



# **Employee Handbook**

November 2014

## **Welcome to Highmark!**

Highmark Companies, LLC is a leading provider of information technology, professional, recruiting and staffing services to public- and private-sector clients. We are committed to distinctive quality and unparalleled customer service in all aspects of our business. Each day, we build our reputation through our employees' expertise and a consistent professional integrity that forges lasting relationships with our customers through mutual trust and respect. Our enjoyable work environment, management vision and attention, compensation and benefits package, and opportunity for professional growth offers an attractive setting for our employees to succeed, teach, and learn.

We strive to be a premier employer in our industry and we work hard to create a friendly work environment and culture. We are mutually dependent on one another – every employee is an integral part of our team. We treat each other with trust and respect, break down barriers to effective communication, encourage contributions to decision-making, and continually improve our system of training and self development so that everyone can take pride in their work and work effectively towards serving our customers. Through an ongoing commitment to creating a positive work environment for our employees, we have earned a quality reputation in our industry and have been able to hire, train, and sustain a professional workforce dedicated to delivering quality services and products to our customers.

This handbook contains the key policies, goals, benefits, and expectations of Highmark Companies as well as other information you will need as part of our team. It is designed to provide you with a description of company practices that pertain to you as an employee and to help answer many of the questions that may arise in connection with your employment. As a guideline however, it does not attempt to address every situation that may occur during your employment with the company.

Please be aware that our personnel policies are applied at the discretion of the company. To preserve the integrity of our business operations and to fully comply with external regulatory requirements, we reserve the right to change, withdraw, apply or amend any of our policies or benefits, including those covered in this handbook, at any time.

We are pleased that you are here to share our values, make contributions to our team, and help deliver value-added solutions to our customers. As part of our progressive team, you will discover that the pursuit of excellence is truly a rewarding aspect of your career with Highmark. Welcome aboard!

## Table of Contents

<b>Chapter 1 - Personnel Responsibilities.....</b>	<b>1-1</b>
1.1 Code of Employee – Employer Relations .....	1-1
1.2 Employment At-Will .....	1-1
<b>Chapter 2 - Employment Policies .....</b>	<b>2-1</b>
2.1 Equal Employment Opportunity .....	2-1
2.2 Immigration Law Compliance .....	2-1
2.3 Productive Work Environment .....	2-1
2.4 Substance Abuse .....	2-2
<b>Chapter 3 - General Practices .....</b>	<b>3-1</b>
3.1 Hours of Work.....	3-1
3.2 Employee Classification .....	3-1
3.3 Compensation Administration.....	3-2
3.4 Performance Appraisal .....	3-2
3.5 Promotion .....	3-3
3.6 Training and Certification.....	3-3
3.7 Time Reporting .....	3-3
3.8 Pay Procedures .....	3-4
3.9 Travel.....	3-4
3.10 Automobile Usage .....	3-5
3.11 Business Entertainment.....	3-5
3.12 Meal Reimbursement .....	3-6
3.13 Termination of Employment.....	3-6
3.14 Company Credit Cards .....	3-7
3.15 Reimbursement of Personal Voice/Data Services.....	3-8
3.16 Reimbursement of Home Office Supply Expenses .....	3-8
<b>Chapter 4 - Employee Benefits .....</b>	<b>4-1</b>
4.1 Disclosure of Benefits .....	4-1
4.2 Paid Time Off and Holidays.....	4-2
4.3 Health and Welfare Benefits.....	4-3
4.4 Retirement Savings and Profit Sharing Programs.....	4-4
4.5 Short-Term Absences.....	4-4
4.6 Leaves of Absence .....	4-5
4.7 Bereavement Policy.....	4-7

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<b>Chapter 5 - Company Premises and Work Areas .....</b>	<b>5-1</b>
5.1 Employee Safety .....	5-1
5.2 Maintenance of Work Areas .....	5-1
5.3 Personal Property .....	5-1
5.4 Solicitation .....	5-2
5.5 Security .....	5-2
5.6 Smoking .....	5-3
<b>Chapter 6 - Personal Conduct .....</b>	<b>6-1</b>
6.1 Employee Behavior .....	6-1
6.2 Attendance and Punctuality .....	6-2
6.3 Customer Relations .....	6-2
6.4 Employee Appearance .....	6-3
6.5 Employee Finances .....	6-4
6.6 Employee Workspace .....	6-4
6.7 Use of Office Equipment .....	6-4
6.8 Use of Communication Systems .....	6-4
6.9 Conflicts of Interest .....	6-5
6.10 Confidential Nature of Company Affairs .....	6-6

## **Chapter 1 - Personnel Responsibilities**

### **1.1 Code of Employee – Employer Relations**

Highmark Companies is committed to a mutually rewarding and direct relationship with our employees. We:

- a) Provide equal employment opportunity and treatment regardless of race, religion, color, sex, national origin, age or disability;
- b) Attempt to provide compensation and benefits commensurate with work performed;
- c) Establish flexible hours of work based on our production and service needs;
- d) Monitor and comply with applicable federal, state, and local laws and regulations concerning employee safety; and
- e) Are receptive to constructive suggestions regarding work assignments, working conditions, and personnel policies and practices.

As part of our commitment to providing customers with excellent service, we expect all employees to:

- a) Deal with customers and suppliers in a professional manner;
- b) Perform assigned tasks in an efficient manner;
- c) Demonstrate a considerate, friendly, and constructive attitude toward fellow employees; and
- d) Follow the policies we have adopted.

We retain the sole discretion to exercise all managerial functions, including the right to:

- a) Dismiss, assign, supervise, and discipline employees as warranted;
- b) Determine and change work hours;
- c) Transfer employees to different projects;
- d) Determine and change the size and qualifications of our workforce;
- e) Determine and change the methods by which our operations are to be carried out;
- f) Determine and change the nature, location, services rendered, quantity, and continued operation of our business;
- g) Assign duties to employees in accordance with our needs and requirements; and
- h) Carry out all ordinary administrative and management functions.

### **1.2 Employment At-Will**

The policy of Highmark Companies is to conform to federal and state practices regarding Employment-At-Will. An employment relationship with Highmark Companies is “at will” – it is entered into voluntarily and for an indefinite time period. The employee is free to terminate the employment relationship at any time, for any reason, with or without notice. Similarly, Highmark Companies is free to conclude the employment relationship at any time, for any reason, with or without notice. As a general business practice, two-week notice for termination by both the employee and Highmark Companies is desirable.

Highmark Companies representatives are not authorized to modify this policy or to enter into agreements, oral or written, that change the at-will relationship. Also, this policy may not be modified by any statements contained in this handbook or any other policy manuals, employment applications, recruiting materials, company memoranda or other materials provided to applicants and employees in connection with their employment. These documents do not create an express or implied contract of employment for a definite time period and do not create an express or implied contract concerning terms or conditions of employment. Similarly, Highmark Companies policies and practices do not create contractual obligation concerning terms and conditions of employment.

At the time of hire, all employees sign a written offer of employment. Signature of this employment offer acknowledges awareness of at-will employment with Highmark.

## **Chapter 2 - Employment Policies**

### **2.1 Equal Employment Opportunity**

The policy of Highmark Companies is to provide equal opportunity in employment to all employees and applicants. No person will be discriminated against in employment because of race, religion, color, sex, national origin, age or disability. This policy applies to all terms, conditions, and privileges of employment and all policies of the company, including hiring, training, placement, employee development, promotion, transfer, compensation, benefits, termination, and retirement.

As required by law, we will establish a written affirmative action program to achieve prompt and full utilization at all levels and in all segments of the workforce. The results of the program will be reviewed annually and modified as necessary to achieve its objective.

The CEO and the Director, Administration are responsible for formulating, implementing, coordinating, and monitoring all efforts in the area of equal employment opportunity to include:

- a) Developing policy statements, required affirmative action programs, and recruitment techniques designed to comply with the equal employment policies of the company;
- b) Complying with various statutory recordkeeping and notice requirements of employment-related statutes and regulations;
- c) Preparing, if required by state or federal law, an annual review and summary of the company's affirmative action programs;
- d) Assisting supervisory personnel in arriving at solutions to specific personnel problems;
- e) Serving as liaison between the company and government agencies, equal employment opportunity organizations, and other community groups; and
- f) Keeping management informed of the latest equal employment opportunity developments.

While the CEO and Director, Administration have overall authority for implementing this policy, an effective equal employment opportunity program cannot be achieved without the support of supervisory personnel and employees at all levels. Any employees who believe they have suffered from discrimination have a responsibility to report this concern to their supervisor, the Director, Administration or the CEO. Any communication from an applicant, an employee, a government agency or an attorney concerning any equal employment opportunity matter should be referred to the CEO or the Director, Administration.

### **2.2 Immigration Law Compliance**

Highmark Companies complies with the Immigration Reform and Control Act of 1986 by employing only United States citizens and non-citizens who are authorized to work in the United States. All employees are asked on their first day of employment to provide original documents verifying the right to work in the United States and to sign a verification form required by federal law (INS Form I-9). If an individual cannot verify his or her right to work within three days of hire, Highmark Companies must terminate employment.

### **2.3 Productive Work Environment**

The policy of Highmark Companies is to promote a productive work environment and not tolerate verbal or physical conduct by any employee that harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment. We are committed to providing a work environment that maintains employee equality, respect, and dignity.

In keeping with this commitment, we maintain a strict policy prohibiting any form of unlawful employee harassment based on race, color, religion, sex, national origin, age or disability. Harassment – whether verbal, physical or environmental and whether in the workplace or in outside work-sponsored settings – is

unacceptable and will not be tolerated. Employees are expected to honor this policy and help maintain a productive work environment that is free from harassing or disruptive activity.

Sexual harassment is illegal under federal, state, and local laws and applies equally to men and women. Sexually harassing or offensive conduct in the workplace – whether committed by supervisors, managers, other employees or non-employees – is prohibited at Highmark. This conduct includes:

- a) Unwanted physical contact or conduct;
- b) Verbal harassment of a sexual nature, such as lewd comments, sexual jokes or references, and offensive personal references;
- c) Demeaning, insulting, intimidating or sexually suggestive comments about an individual's personal appearance;
- d) Workplace display of demeaning, insulting, intimidating or sexually suggestive objects, pictures or photographs; and
- e) Demeaning, insulting, intimidating or sexually suggestive written, recorded or electronically transmitted messages.

Any of the above conduct or other offensive conduct directed at individuals because of their race, color, religion, national origin, age or disability is prohibited. The examples of offensive conduct described above are not intended to be an all-inclusive list.

This policy applies to all employees (managers, supervisors, and staff), whether related to conduct engaged in by fellow employees, supervisors or someone not directly employed by Highmark Companies (e.g., outside vendors, consultants, clients, etc.). We will make every reasonable effort to ensure that our entire population is familiar with this policy and is aware that every complaint received will be investigated and resolved appropriately.

Highmark Companies encourages reporting of all perceived incidents of sexual harassment, regardless of who the offender may be. If you believe that you have been subjected to or have witnessed any form of harassment, you should immediately contact a supervisor, the Director, Administration or the CEO.

Complaints of harassment will be handled and investigated by the Director, Administration and/or a supervisor, unless special procedures are considered appropriate. All complaints will be immediately and thoroughly investigated in a professional manner. Confidentiality will be maintained throughout the investigation to the extent practicable and appropriate under the circumstances, to protect the privacy of persons involved. Investigation may include interviews with the parties involved, and where necessary, individuals who may have observed the alleged conduct or who may have relevant knowledge. Employees are required to cooperate in any investigation.

Any employee, supervisor, or manager who is found to have violated the harassment policy will be subject to appropriate disciplinary action, up to and including termination. Highmark Companies prohibits any form of retaliation against employees who bring bona fide complaints to our attention or who provide information about harassment.

## **2.4 Substance Abuse**

The policy of Highmark Companies is to maintain a workplace that is free from the effects of substance abuse. We recognize alcohol and drug abuse as potential health, safety, and security problems. We expect all employees to assist in maintaining a work environment that is free from the effects of alcohol, drugs or other intoxicating substances.

We will not hire, subject to state or local law restrictions, alcoholics or drug abusers whose current use of those substances prevents them from performing their jobs or who would constitute a direct threat to the property or safety of others. As a condition of employment, employees may be subject to drug testing, criminal background checks, and/or other background checks when deemed necessary by the company.

All employees are required to report to their jobs in appropriate mental and physical condition, ready to work. Employees are prohibited from the illegal use, sale, dispensing, distribution, possession or manufacture of illegal drugs, controlled substances, narcotics or alcoholic beverages on company premises or work sites. In addition, we prohibit the off-premises abuse of alcohol and controlled substances as well as the possession, use or sale of illegal drugs when those activities adversely affect job performance, job safety or Highmark's reputation in the community.

Employees will be subject to disciplinary action, up to and including termination, for violations of this policy. Violations include, but are not limited to: possessing illegal or non-prescribed drugs and narcotics or alcoholic beverages at work; being under the influence of those substances while working; using them while working; and dispensing, distributing or illegally manufacturing or selling them on company premises and work sites. Employees, their possessions, and company-issued equipment and containers under their control are subject to search and surveillance at all times while on company premises or work sites or while conducting company business.

Employees who have an alcohol or drug abuse problem are encouraged to seek appropriate professional care and counseling, use the Employee Assistance Program if offered, and consult their respective medical insurance plans regarding coverage for referral and treatment. When work performance is impaired, admission to or use of a treatment or other program does not preclude appropriate action by Highmark.

## **Chapter 3 - General Practices**

### **3.1 Hours of Work**

The policy of Highmark Companies is to establish the time and duration of working hours as required by workload and production flow, customer service needs, the efficient management of human resources, and any applicable federal or state law.

The normal workweek begins and ends on Saturday at midnight (typically Monday through Friday) and consists of 40 hours. The normal workday consists of eight hours of work with an unpaid meal period. The standard company office hours are 8:00 am to 5:00 pm, Monday through Friday, with a one hour lunch break. Flexible work hours are allowed on an individual employee basis as approved in advance by the appropriate supervisor and as workload and customer service needs allow.

Because of the nature of our business, certain jobs may require overtime work. Non-exempt employees, whose positions do not meet the Fair Labor Standards Act (FLSA) exemption standards, may be eligible for overtime pay (see "Employee Classification"). Supervisors will assign overtime to non-exempt employees, as needed. Employees are not permitted to work overtime without the prior approval of their supervisor. All approved overtime hours will generally be paid at 1½ times the regular rate of pay for all hours worked in excess of 40 hours in a payroll week. Since overtime laws vary by state, non-exempt employees will be paid in accordance with applicable state laws.

Exempt salaried employees will not receive overtime compensation, as occasional overtime is inherent in the duties of exempt positions. Exempt employees who are paid on an hourly basis will receive their regular rate of pay for all hours worked, including those in excess of 40, and will not be eligible for overtime premiums.

Supervisors, at their discretion and with due consideration of client work environments and work rules, may allow non-exempt employees to make-up lost time during a given workweek. However, if there is no work the employee is qualified to do or if adequate supervision is not available, make-up time will not be available.

### **3.2 Employee Classification**

Employees are classified as either exempt or non-exempt for pay administration purposes, as determined by the FLSA. Employee classification categories can be summarized as follows:

- a) Exempt. Personnel employed in executive, administrative, professional, outside sales or certain computer-related capacities generally are exempt from the provisions of the FLSA. These employees are exempt from overtime pay requirements.
- b) Non-Exempt. Personnel employed in non-supervisory, non-professional or non-administrative capacities generally are classified as non-exempt. Since their positions do not meet the FLSA exemption standards, these employees are paid overtime.

In addition, each employee's status is classified as one of the following:

- a) Salaried. Full-time employees who are hired based on an annual salary. These employees work a minimum of 40 hours a week; regularly receive a predetermined amount each pay period and their paycheck does not vary with hours worked. Salaried employees receive paid time off for personal leave and holidays. These employees are typically exempt from overtime pay requirements. Salaried employees are eligible for company benefits.
- b) Hourly. Employees who are hired at an hourly rate. These employees are paid for the hours worked and do not receive paid time off for personal leave or holidays. These employees can be classified exempt or non-exempt depending on the nature of their job.

Hourly employees may be eligible for company benefits. See Benefits section for eligibility.

- c) Independent contractors. Consultants, freelancers or independent contractors are not considered to be employees of the company. These individuals are not entitled to participate in the company's benefit programs. Highmark Companies is not required to withhold income taxes, withhold and pay Social Security and Medicare taxes or pay unemployment tax on payments made to independent contractors.

### **3.3 Compensation Administration**

The policy of Highmark Companies is to pay compensation that is nondiscriminatory and competitive. However, all compensation policy decisions must take into consideration the company's overall financial condition and competitive position.

The CEO is responsible for coordinating the continuing internal review of all compensation. This review should determine whether compensation accurately and fairly reflects each individual's responsibilities and performance.

Supervisors will make recommendations regarding starting compensation based on an applicant's experience, skill level, and other competitive considerations. The CEO or his designee will review and approve these recommendations prior to their implementation.

Supervisors are responsible for conducting a compensation review in conjunction with a performance review with each employee at least annually. Compensation decisions generally should be based on performance, length of service, and budget considerations. Employees who are not satisfied with the results of their compensation review or who have questions about the company's salary administration and benefits program should direct their concerns to their supervisor, the Director, Administration or the CEO.

### **3.4 Performance Appraisal**

The policy of Highmark Companies is to conduct periodic evaluations of each employee's job performance.

Supervisors should complete performance appraisals in conjunction with the annual salary review that is conducted on the employee's anniversary date of employment. Between scheduled appraisals, supervisors should conduct performance-related discussions with employees on an informal basis. Supervisors should address any performance issues that require attention and/or corrective action and should keep records of any significant incidents.

When evaluating employee performance, supervisors should consider such factors as the experience and training of the employee, the job description, the employee's achievement of previously established goals and objectives, and client feedback. Other factors that should be considered include knowledge of the job, quantity and quality of work, promptness in completing assignments, cooperation, initiative, reliability, attendance, judgment, conduct, and acceptance of responsibility.

Supervisors should prepare a written appraisal of each employee's job performance. The appraisal should include the supervisor's comments, recommendations, and performance objectives for the next evaluation period. The CEO and Director, Administration should review each supervisor's written evaluation to assure that the evaluation has been properly completed in a fair and objective manner.

After the written evaluation has been reviewed by the CEO and Director, Administration, the supervisor and employee will meet to discuss the evaluation, assess the employee's strengths and weaknesses in a constructive manner, and establish goals and objectives for the next evaluation period. The employee will

be given the opportunity to examine the evaluation and make written comments. The supervisor will then forward the evaluation to the Director, Administration for inclusion in the employee's personnel file.

Information contained in the performance appraisal may be considered when making decisions affecting training, compensation, promotion, transfer or continued employment.

### **3.5 Promotion**

The policy of Highmark Companies is to offer employees promotions to higher level positions when appropriate and when positions are available. Management prefers to promote from within and will first consider current employees with the necessary qualifications and skills to fill vacancies, unless outside recruitment is considered to be in Highmark's best interests.

Employees are encouraged to seek advancement opportunities and to obtain promotion and career guidance from their supervisor or other company management personnel.

Employee eligibility for promotion will be determined by the requirements of the new position and the qualifications of the employee. Candidates for promotion will normally be screened and selected on the basis of attendance and work records, performance appraisals, and job-related qualifications.

### **3.6 Training and Certification**

The policy of Highmark Companies is to conduct or support training and certification programs that it determines to be appropriate within the scope of its business objectives.

The CEO must approve, upon recommendation of the appropriate supervisor, employee participation in training programs. Employees who are selected for an extended period of training or education paid for by Highmark Companies will be required to return to work at the conclusion of the program. Employees who do not return to work, return to work but voluntarily terminate employment or are terminated "for cause" within one year of program completion will be required to reimburse the company for the costs of the training or education program. Employees will be notified, in writing, when they have been selected for training programs that require a period of service after program completion. Employees will sign an agreement indicating that they understand and agree with their obligation to Highmark Companies following completion of such training programs.

### **3.7 Time Reporting**

The policy of Highmark Companies is to emphasize the importance of accurate charging of time. It is the Company's goal to be a responsible and reputable supplier to all clients.

All employees are required to complete an individual timesheet that shows hours worked during each time reporting period. Electronic and/or paper timesheets must be completed at the close of each workday. A list of authorized charge codes will be prepared at the beginning of each pay period and issued to all employees. The list may be updated, as required, during the month. Each employee should consult with his or her supervisor to ensure proper recording and reporting of labor hours to appropriate contract, task or project charge numbers.

The following points should be considered in filling out timesheets:

- a) Employees should record their total hours worked for each workday;
- b) Timesheets should account for total hours during the time reporting period, as follows: the number of scheduled work days in the period times the number of hours in the employee's standard workday. Shortfalls should be accounted for through use of appropriate paid-time-off categories (for example, PTO and holiday) or leave-without-pay if the employee has a deficit in his or her leave account;

- c) Employees on extended travel should continue to follow standard timekeeping procedures;
- d) Employees should provide an explanation for any corrections they make to their timesheets;
- e) At the completion of the reporting period, the employee will calculate individual data elements (columns and rows) and record the total hours worked;
- f) After final review, the employee will sign the timesheet and forward it to his or her supervisor and, where required, the client manager; and
- g) The supervisor will review and sign the timesheet and forward it for payroll processing.

Any changes to the company's time reporting policy and/or timekeeping procedures will be communicated in writing to all employees.

### **3.8 Pay Procedures**

The policy of Highmark Companies is to pay employees by direct deposit on a regularly scheduled basis and in a manner such that the amount, method, and timing of wage payments comply with all applicable laws or regulations.

A list of scheduled payday for the current calendar year will be distributed by the Director, Administration at the beginning of each year. Each payday, employees will receive a direct deposit advisory that shows gross pay, deductions, and net pay. Local, state, federal, and Social Security taxes will automatically be deducted. No other deductions will be made unless required or allowed by law, contract or employee obligation. Employees may elect to have additional deductions taken from their pay only if they authorize the deductions in writing.

Employees should discuss any questions or concerns regarding their rate of pay and other compensation issues with their supervisor or with the Director, Administration.

For policies and procedures governing pay upon termination, please refer to "Termination of Employment".

### **3.9 Travel**

The policy of Highmark Companies is that business travel must be pre-approved and conducted in accordance with company established guidelines.

Employees holding jobs that require extensive travel are expected to travel as a condition of employment. For all other employees, travel is considered to be an incidental function of the job, but may be required. Supervisors must approve all employee travel in advance of the travel event. Under normal circumstances, employees should make their travel arrangements using the travel agency and internal procedures specified by the company. As a general business practice, employees should use the most appropriate form of transportation available, book the least expensive fares available, and seek lodging and meal accommodations from moderately priced establishments. Prior to departing on business travel, employees should provide their supervisor with a copy of their travel itinerary.

Employee travel expenses will be paid and/or reimbursed when properly documented by the employee and approved by the employee's supervisor. Employees traveling in support of client contracts will be reimbursed in accordance with relevant customer regulations (for example, Federal Government per-diem rates) or company-established guidelines. Examples of typical travel expenses include transportation, meals, lodging, and limited incidental expenses. Employees who have knowledge of a unique and/or special travel-related expense should seek approval from their supervisor prior to incurring the expense. Any travel expenses deemed unreasonable under the circumstances will not be paid or reimbursed by the company and will remain the employee's personal responsibility.

Employee travel expenses will be reimbursed under the following policy:

- All employees with reimbursable expenses must submit their reimbursement request for a period no longer than a pay period.
- All reimbursement requests must include documentation of expenses with legible receipts.

Employees may receive cash advances for long distance travel provided a travel advance request is approved by their supervisor at least three days prior to the scheduled travel date. No other advances or loans to employees will be made without the prior approval of the CEO. Employees whose jobs require extensive travel will be issued company credit cards for payment of supervisor-approved business expenses. Since cash advances and credit cards are considered to be company property, their use must be properly documented and approved.

Employees traveling on company business are representatives of Highmark. As such, they are expected to maintain a high level of professionalism and to follow all company policies and procedures while on travel (see “Behavior of Employees”).

### **3.10 Automobile Usage**

The policy of Highmark Companies is to allow employees to rent automobiles for business use and to reimburse employees for authorized business use of their personal vehicles.

Employees who operate a vehicle on company business must exercise due diligence to drive safely and to maintain the security of the vehicle and its contents. Employees are responsible for any driving infractions or fines that result from their driving behavior. Employees are not permitted, under any circumstances, to operate a vehicle for company business when any physical or mental impairment causes the employee to be unable to drive safely. This prohibition includes circumstances in which the employee is temporarily unable to operate a vehicle safely or legally because of illness, medication or intoxication.

Employees operating a vehicle on company business may claim reimbursement for rental cars, parking fees, fuel consumption, and tolls that were actually incurred. Employees who use their personal vehicle for approved business purposes will receive a mileage allowance equal to the Internal Revenue Service-endorsed mileage allowance. This allowance is designed to compensate for the current cost of operating the vehicle.

Employees must report any accident, theft or damage problem involving a personal vehicle used on company business to their supervisor and the Director, Administration, regardless of the extent of damage or lack of injuries. These reports must be made as soon as possible but no later than 48 hours following the incident. Employees are expected to cooperate fully with authorities in the event of an accident. However, they should not make any statements other than in reply to questions from investigating officers.

### **3.11 Business Entertainment**

The policy of Highmark Companies is to authorize certain employees to engage in business entertainment on behalf of the company and to pay for or reimburse these expenses.

Employees may entertain business associates on behalf of the company only if they have been authorized to do so by their supervisor. Authorization should define the general circumstances and expense limits of the approved forms of entertainment. Employees who have special entertainment needs that will exceed the boundaries of normally-authorized expenses must obtain prior approval from the CEO or his designee.

Employee entertainment expenses will be paid for or reimbursed if they are reasonable, are directly related to or associated with company business, and are pre-approved by the supervisor. Employees who

incur entertainment expenses that do not comply with company standards will be held personally responsible for these expenses.

All approved entertainment expenses must be documented and submitted on an expense form. The form should contain a detailed itemization of the expenses incurred; a statement regarding the date, place, and business reason for the entertainment; and the names of those present and their business relationship to the company. Entertainment reimbursement claims must be accounted for separately from other expense reimbursement claims.

Business functions or entertainment involving the consumption of alcoholic beverages may not take place on company premises or at work sites (see “Employee Behavior” and “Substance Abuse”). Employees engaged in these functions are expected to be aware of the dangers arising from alcohol consumption and should exercise moderation and good judgment.

### **3.12 Meal Reimbursement**

The policy of Highmark Companies is to provide, pay for or reimburse employees for business-related meals.

To the extent allowed by customer or company-specific guidelines, employees traveling on company business may charge or be reimbursed for the cost of all meals during their travel (see “Travel”). In addition, employees may charge or be reimbursed for meals associated with approved business entertainment (see “Business Entertainment”).

### **3.13 Termination of Employment**

The policy of Highmark Companies is to terminate employment due to an employee's resignation or retirement or a permanent reduction in the workforce. Discharge can be for any reason not prohibited by law. In the absence of a specific written agreement, employees are free to resign at any time and for any reason and the company reserves the right to terminate employment at any time and for any lawful reason (see “Employment At-Will”).

Employees are requested to give written notice of their intent to resign. As a general business practice, two-week notice for termination is desirable. Supervisors should send notices of resignation or termination recommendations to the CEO. This information should be accompanied by the necessary supporting documents, such as performance appraisals or disciplinary reports. The CEO must review and approve all terminations before final action is taken.

Notice of involuntary terminations should be handled carefully and discreetly, preferably in a private meeting between the employee, the immediate supervisor, and another member of the company's management team.

The Director, Administration will prepare final pay for terminating employees in the next payroll cycle. The Director, Administration will also be responsible for securing the return of any company-advanced funds and company-provided property in the employee's possession (company identification cards, keys, credit cards, equipment, tools, etc.). If the employee owes the company money or is responsible for any lost or damaged property, those accounts will be settled as originally agreed to or through payroll deduction from the final paycheck, unless prohibited by law.

The company will notify terminating employees who are participants in the company's group health plan of their right to continue this coverage through the health insurance extension of benefits under COBRA regulations. Employees may elect to continue their medical coverage, provided they continue to pay the required monthly premiums. Details pertaining to benefit plan conversion will be discussed with employees at the time of termination. Employees may, of course, request information on this subject at any time prior to actual termination.

Requests for employment references should be referred directly to the CEO or the Director, Administration. Generally, Highmark Companies will limit the information provided to verification of the employee's position, job location, and dates of employment.

### **3.14 Company Credit Cards**

The policy of Highmark Companies is to issue company credit cards to employees on a case-by-case basis as determined by the CEO or Director, Administration. Anyone issued a Highmark Companies credit card shall sign a Company Credit Card Policy Form to acknowledge that use of the credit card is for business purposes only.

A limited number of employees will be issued company credit cards. Employees whose jobs are designated as requiring extensive travel will be issued company credit cards for payment of manager-approved business expenses. The accounting department and executives will be issued company credit cards to facilitate the purchasing of goods and services for the company. Credit checks of prospective cardholders may be required.

Highmark Companies will be responsible for paying the credit card bill. The company will cover only charges that are properly documented and approved. The cardholder is liable for all charges against the company credit card that are not properly documented and approved or that are personal charges.

Credit cards are to be used for business-related expenses only. Employees may use the card for approved expenses while on travel and for business meals. In addition, employees may use the credit card for rush purchase requirements if approved in advance by the CEO or Director, Administration.

The accounting department may use the credit card when expenditures must be made without delay, e.g., for making travel arrangements or when a vendor requires payment in advance for a time sensitive purchase and will not extend credit on a timely basis. In addition, the credit card can be used for purchasing items on-line that require immediate payment. The credit card can also be used to purchase items that do not meet vendor requirements for minimum billing or for one-time purchases from a vendor when it does not make sense to establish a credit account.

**No personal charges are allowed on the card.** Deliberate misuse of the credit card may be prosecuted as fraud.

Predetermined credit limits will be set based on the estimated spending of each user.

All credit card purchases will require supporting documentation. Detailed receipts are required for reimbursement as well as approval signatures from the employee's manager. In terms of business meals, the required receipts must include a detailed listing of the items ordered as well as the credit card receipt. These receipts should be attached to an Expense Form. If other business related purchases are made using the credit card, the employee should provide a receipt that shows the date of purchase, the name of the vendor, an itemized list or description of the items purchased and the dollar amount. These purchases must be approved by the CEO or Director, Administration.

If a receipt is lost, a memo documenting the nature of the purchase, dollar amount, and statement of loss of receipt must be provided and signed. Repeated loss of receipts may result in the employee to losing credit card privileges.

Receipts must be given to the accounting department no more than five days after the end of the period in which the expense was incurred. Receipts shall be taped to an 8.5" x 11" of paper unless the receipt is 8.5" x 11".

The monthly statements for the credit card will be reviewed by management to insure that the documentation is correct and to identify fraudulent behavior.

### **3.15 Reimbursement of Personal Voice/Data Services**

The policy of Highmark Companies is to compensate employees who have an acknowledged business requirement to use their personal voice and data services for business purposes. Voice/data expense reimbursement can be used at the employee's discretion for internet access, mobile phone, mobile internet, long distance calling plans, home phone, or any personal voice and data services that are used to conduct company business. The intent is to reimburse a portion of the costs of these services without generating accounting and audit processes that are onerous to the company or the employee. Highmark Companies will reimburse employees based on the following four categories of use: Executive/Sales Blackberry service, Executive/Sales non-Blackberry service, Work at Home, and Other Employees.

If an employee has been approved for one of these categories they will not need to submit expense reports or receipts for reimbursement. They will receive the reimbursement amounts that have been approved in their regular paychecks. Since this is a reimbursement for business use of personal voice and data services, it will be the employee's responsibility to select, maintain, and pay for their various personal voice and data services. An employee will be approved for one of these categories based upon position and job responsibilities and a reimbursement and approval form will be provided to the Director, Administration. The company will not reimburse an employee for expenses beyond what is approved for personal voice and data reimbursement without advanced approval and authorization.

This policy specifically excludes equipment fees (cell phones, routers, phone sets, etc.), early termination fees, or any other costs associated with an individual's personal voice and data services.

### **3.16 Reimbursement of Home Office Supply Expenses**

The policy of Highmark Companies is to reimburse employees who work from home for expenses that are incurred for home office supplies. Home office expense reimbursement can be used at the employee's discretion for any supplies (paper, toner, pens, etc.) that are used to conduct company business. The intent is to reimburse employees for office supply expenses related to the business without generating accounting and audit processes that are onerous to the company or the employee. Highmark Companies will reimburse employees for a set amount per month and an upfront office setup fee.

If an employee has been approved to work from a home office they will not need to submit expense reports or receipts for supply reimbursement. They will receive the reimbursement amount in their regular paychecks. Since this is a reimbursement for home office supplies it will be the employee's responsibility to select and pay for their various supplies. The company will not reimburse an employee for expenses beyond what is approved for home office reimbursement without advance approval and authorization.

## Chapter 4 - Employee Benefits

### 4.1 Disclosure of Benefits

The policy of Highmark Companies is to provide our employees with various health and welfare and pension benefits. Information and plan summaries that explain these benefits will be furnished to all plan participants and beneficiaries on a timely and continuing basis. The company reserves the right to modify, amend or terminate its benefits as they apply to all current, former, and retired employees. The CEO has the discretionary authority to determine eligibility for benefits and to interpret each benefit plan's terms and conditions.

All benefits provided by the company are described in official documents that are kept on file with the Director, Administration. These documents are available for examination by any plan participant or beneficiary. These documents are the sole binding materials concerning the company's health and welfare and pension benefits.

The Director, Administration serves as Administrator of the company's various benefits plans. As such, the Director, Administration is responsible for all communications and disclosures concerning company benefits and for compliance with all applicable laws and regulations.

Full-time salaried employees are eligible for all company benefits, after applicable requirements for length of service have been met.

Hourly employees who work 30 hours or more per week are eligible for some company benefits, after applicable requirements for length of service or total number of hours have been met.

Hourly employees who work less than 30 hours per week will receive all legally mandated benefits (such as Worker's Compensation and Social Security), but are ineligible for all other company benefits.

If your eligibility determination changes and you are considered eligible for benefits, then you are considered eligible on the first day of the first month following the eligibility determination.

Under normal circumstances, the Director, Administration will furnish the following information to each participant in a company-sponsored plan as soon as practical and not later than what is required by law:

- a) A Summary Plan Description (SPD) of the benefit plan after the individual becomes a participant or first receives benefits;
- b) An updated SPD of the plan, as needed;
- c) A summary description of any material modification of the plan after the end of the plan year in which the modification is adopted; and
- d) A summary of the latest annual report of the plan after the close of the plan year.

Benefits summaries, enrollment forms, annual payroll deductions, and other key information regarding benefits can be found on the Employee Portal at <http://portal.highmarkcompanies.com/benefits>.

Under certain of the company's insurance and retirement savings plans, each employee must designate a beneficiary for the employee's death benefits. It is the employee's responsibility to maintain the proper beneficiary designations and to alert the Director, Administration of any changes in status affecting eligibility or beneficiary designations.

If the plan participants or beneficiaries make a written request for information concerning the company's benefit plans, the Director, Administration will provide them the following information:

- a) Complete copies of the latest updated SPD; the latest annual report; and any contract or other documents under which the plan is established or operated. The Director,

Administration may make a reasonable charge to cover the cost of providing these copies.

- b) A statement indicating the total benefits accrued under the company's pension plans and the non-forfeitable pension benefits, if any, which have accrued or the earliest date on which benefits will become non-forfeitable. The company will supply at least one of these reports per person during any 12-month period.

Participant contributions to benefit plans normally will be deducted from the employee's paycheck if the employee has authorized the deduction in writing.

Employees covered by the company's health benefit plan will be notified of the opportunity to continue their healthcare coverage, at their own expense, in certain specified situations including layoff, termination, reduction of work hours, and separation or divorce. In addition, they will be provided, when required, with a certificate of prior health coverage when they lose coverage under the health benefit plan.

#### **4.2 Paid Time Off and Holidays**

The policy of Highmark Companies is to grant paid time off and holidays to all full-time salaried employees.

Full-time salaried employees will be given paid time off and holidays according to the following schedule:

<b>Service Period</b>	<b>Paid Time Off and Holidays</b>
Years 1 through 3	25 days per year
Years 4 and beyond	30 days per year

The standard policy is for employees to observe the Federal holiday schedule of ten days per year and to be granted paid time off at the rate of 15 days per year until they have three years of service and 20 days per year thereafter. However, our policy calls for employees who are assigned to a customer site to observe the holiday schedule of the client. If this holiday schedule differs from the Federal holiday schedule, the difference between the holiday schedules will be added or subtracted from the paid time off accrual schedule, so the total paid time off days and Holidays per year equals 25 or 30 days, depending on length of service.

Paid time off will be based on the employee's regular rate of pay and will be paid on the regularly scheduled payday. Employees who feel there is a discrepancy in the calculation of their leave pay or eligibility may request a review of the calculation by the Director, Administration.

Employees should submit paid time off leave requests to their supervisor in advance of their desired leave dates. Supervisors are responsible for approving leave requests, ensuring adequate staffing levels, and resolving leave scheduling conflicts. Employees are encouraged to schedule no more than one week of leave at a time.

Employees on a leave of absence, other than a military leave of absence, are required to use all accrued paid time off during the absence (see "Leaves of Absence"). Employees will only be eligible to accrue additional paid time off if they are expending accrued paid time off during their approved absence. Paid time off will not be accrued while the employee is in an unpaid status (Leave without Pay).

Employees may not receive pay in lieu of taking time off unless approved in advance by the CEO.

Paid time off will be accrued semi-monthly. Paid time off accrual is unlimited. When employment is terminated, employees will be compensated for accrued paid time off balances if they have been employed by Highmark Companies for at least 6 months.

Before the beginning of each calendar year, the Director, Administration will publish the schedule of holidays the company will observe during the year. A holiday that occurs on a Saturday or Sunday generally will be observed by the company on either the preceding Friday or the following Monday. Holiday time is not accrued and balances are not maintained.

Full-time salaried employees are eligible to be paid for eight hours for each observed holiday. Hourly employees are not eligible to receive holiday pay.

The company recognizes that some employees may wish to observe, as periods of worship or commemoration, certain days that are not included in the company's regular holiday schedule. Accordingly, employees who would like to take a day off for those reasons may do so if it will not unduly disrupt the company's business and if the employee's supervisor approves the request. Employees may use accrued paid time off for these occasions or they may take the time off as an unpaid, excused absence (see "Short-Term Absences").

The company may schedule work assignments on an observed holiday, as it deems necessary. Normally, work on an observed holiday will be paid as if the day were a regularly scheduled workday. Employees will be given a floating holiday that may be taken, with the prior approval of their supervisor, at another time during the calendar year. Employees will not be compensated for any floating holidays remaining when employment terminates.

### **4.3 Health and Welfare Benefits**

The policy of Highmark Companies is to offer a variety of health and welfare benefits for its eligible employees.

For the purposes of the company's health and welfare benefits, employee eligibility is defined as follows:

- a) Employees who work 30 hours or more (salary or hourly) are eligible for health and welfare benefits. These employees are eligible to enroll in company offered Medical and Dental Insurance Plans and Flexible Spending Accounts. All eligible employees are enrolled in the company's Life, Long Term Disability (LTD), Accidental Death or Dismemberment (AD&D) plans.
- b) Employees hired to work less than 30 hours per week are not eligible for health and welfare benefits, but receive legally mandated benefits (such as Worker's Compensation and Social Security).
- c) Employees hired to work variable (maybe less than 30 and possibly more than 30) hours or for a short-term assignment should refer to benefits summary information provided upon hire or the Summary Plan Description that governs the benefit plan for eligibility requirements.

Employees hired to work less than 30 hours per week may become eligible if after one year it is determined the employee worked an average of 30 or more hours per week.

For specific details, employees should refer to the benefits summary information provided upon hire or should refer to the Summary Plan Description (SPD) that governs the benefit plan. In the event of any conflict between information contained in this handbook and the respective SPD, the SPD shall take precedence. Benefits are subject to change at the company's discretion. Also, the amount that employees may be required to contribute towards premiums for these plans may be changed at the company's discretion.

The following information is provided as an overview of the company's health and welfare package:

- a) **Employee Contributions.** Certain benefits in the company's health and welfare package are contributory. That is, employees must contribute a portion of the cost of the premium. The company pays the remainder of the benefit premium. Employee benefit contributions are handled through payroll deductions.
- b) **Waiting Period.** Eligible employees may participate in the health and welfare benefits offered by the company once they have satisfied the necessary employment threshold (waiting period), as required by individual benefit plans. The waiting period is from hire date to the first day of the following month (less than one month), unless your hire date is the first day of the month, then there is no waiting period.
- c) **Late Applicants.** Eligible employees will be given an opportunity to participate in health and welfare benefits. If they waive participation in any of these plans for themselves or their eligible dependents on their initial eligibility date, they will only be allowed to apply for entry during the company's annual Open Enrollment period or other special enrollment periods (except in the case of a major life status change – see "Special Enrollment").
- d) **Open Enrollment.** The annual Open Enrollment period allows employees to add or change their benefits coverage. Employees may submit applications for entry into the plans during this period. Changes, additions, and other elections made during Open Enrollment will take effect on the effective date following the Open Enrollment period. Employees who make changes during Open Enrollment cannot make further adjustments to their benefits coverage until the next Open Enrollment period (except in the case of a major life status change – see "Special Enrollment").
- e) **Special Enrollment.** A qualifying event, such as certain life status changes – marriage, birth or adoption of a child, involuntary loss of medical and/or dental coverage, etc. – allow entry into these plans as long as application for coverage is made within 30 days of the qualifying event. For specific information regarding Special Enrollment, please refer to the relevant SPD.
- f) **Health Insurance.** The company offers medical insurance for eligible employees. Please refer to the Medical SPD for an explanation of the plan benefits and limitations.
- g) **Dental Insurance.** The company offers dental insurance for eligible employees. Please refer to the Dental SPD for an explanation of the plan benefits and limitations.
- h) **Long-Term Disability and AD&D.** The company offers long-term disability insurance for eligible employees. Please refer to the Long-Term Disability SPD for an explanation of the plan benefits and limitations.
- i) **Basic Life Insurance.** The company offers life insurance for eligible employees.
- j) **Supplemental Life Insurance.** The company offers eligible employees the option to purchase supplemental life insurance.
- k) **Flexible Spending Account and Section 125 Plan.** The company offers a full Section 125 Plan with Flexible Spending Account, wherein employee contributions (premium payments) for medical and dental insurance benefits, medical expenses and dependent care expenses may be made on a pre-tax basis. For details, please refer to the plan SPD.

#### **4.4 Retirement Savings and Profit Sharing Programs**

The policy of Highmark Companies is to offer a 401(k) retirement savings plan for its eligible employees. In order to be eligible, employees must be 21 years old or more and have worked 250 hours within first three months of employment or worked 1,000 hours within the first year. The 401(k) plan includes attractive company matching contributions and an immediate vesting schedule. For specific details, please refer to the 401(k) plan summary. The company may also make discretionary contributions to a profit sharing plan on behalf of its employees.

#### **4.5 Short-Term Absences**

The policy of Highmark Companies is to permit employees to be absent from work on an authorized short-term basis for a variety of reasons, including sickness and injury.

A short-term absence is defined as an absence of one workweek or less that is not covered by accrued paid time off. Absences longer than one workweek or absences that are designated as Family and Medical Leave Act absences must be converted to a leave of absence if employment rights are to be maintained (see "Leaves of Absence"). Examples of short-term absences may include such events as emergency closing of the company's operations and jury duty or testifying as a subpoenaed witness in a judicial proceeding. Generally, employees are expected to use their accrued paid time off during short-term absences.

Salaried employees with three months or more of service will be eligible for pay during participation in jury duty up to two weeks in a calendar year.

Authorized time off for short-term absences will not be considered as time worked for the purposes of calculating overtime compensation (see "Hours of Work").

#### **4.6 Leaves of Absence**

The policy of Highmark Companies is to grant employees extended leaves of absence under certain circumstances. For policy statements regarding absences of short duration, please refer to "Attendance and Punctuality" and "Short-Term Absences".

Highmark Companies offers a long-term disability insurance plan to provide compensation for eligible employees who are granted certain leaves of absence. Information pertaining to the long-term disability insurance plan is available from the Director, Administration.

As required by law, Highmark Companies will comply fully with the provisions of the federal Family and Medical Leave Act (FMLA). FMLA requires an employee to work a minimum of 1,250 hours within the year to be eligible.

Employees generally are eligible for leaves of absence if they have completed at least one year of service or as specified by law. The granting and duration of each leave of absence and the compensation received by the employee, if any, during the leave of absence will be determined by the company in conjunction with applicable federal and state law. The following types of leaves will be considered:

- a) **Sick Leave of Absence.** Employees who are unable to work because of a serious health condition or disability may be granted a sick leave of absence. This type of leave covers disabilities caused by pregnancy, childbirth or other related medical conditions. The company requires certification of an employee's need for sick leave, both before the leave begins and on a periodic basis thereafter, by the employee's healthcare provider.
- b) **Parental Leave of Absence.** Female employees, when not disabled by pregnancy or childbirth (see above), and male employees may be granted a parental leave of absence to care for the employee's child upon birth or to care for a child upon the child's placement with the employee for adoption or foster care.
- c) **Family Care Leave of Absence.** Employees may be granted a family care leave of absence for the purpose of caring for the employee's child, spouse or parent who has a serious health condition. The company requires certification of the family member's serious health condition, both before the leave begins and on a periodic basis thereafter, by the family member's healthcare provider.
- d) **Personal Leave of Absence.** Employees may be granted a leave of absence to attend to personal matters in cases where the company determines that an extended period of time away from the job will be in the best interests of the employee and the company.
- e) **Military Leave of Absence.** A military leave of absence will be granted if an employee is absent in order to serve in the uniformed services of the United States for a period of up to five years (not including certain involuntary extensions of service). Employees who perform and return from service in the Armed Forces, the Military Reserves, the National Guard or certain Public Health Service positions will retain certain rights with respect to reinstatement, seniority, layoffs,

- compensation, length of service promotions, and length of service pay increases, as required by applicable federal or state law.
- f) **Additional Military Leave of Absence.** A military leave of absence will be granted to an eligible employee as defined by the FMLA for up to 26 weeks of leave to care for a family member who is a covered service member and has experienced a serious injury or illness due to active duty. The leave is limited to 26 weeks, even if it falls in different FMLA policy years. The definition of “family member” includes collateral relatives, such as siblings, cousins, and grandparents, if they are the nearest available relative. Also, an eligible employee whose immediate family member is on active military duty is entitled to up to 12 weeks of leave for any qualifying exigency. Qualifying exigency is defined as: 1) short-notice deployment; 2) military events and related activities; 3) child care and school activities; 4) financial and legal arrangements; 5) counseling; 6) rest and recuperation; 7) post-deployment activities; and/or 8) additional activities where the employer and employee agree to the leave.
  - g) **Reserve Leave of Absence.** Employees with three months or more of company service will be eligible for pay during participation in annual encampment or training duty in the Military Reserves or the National Guard. In these circumstances, the company will pay the difference between what an employee earns from the government for military service and what the employee would have earned from normal straight-time pay on the job. This difference will be paid for up to two weeks in a calendar year.

Requests for a leave of absence or extension of an existing leave of absence ordinarily should be submitted in writing to the employee's supervisor at least 30 days before the start of the leave or extension period. When the need for leave or an extension is not foreseeable, employees should give as much notice as is practicable. The supervisor will forward the request to the Director, Administration, recommending approval or denial. All employees on approved leave are expected to report any change of status in their need for a leave of absence or in their intention to return to work to the Director, Administration.

Employees who are on an approved leave of absence may not perform work for any other employer during that leave, except when the leave of absence is for military or public service.

Employees on a sick or family care leave of absence will be required to expend their accrued paid time off during this absence. However, employees may not use accrued paid time off if they are receiving compensation under the company's disability or workers' compensation insurance programs (see “Short-Term Absences”). Employees on a parental or personal leave of absence also will be required to expend their accrued paid time off during this absence.

The company will continue to provide health insurance and other benefits to employees who are on an authorized leave of absence, as required by law. Benefits that accrue according to length of service, such as paid time off and holidays, do not accrue during periods of unpaid leave or during periods in which the employee receives workers' compensation or disability benefits.

Employees returning from a leave of absence will be reinstated to their same job or to an equivalent job with equivalent status and pay, as required by law. Employees returning from a sick leave of absence must provide medical certification of their ability to perform the functions of their job. Employees returning from a military leave of absence must comply with all of the reinstatement requirements specified by federal law. If the same job or one of equivalent status and pay is not available as a result of a reduction in force, the employee will be treated in the same manner as though he or she had been actively employed at the time of the reduction in force.

Employees who are unable to report for work because of arrest and incarceration will be placed on a special personal leave of absence. If the employee is unable to secure bail, the leave of absence will continue until final disposition of the charges. If the employee is freed on bail, the employee's supervisor and the Director, Administration will decide whether active employment is appropriate pending final disposition of the charges.

If an employee fails to return to work at the conclusion of an approved leave of absence, including any extension of the leave, the employee will be considered to have voluntarily terminated employment with Highmark.

#### **4.7 Bereavement Policy**

The policy of Highmark Companies is to permit salaried employees to be absent from work on an authorized short-term basis for a death in the family.

Eligible employees will be paid for up to three days of bereavement leave for an absence related to a death in the immediate family. For the purposes of this policy, "immediate family" includes the employee's spouse, parents, grandparents, children, and siblings and the spouse's parents and children.

Employees are required to notify their manager, as soon as possible, when not reporting to work due to a death in the family, preferably in advance of the absence. Abuse or fraudulent use of the bereavement policy will result in disciplinary action, up to and including termination.

## **Chapter 5 - Company Premises and Work Areas**

### **5.1 Employee Safety**

The policy of Highmark Companies is to comply with all applicable federal, state, and local health and safety regulations and to provide a work environment as free as practicable from recognized hazards. Employees are expected to comply with all safety and health requirements, whether established by the company or by federal, state or local law.

The Director, Administration oversees the company's safety policies and procedures. Responsibilities include:

- a) Monitoring compliance with company safety rules and regulations and applicable safety and health standards established as a result of the Occupational Safety and Health Act (OSHA) and any other applicable federal, state or local employee safety laws or regulations;
- b) Investigating, correcting, and reducing recognized unsafe and unhealthful working conditions or potential hazards;
- c) Representing the company during investigations conducted by OSHA; other federal, state or local safety and health personnel; or insurance underwriting representatives;
- d) Monitoring compliance with the various requirements established by any law or by the company's insurance carrier relating to recordkeeping and retention of records;
- e) Posting notices required by law or by the company's insurance carrier; and
- f) Evaluating the effectiveness of the company's safety program.

Employees should report to their supervisor or the Director, Administration all observed safety and health violations, potentially unsafe conditions, and any accidents resulting in injuries to employees or customers. Employees are encouraged to submit suggestions to the Director, Administration concerning safety and health matters.

Supervisors should not discharge or discriminate in any manner against an employee because the employee has instituted a safety-related proceeding, has testified in that type of proceeding or has otherwise exercised any right provided by law.

Violations of company safety rules, regulations or procedures will result in disciplinary action, up to and including termination (see "Behavior of Employees").

### **5.2 Maintenance of Work Areas**

The policy of Highmark Companies is that work areas must be kept clean and orderly at all times. Employees are responsible for maintaining their work areas in a clean and orderly fashion. Employees should inform their supervisor or the Director, Administration of any concerns about working conditions. Employees must abide by the smoking restrictions established by state or local law and may smoke only in areas specifically permitted by company policy (see "Smoking").

### **5.3 Personal Property**

The policy of Highmark Companies is to ask employees to refrain from bringing unnecessary or inappropriate personal property to work.

The company recognizes that employees may need to bring certain personal items to work. However, personal property that is not related to the employee's job performance that disrupts work or that poses a safety risk to other employees is not allowed.

Employees are expected to exercise reasonable care to safeguard personal items brought to work. The company is not responsible for the loss, damage or theft of personal belongings. Employees are advised not to carry unnecessary amounts of cash or other valuables with them when they come to work.

Articles of personal property found on the premises should be returned to the owner, if known, or turned over to the Director, Administration. Inquiries regarding lost property should be directed to the Director, Administration.

#### **5.4 Solicitation**

The policy of Highmark Companies is to prohibit solicitation and distribution on its premises by non-employees and to permit solicitation and distribution by employees only in authorized circumstances.

The company limits solicitation and distribution on its premises because those activities can interfere with its normal business operations, reduce employee efficiency, annoy customers, and pose a threat to security. The Director, Administration is responsible for administering this policy and enforcing its provisions. Employees will be subject to disciplinary action for violating this policy (see "Behavior of Employees").

Non-employees are prohibited from soliciting funds or signatures, conducting membership drives, distributing literature or gifts, offering to sell merchandise or services (except by representatives of suppliers properly identified to the Director, Administration) or engaging in any other solicitation, distribution or similar activity on company premises.

The company may authorize a limited number of fundraising drives by employees on behalf of charitable organizations or for employee gifts.

The company maintains various communication systems (including bulletin boards, electronic mail, voice mail, facsimile machines, and personal computers) to communicate company information to employees and to disseminate or post notices required by law. The unauthorized use of these communication systems is prohibited (see "Use of Communication Systems").

#### **5.5 Security**

The policy of Highmark Companies is to make reasonable efforts to provide for the security of its property, its employees, and authorized visitors to its premises.

Employees, customers, suppliers, and guests are prohibited from possessing firearms or other weapons on company property, at events sponsored by the company, and while representing the company at trade or professional meetings or at client sites. Employees are further prohibited from carrying weapons in employer-provided vehicles or in personal vehicles while on company business.

Employees who wish to remove company property or equipment from work premises must have their supervisor's authorization. Removing property or equipment without authorization will result in disciplinary action, including possible termination. Employees are responsible for the proper care and return of all company property and equipment assigned to their possession.

Employees may be reasonably searched, questioned, and subjected to surveillance whenever the company believes this is necessary to maintain proper security levels. All personal property brought onto the company's premises (such as vehicles, packages, briefcases, backpacks, purses, bags, and wallets) are subject to inspection. In addition, the company may inspect the contents of file cabinets, desks, and workstations at any time and may remove all company property and other items that are in violation of company rules and policies (see "Personal Property").

Employees working in sensitive or high-security jobs must meet all applicable special security clearance requirements specified for those jobs. These requirements may include extensive background checks,

fingerprinting, bonding or other special security measures. Failure or inability to meet or comply with any special security requirements will be grounds for termination of employment or rejection of an applicant.

Employees are expected to exercise reasonable care for their own protection and for their personal property while on the company premises and while away from the premises on business. The company assumes no responsibility for loss, damage or theft of personal property (see "Personal Property").

Employees are expected to know and comply with the company's security procedures and should report any violations or potential problems to the Director, Administration. Violations of company security rules or procedures will result in disciplinary action, up to and including termination (see "Behavior of Employees"). In addition, illegal acts committed by employees will be reported to law enforcement authorities.

## **5.6 Smoking**

The policy of Highmark Companies is to comply with all applicable federal, state, and local regulations regarding smoking in the workplace and to provide a work environment that promotes the productivity and well being of its employees.

Smoking is prohibited inside all company facilities. In addition, employees must abide by the smoking policies of the building landlord and the smoking policies at client work sites. The Director, Administration is responsible for implementing and monitoring smoking regulations; supervisors are expected to enforce these regulations. The smoking policy applies to employees during work hours and to customers and visitors while on company premises. Time spent on smoke breaks is unpaid.

## Chapter 6 - Personal Conduct

### 6.1 Employee Behavior

Highmark Companies maintains certain rules regarding employee behavior. As a company, we must provide a pleasant, professional work environment for our employees. Each employee must do his or her part to act in a professional manner and must treat coworkers with respect. Conduct that interferes with the operation of the company, brings discredit to the company or is offensive to clients or fellow employees is not tolerated. Actions of this nature will result in disciplinary action, up to and including termination.

Employees are expected, at all times, to conduct themselves in a positive manner in order to promote the best interests of the company. Appropriate employee conduct includes:

- a) Treating all customers, visitors, and coworkers in a courteous manner (see "Customer Relations");
- b) Refraining from behavior or conduct that is offensive or undesirable or behavior that is contrary to the company's best interests (see "Productive Work Environment");
- c) Reporting to management suspicious, unethical or illegal conduct by coworkers, customers or suppliers (see "Security");
- d) Cooperating with company investigations (see "Productive Work Environment" and "Security");
- e) Complying with all company safety and security regulations (see "Employee Safety" and "Security");
- f) Wearing clothing that is appropriate for the work being performed (see "Employee Safety" and "Employee Appearance");
- g) Performing assigned tasks efficiently and in accordance with established quality standards;
- h) Giving proper advance notice whenever unable to work or report to work on time (see "Attendance and Punctuality");
- i) Maintaining cleanliness and order in the workplace and work areas (see "Maintenance of Work Areas" and "Employee Workspace").

The following conduct is prohibited. Individuals engaged in this conduct will be subject to discipline, up to and including termination:

- a) Possessing firearms or other weapons on company property or at client work sites;
- b) Fighting or assaulting a coworker or customer;
- c) Threatening or intimidating coworkers, customers or guests;
- d) Engaging in any form of sexual or other harassment (see "Productive Work Environment");
- e) Reporting to work under the influence of alcohol, illegal drugs or narcotics or using, selling, dispensing or possessing alcohol, illegal drugs or narcotics on company premises or at client work sites (see "Business Entertainment" and "Substance Abuse");
- f) Disclosing trade secrets or confidential company information (see "Confidential Nature of Company Affairs");
- g) Falsifying or altering company records or reports such as employment applications, medical reports, production records, timekeeping records, expense accounts, absentee reports or shipping and receiving records;
- h) Stealing, destroying, defacing or misusing company property or another employee's or customer's property;
- i) Misusing company communications systems, including electronic mail, computers, Internet access, and telephones (see "Use of Communication Systems");
- j) Refusing to follow management's instructions concerning a job-related matter or being insubordinate;
- k) Soliciting or distributing material in violation of company policies (see "Solicitation");
- l) Smoking where prohibited by local ordinance or company policy (see "Smoking");
- m) Using profanity or abusive language (see "Use of Communication Systems");

- n) Sleeping on the job;
- o) Gambling on company property or at client work sites;
- p) Playing pranks or engaging in horseplay; and
- q) Having an inappropriate personal appearance (see “Employee Appearance”).

The examples described above are not intended to be an all-inclusive list. At management's discretion, any violation of the company's policies or any conduct considered inappropriate or unsatisfactory may subject the employee to disciplinary action. Questions about this policy should be directed to the Director, Administration.

## **6.2 Attendance and Punctuality**

The policy of Highmark Companies is to require employees to work all scheduled hours and any required overtime. Poor attendance disrupts workflow, impacts customer service, and will not be tolerated.

Employees should notify their supervisor and the client manager (if appropriate) as far in advance as possible whenever they are unable to report for work, know they will be late to work or know they must leave work early. The notice should include a reason for the absence and should indicate when the employee can be expected to report for work. If the supervisor is unavailable, notification should be made to the Director, Administration. Employees will be compensated during authorized absences in accordance with the policies contained in this handbook (see “Short-Term Absences” and “Leaves of Absence”).

Employees must report absences to their supervisor prior to occurrence wherever possible. When appropriate, the supervisor should counsel the employee on the importance of good attendance and warn that excessive absences will lead to discipline. Unauthorized or excessive absences will result in disciplinary action, up to and including termination. An absence is considered to be unauthorized if the employee has not followed proper notification procedures or the absence has not been properly approved.

Employees who are frequently away from the premises for business reasons should inform their supervisors of their whereabouts during working hours.

Employees generally are expected to report to work during inclement weather conditions, unless the company declares an emergency closing. Employees who are unable to report to work because of weather conditions will be granted an authorized unpaid absence or may take paid time off.

Employees who report to work in a condition considered unfit for work, whether illness-related or for other reasons, will not be allowed to work (see “Substance Abuse”).

Employees who are absent from work for three consecutive days without giving proper notice to the company may be considered as having voluntarily terminated their employment with Highmark. At that time, the company will formally document the termination and will advise the employee of the action by sending certified mail to the employee's last known address.

Non-exempt employees will not be required or permitted to work outside the boundaries of their normal work schedule to make up time lost because of tardiness, unauthorized absence, authorized absence or any other reason if the result will cause the employee to work more than 40 hours during the workweek.

## **6.3 Customer Relations**

The policy of Highmark Companies is to be customer and service-oriented and to require employees to treat customers in a courteous and respectful manner at all times.

At Highmark, our customers are the focus of everything we do. Customer care is embedded in our culture and responsiveness to customer needs has been the cornerstone of our development. Our long-term

success depends on constantly providing services that are recognized as industry standards by our customer organizations. Our mission is to meet our customers' needs by continually improving our services, thereby assuring our long-term prosperity as a business.

Our customers provide the primary source of the company's income and each employee's job security. To promote excellent relations with our customers, all employees must represent the company in a positive manner and make customers feel appreciated when dealing with Highmark Companies (see "Behavior of Employees"). Employees with customer contact are expected to know the company's products and services and to learn the customer's wants and needs. We count on our employees to help inform our customers about our products and services and to seek better ways to serve our customers.

Employees should be polite and thoughtful when using the telephone. A positive telephone contact with a customer can enhance goodwill, while a negative experience can destroy a valuable relationship. The following procedures should be observed whenever possible:

- a) When answering the telephone, use a pleasant tone of voice, identify the name of the company, and identify yourself;
- b) If the person with whom the caller wishes to speak is on another line, ask if the caller wants to be placed on hold;
- c) If a caller has been placed on hold, carefully monitor the time and offer to have the call returned if the person called is not available within a reasonable period;
- d) When a caller leaves a name, number or message, make sure it is recorded correctly and given promptly to the appropriate individual;
- e) All employees should take and place their own telephone calls; and
- f) When an employee is unavailable, he or she should ensure voice mail answers the call with a courteous message that identifies the company and the person called and asks callers to identify themselves, leave a number where they can be reached, and leave a brief message.

Employees should listen carefully to customer complaints and deal with them in a helpful, professional manner. If controversy arises, the employee should explain company procedures and/or policy respectfully and clearly. If customers become unreasonable or abusive, they should be referred to the employee's supervisor if the employee cannot resolve the problem. Employees are encouraged to report recurring customer-related problems to their supervisor and to make suggestions for changes in company policies or procedures to solve problems.

#### **6.4 Employee Appearance**

The policy of Highmark Companies is that each employee's dress, grooming, and personal hygiene should be appropriate to the work situation.

Our employees are expected to present a professional, businesslike image to customers, prospects, and the public. Acceptable personal appearance, like proper maintenance of work areas, is an ongoing requirement of employment with the company (see "Maintenance of Work Areas" and "Employee Workspace"). Radical departures from conventional dress or personal grooming and hygiene standards are not permitted.

Office workers and employees who have regular contact with the public must comply with the appearance standards at the work location assigned. Employees who do not have regular contact with the public should follow basic requirements of safety and comfort, but should remain as neat and businesslike as working conditions permit.

At its discretion, the company may allow employees to dress in a more casual fashion than is normally required. On these occasions, employees are still expected to present a neat appearance and are not permitted to wear ripped or disheveled clothing, athletic wear or similarly inappropriate clothing.

Any employee who does not meet the standards of this policy will be required to take corrective action, which may include leaving the premises. Employees will not be compensated for any work time missed because of failure to comply with this policy. Violations of this policy will result in disciplinary action (see "Behavior of Employees").

## **6.5 Employee Finances**

Employees should manage their personal finances so that they do not adversely affect job performance or the company's image in the community.

The Director, Administration is the only person authorized to receive a writ of garnishment or attachment, a notice of levy by any taxing authority or any other similar order requiring payment of a portion of an employee's compensation to someone other than the employee. The Director, Administration will immediately notify the affected employee and will enact the necessary procedures to deduct required amounts from the employee's earnings, up to the limit permitted by law.

No employee will be terminated because his or her earnings have been garnished for a single event of indebtedness. However, repeated garnishments for multiple events of indebtedness may result in discipline, up to and including termination, depending on the circumstances of the case and any restrictions under state law.

The Company will not deny employment to or terminate the employment of any person solely because that person has filed a petition for bankruptcy.

The Company will not disclose employee financial information to outside parties without express written permission from the employee, except as required by law.

## **6.6 Employee Workspace**

The policy of Highmark Companies is to assign employees with responsibility for maintaining the workspace that is assigned to them.

A clean, orderly workspace provides an environment conducive to working efficiently. Employees should keep in mind that their workspace is part of a professional environment that portrays the company's overall dedication to providing quality, accurate services to its clients. Therefore, employee workspaces should be clean, organized, and free of items not required to perform their jobs.

## **6.7 Use of Office Equipment**

The policy of Highmark Companies is to assign certain equipment to employees, depending on the needs of the job.

Company-assigned equipment may include such items as personal computers and access to the company's central computers and servers. This equipment is the property of the company and may not be removed from work premises without prior approval of management. It is expected that employees will treat this equipment with care and report any malfunctions immediately to staff members equipped to diagnose problems and take corrective action.

## **6.8 Use of Communication Systems**

The policy of Highmark Companies is to provide or contract for the communication services and equipment necessary to promote the efficient conduct of its business.

Supervisors are responsible for instructing employees on the proper use of the communication services and equipment used by the company for its internal and external business communications.

Most communication services and equipment have toll charges or other usage-related expenses. Employees should be aware of these charges and should consider cost and efficiency needs when choosing the proper mode for each business communication. Employees should consult their supervisor if they have questions regarding the proper use of communication services and equipment.

All company communication services and equipment, including the messages transmitted or stored by them, are the sole property of the company. The company may access and monitor employee communications and files, as it deems appropriate. Communication equipment and services include mail, electronic mail (e-mail), courier services, facsimiles, telephone systems, personal computers, computer networks, on-line services, Internet connections, computer files, telex systems, video equipment and tapes, tape recorders and recordings, pagers, cellular phones, and bulletin boards.

Employees have access to various on-line services and the Internet. Use of these communication mechanisms should be limited to work-related activities. Employees should not duplicate or download any software or materials that are copyrighted, patented, trademarked or otherwise identified as intellectual property. When appropriate material is downloaded from the Internet, it should be coordinated with the technical staff and scanned with the company's antivirus software.

Employees should not use company communication services and equipment for personal purposes except in emergencies or when extenuating circumstances warrant. Company communication-related property or equipment may not be removed from work premises without authorization from the employee's supervisor.

Employees should ensure that personal correspondence does not have the appearance of being promulgated as official company communication. Employees may be perceived as representatives of the company and, therefore, may create damage or liability for the company. All outgoing messages (whether by mail, facsimile, e-mail, Internet transmission or other means) must be accurate, appropriate, and work-related. Employees may not use the company's address for receipt of personal mail and may not use company stationery or postage for personal correspondence. In addition, only authorized company representatives may issue personalized company stationery and business cards.

Improper use of company communication services and equipment will result in discipline, up to and including termination. Improper use includes any misuse, as described in this policy, as well as any harassing, offensive, demeaning, insulting, defaming, intimidating or sexually suggestive written, recorded or electronically transmitted messages (see "Productive Work Environment" and "Behavior of Employees").

## **6.9 Conflicts of Interest**

The policy of Highmark Companies is to prohibit our employees from engaging in any activity, practice or conduct that conflicts with (or has the appearance of conflicting with) the interests of the company, our customers or our suppliers. It is impossible to describe all of the situations that may cause or give the appearance of a conflict of interest. Therefore, the prohibitions included in this policy are representative of some of the more clear-cut examples and are not intended to be all-inclusive.

Employees are expected to represent the company in a positive and ethical manner. Thus, employees have an obligation to avoid conflicts of interest and to refer questions and concerns about potential conflicts to their supervisor. Company management personnel and employees who have contact with customers and suppliers may be required to sign a special statement acknowledging their understanding of and adherence to this policy.

Employees may not engage in any conduct (directly or indirectly, on or off the job) that is disloyal, disruptive, competitive or damaging to the company. Prohibited activity also includes any illegal acts in restraint of trade (see "Confidential Nature of Company Affairs").

Employees may not accept an employment relationship with any organization that competes with the company while simultaneously maintaining company employment.

Employees must disclose any financial interest they or their immediate family members have in any firm that does business with the company or competes with the company for business opportunities. The company may require divestiture of the interest if we consider the financial interest to be in conflict with our best interests.

Employees and their immediate family members may not accept gifts (except those of nominal value) or any special discounts or loans from any person or firm doing or seeking to do business with the company. For the purposes of this policy, gifts include the acceptance of lavish entertainment and free travel and lodging.

Employees may not give, offer or promise (either directly or indirectly) anything prohibited by law or by customer policy to any representative of a customer, of a potential customer or a financial institution in connection with any transaction or business that the company may have with that customer, potential customer or financial institution.

Any conflict or potential conflict of interest must be disclosed to the company. Failure to make disclosure will result in discipline, up to and including termination.

#### **6.10 Confidential Nature of Company Affairs**

The policy of Highmark Companies is that the internal business affairs of the organization, particularly confidential and proprietary information and trade secrets, represent company assets that each employee has a continuing obligation to protect.

Information designated as confidential or proprietary may not be discussed with anyone outside the organization and may be discussed within the organization only on a "need-to-know" basis. In addition, employees have a responsibility to avoid unnecessary disclosure of non-confidential internal information about the company, our employees, our customers, and our suppliers. However, this employee responsibility to safeguard internal company affairs is not intended to impede normal business communications and relationships.

Employees authorized to have access to confidential information may be required to sign special nondisclosure agreements and must treat the information as proprietary company property for which they have personal responsibility. Employees are prohibited from attempting to obtain confidential information for which they have not received authorization. Employees violating this policy will be subject to discipline, up to and including termination, and may also be subject to legal action.

The Director, Administration is responsible for coordinating the security and control of company information and for approving any exceptions to this policy. Supervisors are responsible for identifying information that should be classified as confidential and should work closely with the Director, Administration to develop procedures to secure and control the information. Information that is designated as confidential should be clearly identified and properly secured.

All media inquiries and other inquiries of a general nature should be referred to the CEO. In addition, all press releases, publications, speeches or other official declarations must be approved in advance by the CEO. Questions about employee references or other information concerning current or former employees should be referred directly to the Director, Administration.

Employees should not discuss with the officers, directors or employees of competing organizations any topic that might give the impression of an illegal agreement in restraint of trade. Prohibited topics include pricing agreements, customer allocations, and division of sales territories.