

Corrective Action

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I. **PURPOSE**

This policy states LabCorp's philosophy regarding job performance and proper business conduct, provides guidelines on improving an employee's performance and establishes procedures for issuing corrective action when needed.

II. **POLICY**

It is the policy of LabCorp to foster a sound-working environment that enables each employee to perform his/her job functions to the best of his/her ability while exhibiting the highest standards of conduct and professionalism. LabCorp expects employees to exhibit a high degree of personal integrity, adhere to ethical business principles, and conduct themselves in a manner consistent with the LabCorp policies, procedures, and guidelines at all times. There will be times, however, where an employee's job performance may not meet LabCorp's performance standards or where an employee's actions are inconsistent with LabCorp's standards of conduct. In such cases, LabCorp expects supervisors and managers to address the situation, provide clear guidance to the employee and, when appropriate, issue corrective action.

Generally, the need for corrective action will arise in two situations. First, corrective action may be required to correct performance problems of an employee who is performing at a level below minimum standards for the position. Second, corrective action is required to address violations of a specific policy, rule or regulation of LabCorp. Sometimes, the distinction between a performance problem and a policy violation can be blurred. It is the supervisor's responsibility to assess fairly and non-arbitrarily whether an employee's actions constitute a performance problem or misconduct and to take action consistent with the guidelines set forth below.

III. **PERFORMANCE ISSUES**

A. LabCorp believes that all employees have certain strengths and weaknesses. Sometimes, the weaknesses will interfere with the employee's ability to perform his/her job to the best of his/her abilities. Consequently, LabCorp believes that it is the supervisor's responsibility to monitor an employee's performance problems, quickly identify performance issues and work with the employee to develop his/her skills to overcome any performance issues. Generally, the supervisor will fulfill his/her responsibilities by clearly informing the employee of the supervisor's expectations, alerting the employee as to how those expectations are not being met, and advising the employee as to how performance can be improved. Sometimes, the supervisor will discharge his/her responsibilities through an informal process; other times, the

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supervisor will use a more formal tool known as a Performance Improvement Plan, or PIP.

- B.** A PIP is not a form of corrective action. On the contrary, an employee should view a PIP as a written roadmap for achieving success within the Company. Although PIPs are not corrective in nature, an employee must take a PIP seriously. PIPs are administered when the employee's performance is deficient and requires improvement. A failure to follow a PIP and improve one's performance will lead to corrective action, up to and including termination.
- C.** A PIP places in writing the supervisor's expectations regarding the job performance of the employee. It will vary depending on the situation. The PIP will be prepared only after the supervisor has identified and analyzed the employee's performance deficiencies and potential solutions to improve his/her performance. A PIP will usually include a discussion of: current performance, impact to LabCorp of the unacceptable performance, and LabCorp standards of expected performance. The PIP will typically set forth objectively measurable goals and performance tasks that an employee will be expected to meet and a timeframe for acceptable performance. The PIP will also notify the employee that there may be consequences (generally termination) should the employee fail to achieve the goals of the PIP. Like a progressive corrective action such as a written warning, a PIP should go into the personnel file, rather than remain in the supervisor's fact file.
- D.** Supervisors or managers should consult with Employee Relations before placing an employee on a PIP, and should also consult with Employee Relations in creating a PIP.

IV. POLICY VIOLATIONS

- A.** A policy violation arises when an employee intentionally or negligently engages in conduct that violates a rule, procedure, policy or regulation of LabCorp. Although too numerous to mention herein, misconduct can arise in a myriad of ways and can include, but is not limited to:
 - 1. Violations of this policy manual,
 - 2. Violations of the LabCorp's Code of Business Ethics,
 - 3. Violations of LabCorp's end user policies,
 - 4. Violations of HIPAA policies and procedures,
 - 5. Violations of LabCorp's leases, licensing agreements and other contracts,
 - 6. Violations of established LabCorp policies, procedures and guidelines,
 - 7. Violations of environmental and safety guideline rules, regulations and procedures,

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Internal

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8. Violations of a federal, state or local law,
9. Actions jeopardizing patient care,
10. Violations of LabCorp's standard operating procedures,
11. Failing to cooperate with, interfering with or impeding an internal or external investigation,
12. Insubordination,
13. Engaging in activities giving rise to conflicts of interest,
14. Gambling on premises or off-site gambling while on duty,
15. Falsifying or illegally destroying Company records,
16. Leaving work stations or work without authorization,
17. A conviction for any of the following crimes: any felony charge, felony or misdemeanor charge involving a crime of violence or use of a weapon, larceny, embezzlement or theft, fraud, or possession, distribution, manufacture, use or sale of a controlled substance, and
18. Engaging in conduct that management deems to be inconsistent with normal standards of business practices.

B. Employees who engage in misconduct shall be subject to corrective action, the level of which will vary depending on the employee's service with the Company, actual or constructive knowledge of and clarity of the rule violated, severity of the violation, prior corrective action, and any and all applicable mitigating and aggravating factors.

V. **GUIDELINES FOR CORRECTIVE ACTION:**

In cases where corrective action is required, LabCorp will typically follow a system of progressive corrective action. Under this system, an employee will receive an oral warning for an initial infraction, followed by written corrective action and/or termination for repeated infractions. Although LabCorp will generally follow steps of progressive corrective action, it may determine, at its sole discretion, that the employee's conduct warrants immediate termination. The existence of a progressive corrective action system does not alter the employment at-will relationship between LabCorp and its employees and that either party may terminate the relationship at any time with or without cause and with or without notice to the other party.

ORAL WARNINGS:

Consistent with LabCorp's open communication policy, supervisors are expected to privately discuss their subordinate's performance issues and/or non-compliance with Company policies. Such discussions are corrective in nature but will not be included in the employee's personnel file. However, the supervisor should include details of the

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discussion in his/her own fact file.

During these discussions, the supervisor should clearly state what his/her expectations are, how the employee fails to meet those expectations, and what is expected of the employee in the future. These discussions should be done in a collegial, non-threatening manner and in a manner designed to improve an employee's performance or adherence to Company policy.

WRITTEN WARNINGS:

A written warning is more severe than a verbal one because it becomes part of the employee's record. It is the supervisor's responsibility to decide when this particular step needs to be taken. If the supervisor determines that a written warning is warranted, he/she completes a written warning form (which is reviewed by Employee Relations), including a statement recording the time, place and circumstances of the violation, as well as documentation of any previous warnings or discussions. The employee should receive a copy of the written warning and copies should be forwarded to Employee Relations.

Written warnings are corrective and a copy of the warning will be kept in the employee's personnel file.