details.

## **20:5 Verification of Employment**

When contacted by prospective employers seeking information about former employees, we will release the following data only: the position (s) the employee held and the dates the employee worked for our Company. If you would like us to give more detailed information, you will have to provide us with a written release (a consent form giving us permission to respond to a request) prior to the release of any additional information.

All external requests for employee information whether written or verbal, including references on current or former employees, must be forwarded to Corporate Human Resources. Employees and supervisors may not provide professional references to current or former employees. If providing a “personal” reference, you must exclude any comments regarding PharMerica or the person’s abilities or performance while at PharMerica.

## **20:6 Reinstatement of Employment**

Employees of PharMerica, with at least 12 months of continuous employment and that are rehired within 6 months of their separation dates, are eligible to be reinstated and continue their benefits at the level enjoyed at the time prior to separation from employment. Benefits will be reinstated on the first of the month following reinstatement. You will retain your original service date.

If you are rehired within 30 days of separating from a previously-eligible position at PharMerica, you will automatically be re-enrolled in the benefits you had before your separation, with coverage effective the first day of the month following your rehire date. You will not be given an opportunity to make new elections until you experience a qualifying life event or at the next Open Enrollment period.

Employees who have been separated for less than 90 days will need to complete the OIG and GSA screenings and attend new hire orientation.

Employees who have been separated for more than 90 days will need to complete the re-hiring screening, including background check and drug screening and attend new hire orientation. If gone over six months, the employee will be treated as a new hire for purposes of screenings, compliance training, new hire orientation, etc.

## CERTIFICATION

Please acknowledge that you have received and reviewed PharMerica Corporation's Employee Handbook (rev. 2017), and that you agree to comply with all requirements of this handbook.

### **Understanding and Acknowledging Receipt of PharMerica Employee Handbook**

I have received a copy of the PharMerica Employee Handbook (rev. 2017). I acknowledge that it is important for me to read, understand and adhere to the information set forth in this Handbook. I also acknowledge that the contents of this Handbook are based upon the policies described in the Human Resource Policy and Procedure Manual. That document serves as the official policy document for the Company. I understand that the policies in the Manual and the corresponding information in the Handbook are guidelines only and are subject to change at the sole discretion of PharMerica at any anytime. If there are discrepancies between the Policy and Procedural Manual and the Employee Handbook, the Manual will take precedent.

### **At-Will Employment**

#### **THIS IS NOT A CONTRACT OF EMPLOYMENT.**

I further understand that my employment is at-will, and neither PharMerica nor I have entered into a contract (implied or expressed) regarding the duration or any terms and conditions of my employment. I am free to separate my employment with PharMerica at any time, with or without reason. Likewise, PharMerica has the right to separate my employment at any time, with or without reason, and with or without prior notice. No employee of PharMerica can enter into an employment contract specifying compensation, a specified period of employment, time, or any other terms, or make any agreement contrary to this policy without the written approval from the CEO of the Company.

### **Confidential Information**

I am aware that during the course of my employment with PharMerica confidential information will be made available to me, including but not limited to product designs, marketing strategies, business plans, financial data, drug formularies, client lists or contract information, information about clients that allows PharMerica to service them better, pricing policies and other related information. I understand that this information is proprietary and critical to the success of PharMerica and must not be given out or used outside of PharMerica premises or with non-company employees. In the event of separation of employment, whether voluntary or involuntary, I hereby agree not to utilize or exploit this information with, or for the benefit of, any other individual or company.

Please login with your username and password as directed below:

1. Click on the following link to login: <https://pharmerica-console.lrn.com/>.
2. Login with your Personnel Number: (*6 digits-not including leading zeros*)
3. Your PASSWORD: \_\_\_\_\_ (**Your password was chosen by you the first time you logged into the LRN portal. If you are a new employee and have never logged into LRN, the default password is welcome1. Please note passwords are case sensitive.**)
4. When you have logged in successfully, the "**To Do List**" page will appear. Click on the module labeled "**PharMerica Employee Handbook (rev. 2017)**"

Should you have any problems accessing the site, registering, or password problems please visit the Frequently Asked Questions (FAQS) link in the bottom right corner of the PharMerica Compliance and Ethics Center <https://pharmerica-console.lrn.com/>. If you still have problems or questions please contact Compliance at [compliance\\_training@pharmerica.com](mailto:compliance_training@pharmerica.com).