



# Employee Sourcebook

**Revised June 2011**

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#### **Notice of Proprietary Information**

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## INTRODUCTION

### Welcome to Optimer Pharmaceuticals, Inc.!

Welcome. We are pleased that you have joined Optimer. We are a growing company with an exciting future. The entrepreneurial environment in the biotechnology industry is converging with advances in science to deliver unprecedented new medicines. We aspire to be the recognized leader in the hospital specialty segment of our industry - the place where health care providers turn for CDI information and support. Our success in achieving this vision is dependent on the contributions that each of you will make over the coming years, actively partnering with your new colleagues to achieve our shared goals.

I believe you will find working here to be an exciting and fun experience. We work hard, value creativity and enjoy each other's company. The quality of our daily interactions, and the trust-based relationships that we develop with each other and with our customers, are especially important. These relationships allow us to be nimble in recognizing and responding to new opportunities, and help us to effectively address the challenges that come with growing a business. They also result in an environment where people enjoy coming to work and, as we say at Optimer, are "all in." Please reach out to others over the coming months and ask for the information, feedback and support you need to be successful in your new role. We are on this journey together. I look forward to getting to know each of you as we work to build a truly great company.

I invite you to review Optimer's Mission statement, Core Values and Operating Principals on the following pages.

A handwritten signature in black ink that reads "Pedro Lichtinger". The signature is written in a cursive style with a large, looping initial "P".

Optimer Chief Executive Officer,  
Pedro Lichtinger

## Optimer Mission and Values

*Innovative Medicines for Challenging Diseases*

### Mission

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Optimer's mission is to discover, develop and commercialize innovative hospital specialty products that have a positive impact on society. We focus on medicines that make a significant difference in the lives of patients and reduce the burden of disease.

### Core Values

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- **Innovative:** We focus on areas of unmet need and work to create breakthrough products that are significantly better than current medical options. Our culture is one that values creative people and views new approaches with an open mind. We have found that individual creativity is critical but that team effort often produces the best outcomes.
- **Trusted:** We strive to do what is right for patients, health care providers and our colleagues. Our goal is to build trusted partnerships with our customers and sustain a strong culture of compliance. We also believe in creating a high trust environment within the company based on our open and supportive interactions with each other.
- **Bold:** We are proud of being nimble, lean and entrepreneurial in how we work. We seek to understand and respond to changes in our markets and the needs of our customers. Our people take calculated risks to move our business forward and look for ways to constantly improve the way we operate.
- **Accountable:** We believe that each person and each team must take ownership for the success of our business. There are no bystanders in Optimer. We value the power of ideas as well as the ability to execute those ideas in a timely and effective manner.

At Optimer, we are proud that our employees are a unique group of smart, motivated and talented individuals. You are our biggest asset and your collective "Optimer Spirit" is the heart of our commitment to fulfill our mission.

Together we live our Optimer values as we work diligently towards our mission.

## Operating Principles

We know that our success is based on the capabilities and contributions of colleagues at all levels of the company. We believe in giving people a great deal of autonomy with the understanding that each of us will live by our shared values. Our specific expectations are outlined below:

Optimer Values	Operating Principles
<b>Innovative</b>	<ol style="list-style-type: none"> <li>1. Anticipate patients' needs in our changing marketplace</li> <li>2. Work with creativity and imagination to find solutions &amp; create opportunities</li> <li>3. Be open to diverse ideas, determining which are best and should be followed</li> <li>4. Take time to celebrate and reward our successful individuals and teams</li> <li>5. Enjoy the work -- and working with each other</li> </ol>
<b>Trusted</b>	<ol style="list-style-type: none"> <li>6. Put the needs of patients and society first - if we serve them well, all will benefit</li> <li>7. Customers are our valued partners – work hard to meet their needs</li> <li>8. Know that integrity and honesty are at the core of our identity</li> <li>9. Compliance is central to everything we do – there are no exceptions</li> <li>10. Reach out to colleagues across groups - we can't succeed if we operate in silos</li> <li>11. Do your part to sustain an open, warm and supportive Optimer environment</li> </ol>
<b>Bold</b>	<ol style="list-style-type: none"> <li>12. Prioritize - focus on and impact the areas that count</li> <li>13. Take calculated risks to grow our business and win in the marketplace</li> <li>14. Challenge us to continuously improve – question the status quo</li> <li>15. Learn from both our successes and mistakes - always moving forward</li> <li>16. Invest in your own growth and the growth of others</li> <li>17. As entrepreneurs, we know that anything is possible</li> </ol>
<b>Accountable</b>	<ol style="list-style-type: none"> <li>18. Be “all in” – our work and company is our passion</li> <li>19. Take ownership – strategy, plans, risks/rewards and results</li> <li>20. Set clear targets and assess progress in a disciplined manner</li> <li>21. Bring issues / opportunities forward before they become problems</li> <li>22. Be fiscally responsible - spend the Company's money like it's your own</li> </ol>

## **Scope of Sourcebook**

This Employee Sourcebook (“the Sourcebook”) sets forth the terms and conditions of employment of all employees. **Nothing in this Employee Sourcebook, or in any other personnel document, is to be construed as making a binding contract or promise of any kind.**

This Sourcebook summarizes the policies and practices in effect at the time of publication. All previously issued handbooks and/or manuals and any inconsistent policy or benefit statements or memoranda are void. If there are any differences between this Sourcebook and current policies, current policies would prevail.

This Sourcebook is intended to help employees get acquainted with Optimer Pharmaceuticals, Inc. (“Optimer” or the “Company”). While it addresses many of the matters of concern to employees, this Sourcebook is not intended to be an exhaustive compilation of the Company’s policies. The Company will comply with all applicable federal, state and local laws. In the event of a conflict between any policy or procedure and applicable law, the law will control and will be followed.

Nothing in this Sourcebook is intended to create a contract of employment with the Company, or to modify or add to any contract of employment with the Company, or to create an expectation of continued employment for any specified term. The Company remains free to change wages and all other working conditions without having to consult with the employee and without the employee’s agreement. Furthermore, both the Company and the employee remain free to terminate the employment relationship at any time, with or without cause.

Each employee is responsible for reading and following the policies contained in this Sourcebook. If there are questions regarding the application of the Company’s policies, we encourage employees to discuss them with their supervisor or Human Resources.

Company policies (excluding the employment at-will policy) may change from time to time, and the Company reserves the right to change, delete, revise, or add to any policies (excluding the employment at-will policy), benefits, or practices described in the Sourcebook from time to time, at its sole and absolute discretion, with or without prior notice, but will ensure that all changes are communicated to our employees.

## **At-Will Employment Status**

Employment at Optimer Pharmaceuticals, Inc. (“Optimer” or the “Company”) is at-will and for no specified period or duration. Employment at-will means employment may be terminated with or without cause and with or without advance notice at any time by the employee or the Company. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time for any reason not specifically prohibited by law. Nothing in this Sourcebook or in any document or statement shall limit the right to terminate employment at-will. No manager, supervisor or employee has any authority to enter into any agreement – express or implied – for employment for any specified period of time or to make any agreements for employment other than at-will. Only the Company’s Chief Executive Officer (CEO) has the authority to make any such agreement and then only in writing signed by both you and the CEO.

## **Equal Employment Opportunity**

The Company is committed to equal employment opportunity for all qualified persons, without regard to race, color, national origin, ancestry, sex, religion, age, gender, mental or physical disability, veteran status, medical condition (including pregnancy, childbirth and related medical conditions), marital status, citizenship, sexual orientation, gender identification, or any other characteristics protected by federal or applicable state law. It also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This applies to all employment practices, including recruitment, hiring, compensation, leaves of absence, recall, lay off, placement, company benefits, promotions, demotions, transfers, training, disciplinary action, and termination.

The Company is committed to complying with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in the operations of the Company and prohibits unlawful discrimination by any employee of the Company, including supervisors and co-workers.

## **Harassment Policy**

The Company is committed to providing a work environment where employees are treated with dignity and respect and is free of unlawful harassment. Company policy prohibits any form of harassment which violates federal, state or local law, including, but not limited to harassment related to an individual's race, color, national origin, ancestry, sex, gender, religion, age, mental or physical disability, veteran status, medical condition (including pregnancy, childbirth and related medical conditions), marital status, citizenship, sexual orientation and/or gender identification. Any such harassment is a violation of this policy and will be treated as a disciplinary matter. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee, managers, directors, supervisors, outside vendors, contractors, customers and all other third parties doing business with the Company, and applicants seeking to join the Company. No individual in the Company is exempt from the requirements of this policy.

Prohibited unlawful harassment because of sex, race, ancestry, religion, physical or mental disability, medical condition, marital status, age, or any other protected basis includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or negative stereotypes, unwelcome jokes, or comments teasing
- Viewing, downloading or transmitting pornographic, lewd, obscene or otherwise offending material from the internet or email
- Nonverbal conduct such as derogatory posters, photography, cartoons, drawings or gestures
- Physical conduct such as assault, unwanted touching, physically threatening another, blocking normal movement or blocking someone's way

The Company prohibits the conduct described above even if the conduct is not severe or pervasive to constitute unlawful harassment.

### **Sexual Harassment Defined**

Sexual harassment is a problem that deserves special mention. For purposes of this policy, sexual harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or (iii) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance, or creating an intimidating, hostile or offensive working environment.

In addition, conduct may violate this policy even if it is not sexual in nature if such conduct is based on a person's sex (gender) and has the purpose or effect of creating a hostile work environment. Sexual harassment may involve individuals of the same or different genders.

Examples of conduct prohibited by this policy include:

- Unwelcome sexual contact, sexual advances, flirtations, leering, whistling, touching or pinching
- Requests for sexual favors or demands for sexual favors in exchange for favorable treatment or to avoid unfavorable treatment
- Obscene or vulgar gestures or comments
- Sexual jokes or comments about a person's body, sexual prowess, sexual preferences or sexual deficiencies
- Visual harassment such as sexually-explicit or derogatory photos, cartoons, posters, drawings or video clips
- Sexually-explicit e-mail or voicemail
- Unwelcome comments of a sexual nature
- Conversation about one's own or someone else's sex life
- Conduct or comments consistently targeted at only one gender, even if the content is not sexual
- Teasing or other conduct directed toward a person because of his or her gender

This policy prohibits unwelcome conduct based on sex regardless of whether it rises to the level of a legal violation.

Consistent with this policy against harassment, the Company maintains posters on its bulletin boards that refer to legal definitions of harassment.

### **Retaliation Is Prohibited**

The Company also prohibits retaliation against any individual who reports discrimination or harassment, who assists another in making a report, who cooperates in a harassment investigation, or who files an administrative claim with any government agency. Any individual who experiences, witnesses or becomes aware of any conduct they believe to be retaliatory should immediately follow the reporting procedures stated below.

Management and supervisory employees who become aware of conduct inconsistent with this policy against retaliation also must immediately report the conduct, as described below, and this is true even if an employee reporting the alleged harassment requests the manager or supervisor not to do so. Retaliation is a serious violation of this harassment policy and, like harassment or discrimination itself, will be subject to disciplinary action, up to and including unpaid suspension and/or termination.

### **Individual Response**

Individuals are encouraged to address unwelcome conduct directly with the person they believe is engaging in such unwelcome conduct. However, addressing the conduct with the person is not required if an individual feels uncomfortable doing so, or otherwise chooses not to do so.

### **Complaint Procedure for Discrimination and Harassment**

If an employee believes that unlawful discrimination or harassment has occurred, a written complaint should be provided to a Company manager, Human Resources, or the Chief Executive Officer as soon as possible after the incident. This reporting procedure is specifically designed so that individuals have a choice of approaches, and may bypass members of their immediate working group. Complaints should include details of the incident or incidents, names of the individuals involved and names of any witnesses. Managers will refer all discrimination and harassment complaints to the Human Resources Department, or the Chief Executive Officer.

All reported complaints of harassment and discrimination will be promptly and thoroughly investigated by the Company. The Company will conduct all investigations in a discreet manner. All information disclosed during the course of an investigation will remain confidential, except to the extent reasonably necessary to conduct the investigation and take any remedial actions, or as required by law. The Company may exercise its discretion to put certain interim measures in place, such as a suspension, leave of absence or a transfer, while the investigation proceeds.

If the Company determines that a violation of its discrimination or harassment policies has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any employee determined by the Company to be responsible for unlawful discrimination or harassment will be subject to appropriate disciplinary action, up to and including termination. Because the Company is committed to avoiding even the appearance of impropriety with respect to discrimination or harassment, it may take corrective action toward an employee for inappropriate conduct learned during the course of the investigation, regardless of whether the conduct amounts to a violation of the law or even a violation of the Company's policies.

The Company encourages all employees to immediately report any incidents of harassment forbidden by this policy so that complaints can be quickly and fairly resolved. Employees should also be aware that the Federal Equal Employment Opportunity Commission and any applicable state agencies investigate and prosecute complaints of prohibited discrimination and harassment in employment. If employees think discrimination or harassment has occurred or that retaliation has occurred for resisting or complaining, employees may file a complaint with the appropriate agency.

The nearest office is listed in the telephone book and an informative sexual harassment brochure is available in Human Resources.

### **Americans with Disabilities Act**

It is the policy of the Company to fully comply with the Americans with Disabilities Act (ADA) and applicable laws to ensure equal employment opportunities to qualified individuals with a disability in all terms and conditions of employment. The Company will not discriminate against any employee or applicant based on disability status and will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability unless undue hardship would result.

The Company complies with the requirements of the ADA and will reasonably accommodate an employee with a physical or mental disability, as defined by applicable law, if possible. Any individual who requires an accommodation in order to perform the essential functions of the job should contact Human Resources to request such an accommodation. The individual with the disability should specify what accommodations he or she needs to perform the job. The Company then will engage in an interactive process with the employee to identify the barriers that make it difficult for the individual to have an equal opportunity to perform his or her job and discuss possible reasonable accommodations. The Company will consider accommodations identified by the individual, if any. If the accommodation is reasonable and will not impose an undue hardship, the Company will make the accommodation.

### **Workplace Violence**

The Company is committed to establishing a workplace for its employees, customers, vendors and others on its premises that are free from violent or threatening behavior. Acts or threats of physical violence, including intimidation, harassment, and/or coercion which involve or affect the Company or which occur on the Company property will not be tolerated.

The Company also prohibits the possession of firearms and/or other dangerous weapons and devices while on Company property or engaged in Company business, unless permitted by applicable state law.

The Company will take appropriate action to protect Company employees and ensure a safe and secure workplace. Any one who violates this policy will be subject to disciplinary action up to and including termination of employment. Additionally, the Company will involve law enforcement, when appropriate.

### **Employee Relations**

The Company believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers of similar size and in our industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisor or the Human Resources Department.

## **Open Door**

At the Company we welcome employees to share suggestions and encourage collaboration as we make changes at the Company. At times, an employee may have a complaint or question about job aspects, working conditions, or treatment received. Good faith complaints and questions also are of concern to the Company. The Company asks that employees first take concerns to their supervisor for resolution. If the concern is not resolved after a reasonable amount of time at this level of management, the employee may escalate the concern to the next level of management for resolution. At anytime during this process, the employee is encouraged to make concerns known to Human Resources. If the problem is not resolved after a reasonable amount of time by subsequent levels of management, the employee may present the concern in writing to the Senior Vice President of Human Resources or the CEO, who will investigate and provide a final resolution.

This procedure cannot result in every concern being resolved to the satisfaction of all parties. However, the Company values employee input. Employees should feel free to raise issues of concern in good faith without fear of retaliation. The purpose of the Open Door Policy is to implement the philosophy of the Company that employees should be encouraged to raise their work-related concerns informally with their immediate supervisors. The Company will attempt to keep all such expressions of concern, their investigations, and the terms of their resolution confidential, recognizing however, that in the course of investigation and resolving the concerns some dissemination of information to others may be appropriate.

Employees who have a complaint of discrimination or harassment should follow the Complaint Procedure for Discrimination and Harassment.

## GENERAL POLICIES

### **New Hires**

Employment at Optimer Pharmaceuticals, Inc. is at-will and for no specified period or duration. As such, employees will learn their job responsibilities/requirements, get acquainted with fellow employees, acclimate to their new environment and assess job and organizational satisfaction. Managers will closely monitor employee performance.

Both the employee and the Company are free, at any time, with or without notice and with or without cause, to end the employment relationship.

### **Rehires**

Employees who are rehired within six (6) months of leaving the Company will not incur a break in service. Employees rehired longer than six (6) months of leaving the Company will be considered a new hire for all benefit plans including vacation accrual.

### **Employment Categories**

The Company classifies its employees as either exempt or non-exempt for purposes of wage and salary administration, eligibility for overtime payments and to ensure compliance with all state and federal laws. Based on job responsibilities all employees are classified as follows:

**Regular, Full-Time Employee:** You are considered to be a regular, full-time employee if you are regularly scheduled to work a minimum of thirty-two (32) up to forty (40) hours or more per week. Regular, full-time employees qualify for holiday, vacation and sick time pay and other designated Company benefits.

**Regular, Part-Time Employee:** You are considered to be a regular, part-time employee if you are regularly scheduled to work less than thirty-two (32) hours per week. Regular, part-time employees are not eligible for Company benefits except as required by law or Company policy. Regular, part time employees are eligible for some vacation and sick leave benefits.

**Non-Exempt:** Non-Exempt employees are covered by the overtime provision of the Federal Fair Labor Standards Act (FLSA) and/or applicable state law. Non-exempt employees are entitled to overtime pay.

**Exempt:** Employees are classified as exempt in accordance with appropriate state or federal law and are exempt from the overtime provision of FLSA or state laws.

**Temporary Employees:** Temporary employees are those who are hired as interim employees to temporarily supplement the work force, or to assist in the completion of a specific project. Interns are considered a subset of the temporary employee category. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status unless and until notified of a change. While temporary employees receive all legally mandated benefits (such as workers'

compensation insurance), they are ineligible for all of the Company's other benefit programs.

Agency or Outside Worker: Individuals engaged by the Company through an agency or service or third party provider to help fill short-term staffing needs are not considered Company employees. Independent Contractors also fall into this category. Leased or outside workers are not employees of the Company and are not eligible for any Company-sponsored employment benefits. As such, Temporary personnel are not eligible for Company benefit programs. The agreement with the third party provider will dictate the terms and conditions of the engagement. Leased or outside workers do not become employees of the Company as a result of the passage of time, or because their assignment has been extended.

### **Employees employed under a work permit**

Employees under the age of eighteen (18) and have not graduated from high school must have a work permit. Employees are responsible to keep work permits current and to renew the permit in a timely fashion. Failure to renew a work permit before it expires will be considered a voluntary termination of employment, effective on the expiration date of the work permit.

Employees employed under a work permit must not work more than eight (8) hours a day and must have at least one day off per week. Depending on the time of year and the age of the minor other work hour restrictions also apply. Please see Human Resources or the appropriate school office for the maximum hours and latest working times for youth.

### **H-1B or TN Visas**

The Company will support an employee's visa application and renewal according to Company policy. The Company will file requested documents including any required fees. Fees for family members will not be covered. Human Resources must approve all visa arrangements.

It is the employee's responsibility to ensure that his/her non-immigrant visa status is up to date at all times and that such status will not expire while employed by the Company.

The Company will assist employees with the permanent resident application process for employees in good standing with the Company. Employees are responsible for initiating the application process, paying all related fees and working with their designated attorney. The Company cannot guarantee that Permanent Residence will be issued. Any actions by the Company in support of an employee's immigration status do not change the Company's "at-will" employment policy. Upon termination of employment the Company will cease to support any immigration actions on behalf of the employee.

Employees are responsible for and are strongly advised to seek tax advice regarding taxation of any and all benefits received in support of the benefits received under this policy. Additional information regarding this policy is available from Human Resources.

### **Employee Referral Award Policy**

The Company welcomes referrals of applicants for open positions from current employees. Employees can receive a referral award bonus for identifying qualified candidates if they are hired for positions within the Company.

All employees are eligible to receive an Employee Referral Award with the exception of vice presidents and above, the managers hiring for positions that report to them, and members of Human Resources. A referred candidate cannot be a former Company employee, a consultant, a temporary employee or an immediate relative of a current Company employee. Additionally, a resume previously received from another source within the past 12 (twelve) months will not be considered a referred candidate.

Employee Referral Awards will be paid in the amount of \$1,000 once the new employee has completed six (6) months of service. The referring employee must still be employed by the Company in order to receive the payment. Employee Referral Awards are subject to all federal, state and local taxes and other required withholdings.

### **Offers of Employment**

All offers of employment are contingent upon the completion of a background investigation. The Company abides by the Federal Fair Credit Reporting Act (FCRA) and other applicable laws during this process. The Company will verify information provided on the employment application with regard to educational background, former and current employment and work and professional references. Any omission or misstatement of material fact on one's employment application or on any document used to secure employment shall be grounds for rejection of the application or for disciplinary action up to and including termination, regardless of the time elapsed before discovery.

### **Background Investigations**

The Company performs background checks on all employees prior to beginning employment and may perform checks at any time during an employee's service with the Company. The Company will review and verify the information received from a variety of sources which may include, but is not limited to criminal history, civil court records, social security number, education, previous employment, professional licenses or designations, motor vehicle records and credit history. Information obtained will not be used in violation of any federal or state equal opportunity law or regulation, and before any adverse action is taken based upon review of any consumer credit report and/or investigative consumer report, the employee will be provided with a copy of said report.

Any misrepresentation made to the Company that is identified through the background investigation process may result in the offer being rescinded, or the employee receiving disciplinary action up to and including termination of employment known.

### **Employment Eligibility Verification**

The Company is committed to uphold the guidelines set forth by the Federal Immigration Reform and Control Act (IRCA) of 1986. All newly hired employees must provide appropriate documentation for proof of identity and authorization to work in the United

States (U.S.). A Department of Homeland Security Form I-9 must be completed and signed by both the employee and the employer, attesting to the fact that the proper documents have been examined and that the employee is authorized to work in the U.S. A newly hired employee has three (3) days from their start date to provide the proper documentation. If a new employee is unable to provide documentation in accordance with IRCA their employment will be terminated.

Employees are responsible for notifying the Company if their work/visa status changes. The Company is responsible for notifying employees in advance of an expiring work authorization of their need to obtain new work authorization permission. As an ongoing condition of employment, you will be required to provide documentation verifying your identity and legal authority to work in the U.S.

### **Payment of Wages**

All employees are paid twice a month (semi-monthly), based on twenty-four (24) pay periods in a calendar year, on the 15<sup>th</sup> and the last day of the month. If the scheduled payday falls on a Saturday, Sunday, or National Holiday employees will be paid on the preceding work day.

### **Advanced Pay**

The Company does not pay in advance of work performed. The Company may endorse an advance of vacation hours before they are accrued as provided in the Vacation Policy.

### **Deductions from Paycheck**

The Company is required by law to make certain deductions from your paycheck. Among those are your federal, state and local income taxes, court mandated garnishments (if any), and your contribution to Social Security and Medicare as required by law. You will be notified if the Company receives a court mandated wage garnishment for you. The amount of the deductions may depend on an employee's earnings and on the information furnished on the Form W-4 regarding the number of dependents/exemptions claimed. Any change in name, address, telephone number, marital status or number of exemptions must be reported to Human Resources or Payroll to ensure proper credit for tax purposes. Employee's W-2 income tax form received each year indicates precisely the amount of those deductions. These deductions will be itemized on your paycheck stub.

Employees may authorize the Company to make additional deductions from their paychecks, such as 401(k) contributions, stock purchase plan contributions, medical, dental, and vision coverage, voluntary insurance plans and any other voluntary benefit for which an employee participates.

### **Error in Pay**

Every effort is made to avoid errors in your paycheck. If you believe an error has been made, notify the Human Resources or Payroll Department immediately. Steps will be taken to research the problem and assure that any necessary correction is made properly and promptly.

## **Policy Against Improper Deductions From Salary**

The Federal Fair Labor Standards Act, and other applicable state laws, allows only certain deductions from an exempt employee's salary in addition to those deductions stated above. Deductions may be made for:

- Full day absences for personal reasons other than sickness or disability
- Full day absences due to sickness or disability pursuant to the Company's policies
- To offset amounts received as jury or witness fees or military pay
- For penalties imposed in good faith for infractions of safety rules of major significance
- For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions
- For FMLA absences
- For days not worked in the initial or terminal week of employment

If an exempt employee believes that his or her salary has been improperly reduced in violation of this policy, the employee should immediately contact either the Human Resources Department or the Payroll Department to notify them of the alleged improper deduction. The Company will investigate all such complaints and, if it is determined that an improper deduction has been made, reimburse the employee in full and take other appropriate corrective action. Improper deductions are prohibited. It is unlawful to retaliate against anyone who makes such report or who cooperates in the investigation. The Company will not tolerate such retaliation.

## **Direct Deposit**

Employees may authorize the Company to deposit paychecks directly into a checking or savings account at participating banks or other participating institutions. Contact the Human Resources Department for additional details and the necessary authorization forms. Direct deposit of a paycheck will begin approximately one pay period after the form has been processed in payroll. The Company reserves the right to reverse deposits that have been made to an employee's account in error.

## **Overtime Pay for Non-Exempt Employees**

Non-exempt employees may be required to work overtime as necessary. Only actual hours worked in a given workday or workweek can apply in calculating overtime. Hours worked do not include any paid time off, such as vacation, sick, or holiday hours. A supervisor must authorize all overtime in advance of the time worked. Unauthorized overtime is against company policy and may result in disciplinary action up to and including termination.

The Company provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal law.

Except where applicable state law requires otherwise, all hours worked in excess of forty (40) hours in one workweek will be treated as overtime for non-exempt employees. Workweeks begin each Sunday at 12:01 a.m. and end each Saturday at 12:00 a.m.

Non-exempt employees will be paid at one and a half times their regular rate of pay for all hours worked in excess of forty (40) hours per work week.

Exempt employees may have to work hours beyond their normal schedules as work demands require. No overtime compensation will be paid to exempt employees.

### **Meal and Rest Periods**

The Company provides meal and rest periods for non-exempt employees in accordance with applicable state and local laws.

See the Non-Exempt Timesheet Policy on SharePoint for additional information.

### **Job Duties**

Job responsibilities and expected performance standards may change at any time, and at the Company's discretion, during the employment period. From time to time, employees may be asked to work on special projects or to assist with other work necessary or important to the operation of the department or the Company. Cooperation and assistance in performing such additional work is expected.

The Company reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

### **Personnel Records**

The Company personnel files contain information regarding each employee's employment history with the Company. Employees have a right to inspect certain personnel file documents, as provided by applicable law, in the presence of a company representative at a mutually convenient time. Please provide five (5) days advanced notice to review your personnel file. Unless provided by applicable law, no copies of documents in the employee's file may be made, with the exception of documents that have been previously signed by the employee. Employees may add responses to any disputed item to the file. In order to ensure that all personnel files are kept current employees should inform the Human Resources Department immediately whenever there are changes in personal data such as address, telephone number, marital status, number of dependents, and person(s) to notify in case of emergency. Employees are also responsible for maintaining a current group life beneficiary designation.

### **Employee References**

All requests from outside sources for reference information about current and/or former company employees must be directed to the Human Resources Department. No manager, supervisor or employee is authorized to release reference information about current or former employees and no employee may provide a reference for another employee on behalf of the Company on Optimer letterhead. The Company's policy as to providing reference information about employees who have left the Company is to disclose only the dates of employment and the title of the last position held. If

employees authorize in writing, the Company may also provide information regarding the amount of salary or wage last earned.

### **Performance Management**

Performance feedback is important to each employee's growth and professional development. Managers and employees are encouraged to discuss job performance and goals on an ongoing, informal basis throughout the year. Newly hired employees should discuss the company goals and their planned goals for the year with their supervisor within the first thirty (30) days of employment. The Company will strive to conduct formal, written performance evaluations on an annual basis. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties or recurring performance problems.

Performance evaluations, if conducted, may review factors such as the quality and quantity of the work performed, knowledge of the job, communication skills, initiative, problem solving and supervisory skills, if applicable. The performance evaluation should help the employee become aware of progress achieved, areas for improvement and objectives or goals for future work performance. Positive performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of the Company and may depend upon many factors in addition to performance. After the review, the employee will be required to sign the evaluation report simply to acknowledge that it has been presented and discussed by the manager, and that the employee is aware of its contents.

### **Reductions in Force**

Under some circumstances, the Company may need to restructure or reduce its workforce. If it becomes necessary to restructure operations or reduce the number of employees, the Company will attempt to provide advance notice, if possible, so as to minimize the impact on those affected. The Company does not guarantee re-employment, or preference to re-hire any employees that have been affected by a reduction in force and cannot guarantee notification of openings to any employees that have been affected by a reduction in force. (See the Company's Severance Policy on SharePoint for information regarding eligibility for severance benefits).

### **Voluntary Separation**

An employee who voluntarily resigns his/her employment or fails to report to work for three (3) consecutively scheduled workdays without notice to, or approval by his/her supervisor, will be considered to have voluntarily separated employment with the Company. If you find it necessary to resign, you are requested to give advance notice in writing to the Human Resources Department, specifying the last day you will be at work. This date will be considered the effective date of your resignation, although the Company may set a termination date at any time between the date of notice and the effective date of the resignation, in which case your employment termination shall be effective as of such other date. Full-time or regular part-time employees are asked to give at least two (2) weeks advance notice of the effective date of resignation. Employees will receive their final paycheck within the time required by law. Employees leaving the Company will be paid for all earned, but unused vacation accrual. All

Company owned property (vehicles, lap tops, phones, keys, identification badges, credit cards, etc.) must be returned immediately upon termination of employment.

### **Exit Interview**

Human Resources will schedule an exit interview with each employee who leaves the company, regardless of the reason. An exit interview provides the employee the opportunity to discuss issues concerning benefits and insurance. We also welcome suggestions for improvement and feedback that will help the Company ensure that we have an environment that encourages people to grow and be successful.

## STANDARDS OF CONDUCT

### **Computer Use and Electronic Communications**

The Company provides a number of electronic business tools for use by its employees. All such tools are the property of the Company. These may include, but are not limited to computers, laptops, flash drives, PDAs, telephone, smart phones, voice mail, scanners, fax and copy machines, and an array of information system tools. All messages sent, received, composed and/or stored on these systems are the property of the Company and considered to be proprietary information. All communications and information created by, transmitted by, received via or stored in the Company's computer and telephonic communications systems are the property of the Company. No business-related data may be used for any purpose unrelated to Company business, nor may it be sold, transmitted, conveyed or communicated in any way to anyone outside of the Company without expressed authorization.

Employees should have no expectation of privacy in using the Company's electronic tools. Company employees waive any right to privacy in data entered, created, received, stored or transmitted via Company information system tools, and consent to access and disclosure of such data by authorized Company personnel. Authorized employees may need to view your e-mail (or content of other electronic tools) for legitimate business purposes, and others may inadvertently view your messages. Notwithstanding the Company's right to retrieve and review such material; such material should be treated as confidential by other employees and accessed only by the intended recipient. Employees are not authorized to retrieve any voice mail or e-mail messages that are not addressed to them unless approval is obtained from the appropriate manager. The existence of a password on voice mail, e-mail or computer systems is not intended to indicate that messages or other communications will remain private.

Internet/World Wide Web connections can be monitored and tracked and are reserved primarily for business use only. It is permissible to use the Company's information system tools on a limited basis for incidental personal purposes. Other than occasional personal use, Company technology resources may be used only for legitimate business-related reasons. Occasional personal use means minimal and infrequent use that does not interfere with Company business or the availability of technology resources. This does not include uses requiring substantial expenditures of time, uses for profit or uses that would otherwise violate Company policy. Please exercise proper judgment in the use of the Company's E-Mail and Internet systems as well as all other electronic tools. In order to preserve the security of our systems and confidentiality of information, employees are not permitted to utilize their personal computers, PDA's or other electronic equipment to perform their job duties without prior approval of appropriate administration management.

Employees may be monitored in the use of the internet, e-mails, any use of blogs, and instant messages, and company cellular telephone text messages under this policy. Every message leaves an electronic trail that's both traceable to a specific individual and accessible by the Company even if it is deleted.

Employees may not use the Company's information system tools to violate any copyright, patent or other intellectual property law, including restricted software laws.

Accordingly, unless permission has been expressly and officially provided, users may not post or download any information protected by copyright or patent law. If copyright, patent or other ownership status is unknown, users may not post, upload, download or otherwise use any information, content, software or other property and should consult the network administrator with any inquiries.

Employees may not use any of the Company tools/equipment to send defamatory comments, malicious lies, threatening or harassing statements or disclosure of trade secrets or confidential information about the Company or its personnel.

This policy expressly prohibits the use of the Company's systems for inappropriate and illegal purposes including but not limited to:

- Using someone's password or code without authorization and/or disclosing anyone's password or code, including the employee's own, without authorization
- To damage, alter or disrupt any remote system in any way
- Viewing (via Internet, or any other method) or distributing (a) sexually explicit materials including, but not limited to images, comments, or jokes; (b) hateful and otherwise objectionable purposes, (c) questionable and illegal activities such as gambling, or (d) violence and/or profanity
- Political causes/activities
- Moonlighting or personal job searches
- Any e-mail message, any Internet site or screen saver (including wallpaper) that any reasonable person would find to be defamatory, offensive, harassing, derogatory or disruptive
- Any message, comments or images (including your electronic signatures, screen savers and wallpaper) that could offend other individuals, including but not limited to, on the basis of race, gender, national origin, sexual orientation, religion, age, political beliefs or disability
- Any message or comment containing disparaging remarks concerning employees, management, clients, competitors, prospects, or vendors
- Use of the Internet or E-mail system for gambling on sporting or other events
- Introduction of any virus into the Company systems, failure to immediately report any virus detected to the IT department, and disabling of anti-virus software provided
- Transmitting e-mail solicitations, junk mail, and chain letters
- Any purpose that is illegal

Nothing in this policy is intended to prohibit employees from communicating in good faith about wages, hours, or other terms or condition of their or their co-workers' employment.

The Company endeavors to provide its employees current technology tools with which to conduct Company business. Use of Company systems is a privilege that automatically terminates when employees leave the organization. Use of Company systems by employees constitutes acceptance and agreement to follow the policy.

Questions concerning proper judgment in the use of the Company's electronic communication tools can be addressed by your supervisor or Human Resources.

Improper use of any of the Company's electronic tools (including the Internet and E-mail) is not acceptable and will not be permitted. Failure to comply with this policy may result in disciplinary action by the Company in its sole discretion, including warnings, revocation of access privileges or termination of employment. In addition, the Company reserves the right to report any illegal activities to the appropriate authorities.

### **Personal Web Sites, Blogs, Wikis and Social Networks**

Employees may not write blog messages or post to social media sites (such as Twitter, Facebook, etc.) during company time. The Company reserves the right to monitor company-owned systems for such use and employees should not expect any privacy while utilizing company-owned systems. Use of social media sites or blogs while at work may be viewed as an abuse of Company time and inappropriate use of Company computers.

The Company respects the right of employees to use these social media during their personal time, subject to the guidelines set forth below.

1. Employees should post on their own time, outside of working hours, using their own (and not the Company's) computers, hand-held devices and other information technology resources.
2. Employees are strictly prohibited from posting trade secrets, using the Company logo, photos or other confidential or proprietary information about the business on social media and blogging sites. Such information would include upcoming new products or projects that have not been publicly announced, employee salary or pay information and non-public financial information.
3. Employees are also prohibited from using social media sites or blog postings to harass or attack any employee, contractor, customer or vendor based on sex, sexual orientation/identity, gender, gender orientation/identity, race, national origin, religion, age, disability or other protected category, or to threaten violence to any person.
4. Employee Personal Sites and posts thereto are individual expressions and not Company communications. Therefore, employees are personally responsible for their posts. Employee posts should clearly state that they are the employee's own opinions and are not necessarily the opinions of the Company or its employees. That kind of disclaimer must be posted in a reasonably prominent place if the employee elects to post anything that relates to or references the Company, within the permissible scope of postings under this policy.
5. Employees are strictly prohibited from identifying themselves as company agents or spokespersons, from using company logos, or other trademarks, and from suggesting that they are presenting the Company's views in any blogging activity that is not specifically required of them as part of their jobs.
6. Company clients, partners, suppliers and other business relationships should not be discussed or referenced, whether explicitly or otherwise, on an employee's postings without such party and the Company's expressed approval.

7. Employees should not make disparaging statements about the Company's competitors on any social media site. To the extent other companies are competing with our efforts in some way, we respect their efforts and Company employees should not be publicly seen as disparaging what our competitors do. We should let our work and vision speak for itself.

If you have a question about these guidelines, anything you plan to post or any other matter related to social media, contact the Human Resources Department. These guidelines will not be interpreted or applied in a manner contrary to Section 7 of the National Labor Relations Act, and nothing in this policy is intended to prohibit employees from communicating in good faith about wages, hours, or other terms or condition of their or their co-workers' employment. If posting or other Personal Sites activity is believed by the Company to harm or pose a risk of harm to the Company or any of its employees, or if an employee fails to abide by these guidelines, the Company may request that the employee cease engaging in the activity and/or remove existing postings, or take other disciplinary action.

### **Confidentiality**

As part of your job with the Company you may have access to information that is confidential, private or proprietary to the Company. Employees agree to preserve and protect the confidentiality, trade secrets and all such information. All employees are required to sign an employee proprietary information agreement as a condition of employment with the Company. This agreement reaffirms each employee's responsibility for safeguarding confidential information obtained in connection with his/her employment. In the regular course of work, employees may have access to confidential information regarding the Company, its suppliers, its customers, or perhaps even fellow employees. It is the employees' responsibility to in no way reveal or divulge any such information except pursuant to established procedures and with appropriate authorization from an officer of the Company.

Access to confidential information should be on a "need-to-know" basis and must be authorized by a manager. Any breach of this policy will not be tolerated and may result in disciplinary action up to and including termination of employment. Additionally, the Company may take legal action, if appropriate.

### **Insider Trading Policy**

The Insider Trading Compliance Program provides restrictions on and guidelines to employees, directors, consultants and contractors to the Company with respect to transactions in the Company's securities. All employees are required to comply with the Company's Insider Trading Compliance Program. Details of this policy can be found on the Company's Intranet, SharePoint.

### **Business Conduct and Ethics**

The successful business operation and reputation of our Company is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards

of conduct and personal integrity. Compliance with this policy of business ethics and conduct (which can be found on the Company's Intranet, SharePoint) is the responsibility of every employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including termination of employment.

### **Ethics & Compliance Hotline**

The Company has a procedure for reporting complaints regarding accounting, accounting controls or auditing matters as well as complaints related to general company operations. Employees may report complaints through a secure web site, through email or through voice mail. Messages will be encrypted to ensure confidentiality to the reporting individual. All messages will be received by the Chief Compliance Officer and the Senior Vice President, Human Resources who will report all complaints and investigations to the Audit Committee. Please see additional information on the Ethics & Compliance Hotline on the Company's Intranet, SharePoint.

### **Conflicts of Interest**

Situations of actual or potential conflicts of interest are to be avoided by all employees. The Company's Employee Confidential Information and Inventions Assignment Agreement has details regarding Conflicts of Interest and can be found on the Company's Intranet, SharePoint.

### **Off-Duty Conduct**

While the Company does not seek to interfere with the off-duty and personal conduct of employees, certain types of off-duty conduct may interfere with the Company's legitimate business interests. For this reason, employees should be aware of this policy. Employees are expected to conduct their personal affairs in a manner that does not adversely affect the Company's or their own integrity, reputation, or credibility. Illegal or immoral off-duty conduct on the part of an employee that adversely affects the Company's legitimate business interests or the employee's ability to perform his or her job will not be tolerated.

While employed by the Company, employees are expected to devote their energies to their jobs with the Company. For this reason, second jobs are strongly discouraged. The following types of outside employment are strictly prohibited:

- Employment that conflicts with an employee's work schedule, duties and responsibilities
- Employment that creates a conflict of interest or is incompatible with the employee's employment relationship with the Company. For example, by providing services to a company that the employee knows or suspects is a material customer, supplier or competitor of the Company
- Employment that impairs or has a detrimental effect on the employee's work performance with the Company
- Employment that requires the employee to conduct work or related activities on the Company's property using Company facilities and/or equipment

- Employment that directly or indirectly competes with the business or the interests of the Company

Employees who wish to engage in outside employment that may create a real or apparent conflict of interest must submit a written request to the General Counsel, Chief Compliance Officer, & SVP, Access or Senior Vice President, Human Resources explaining the details of the outside employment. If the outside employment is authorized, the Company assumes no responsibility for the outside employment. The Company shall not provide workers' compensation coverage or any other benefit for injuries occurring from or arising out of outside employment. Authorization to engage in outside employment can be revoked at any time.

### **Drug and Alcohol Abuse**

The Company strives to maintain a safe and healthy workplace and is committed to maintaining a workplace that enables employees to focus on their job responsibilities and perform to the best of their ability. Inappropriate use of alcohol, illegal drugs and/or controlled substances, whether on or off the job, can adversely affect an employee's work performance, efficiency, safety, and health and therefore seriously impair the employee's value to the Company. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss, damage or injury to other persons. Furthermore, the misuse of prescription drugs and/or over-the-counter drugs may also affect an employee's job performance and seriously diminish the employee's value to the Company.

In keeping with this commitment, the Company has adopted policies, including the Company's Drug Testing Policy, to ensure that employees perform their duties safely and in a manner that protects their interests as well as those of their co-workers and customers. Employees in some job positions may be required to submit to periodic drug testing, as required to (i) obtain or maintain credentialing or other authorization to visit hospitals or other health care providers; and/or (ii) to obtain licensure required by applicable state or other regulatory authorities to perform the duties of employee's position with the Company. Employee's ongoing cooperation with third-party required drug screenings for credentialing, licensure and/or authorization is required as a condition of employment. Our policy applies, but is not limited to the Chief Executive Officer, executive management, managers, supervisors, full-time employees, part-time employees, off-site employees, and applicants who have received a conditional offer of employment and this policy extends to all employees, contractors or visitors while on Company or customer premises, including parking lots; vehicles owned, leased or managed by the Company; recreation areas; or other work environments.

The Company strictly prohibits the following conduct related to drugs and alcohol:

- Possession or use of controlled substances, illegal drugs or alcohol, or being under the influence of controlled substances, illegal drugs or alcohol while on the job or on the premises of the Company or its customers
- Driving a Company vehicle while under the influence of controlled substances, illegal drugs or alcohol

- Manufacture, distribution, sale or purchase of controlled substances, illegal drugs or alcohol while on the job or on the premises of the Company or its customers
- Distribution or sale of prescription drugs or medicines on the Company's premises or while on Company business
- Misuse or abuse of prescription drugs or use of alcohol on Company premises or while on Company business
- Use of alcohol or use, possession, manufacture, distribution, or sale of controlled substances and/or illegal drugs off Company premises that might affect the employee's work performance, his or her safety, the safety of others, or the Company's reputation in the community or with its customers
- Refusal to submit to and/or cooperate with an investigation or search in accordance with the Company's search procedures (described below)
- Failure of any employee to notify Human Resources of conviction of a criminal drug statute within five (5) days of the conviction. Employees are also required to notify the company if they plead no contest to a drug related charge

An employee's conviction on a charge of illegal sale or possession of any controlled substance, while off Company property, must be reported to the Company. Such conduct, even though off duty, reflects adversely on the Company. In addition, the Company must keep people who sell or possess controlled substances off the Company's premises in order to keep the controlled substances themselves off the premises.

Employees may moderately consume or possess alcohol at Company functions and may possess unopened containers of alcohol in personal vehicles parked on Company premises. Employees may also consume alcohol in moderation while entertaining clients and prospective clients provided such entertainment is part of their assigned job duties. These privileges will be withdrawn if abused or if the employee has violated this policy.

Violation of the above rules and standards of conduct will not be tolerated and may result in disciplinary action up to and including termination of employment. The Company may also bring the matter to the attention of appropriate law enforcement authorities, if necessary.

In order to enforce this policy, the Company reserves the right to conduct searches of company property or employees and/or an employee's personal property, and to implement other measures necessary to deter and detect abuse of this policy, including but not limited to the Company's Drug Testing Policy.

This policy does not prohibit employees from the lawful use and possession of prescribed medications. Employees must, however, consult with their doctors about the medications' effect on their ability to work safely, and promptly disclose any restrictions to their manager before starting or resuming work. (Employees should not, however, disclose underlying medical conditions unless specifically directed to do so.) Employees may use (with manager authorization) accrued vacation or sick leave or request a

personal leave of absence if an employee's return to work is deemed unsafe for this reason.

The Company will encourage and reasonably accommodate employees with chemical dependencies (alcohol or drug) to seek treatment and/or rehabilitation before becoming subject to discipline under this or other Company policies. To this end, employees desiring such assistance should request a leave of absence. Such employees, including those who have violated this policy previously, may be required to document that they are successfully following prescribed treatment; and may be required to take and pass follow-up screen(s) if they hold jobs that require credentialing, licensure or require driving.

Violation of any part of this policy will result in disciplinary action up to and including termination of employment, even for a first offense, and, if appropriate, referral for prosecution by local, state or federal law enforcement agencies.

### **Work Standards and Prohibited Conduct**

The following conduct is prohibited and will result in disciplinary action up to and including termination of employment. This list of prohibited conduct is illustrative only; other types of conduct injurious to security, personal safety, employee welfare and/or the Company's operations are also prohibited. You are responsible for understanding and following these standards and work rules. Employees who do not comply may be subject to disciplinary action, up to and including termination.

**Job Performance** – employees may be disciplined, up to and including termination, for poor job performance, as determined by the Company. Some examples of poor job performance are as follows:

- Below average work quality or quantity
- Poor attitude, including rudeness, or lack of cooperation
- Excessive absenteeism, tardiness, or abuse of break and meal privileges
- Failure to follow instructions or Company policies and procedures

**Misconduct** – employees may also be disciplined, up to and including termination, for misconduct. Some examples of misconduct are as follows:

- Falsification or omission on employment records, employment information or other Company records
- Theft, deliberate or careless damage of any Company property or the property of any employee or customer
- Deliberate destruction of any Company property or the property of any employee or customer
- Removing or borrowing Company property without prior authorization
- Unauthorized use of Company equipment, time, materials or facilities
- Provoking a fight or fighting during working hours or on Company property

- Carrying firearms or any other dangerous weapons on Company premises at any time unless permitted by applicable state law
- Engaging in criminal conduct
- Causing, creating or participating in a disruption of any kind during working hours on Company property
- Insubordination, including but not limited to failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor, member of management or fellow employee at any time on Company premises
- Failure to notify a supervisor when unable to report to work
- Failure to provide a physician's certificate when requested or required to do so
- Making or accepting an inordinate number of personal phone calls of unlimited duration during working hours, except in cases of emergency or extreme circumstances
- Wearing unprofessional or inappropriate styles of dress or hair while working
- Violation of any safety, health, drug, security, or Company policies, rules or procedures
- Committing a fraudulent act or a breach of trust under any circumstances
- Unlawful harassment (Refer to policy in this Sourcebook)
- Divulging confidential Company information to unauthorized persons
- Violation of any law adversely affecting the Company, or conviction in court of any crime which may cause the employee to be regarded as unsuitable for continued employment

This policy of prohibited conduct does not alter the Company's policy of at-will employment. Either the employee or the Company remains free to terminate the employment relationship at any time, with or without reason or advance notice.

### **Involuntary Terminations and Discipline**

Violation of the Company's policies and rules (including but not limited to those set forth in this Sourcebook) and failure to perform satisfactorily may warrant disciplinary action. In certain situations, the Company may use a corrective discipline system that may take the form of verbal warnings, written warnings, suspension (with or without pay), training, demotion, termination of employment or other appropriate action, at management's discretion. The system is not formal and the Company may, in its sole discretion, utilize whatever form of discipline is deemed appropriate under the circumstances, up to and including termination of employment. There is no set pattern that corrective action must follow. The Company's policy of corrective discipline in no way limits or alters the at-will employment relationship. No employee is entitled to receive corrective action short of termination in any case.

## **Research Misconduct Policy**

It is the policy of the Company that any suspicion of questionable data and/or serious misconduct be reported, investigated and documented. As required by regulations, the Company shall take prompt action to either secure compliance or discontinue activities (e.g., stability studies, clinical studies, or other activities impacted by the misconduct), as appropriate. Any attempt to fraudulently manipulate data, conduct forgery, or perform in a manner that is considered serious misconduct will not be tolerated.

## **Laboratory Notebooks**

Keeping proper written records of ideas and experiments is essential for the protection of the Company's patents and proprietary positions. Laboratory notebooks provide permanent documentation, which may be used for the legal establishment of dates, data, inventions, etc. in patent applications or litigation. Laboratory notebooks are Company property and supervisors and management should have full access, as needed. Additional information regarding laboratory notebooks should be discussed with management.

## **Media Contacts**

Employees may be approached for interviews or comments by the news media regarding the Company, its business employees, Board members, investors, partners, or competitors. Employees are not authorized to respond to such inquiries and should direct all inquiries to the Company's Corporate Communications Department. Only individuals specifically designated by the CEO or his/her designate may comment on Company policy or events that have an impact on the Company.

## **Solicitation and Distribution of Literature**

In order to ensure efficient operation of the Company's business and to prevent annoyance to employees, it is necessary to control solicitations and distribution of literature on Company property. The Company has established the below rules applicable to all employees governing solicitation, distribution of written material and entry onto the premises and work areas. All employees are expected to comply with these rules. Any employee who is in doubt concerning the application of these rules should consult with his or her manager immediately.

No employee shall solicit or promote support for any cause or organization during his or her working time or during the working time of the employee or employees at whom such activity is directed unless the activity is endorsed by the Company.

No employee shall distribute or circulate any unauthorized written or printed material unrelated to the Company's business in work areas at any time, or during his or her working time or during the working time of the employee or employees at whom such activity is directed. Working time is the time employees are expected to be performing the job duties, it does not include break or lunch periods or time before and after work. Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on Company property. Employees are able to post certain messages on the Company bulletin board on SharePoint.

## **SAFETY AND SECURITY**

### **Company Facilities**

Employees are prohibited from being on Company premises or making use of Company facilities while not on duty. Employees are expressly prohibited from using Company facilities, Company property or Company equipment for personal use.

Prior authorization must be obtained before any Company property may be removed from the premises unless the property is a mobile computer or device assigned to the employee.

### **Inclement Weather**

In the event of a snowstorm or other inclement weather presenting severe and hazardous travel conditions for a majority of our staff, management may declare an emergency closing. In the interest of safety, if weather conditions present an individual hardship not affecting a majority of our staff, an employee is encouraged to take the day as a vacation day. Local practice will be used to announce closures.

### **Green Policy**

The Company believes a successful business depends on a healthy environment. The Company is working to show environmental responsibility to our community by committing to the following:

- Follow applicable environmental guidelines
- Save energy, water and other natural resources
- Apply practices that cut waste and encourage environment friendly purchasing
- Be an environmentally responsible business in our community

To assist the Company in these goals where possible:

- Our mean temperature in the office spaces will be seventy-eight (78) degrees Fahrenheit
- Our laboratory spaces will be kept at seventy-two (72) degrees Fahrenheit
- Our hallway lighting will be reduced during non-business hours
- The computer backups will be during the noon hour each day. Some users may experience brief, under ten (10) minutes, performance issues during that time

In addition to these measures employees can do their part as well. At the end of each day, please turn off your office lights, computers, monitors, printers, laboratory hood lights and laboratory equipment that does not need to run continuously.

The Company encourages all employees to support the Company's Green Pledge:

- Reduce, Reuse, Recycle
- Save Water
- Save Energy
- Walk, Bike, Carpool
- Buy Green

### **Safety in the Workplace**

The Company is committed to providing a safe and healthy working environment. In this regard, the Company makes every effort to comply with all relevant federal, state, and local, county and city occupational health and safety laws. In line with our commitment to safety and health in the workplace, the Company has established an active and ongoing Safety Program and the Company maintains an Injury and Illness Prevention Program that is available on the Company's Intranet, SharePoint.

In compliance with the law, the Company will inform employees of any known exposure to a chemical known to cause cancer or reproductive toxicity.

Responsibilities of all employees of the Company in accordance with established safety program parameters are:

- Exercising maximum care and good judgment at all times to prevent accidents and injuries
- Reporting to supervisors all injuries and seeking first aid for injuries
- Reporting unsafe conditions, equipment, or practices to supervisory personnel
- Observing all safety rules and regulations at all times
- Exercising maximum care and good judgment in the event of an injury or illness of a visitor. If someone is hurt please inform your supervisor immediately and if necessary, call 911

#### **Office Safety – Safe Work Practices**

- Avoid opening more than one drawer of a multi-level file cabinet at one time. Place heavier items/files in lower drawers and fill bottom drawers first. Do not leave unattended file cabinet drawers open
- Electric cords on office equipment should be kept in good repair
- Ensure that defective chairs are repaired or replaced
- Use of extension cords should be avoided
- Multiple plug strips must not be joined end to end
- Ensure that objects hung on walls, cabinets, etc., are securely fastened. Contact maintenance for assistance in hanging heavy items
- Ensure that desks and tables are positioned within established aisle boundaries, that waste paper containers, phone cords, etc., do not present tripping hazards, and that emergency exits are kept clear at all times
- Space heaters are not allowed in Company buildings

## Laboratory Safety – Code of Safe Work Practices

- No eating, drinking, smoking, or application of cosmetics is allowed in the lab areas at any time
- Safety glasses are required at all times in lab areas
- No open-toed shoes in the lab areas
- Personal Protective Equipment (PPE) such as eye glasses, gloves and lab coats should be used when appropriate in the lab, and should not be worn outside the lab. When leaving the lab area, remove all PPE
- When working after hours in the lab, all science staff should consider the safety implications of the project they are working on and only work on low risk projects. In the laboratory area, another department member must be present during all after-hours work
- Proper containment of hazardous materials is required prior to transport from the laboratory
- Before disposal of any hazardous waste, employees must check with the safety department as to the approved disposal method
- Warnings and labels indicating "Bio-hazard", "Chemical Hazard" or other signs indicating restricted areas, or areas where special safety precautions are in effect, shall be respected at all times
- Employees are to be aware of the location of emergency response equipment such as eyewashes, fire alarms, fire extinguishers, and emergency exits

All employees are required to notify the Safety Officer, or their supervisor, if they observe any unsafe activities or conditions in their work areas.

### **On-The-Job Injuries**

If an employee is seriously injured on the job, he or she must get medical treatment immediately. If necessary, an ambulance (911) should be called. The Company has implemented a Medical Provider Network (MPN) for treatment of any workers' compensation injuries. Contact Human Resources for a list of nearby medical facilities that are part of the MPN and are authorized to treat work-related injuries of the Company employees.

You may pre-designate your own personal physician for treatment of any workers' compensation injuries. The pre-designation must be on file with Human Resources prior to any work related injury. If you are injured while performing your job duties, you may be covered by workers' compensation insurance. You must report your injury to your supervisor and/or the Human Resources Department as quickly as possible, even if you do not need medical treatment. You will need to complete a claim form. Claims for worker's compensation benefits should be made to the Human Resources Department. An informational brochure on Workers' Compensation Insurance is available there as well.

## **Workers' Compensation**

The Company, in accordance with state law, provides insurance coverage for employees in cases of work-related injury or illness. The workers' compensation benefits provided to injured employees may include medical treatment, cash benefits to replace lost wages, and/or vocational rehabilitation to help qualified injured employees return to suitable employment. The amount of benefits payable and the duration of payment will depend upon the nature of the illness or injury and state laws and regulations.

To ensure that employees receive any entitled workers' compensation benefits, employees need to:

- Immediately report any work-related injury to a manager or the Human Resources Department
- Seek medical treatment and follow-up care if required
- Request an Employee's Claim Form and return it to Human Resources
- Employees must provide the Company with a certification from their health care provider regarding the need for workers' compensation disability leave and the employee's ability to return to work from the leave
- Neither the Company nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity, even if sponsored by the Company

The law requires the Company to notify the workers' compensation insurance carrier of any concern of false or fraudulent claims.

Any person who makes or causes to be made any knowingly false or fraudulent material statement or material misrepresentation for the purpose of obtaining or denying workers' compensation benefits or payments is guilty of a felony.

## **Security**

The Company is committed to providing a workplace for its employees, consultants, contractors, customers, vendors and other on its premises that is free from violent or threatening behavior. The Company will not tolerate any acts or threats of violence either on Company property or through its communication channels. Additionally, any acts or threats of violence committed by employees while doing business on behalf of the Company will not be tolerated. If such behavior occurs, the Company will take immediate and appropriate action. The following security considerations are offered to help maintain a secure workplace. Employees should be aware of persons loitering for no apparent reason (e.g., in parking areas, walkways, entrances/exits and service areas). Employees should report any security issues, suspicious persons or activities to their supervisor or Facilities/Office Management. Employees should not leave valuables and/or personal articles in or around workstations that may be accessible and thus susceptible to theft.

### **Visitors in the Workplace**

The Company is committed to the safety and security of its employees and allows only authorized individuals on Company premises. Visitors/vendors must sign in and out at the reception area and will be escorted to the appropriate area in the building by a host of the Company. Employees are responsible for the conduct and safety of their personal and business guests. Visitors and vendors must abide by all appropriate Company policies. No visitor or vendor will be allowed in the building unattended. If an unauthorized individual is observed on the premises, please notify Facilities.

### **Recreational Activities and Programs**

Participation in recreational and/or after hours social activities, events, and/or programs by any employee is strictly voluntary. The Company or its insurer will not be liable for the payment of workers' compensation benefits for any injury that arises out of an employee's voluntary participation in any off-duty recreational, social, or athletic activity that is not part of the employee's work related duties.

Employees must exercise good judgment in their consumption of alcohol at Company sponsored events. Please notify Human Resources or any Vice President if your driving is impaired and you require a taxi and/or ride home.

### **Employee Property**

For security purposes, employees should not leave personal belongings of value in the workplace. The Company is not responsible for the loss or damage of personal items kept at Company facilities.

Terminated employees should remove any personal items at the time they leave the Company.

### **Smoking**

Smoking is not permitted in any Company facility. Smoking is permitted in designated smoking areas outside the buildings only. Please do not dispose of any cigarettes on the ground or anywhere near the building.

### **Employees Required to Drive**

Employees who are required to drive a Company vehicle or their own vehicle on Company business will be required to show proof of current valid licenses, vehicle registration, and current effective insurance coverage prior to the first day of employment. The Company may check the DMV records of employees who drive as part of their job.

The Company retains the right to transfer an employee to an alternative position, suspend, or terminate an employee whose license is revoked or who fails to maintain personal automobile insurance coverage or who is uninsurable through the Company's policy.

## **Cellular Telephone Policy**

In the interest of safety of our employees and other drivers, the Company prohibits employees from using cellular telephones (1) while driving on Company business and/or Company time or (2) to conduct Company business while driving for personal reasons. If your job requires you to take a call while in the car you must use a "hands-free" device or safely pull off the road before conducting Company business. Under no circumstances should employees place phone calls while driving on Company business and/or Company time without a hands-free device. Additionally, employees must not send, read or compose text messages, instant messages or emails while driving. Employees under the age of eighteen (18) are not allowed to use a cellular telephone while driving even with a hands-free device.

Employees who use a cellular telephone without a hands-free device or headset while driving on Company business will be subject to progressive discipline, up to and including termination of employment.

Personal cellular telephones or pagers should be set to silent mode, or turned off, during working hours. Camera phones are not allowed in rest rooms, changing areas, lockers, or to be used to invade another employee's privacy. Other items covered under this policy include such devices, but not limited to Palm Pilots, Blackberries, or other PDA's, iPods, and/or MP3 players.

The Company recognizes that some cellular telephones have the capability to take photographs. Because this capability could allow for theft of trade secrets or expose confidential information, employees are prohibited from taking photographs anywhere on Company grounds.

Employees must comply with the laws of the state in which they are driving that applies to the use of handheld wireless communication devices. Employees who are charged with traffic violations resulting from the use of their phone or texting while driving will be solely responsible for all liabilities that result from such actions.

## **Business Expenses**

The Company reimburses employees who are authorized to incur certain business expenses. Such reimbursement occurs each month on a periodic basis. The Company's Travel and Expense Policy can be found on the Company's Intranet, SharePoint.

## **Travel Policies and Procedures**

The Company has guidelines for business travel expenses and procedures for reimbursement. All travel must be approved by a manager prior to making travel arrangements. See the Company's Travel Policy on SharePoint for more specific information on guidelines for air travel, lodging, meals, entertainment and miscellaneous expenses.

The Company will reimburse for mileage and other related expenses when employees use their personal cars on Company business. Prior supervisory approval must be obtained for all reimbursable mileage.

Mileage and other expenses will be reimbursed only when fully documented and reported on the appropriate Employee Expense Reimbursement forms. The mileage expense will be reimbursed at the rate mandated by the IRS.

In the event that an employee is hospitalized or medically treated while on Company business, follow chosen medical plan procedures and inform Human Resources as soon as possible.

## **EMPLOYEE BENEFITS**

Employees in California and New Jersey should refer to the Supplement for the applicable state for modifications to the employee benefits below or additional employee benefits. Employees who work in other states should check with Human Resources for modifications to the employee benefits below or additional employee benefits.

### **Holidays**

The Company observes the following paid holidays:

Martin Luther King Day

Presidents Day

Memorial Day

July 4<sup>th</sup> (Independence Day)

Labor Day

Thanksgiving Day & the Following Day

December 24th through January 1<sup>st</sup> (Holiday Shutdown)

Employees will be required to use vacation pay for up to three days during the holiday shut down.

A holiday that falls on a Saturday will be observed on the preceding Friday. A holiday that falls on a Sunday will be observed on the following Monday.

Regular full-time employees will receive paid holiday time off for the holidays listed above. If a recognized holiday falls during a regular full-time employee's paid absence (such as vacation or sick leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied (except for the three days required to be used during the holiday shutdown period). An individual on an unpaid leave of absence, or disciplinary leave, does not receive the paid holiday benefit falling within the leave period.

If no work is performed on a holiday, holiday pay does not count toward overtime for the day, or work week, as applicable under state law.

### **Vacation**

The Company recognizes the importance of time off from work in providing employees the opportunity for rest, relaxation and personal activities and provides vacation time to all employees. The Company encourages all eligible employees to use vacation time off at their discretion during each calendar year. When possible, employees must schedule vacation time with the permission of their supervisor two (2) weeks in advance. Department heads are responsible for maintaining adequate levels of staffing at all

times. Speak to your Supervisor to understand the procedure for requesting time off in your department.

Eligible employees accrue vacation in accordance with the following schedule. Vacation accruals will be prorated for employees working between thirty-two (32) and forty (40) hours per week. The amount of paid vacation time employees accrue each year increases with the length of their employment and is accrued on a per pay period basis from the employee hire date. Executives will begin employment accruing at twenty-two (22) days per year.

Full-time Employees:

<u>Length of Service</u>	<u>Days per Year</u>	<u>Hours per Pay Period</u>	<u>Maximum Accrual Cap</u>
Hire to 5th anniversary	17	5.67	240 Hours
5th to 10 <sup>th</sup> anniversary	22	7.33	280 Hours
10 <sup>th</sup> anniversary and beyond	27	9.00	330 Hours

Part-time Employees:

<u>Length of Service</u>	<u>Days per Year</u>
2nd to 5th anniversary	3
5th anniversary and beyond	5

Vacation will continue to accrue until the employee reaches the maximum accrual cap listed above. If the maximum vacation accrual is reached, no further vacation time will accrue. Once the accrued vacation hours are used and the amount held falls below the maximum accrual cap, vacation hours will again accrue. Your supervisor and Human Resources must approve exceptions to this rule. Vacation time does not accrue while an employee is on unpaid leave.

Vacation pay is calculated at your regular hourly rate of pay at the time you take the vacation, multiplied by the number of hours of vacation you take.

Exempt employees are only required to use vacation time for full day absences. Please refer to the Policy Against Improper Deductions From Salary in this Sourcebook.

The Company will *not* “cash out” employees for unused accrued vacation time at the end of the calendar year or at any other time while employees remain employed by the Company. The Company will pay any accrued and unused vacation upon the voluntary or involuntary termination of an employee. Vacation pay is not considered "hours worked" when computing overtime pay.

Terminated employees will be paid for any unused vacation days, based on their date of separation. If an employee uses vacation time before it is accrued and subsequently leaves the Company for any reason, the employee will be required to reimburse the company for any unearned vacation days taken. The unearned vacation days will be deducted from the employee’s final paycheck.

## **Sick Leave**

The Company recognizes that employees may occasionally miss work due to illness. To minimize the impact of loss of pay for those employees who are ill, paid sick leave is offered. Full-time employees will receive five (5) days of sick per year.

Each August, regular full-time employees will be credited with five (5) days sick leave. Eligible employees hired after August will receive a pro-rated number of days. Part-time employees are not eligible to receive sick leave. Sick leave does not accrue while an employee is on unpaid leave.

The intent of this policy is to provide paid time off for the purpose of illness or other medical requirements. Eligible employees may use sick leave benefits for an absence due to their own illness or injury, or to seek medical care, treatment or diagnosis for themselves. Eligible employees also may use available sick time to attend to an illness of the employee's child, the child of the employee's domestic partner, or the employee's parent, domestic partner or spouse. Absences where sick time is used to attend to the needs of an eligible family or household member will not lead to discipline, discharge, demotion, suspension, or any other adverse action.

Employees who are unable to report to work due to illness or injury should notify their direct manager before the scheduled start of their workday if possible. This will allow the manager to ensure coverage for the employee while absent.

The Company reserves the right to request from an employee who takes at least three (3) consecutive days of sick leave, verification of the employee's illness from a doctor or other health care provider. Employees cannot use more sick leave than they have accrued. If more leave is needed, employees can use accrued paid vacation or take unpaid sick leave.

The Company will carry over an employee's unused sick leave from year to year until a maximum of forty-five (45) sick leave days have accumulated. Employees are encouraged to save sick leave for extended illnesses that may occur in the future.

Unused sick leave will not be paid upon an employee's voluntary or involuntary termination from the Company, nor paid out at any other time. Sick pay is not considered "hours worked" when computing overtime pay.

It is the responsibility of each employee and supervisor to account for sick leave taken. Employees returning from sick leave should complete a Vacation/Sick Leave form and obtain his/her supervisor's signature. The supervisor will forward the completed Sick Leave form to Human Resources and the Payroll Department.

Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other reason. The Company may ask employees for a doctor's report in support of the absence. Unused sick leave benefits will not be paid out to employees while they are employed or upon termination of employment. An employee who violates the Company's sick leave policy may be subject to disciplinary action, up to and including termination of employment.

Exempt employees are only required to use sick leave for full day absences. Please refer to the Policy Against Improper Deductions From Salary in this Sourcebook.

The Company also has short term and long term disability programs. Please consult with Human Resources for additional information.

### **Bereavement Leave**

In the unfortunate event of the death of the employees' current spouse, domestic partner, child, parent, legal guardian, brother, sister, grandparent, grandchild, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, or daughter-in-law, the employee may take up to five (5) scheduled work days off, per calendar year, with pay with the approval of the manager. Bereavement leave must be taken within thirty (30) days of the death. The Company reserves the right to ask for proof of the death prior to paying bereavement leave. Exceptions to the policy must be approved by the employee's manager and Human Resources.

### **Time Off For Voting**

In the event that an employee does not have sufficient time outside of working hours to vote in a statewide election, the employee may take off enough working time to enable him or her to vote. Such time off shall be taken at the beginning or the end of the regular working shift, whichever allows for more free time, and the time taken off shall be combined with the voting time available outside of working hours. Under these circumstances, an employee will be allowed a maximum of two (2) hours on the Election Day without loss of pay, unless applicable law provides for additional time off. Where possible, the employee shall give his or her manager at least two (2) days notice that time off to vote is needed.

### **Time Off For Religious Reasons**

It is the Company's intent to reasonably accommodate the known religious observances and practices of employees, when to do so would not impose an undue hardship on the Company. Please talk to your supervisor if you need to take time away from work for religious reasons. Your time away from work will be without pay, unless you wish to use accrued vacation benefits.

### **Health Insurance Eligibility**

Full time employees, regularly scheduled to work thirty-two (32)] hours per week, are eligible for enrollment in all health insurance programs the first of the month following date of hire. Part-time employees are not eligible for enrollment in any health insurance programs.

### **Change in Family Status**

All changes in family status must be reported to Human Resources in writing within thirty (30) days of the event in order to include or exclude yourself or members of your family on the Company's health insurance plans. These changes include events such as: birth or adoption of a child, marriage, divorce, death, a dependent who reaches age twenty-six (26) or is otherwise covered under their own policy. In the event of divorce or legal

separation, eligible dependents may continue medical and dental coverage through COBRA. At the time of termination, or other qualified event, continuation information, time limits and procedures will be given or sent to you.

It is **your** responsibility to maintain your benefit premiums if conversion is elected. At the conclusion of continuation of benefits under COBRA, you may be able to convert your insurance to an individual plan by contacting the insurance carrier directly.

### **Insurance Programs**

Employees at the Company are provided a wide range of benefits to the extent they are eligible for such benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

The Company reserves the right to change, alter or terminate benefits, plans and carriers in its sole discretion, in accordance with applicable law. Summary plan descriptions (SPD's) which explain the coverage of each of your plans in greater detail are available on the Company's Intranet, SharePoint. The actual plan documents, which are available by making a written request to Human Resources, are the final authority in all matters relating to benefits provided through the plan. In case of any discrepancy between the summaries in this Sourcebook and the plan documents, the plan documents will govern. All matters of eligibility for coverage or benefits under any such plan or plans shall be determined in accordance with the provisions of the policies and plans. The Company is not liable to the employee, his family, heirs, executors, or beneficiaries, for any benefit or payment provided or payable or claimed to be provided or payable under any plan or policy.

The Company will periodically review the benefits available to employees and make modifications as appropriate. The Company reserves the right to modify, add or delete the benefits it offers at any time, with or without advance notice.

For a summary of current insurance programs and associated costs for eligible employees, please contact Human Resources.

### **Educational Assistance**

The Company encourages employees to obtain education and/or training in subjects that either directly relates to an employee's present job or increases an employee's potential for possible career advancement with the Company.

Regular full time employees with at least six (6) months of service are eligible to apply for education assistance. Employees must be in good standing and not under corrective action to receive the benefit. Reimbursement is provided for tuition, books, parking fees, reading materials, and other expenses associated with an employee's education and/or training in subjects that either directly relates to the employee's present job or increases an employee's potential for possible career advancement within the Company.

Requests for reimbursement must be submitted for approval at least seven (7) days prior to the first meeting day of the course. Applications for education assistance will not be

considered if submitted for courses already completed or courses that are currently in process.

Education Assistance Application forms may be obtained from the Company's Intranet, SharePoint. A separate form for each course must be submitted along with a copy of the brochure or catalog page describing course title, dates, times, cost, and the name of the education institution.

The form requires the employee's signature and the signed approvals of the department manager.

Employees will be reimbursed for all approved costs upon successful course completion. Successful course completion is defined as receiving a grade of "B" or higher. The employee will be required to submit evidence of successful completion of course and grade achieved by providing a copy of the transcript from the educational institution within sixty (60) days of completion. Reimbursement will not be issued if the employee does not complete the course successfully, or if the employee does not provide written documentation of successful course completion.

Employees must schedule courses during non-work hours. In the event that courses can only be scheduled during regular work hours, work schedules may be adjusted, if approved by management, to allow for full time productivity with minimal disruption to others.

The employee is responsible for notifying Human Resources immediately if/when a course has not been taken for which educational assistance has been granted.

A maximum of \$5,000 may be allotted for educational assistance per employee per calendar year.

### **Unemployment Compensation**

Upon separation from employment, you may be entitled to unemployment insurance benefits. Information about unemployment insurance can be obtained from Human Resources.

### **Social Security/Medicare**

Social Security and Medicare are an important part of every employee's retirement benefit. The Company pays a matching contribution to each employee's Social Security/Medicare taxes as required by law.

## LEAVES OF ABSENCES

The Company may grant leaves of absence to employees in certain circumstances. It is important for employees to request any leave in writing as far in advance as possible, to maintain communication with their manager during the leave, and to give prompt notice if there is any change in expected return date. If leave expires and the employee has not contacted their manager or the Company, it will be assumed that the employee does not plan to return to work and that the employee has voluntarily terminated employment.

The Company will comply with all applicable federal, state and local laws. In the event of a conflict between any policy or procedure and applicable law, the law will control and will be followed. Employees in California and New Jersey should refer to the Supplement for the applicable state for modifications to the leave policies below or additional leave benefits. Employees who work in other states should check with Human Resources for modifications to the leave policies below or additional leave benefits.

### **Family and Medical Leave**

In accordance with the Federal Family and Medical Leave Act (FMLA), the Company will grant an unpaid leave of absence of up to twelve (12) workweeks in a twelve (12) month period, measured during the twelve (12) month period preceding the start of the requested leave, to an eligible employee for the following purposes:

- To care for your newborn child, newly adopted, or newly placed foster care child
- In order to care for a child, parent or spouse with a serious health condition
- Because of an employee's serious health condition that makes the employee unable to work at all or to perform one or more of the essential functions of his or her position
- Because of any qualifying exigency (which may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings) arising out of the fact that a child, parent or spouse is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation

Additionally, the Company will grant an unpaid leave of absence of up to twenty-six (26) workweeks in a single twelve (12) month period, measured during the twelve (12) month period preceding the start of the requested leave, to an eligible employee who is the child, parent, spouse or next of kin of a covered servicemember to care for the servicemember who has a serious injury or illness incurred in the line of duty on active duty. During this single twelve (12) month period, the eligible employee shall be entitled to a combined total of twenty-six (26) workweeks of FMLA leave regardless of the purpose for such leave.

To be eligible for a FMLA leave, an employee must meet the following three (3) criteria:

- The employee must have worked for the Company for at least twelve (12) months before taking leave; and
- The employee must have worked for the Company at least 1,250 hours in the twelve (12) months preceding the leave; and
- The employee must be employed at a worksite at which, or within seventy-five (75) miles of which, there are fifty (50) Company employees. If an employee does not meet all of these criteria, he or she is not eligible for a leave under FMLA.

#### Definition of Serious Health Condition

As discussed more fully in regulations implementing the FMLA, a “serious health condition” is an illness, injury, impairment or physical or mental condition that involves:

- (1) In-patient care in a hospital, hospice or residential medical care facility (including subsequent incapacity from or treatment for the condition that resulted in-patient care), or
- (2) Continuing treatment by a health care provider where there is:
  - (a) a period of incapacity of more than three (3) consecutive calendar days (and any subsequent incapacity or treatment relating to the same condition) that involves a visit to a health care provider for treatment within seven (7) days of the start of the incapacity, and either (i) a second visit for treatment within thirty (30) days of the start of the incapacity; or (ii) a regimen of continuing treatment;
  - (b) any period of incapacity due to pregnancy or for prenatal care;
  - (c) any period of incapacity due to or for treatment for a chronic serious health condition for which the employee visits his or her health care provider at least twice a year;
  - (d) a period of incapacity that is permanent or long-term due to a condition for which treatment may not be effective and that is under the continuing supervision of a health care provider; and
  - (e) any period of absence to receive multiple treatments by a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three (3) consecutive calendar days in the absence of medical intervention or treatment.

An individual is “incapacitated” if he or she is unable to work, to attend school or perform other regular daily activities due to a serious health condition or treatment for or recovery from a serious health condition. A “chronic serious health condition” is a condition that (i) requires periodic treatment by a health care provider or by a nurse or physician’s assistant under direct supervision of a health care provider; (ii) continues over an extended period of time (including recurring episodes of a single underlying condition); and (iii) may cause episodic rather than a continuing period of incapacity. Ordinary

health conditions such as a cold or the flu generally do not qualify as “serious health conditions.”

Leave taken for the birth of a child, or for the placement of a child for adoption or foster care, must be taken in a single block of time, and eligibility for such leave ends twelve (12) months after the date of birth or placement.

### Leave

Leave taken because of a work-related illness or injury is covered by this policy, and will be counted in determining whether an employee has exhausted his or her entitlement for the relevant twelve (12) month period under the FMLA.

Spouses who both work for the Company are limited to a combined total of:

- twenty-six (26) workweeks of leave to care for a servicemember; or
- twelve (12) workweeks of leave for the birth, adoption, placement of a child, or to care for a seriously ill parent or, if in combination with the care of a servicemember, a combined total of twenty-six (26) workweeks.

Each spouse is eligible to take any unused portion of his or her twelve (12) weeks for his or her own serious health condition, or to care for a seriously ill child or spouse.

If you take leave for your own or a relative’s serious health condition or to care for a covered servicemember with a serious injury or illness incurred in the line of duty on active duty, you can take FMLA leave intermittently or in accordance with a reduced work schedule if medically necessary. Leave due to qualifying exigencies may also be taken on an intermittent or reduced leave schedule basis. “Intermittent leave” is leave taken in separate blocks of time due to a single illness or injury. A “reduced leave schedule” is a schedule that reduces the usual number of hours in the employee’s usual workday or workweek. The amount of leave time taken on this basis will reduce the total amount to which the employee is entitled based on the amount of time off the employee actually uses.

If you take leave to care for a newly born or newly placed child you may take intermittent leave or leave on a reduced work schedule only with the Company’s consent and must be completed within one (1) year of the birth or placement.

### Scheduling Leave

If the need for a leave is foreseeable, an employee must provide at least thirty (30) days advance notice to Human Resources. If the need is not foreseeable, an employee should provide notice as soon as practicable, usually on the same day or by the next business days of learning of his or her need, and generally must comply with the Company’s normal call-in procedures. If the need for leave is because of a qualifying exigency, an employee must provide such notice as soon as practicable, regardless of how far in advance the leave is foreseeable. If the need for a leave is foreseeable because of a planned medical treatment, an employee should make a reasonable effort to schedule the treatment to avoid disruption to the Company’s operations, subject to the approval of the employee’s or the family member’s health care provider.

Employees must provide sufficient information for the Company to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the Company if the requested leave is for a reason for which FMLA leave was previously taken or certified.

When employees make a request for leave, the Company will inform the employees whether they are eligible under FMLA. If they are, the notice will specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the Company will provide a reason for the ineligibility.

After reviewing an employee's request for leave and any supporting documentation, the Company will inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the Company determines that the leave is not FMLA-protected, the Company will notify the employee.

#### Certification of a Need for a Leave

Employees who need FMLA leave to care for a servicemember or because of their own serious health condition or that of a child, spouse or parent, must provide a written certification signed by a health care provider. The form may be obtained from Human Resources. The medical certification must be provided within fifteen (15) days after it is requested, or as soon as reasonably possible under the circumstances. Failure to provide requested medical certification in a timely manner may result in denial of leave until it is provided.

If the Company has reason to doubt the validity of the medical certification, he or she may be required to obtain the opinion of a second health care provider, chosen by the Company and at its expense, concerning any information contained in the certification. If the second opinion conflicts with the original certification, the Company may require, at its expense, that the opinion of a jointly approved third health care provider be obtained. The opinion of the third health care provider will be final and binding. Employees may obtain copies of these second and third opinions without cost upon request.

The Company may ask an employee for recertification, no more often than every thirty (30) days, unless (i) an employee request an extension of the leave, (ii) the circumstances described by the original certification have changed significantly, or (iii) it learns of information that casts doubt upon the continuing validity of the original certification.

During an absence because of an employee's condition, the employee must provide, at least every thirty (30) days, or at the request of his or her manager, periodic reports that describe the employee's status and prospects for return to work.

If the need for leave is because of a qualifying exigency, the employee may be required to provide a written certification. The form may be obtained from Human Resources.

#### Reinstatement

If an employee and his or her manager have agreed upon a definite date of return, the employee will be reinstated on that date if he or she notifies the manager in advance that he or she will be able to return. If the length of the leave has not been established, or if it is less than the approved leave, the employee will be returned to work within two (2) business days after notifying the Company. Reasonable extensions of leave will be considered for approval if the employee supplies proper documentation before the original expiration date. Failure to report to work upon expiration of leave will be deemed a voluntary termination.

To return to work from a leave for a medical disability, an employee must provide a release from his or her health care provider certifying that he or she can safely perform all of the essential functions of the position, with or without reasonable accommodation. Employees will be reinstated to the position they held before beginning a leave, or will be placed in an equivalent position.

If an employee is laid off during a leave, his or her employment will be terminated and the Company's responsibility to continue leave, to maintain group medical plan benefits, and to reinstate the employee will cease at the time of the layoff.

The Company may refuse to reinstate an employee in certain limited circumstances following a leave of absence if the employee is an exempt employee, who is among the highest paid 10% of all employees (both exempt and nonexempt), and or employed at or within seventy-five (75) miles of the worksite (a "key employee"). The Company will advise an employee if he or she is a key employee at the time leave is requested.

### Compensation and Benefits

FMLA leave is generally unpaid. Employees must substitute any accrued sick time or vacation time during an unpaid leave. Paid leave must be used first, and does not extend the FMLA leave period. Additionally, employees who take FMLA leave due to their own serious health condition may be eligible for benefits under the Company's Short-Term Disability Plan or applicable state disability laws.

Accrual of vacation time and sick time, continued stock vesting, and holiday pay will be suspended during any unpaid portion of leave, and will resume upon return to active employment. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

During FMLA leave, group medical plan coverage for the employee and his or her dependents will be maintained at the level and under the conditions coverage would have been provided if the employee had remained continuously employed. The obligation continues up to a maximum of twelve (12) workweeks (or twenty-six [26] workweeks, as appropriate) in a twelve (12) month period. Thereafter, an employee may elect to continue coverage pursuant to COBRA. If paid leave is substituted for unpaid family/medical leave, the Company will deduct your portion of the health plan premium as a regular payroll deduction. If leave is unpaid, you must make arrangements with Human Resources to pay your portion of the premium. A failure to pay premiums may result in a lapse of coverage. If you fail to return at the end of FMLA leave, you may be liable to the Company for its share of the health care premiums.

## **Military Leave**

The Federal Uniformed Services Employment and Reemployment Rights Act (USERRA) provides job protection and rights of reinstatement to employees who may be called upon or volunteer for service in various branches of the United States Military.

Employees requesting military leave through USERRA must provide advanced notice of military service to the Company unless giving notice is impossible, unreasonable, or precluded by military necessity. An employee should provide notice as far in advance as is reasonable under the circumstances. The employee is entitled to reinstatement to his or her civilian job or a comparable position provided the employee returns or applies for reinstatement within the time frame allowed by law, the time absent from work is five (5) years or less, and the employee did not separate from military service with a disqualifying discharge or under other than honorable conditions.

Continuation of health insurance benefits is available as required by USERRA based on the length of leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible.

The Company will not discriminate or retaliate against anyone assisting in the enforcement of USERRA rights.

USERRA has several other requirements. Please contact Human Resources for details.

## **Medical Leave**

The Company may grant an unpaid medical leave under the terms of this policy to employees who are not eligible for medical leave under the Federal Family and Medical Leave Act (FMLA) or analogous state statute.

Medical leaves of up to twelve (12) workweeks in a twelve (12) month period, measured during the twelve (12) month period preceding the start of the requested leave, may be granted for the following purposes:

- To care for your newborn child, newly adopted, or newly placed foster care child
- In order to care for a child, parent or spouse with a serious health condition
- Because of an employee's serious health condition that makes the employee unable to work at all or to perform one or more of the essential functions of his or her position
- Because of any qualifying exigency (which may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings) arising out of the fact that a child, parent or spouse is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation

Additionally, medical leaves of up to twenty-six (26) workweeks in a single twelve (12) month period, measured during the twelve (12) month period preceding the start of the

requested leave, may be granted to an employee who is the child, parent, spouse or next of kin of a covered servicemember to care for the servicemember who has a serious injury or illness incurred in the line of duty on active duty. Medical leave should be requested as far in advance as possible but no later than thirty (30) days in advance if the need for such leave is foreseeable, or as soon as possible after the need for such leave arises. Medical leave requests must be submitted to Human Resources and must be supported by an appropriate certification from the employee's health care provider stating the need for leave (not a diagnosis) and providing the date the leave is to commence and its anticipated duration (including the return date).

Medical leaves are unpaid, but the employee must use any accrued sick time and vacation. Employees should apply for state disability insurance (SDI) benefits. SDI forms are generally available from health care providers. Any SDI to which an employee is entitled will be integrated with the employee's vacation and sick time, to maintain regular pay, but not more, as long as possible.

Employees on medical leave will not accrue vacation, sick time, or stock option vesting during any unpaid portion of leave, and will not be eligible to receive holiday pay. Medical leaves will run concurrent with leave granted under the FMLA and any analogous state statute.

During the employee's medical leave, the Company will provide health insurance coverage under the same conditions as its employees who are not on medical leave. Accordingly, the employee will remain responsible for paying his or her portion of the insurance premium. If the employee is on paid leave (i.e., the employee is using accrued sick leave or vacation time), applicable payroll deductions shall continue to be made for such premiums. If the employee is on unpaid leave, the employee must pay his or her portion of the insurance premium by the first day of the month in which it is due. Payments may also be made prior to the medical leave and submitted to Human Resources. Failure to pay premiums in a timely manner may result in a lapse of coverage. If the employee elects not return from medical leave for reasons unrelated to the medical issue, the employee may be required to repay to the Company all premiums paid on his/her behalf.

The employee must return to work on the first regular work day following expiration of approved medical leave, unless an extension of the medical leave has been approved in advance. Failure to report otherwise will be deemed a voluntary resignation. Upon return to work from medical leave, the employee must bring a written release from the health care provider, stating any restrictions, and if so, the duration.

When a medical leave ends, reasonable efforts will be made to return the employee to his or her regular position, if it is available, or to another position for which the employee is qualified. An employee who does not accept the position offered will be considered to have voluntarily terminated employment. Unless required by law, the Company does not, however, guarantee reinstatement.

### **Emergency Duty Leave**

Employees will be granted unpaid leave to perform emergency services as firefighters, emergency personnel or reserve peace officers.

### **Jury Duty or Witness Leave**

Regular full-time employees will receive full pay while serving up to five (5) days of jury duty per calendar year. Regular part-time employees will receive pro rated pay for time served on jury duty. Jury Duty leave will be granted, but will not be paid. However, exempt employees will receive their full weekly salary for any workweek interrupted by jury duty. Full-time employees may choose to use accrued vacation to receive pay during any unpaid portion of their jury duty assignments. The Company will continue to provide health insurance benefits for the full term of the jury duty absence.

Employees should notify their supervisor of the need for time off for jury duty as soon as a notice or summons from the court is received. Employees will be requested to provide written verification from the court clerk of having served. If work time remains after any day of jury selection or jury duty, the employee will be expected to return to work for the remainder of the work schedule.

Any mileage allowance, fee, etc. paid by the court for jury services shall be retained by the employee. The Company will not reimburse employees for expenses incurred as a result of jury duty or witness leave.

## EMPLOYEE SOURCEBOOK ACKNOWLEDGEMENT AND RECEIPT FORM

*Please sign the acknowledgment form below and return it to Human Resources. This will let the Company know that you have been given access to the Sourcebook on SharePoint. It is your responsibility to read and understand the contents of this Sourcebook.*

This is to acknowledge that I have been given access to a copy of Optimer Pharmaceuticals, Inc.'s Employee Sourcebook and understand that it sets forth the Company's policies and practices. I acknowledge this Sourcebook supersedes all prior handbooks and all other oral or written employment policies. I understand and agree that it is my responsibility to read and familiarize myself with the provisions of the Sourcebook.

I acknowledge that, except for the policy of at-will employment, the terms and conditions set forth in this Sourcebook, including Company benefit programs, may be added to, changed or deleted at any time with or without prior notice and at the Company's sole discretion. The policies in this Employee Sourcebook are not contractually binding on the Company, except for employment at-will.

### **At-Will Employment**

I acknowledge my employment with the Company is not for a specified period of time and can be terminated at any time, with or without cause or advance notice, by me or by the Company. I acknowledge that no statements or representations regarding my employment can alter the foregoing. I understand and agree the at-will policy may not be modified except by a written agreement signed by the CEO of the Company and me.

### **Confidential Information**

I am aware that, during the course of my employment, confidential information will be made available to me, for instance, Company and client information, client lists and other related information. I understand that this information is proprietary and critical to the success of the Company and must not be disclosed or used outside of the Company's business interests or with non-Company employees.

EMPLOYEE'S NAME (printed): \_\_\_\_\_

EMPLOYEE'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

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