

NHC PARTNER HANDBOOK

Revised October 2018

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INTRODUCTION

Your Partner Handbook

Your *Partner Handbook* has been created to provide you with an overview of basic policies and practices of NHC. Please take the time to read this handbook. It contains information that will assist you everyday in your employment with NHC.

The term “NHC” as used throughout the handbook refers to National HealthCare Corporation and its affiliated companies. The terms “employer” and “company” as used throughout the handbook refers to the NHC-affiliated company which employs you.

The guidelines outlined in this handbook show the usual way of handling various situations. It’s important for you to understand these guidelines in order to be a well-informed partner. There will be situations that require a change from time to time in the guidelines described in your handbook. Please also note that the provisions contained in your handbook may be modified by your employer as necessary. We will distribute updates to you as policies are changed and updated. Please keep your handbook available for your review.

THIS HANDBOOK IS NOT A CONTRACT OF EMPLOYMENT.

YOUR EMPLOYMENT IS AT ALL TIMES AT-WILL (UNLESS OTHERWISE SPECIFIED BY STATE LAW), AND FOR AN INDEFINITE PERIOD OF TIME. EITHER YOU OR THE EMPLOYER CAN TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, WITH OR WITHOUT NOTICE.

Welcome

We welcome you to the NHC family and hope your association with us is enjoyable and rewarding. We trust you will achieve a high level of personal satisfaction as you show your commitment to our motto: “Care is Our Business”.

Throughout NHC, we are determined to maintain high standards of ethics and quality for both the benefit of the company and you as an individual. We hope you will share in our commitment to *The Better Way* and our goal of being the very best long term health care company anywhere.

The information in this Handbook is intended as a common sense guide to general human resources policies and procedures that will assist you and your employment at NHC. We hope that it will help you better understand the goals and employment practices of our company.

Once again, welcome to the NHC family.

Your Company

We welcome you to National HealthCare Corporation (NHC) one of the leading long term care companies in the United States. With our Home Office based in Murfreesboro, Tennessee, we own, operate and manage long-term care centers, homecare programs, independent living centers and assisted living communities. Our other services include Alzheimer’s units, long-term care pharmacies, hospice, rehabilitative services and management and accounting services to third parties.

Since we were founded in 1971, we believe patient care must be based on devotion to excellence and customer satisfaction. **Employees, whom we consider as “partners”**, have an obligation to patients and their families to provide the best in customer satisfaction. Caring enough to offer the right services in a cost effective setting without sacrificing quality reinforces NHC’s **MOTTO: “CARE IS OUR BUSINESS”**.

Our mission statement, “NHC is Committed to Being the Industry Leader in Customer and Investor Satisfaction,” reinforces our responsibility to patients, patient families and shareholders.

OUR SLOGAN, “CARING IN A BETTER WAY DAY BY DAY”, says that we want to always strive to reach a higher level of quality patient care and improve on the services provided each day.

Each day we have the opportunity to do something better than the way we did it the day before - the Mission Statement, Motto and Slogan promote *The Better Way*.

NHC is a publicly traded company. We are listed on the NYSE Amex and is traded with the symbol “NHC”. Additional information is available at our website, “www.nhccare.com”.

**CARING IN A BETTER
WAY, DAY BY DAY**

CARING IN A BETTER WAY DAY BY DAY

Overview

“Caring in a Better Way Day by Day” combines the best clinical care with the best customer satisfaction for patients, patient families and visitors.

Upon his founding of NHC, Dr. Carl Adams shared his five point guide to success:

1. Set a goal, and put it in your heart.
2. List first things first.
3. Have enthusiasm.
4. Give full measure plus.
5. Work hard.

NHC was founded on heart and a commitment to our patients, and our company leadership continues to focus on all of our customers.

The Better Way is all about partners of NHC striving for a “higher level” of customer satisfaction. We have not gotten where they are today by just wanting to stay the same and settling for being a “good” care provider. We want to always be learning and improving and that drive has helped us to stay at the top of our industry. Our slogan, “**Caring in a Better Way Day By Day**”, says that we want to always strive to reach the higher level in providing quality patient care. Each day we all have the opportunity to find *The Better Way* to satisfy customers.

20 Promises Everyday, Always

The 20 Promises listed below are the cornerstone of *The Better Way*. Carrying out these promises everyday, always will help you and your fellow partners achieve a higher level of customer satisfaction.

I promise to:

1. **Greet you with a smile and make eye contact.** I will make a friendly and professional first impression.
2. **Use your name always.** I will tell you my name and the purpose of my visit.
3. **Address your needs with a sense of urgency.**
4. **“Put my heart” into everything I do.** Empathize with you. Value your perspective, and care for you the way you want.

5. **Respect your privacy, dignity and confidentiality.**
6. **Answer the telephone within 3 rings and with a “smile”.** Transfer the call if needed. Do not leave a caller on hold.
7. **Give you as many choices as I can.**
8. **Maintain a safe and secure environment for you.**
9. **Do my part in keeping the environment pleasant.** Pay attention to details. Clean and tidy the workplace. Limit or eliminate overhead paging and loud conversations.
10. **Resolve any of your concerns.** A complaint is a gift. I own it. I will fix it.
11. **Provide you with a person-centered experience.** My services will be individualized to fit your wants and needs. I will do my best to exceed your expectations.
12. **Anticipate your needs.** Don’t wait until you ask.
13. **Be a part of the NHC team - there is no “I” in TEAM.** Each partner will be committed to a positive work environment.
14. **Only make promises to you that I can keep.** If I promise it, I will do it. My actions will earn your trust.
15. **Be neatly dressed and well groomed according to NHC standards.** Each partner will take pride in their personal appearance.
16. **Respond to your “needs” rather than maintaining my schedule.**
17. **Use compassion as my second language.** Use the healing power of “touch”. Communicate at eye level.
18. **Escort you to your destination.**
19. **Recognize that all your concerns are major.** Perception is reality. There are no minor incidents.
20. **Maintain a positive attitude.** I will demonstrate “My Purpose” with enthusiasm and always speak positively of NHC, fellow partners, and the customer. Take pride in being an important part of *The Better Way*.

Daily Stand Up

Everyday at the beginning of your shift you will be participating in a Daily Stand Up.

The Daily Stand Up is a brief “get together” with partners within your department with the goal of focusing on one “promise” that we have made to our customers and fellow partners to help ensure customer satisfaction.

The Daily Stand Up gives all partners an opportunity to focus and remind ourselves of the things we need to do to satisfy and win the respect of our patients and their families.

All partners throughout NHC focus on the same exact promise each day in Daily Stand Up.

Your Employment

YOUR EMPLOYMENT

Attendance and Absenteeism

We have a 7 day a week, 24 hour a day commitment to provide the highest quality of care to our patients. Plus, we want to provide their families with the peace of mind that their loved one is very secure, well attended and receiving the best care in the community through dedicated and dependable partners.

You can be rewarded with Perfect Attendance (PA) Days for your reliability and good attendance. If you are chronically absent or tardy, you can hurt the planned levels of care for the patients and create undue hardships for your fellow partners.

We do not look at absences as being excused or unexcused but rather as being planned or unplanned. Our desired policy enforcement is: “*No absence goes unnoticed.*” This means that accountable supervisors should consistently follow up with any unplanned absence to determine its cause. If the cause is “suspect”, it can be an opportunity for the supervisor to address the attendance problem before it develops into a case for corrective disciplinary action.

Absences that cannot be planned and approved at least 24 hours in advance are *unplanned absences regardless of their cause*. You may have a reasonable excuse for an absence, but even if the absence is due to illness, it is still considered an unplanned absence. *Unplanned* (unscheduled) absences should be examined on the specifics of their cause on a case-by-case basis.

If you or an immediate family member has a recurring medical condition that results in frequent absences, you may qualify for unpaid leave under the Family Medical Leave Act (FMLA), or other federal or state laws. Please refer to the *NHC Benefits Handbook* which provides information regarding FMLA and other types of leave. Be advised that, where practicable, FMLA time off must be arranged for in advance and does not necessarily relieve a partner from their responsibilities as set forth in this policy.

Criminal Background Checks

In an attempt to make sure that persons are suited to care for our patients, NHC has instituted a criminal background check program. Each applicant will undergo a criminal background check after the offer of employment. Applicants may be hired pending the results of the background check, unless not allowed by federal or state law.

NHC will not knowingly employ or maintain employment of anyone who has been convicted of, pled guilty to or plead “nolo contendere” to any felony, or knowingly employ or maintain employment of anyone who has been convicted of, pled guilty to or pled “nolo contendere” to a misdemeanor that would conflict with our mission of customer satisfaction. This includes, but is not limited to: abuse or neglect of the

elderly, a minor or an incapacitated person; and, domestic violence against a protected person (such as the elderly, children and the mentally ill).

Employment Categories

Please refer to your *NHC Benefits Handbook* for more information about each employment category and for which benefits each category may be eligible.

Introductory Period

Your interest and suitability for the job is determined during your first 90 days of employment. During this work test period known as the introductory period, you should strive to show what can be expected of your work performance. All partners within the employment categories listed in the *NHC Benefits Handbook* (except temporary partners who by design are short term) are required to satisfactorily complete their introductory period.

Equal Employment Opportunity

NHC is an Equal Employment Opportunity Employer. We do not and will not tolerate discrimination on the basis of race, color, sex, religion, age, national origin, disability, or other lawfully protected status in any employment decision relating to hiring, placement, termination, transfer, compensation, promotion, layoff, training, or other company relationships with partners, job applicants, patients or visitors. We all are expected to promote and enforce this policy.

Hiring of Spouses and Relatives

Spouses may not be employed or contracted as purchased services within the same employer.

Upon approval, the company may employ relatives such as your father, mother, sister, brother, or child. However, we do not permit the hire or promotion of any relative into a position that results in a direct reporting relationship with a relative. We may transfer one or more relatives to another department, area, or shift as needed to resolve any potential conflicts.

We will individually review each case concerning relatives being considered for employment and/or where relatives may have a reporting relationship upon a promotion or transfer to make sure a conflict does not exist.

Immigration Reform and Control Act Compliance

NHC hires only those individuals who are legally authorized to work in the United States in compliance with federal immigration law and applicable state law. Each new partner, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. If

you are authorized to work in the U.S. for a limited period of time, you will be required to submit periodic proof of renewed employment authorization. Upon beginning employment, all partners will also be required to complete federal and state withholding forms.

Refusal to complete these documents will result in the withdrawal of an offer of employment.

Licenses and Educational Credentials

Where specified by law and/or by a position's requirements, you will be requested to provide current licenses, certifications and other educational credentials prior to employment. Thereafter, you must submit your current and valid documentation after each renewal period.

In any instance in which a license is suspended, invalidated or otherwise inactivated, it is your responsibility to notify your employer.

If you allow your license to expire or become revoked, you will no longer be considered to be eligible for employment and/or will be suspended and/or terminated based upon the situation.

LPN Supervisors

We consider all of our LPN Supervisors to be part of our center's management team. As nursing professionals, both our LPNs and RNs are responsible for assuring that we continue to provide the best in patient care. We take great pride in being known as a leader in providing quality nursing services, and we recognize the very important role that our nurses (as well as other partners) play in helping to keep our reputation.

As first line supervisors in our nursing department, our LPN Supervisors also perform other important duties. As supervisors, they have the responsibility for assigning work to our nursing assistants and attempting to resolve partner problems, complaints and grievances.

LPN Supervisors also have the responsibility to issue discipline (oral and written warnings) to nursing assistants when they believe it is warranted. Such discipline can be for matters relating to patient care or for violations of the partner rules of conduct. In cases of serious infractions, the LPN Supervisors also have the authority to independently issue disciplinary suspensions without pay pending further investigation of a matter.

Finally, our LPN Supervisors are responsible for evaluating partners in the nursing department. These evaluations are used to help determine the amount of discretionary partner wage increases.

Orientation

Immediately following your hire date, we strive to teach you not only about the clinical and regulatory aspects of patient care, but we teach you about *The Better Way* of quality patient care and customer satisfaction. This sharing of important information is done during your new hire orientation.

During your orientation you will learn about: the importance we place on customer satisfaction; your benefits and how to use them; our position regarding unions in health care; our fire and safety standards; NHC's position on harassment; our patient care policies; and, other specific information and standards about your employer.

More specific information about your job and your department will be shared with you within your department's orientation.

Please make sure you attend new hire orientation as soon after your hire date as possible.

Partner Access to Personnel Files

Personnel files are the property of the employer and are confidential. Access to the information they contain is restricted. Generally, only supervisors and management personnel of the employer who have a legitimate reason to review information in a file are allowed to do so.

If you wish to look at your own file, you should contact the business office partner who maintains your employer's personnel files. With reasonable advance notice, you may review your own personnel file during normal business hours and in the presence of the business office (or other appropriate) partner. NHC policy does not permit the contents of personnel files to be copied, unless legally required by state and/or federal law. Only actively at work partners will be allowed the opportunity to review their personnel file.

Performance Expectations and Appraisals

Your ability to perform in your job is evaluated during your first 90 days of employment, the introductory period. After your successful completion of the introductory period, you will continue to receive on-the-job feedback as well as periodic progress reports and performance appraisals for further development. Once you have completed the introductory period and established a satisfactory performance and attendance record, you may be considered for advancement opportunities.

Promotions

We believe in rewarding good performance by promoting partners from within the organization to fill vacancies that become available. You can learn about promotional opportunities by reviewing the job postings located on the partner bulletin board. The bulletin board is normally located in the partner lounge area

(or other easily recognized employer location). If you are interested in promotional opportunities, you should communicate your interest to your department head. After the department head discussion, you and/or your department head may approach the hiring manager who has the position vacancy. To be eligible for promotion, you must meet position requirements, have completed your introductory period and have maintained satisfactory performance and attendance. Both department heads must agree on the timing of your promotion.

All applicants who meet the requirements and qualifications for a position will be given fair consideration. Also, with your employer's discretion, consideration will be given to all applicants who need minimal entry-level training when the resources for providing such training are available.

We reserve the right to recruit and fill available positions from outside sources if it deems doing so to be in the best interest of your employer.

Transfers

A transfer is when you move in a similar position from one department and/or location to another within the company. All transfer requests must be handled similar to the promotion request described above. To be eligible for transfer, you must meet position requirements, have completed your introductory period and have maintained satisfactory performance and attendance. Both department heads/employers must agree on the timing of a transfer.

Physical Examinations

We may require that candidates receive a company-paid physical examination after conditional job offers have been extended and before you begin work. Prospective partners could be disqualified from further consideration if the results of the examination demonstrate that the applicant is not able to perform the essential functions with reasonable accommodation of the job for which the applicant applied. You may be requested at any time to undergo a detailed physical examination based upon work-related requirements or as allowed by law.

Reduction in Work Force

We strive to avoid reductions in workforce (layoffs) whenever possible. However, changing economic or business circumstances may require a reduction of work force. If a reduction in force becomes necessary, we will follow an orderly procedure to reduce the work force and to assure our strong commitment to providing the highest quality patient care. We will also comply with any federal or state laws relating to the reduction in force.

Required Training and In-services

All partners are expected to attend certain courses and in services offered as a condition of employment. The courses include, but are not limited to:

- *The Better Way* Customer Relations Training
- Corporate Compliance
- HIPAA
- Supervisory Training
- Other required courses to maintain a license or certification.

It is each partner's responsibility to attend these and other courses when scheduled and apply the principles learned. Failure to attend required training may result in disciplinary action, up to and including termination from employment.

Service Date

As a general rule, your date of employment is considered to be your most recent hire date. If you are rehired after you leave the company's employ you are considered a new partner, and any previous service with the company is considered lapsed time. If you are a rehired partner, you are required to re-qualify for benefits and other related company programs. Nothing in this policy shall violate a partner's rights under federal or state law.

Supervisory Partner Relations

Our supervisors are trained to treat their partners with dignity and respect as they practice firm and consistent direction each day. Whether you are a supervisor or not, you should know that supervisors are expected to set proper examples for other partners to follow with customer satisfaction and human relations.

One responsibility of supervisors is keeping open communications with you, where you can share ideas, suggestions, and as necessary, your complaints. Open communications can relieve stress and create a positive setting for the patients to respond to our care. In other words, the relationship that you and your supervisor form is vital to providing excellent patient care.

Temporary Personnel

Temporary personnel should be used only when absolutely necessary. Temporary personnel may be used as short-term replacements, to supplement the existing work force during periods of peak workloads, or to assist with a specific project. Your administrator must approve the use of company-paid or outside agency-paid temporary

personnel. Temporary personnel, including outside agency-paid personnel, are required to abide by the policies and procedures of the employer.

Termination from Employment

Voluntary resignation: Hourly or “non-exempt” partners (excluding licensed professionals, such as LPNs, RN’s, therapists) should provide your employer with at least 14-calendar days written notice prior to the date of resignation. Licensed professionals (as previously indicated), departmental managers, and salaried or “exempt” partners should provide a 30-calendar day notice period. Partners who comply with this request will be eligible to receive Earned Time Off (ETO). (For more information regarding ETO pay at termination, please refer to the ETO section of your *Benefits Handbook*).

Job Abandonment: If you do not report to your workstation and you do not report your absence on a day you have been scheduled to work, the company will consider that you have abandoned your job and voluntarily resigned without notice. Another person may be employed in your position. If you leave the premises without notifying your supervisor or walk off the job, you may be charged with job abandonment. This may lead to discipline up to and including termination, and may result in the forfeiture of earned benefits.

We may opt to apply ETO toward all or part of your tendered notice.

Terminations: In situations involving terminations for gross misconduct, you will not be eligible to receive payment for earned benefits or any kind of separation pay, except as required by law. Upon termination, final wages shall be paid as required by state and federal law.

To avoid any real or perceived conflicts of interest, former partners may not be allowed to return to work at the employer as an employee of an outside vendor or current patient/family member. This would include, but is not limited to, working for a temporary employment/staffing agency and/or working as a private duty provider.

Exit Interviews

All partners are requested to complete an exit interview, conducted by the supervisor, department head or administrator at the time of separation from the company. Confidential information will be asked of you to enhance the company’s knowledge about your assessment of your employment with the company. Certain legal protections may be available to you by participating in this process. At this time, you will be required to return any company property in your possession. If you decline an exit interview, you are still required to return all company property prior to being released from the company’s employment.

Unions: NHC's Position on Unions in Health Care

Here at NHC, we believe that our culture of caring and concern for the well-being of our partners makes unions unnecessary. Further, we believe that unions would not only detract from the positive environment that exists for all of our partners, but they would make it more difficult for NHC to provide the high quality of care to patients upon which our reputation has always been based. Because of the very negative potential impact on our business that could result from unionization, we want all partners to know that we will oppose any attempts to organize our company by every means legally available.

We are proud to say that there are no unions at NHC - anywhere! This does not happen by accident. We believe it is because our partners recognize that their concerns can be best addressed through frank discussion in an atmosphere of mutual respect and cooperation, without the involvement of outsiders. At NHC, we have always been mindful of the need to value partners as individuals and to be responsive to their concerns and issues.

We believe that unions do not serve any useful purpose, as their desire is to obtain union dues, fees, fines, and assessments from employees through a perception that employees need representation. Unions typically do this by raising issues in the workplace which they purport to solve. Actually, unions have no such power. We believe problems are best solved by everyone working together. Under the law, the union has little ability to force our company to do anything it does not feel is in its best interests. Rest assured, NHC is committed to providing our partners with job security and a bright future. Unions do not offer us any help in achieving this goal.

The care and well-being of our patients is a tremendous responsibility. It is our opinion that unions do not enhance quality care because they tend to interfere with a sense of team effort between management and staff. We believe that, historically, whenever a third party intervenes in the employer-employee relationship, patient care disruptions are more likely. Strikes, picketing, boycotts, work slowdowns, and other restrictions on normal activities could have a disastrous effect on proper patient care. We prefer to minimize the chances that such disruptions might occur.

We would be the first to acknowledge your legal rights. You have the right to join a union and organize on its behalf. However, you also have the right not to do so and to actively oppose the unionization of your workplace. Here, at NHC, our partners have rejected every past organizing effort by unions of all types. We think that record speaks for itself. If anyone ever asks you to sign a union card or participate in any union activity, we want you to know that you have the legal right to refuse such attempts and to discuss with someone in management any questions you may have to be sure that you have all the facts on the subject.

You have our commitment to always provide you with facts on the subject. You also have our commitment to treat every partner, every patient, and every family member

with the respect and dignity that each individual deserves. Here at NHC, that commitment is one of the building blocks to our history of success.

Work Schedules

Work schedules for partners vary throughout your place of employment. Your supervisor will advise you of your own work schedule according to your unit's specific procedures. Patient care needs and operational demands may cause changes in your starting and ending times, as well as changes in the total hours that may be scheduled each day and week. We will strive to give you adequate advance notice of schedule changes.

Your Pay

YOUR PAY

Meal Periods and Breaks

Meal periods are considered personal time. All non-exempt partners are required to leave their immediate work area in order to eat and relax. Meal periods are scheduled for 30 minutes for each shift. Time spent during the meal break is not considered work time for pay purposes. It is important that you take your meal breaks as scheduled. You must clock in and out for meal periods.

While we strongly encourage you to take your meal break, we recognize that occasionally a partner must work during their meal break. As soon as you become aware that you must work during your scheduled meal break, or as soon as your scheduled meal break is interrupted, you must notify your supervisor. The supervisor will attempt to provide you with relief or schedule your meal break for later in the day. If the supervisor is unsuccessful in those attempts, your supervisor will approve you to work during your scheduled meal break and this additional time will be reflected in your pay. Failure to notify your supervisor that you are unable to take a meal break may result in discipline, up to and including termination.

We provide rest breaks to help with your work, which are scheduled by your supervisor. Two paid breaks of 10 minutes each are available to you each shift. Sometimes, patient needs and your department's operation may require us to interrupt your break or not give you a break. Rest breaks may not be used to make up for arriving late, leaving work early, or for extending meal periods.

Overtime

When patient care needs or operating requirements cannot be met during regular working hours, you may be scheduled to work overtime hours. When possible, advance notification of these mandatory assignments will be provided. All overtime work must receive prior supervisory authorization.

Overtime is paid to all non-exempt partners in accordance with federal and state wage and hour requirements. As required by law, overtime pay is based on actual hours worked. Time off for sick leave, vacation leave or any leave of absence will not be considered hours worked for purposes of doing overtime calculations. For purposes of computing overtime, the workday begins at 7:00 a.m. and ends at 7:00 a.m. the next morning.

Failure to work scheduled overtime, or overtime worked without prior authorization from your supervisor, may result in disciplinary action, up to and including dismissal from employment.

Overtime payments strictly adhere to Federal and State Government regulations. The following are the plans the government allows for your overtime pay:

Overtime Plan #1

Usually applies to partners not directly involved in patient care such as dietary, office, maintenance, activities, medical records, pharmacy partners and PHS personnel.

- Requires at least 1 1/2 times regular hourly pay rate for **all time over 40 hours worked in a work week** (7:00 a.m. Monday - 7:00 a.m. Monday).

- No overtime provided on a daily basis until 40 hours have been worked in the work week.

- **Plan #1 Example A:**
 - Day 1 10.0 hours worked
 - Day 2 12.0 hours worked
 - Day 3 6.0 hours worked
 - Day 4 8.0 hours worked
 - Day 5 4.0 hours worked

No overtime provided: Week's Total : 40 hours

- **Plan #1 Example B:**
 - Day 1 10.0 hours worked
 - Day 2 10.0 hours worked
 - Day 3 10.0 hours worked
 - Day 4 8.0 hours worked
 - Day 5 8.0 hours worked

Week's Total : 46 hours

Week's Payment: 40.00 Regular, 6.00 Overtime

Overtime Plan #2

(Known as the “**over 8 or 80**” option.) Generally applies to jobs involving patient care unless state law requires otherwise.

- Requires that 1 1/2 times the regular hourly pay rate for hours worked **in excess of 8 hours per day OR in excess of 80 hours in the 14 day period** (7:00 a.m. Monday to 7:00 a.m. Monday - 2 weeks later), *whichever yields the greater overtime hours*.

- **Plan 2 Example A:**

1 Day x 15.00 hours worked	=	15.00 hours
<u>10 Days x 7.50 hours worked each day</u>	=	<u>75.00 hours</u>
14-Day Total =		90.00 hours

Hours in excess of 8 hours per day	=	7.00 hours
Hours in excess of 80 hours per period	=	10.00 hours

10 overtime hours yield greater overtime hours

Payment: 80.00 Regular, 10.00 Overtime

- **Plan 2 Example B:**

1 Day x 11.00 hours worked	=	11.00 hours
<u>9 Days x 7.50 hours worked each day</u>	=	<u>67.50 hours</u>
14-Day Total =		78.50 hours

Hours in excess of 8 hours per day	=	3.00 hours
Hours in excess of 80 hours per period	=	0.00 hours

3 overtime hours yield greater overtime hours

Payment: 75.50 Regular, 3.00 Overtime

Overtime Plan #2 (cont.)

- **Plan 2 Example C:**

11 Days x 7.50 hours worked each day	=	82.50 hours
<u>14-Day Total</u>	=	<u>82.50 hours</u>

Hours in excess of 8 hours per day	=	0.00 hours
Hours in excess of 80 hours per period	=	2.50 hours

2.50 overtime hours yield greater overtime hours

Payment: 80.00 Regular, 2.50 Overtime

- **Plan 2 Example D:**

4 Days x 15.00 hours worked each day	=	60.00 hours
2 Days x 8.00 hours worked each day	=	16.00 hours
<u>2 Days x 7.50 hours worked each day</u>	=	<u>15.00 hours</u>
14-Day Total	=	91.00 hours

Hours in excess of 8 hours per day	=	28.00 hours
Hours in excess of 80 hours per period	=	11.00 hours

28.00 overtime hours yield greater overtime hours

Payment: 63.00 Regular, 28.00 Overtime

Paychecks

In the absence of mail problems or mechanical failures, paychecks are distributed every two weeks, normally within 10 days (Tuesday) following the end of a pay period, unless otherwise required by law.

Your paycheck stub has an explanation of pay and benefit days. This information is provided for your personal records. You are encouraged to discuss questions about your pay with your supervisor or department head.

The company will comply with any court order deductions such as garnishments, levies and bankruptcies. Where permitted by law, excessive garnishments of a partner's wages may result in a reasonable administrative fee being charged to the partner.

Direct Deposit

Direct Deposit is the safest, most convenient way to be sure that your paycheck is immediately deposited into your account each payday. Direct Deposit

eliminates hectic trips to your financial institution as well as waiting in long lines. Your paycheck will be automatically deposited into your account if you are absent on payday. With Direct Deposit, you do not have to worry about lost, stolen or damaged checks.

Payroll Debit Card

Partners who do not provide bank account information for direct deposit will be paid by payroll debit card.

Time and Attendance Recording

It is your responsibility to maintain an accurate record of the hours and days worked by clocking in and out. State and federal regulations and company policy require this. You must clock at the beginning and end of the shift. You must also clock out for meal breaks and clock in when returning. Failure to clock in and out of work may result in discipline, up to and including termination.

You must make sure you understand the proper use of the automated time collection process as instructed by your supervisor.

“Clocking in” more than five minutes after the scheduled starting time is considered tardy and will be reflected in your attendance records. Clocking out before scheduled authorized quitting times is not permitted. Also, clocking in or performing work earlier than five minutes *before* your regularly scheduled starting time is not permitted. Clocked time is rounded to the nearest quarter hour on a daily basis.

You are to check your time sheet at least weekly to ensure accuracy of recorded time. Corrections must be approved and initialed by the department head. For pay purposes, time recording corrections are processed when they are received; if time recording corrections are received after payroll processing the correction will be reflected in your next regular paycheck.

Misrepresenting time worked in any manner (such as tampering with another partner’s time record, clocking in and out for another partner, or allowing someone else to clock in or out for oneself) may be grounds for discipline, up to and including immediate termination from employment.

Travel and Attendance of Meetings

The following provides guidance for the payment of travel and hours of attendance at work-related meetings for hourly partners. The following pay practices follow company policy and comply with federal law.

Payment for Travel

All time spent traveling on company business should be paid whether it is within or outside the normal work hours, such as before 8:00 a.m. and after 5:00 p.m.

Time normally spent commuting between home and the regular place of work is not considered time worked and should be subtracted from total travel time.

A supervisor may rearrange the work schedule to avoid additional compensation hours which may occur as a result of travel time. Whenever possible, the supervisor and partner should discuss the possibility of rearranging the work schedule prior to departure so that travel time plus worked time will not exceed the normal work schedule.

Payment for Attendance of Meetings

The policy for payment for hours of attendance for hourly partners at work related meetings is all hours of attendance at such meetings should be paid. If such meetings are conducted on Saturday or Sunday between (normal unscheduled days), all hours of attendance at such meetings should be paid. The excess hours worked must be paid as overtime if the hours cause the hourly partner's total hours to exceed (1) 40 hours per week for Overtime Option 1 partners; or, (2) 8 hours per day or 80 hours per pay period for Overtime Option 2 partners.

Remember that working time is considered to be hours of attendance in organized sessions. Any time spent at conferences as "free time" is not considered working time and should not be paid. Meal time should not be counted as worked hours unless the hourly partner is required to attend the meal. A copy of the program must accompany the partner's time report.

Work Week and Pay Periods

Our work week begins at 7:00 a.m. Monday and ends at 7:00 a.m. the following Monday. Our pay period is two consecutive work weeks. Usually, there are 26 pay periods each calendar year.

For Your Guidance

FOR YOUR GUIDANCE

Appearance and Grooming

You should be well groomed and practice good hygiene. How you present yourself reflects not only on you, but the confidence patients, families, visitors, and other partners have in our abilities and services.

The following guidelines are intended to uphold *The Better Way Promise #15*: “**Be neatly dressed and well groomed according to NHC standards.** Each partner will take pride in their personal appearance.”

Appearance

UNIFORM STANDARDS

If required to wear a uniform while working, the following uniform standards are required:

The uniform must be:

- worn at all times while working.
- clean and pressed/ironed.
- free of odors and/or stains.
- free of holes or tears.
- properly fitted and/or loose enough to allow performance of activities modestly.

Males are required to wear socks.

Undergarments cannot be visible through clothing or the uniform. Color of undergarments when in uniform should be white or a neutral, plain color.

NON-UNIFORM STANDARDS

Partners not required to wear a uniform must adhere to the following non-uniform standards:

	MINIMUM REQUIREMENT	UNACCEPTABLE
MEN	<ul style="list-style-type: none"> • Dress pants • Dress shirts • Ties • Dress shoes • Socks 	<ul style="list-style-type: none"> • Denim fabrics • Casual pants • Athletic and casual shoes • Collarless or casual shirts
WOMEN	<ul style="list-style-type: none"> • Skirts, dresses or dress pants • Dress tops • Dress shoes or dress sandals 	<ul style="list-style-type: none"> • Denim fabrics • Casual pants • Athletic shoes • Mid-drifts, tank tops, halter tops, and t-shirts • Flip-flops/casual sandals • Stretch pants, stirrup pants • Shorts, capri and cargo pants

- The above list of unacceptable items is not all inclusive.
- Skirts, dresses, pants and tops made of fleece, Lycra, leather, vinyl, denim and spandex are prohibited.
- Skirts and dresses should be no shorter than 2 inches above the knee.
- Pants should be no shorter than one (1) inch above the ankle.
- No mid-drift skin may be exposed at any time.

SHOES

- Shoes must be kept clean at all times
- Uniformed partners must wear shoes with a closed heel and toe. The color of shoes for uniformed partners is either white, black, brown, or gray. Maintenance partners may wear brown, black, or gray shoes/boots.
- Non-uniformed partners must wear dress shoes or dress sandals that are compatible with appearance standards.

NAMETAGS

- The identification nametag must be worn at all times.
- The partner’s name and title must be clearly visible at all times.

- The nametag is worn at all times on the upper torso area to be easily seen by our customers.

Grooming

HAIR

- Hairstyles should be reasonably conservative - no extreme hairstyles or hair color.
- Hair should be clean, combed and neatly trimmed or arranged.

JEWELRY

- Jewelry should be worn in moderation.
- Jewelry with sharp edges or excessive amounts of jewelry is not allowed at any time.
- Jewelry that may interfere with a partner's ability to perform their job or presents a hazard to the partner and/or our patients is not permitted.
- The company cannot take any responsibility if a partner misplaces, loses or has jewelry stolen.

EARRINGS

- Earrings are limited to post or very small hooped earrings. The earrings must be in the lower ear lobe.
- Male partners must remove any earrings while on the premises.

RINGS

- Rings are limited to one ring per hand.
- A wedding/engagement ring is considered one ring.

HYGIENE

Partners must be well groomed and properly bathed.

COSMETICS

Perfumes, colognes and cosmetics/make-up (females) should be used sparingly, or not at all.

FINGERNAILS

Long fingernails are not allowed at any time.

TATTOOS AND BODY PIERCING

- Tattoos may not be visible to customers or other partners.
- Body piercing jewelry (other than earrings for females as stated above) must be removed while on the premises.

If you fail to follow personal appearance and grooming guidelines, you will be sent home and directed to return to work in proper form. Under such circumstances, you will not be compensated for your time away from work.

Behavior of Partners

You are expected to behave in a positive manner while performing all the duties associated with your position and show this same type of behavior towards patients, visitors and other partners. It is the positive, “can do” type of behavior that generates excellent care and customer satisfaction.

You should gauge your work behavior with the question: *“Is this (behavior or activity) beneficial to patient care?”* If the answer is no - you are probably doing the wrong thing. You should ask yourself this question frequently when interacting with others at work. It will help you decide the right things to do for patient care. We encourage you to set examples of positive behavior from which other individuals may learn and benefit.

Benefits

Please refer to your *NHC Benefits Handbook* for more information about partner benefits and for which benefits you may be eligible.

Cellular Phones/Camera-Equipped Mobile Devices

NHC recognizes that many partners use personal cellular phones and personal electronic devices for safety reasons and because they are important tools in today’s society. Our policy defines the acceptable use of cellular phones/mobile devices and personal electronic devices, including phones with photographic and recording capability, by partners for personal matters during working time as well as use of those devices to perform company business functions. We want to ensure that the use of such devices does not result in discourtesy to others or to prevent you from providing quality patient care and customer satisfaction.

- The use of personal cellular phones and personal electronic devices for performing **company business functions**, requires prior supervisor approval and must have the **Mobile Device Management (MDM) Solution software** installed on the device.

- Partners are responsible for reporting a lost or stolen mobile device that is used for work matters and contains confidential company information to the IT Department Help Desk within 24 hours after the loss is discovered.
- The company shall not be held liable for erasing user content and applications when it is deemed necessary to protect Company data and IT infrastructure. Users of a mobile device are responsible for backing up any personal information stored on the device.
- Mobile device authentication is required for company-provided and partner-owned mobile devices that contain Company confidential information. Such devices require user authentication through a passcode or password.
- The use of personal cellular phones and personal electronic devices for **personal matters** during working time is strictly prohibited unless: you are on an authorized break and you are in an area restricted to “partner use” only.
- When you are performing job duties, your personal cellular phone or electronic device not used for work-related matters must be kept in your bag or locker, not on your person, and must be “turned off”.
- During non-work times (rest and meal breaks), you may make or receive personal calls on your personal cellular phone/electronic device. Please advise your family and friends of the Company’s policy.
- Personal cellular phones/electronic devices must be turned to the “silent” or “vibrate” modes when in use in an authorized break area.
- Please instruct family members/friends to call your employer’s telephone number if an emergency arises. You should be immediately notified of any emergency calls.
- Partners **may not** take digital or “still” photos or record audio or video footage with cellular phones or personal electronic devices for personal use while on company premises. Camera-equipped or audio/video-equipped recording devices are strictly prohibited from use anywhere on company property.
- Partners who are requested by their supervisor to take photos as part of their work responsibilities must follow the established company policy to assure confidentiality and HIPAA privacy requirements are met.
- If your job responsibilities include regular or occasional driving, do not use your personal hand-held phone/device for work-related issues while driving. Regardless of circumstances, you should pull off to the side of the road and safely stop the vehicle before placing or accepting a call or text message.

Charitable, Civic and Philanthropic Fund-Raising

Employer-initiated charitable, civic or philanthropic (goodwill to fellow people) fund-raising activities which are considered beneficial to our operations or business objectives may be scheduled from time-to-time at the discretion of the administrator. Such fund-raising activities should occur in non-work places and during non-work time of the active parties.

Such fund-raising activities should be kept at a minimum, to three or fewer isolated events annually.

Communications

We have established a method for conducting internal or external and verbal or written communications to make sure they are consistent and accurate with our policies and procedures.

The Better Way Scoreboard

Company and center goals are visually communicated to all partners through *The Better Way* Scoreboard. The Scoreboard keeps partners aware of how we are doing in the areas of:

- Partners in Excellence (PIE) scores
- Budget variance year-to-date
- Partner Satisfaction Survey scores and partner response rates
- Partner safety
- Customer Satisfaction Index scores

Bulletin Boards

Official announcements, schedules, and other important notices are posted on bulletin boards. Only authorized management personnel may approve postings. Partners are expected to observe postings daily and to comply with the postings.

Changes in Your Personal Status

You are expected to notify the business office (and your supervisor) of any change in your name, address, phone number, or any information required to keep payroll and personnel records current. In the event of any weather-related problems (hurricanes, floods, snow, etc.) or other emergency situations, it is important that your supervisor have your *current* telephone number so she/he can immediately contact you.

Confidential Patient Information

Patient information is considered strictly confidential and is only to be discussed with other partners who are directly concerned with the patient's care and treatment. Questions from a non-partner about a patient's health are to be directed to the attending nurse or physician.

Human Resources Policy Changes

Occasional changes in human resources policy may become necessary in order to comply with law or for other business reasons. Such changes may not be expected, and they could become necessary and effective with little or no notice time to you. This is why we ask you to regularly check the partner bulletin board and to ready your *Partner Handbook*, its revisions and any temporary inserts. Doing so will keep you in touch with changes that may affect you.

Ideas, Suggestions, Questions and Complaints

You are expected to, and encouraged to, maintain an open line of communication with your supervisor(s). We invite you to share ideas, suggestions, concerns, or questions with your supervisor(s). Working together as a team will quicken the resolution of problems and ensure customer satisfaction.

Personal Telephone Calls and Mail

Excessive personal calls during work time offend our customers and distract fellow partners. Personal telephone calls are limited to emergency situations only. Personal mail is not to be sent or received by your employer.

Computer, E-mail and Voice Mail Systems, and Social Networking***Computers***

We provide partner access to computers, printers and other equipment. This equipment is to be used exclusively for the business activities of the Company. Partners found to be using Company computer equipment for personal use may be subject to appropriate disciplinary action, up to and including termination.

- Partners shall not use Company systems to knowingly violate any city, state or federal laws.
- Computer games and personal software may not be installed on Company equipment.
- Company equipment shall not be used to create or store personal information or projects.

- Company equipment shall not be used to store or display images depicting violence, sexually explicit material or racially offensive material.
- Partners are not permitted to download any software (free or otherwise) without express permission of the Company.
- Partners have no expectation of privacy on Company equipment.
- Use of Company computers, email, telecommunications, and office equipment constitutes consent to monitoring the use of this equipment.

Internet

Company computer systems are connected to the internet for business purposes only. Accessing the internet for personal use is prohibited. Partners are expressly prohibited from allowing any third party to use Company provided computers or internet services.

- Conducting Company business on the internet must be done following all guidelines and policies for conducting business in conventional settings.
- The Company maintains the right to limit internet access.
- The Company will comply with any reasonable requests from law enforcement to review internet activities of any partner.
- For protection of the Company's network and proprietary information, security measures have been installed on the system. No partner shall, under any circumstances, attempt to disable or circumvent these security measures.

Email & Electronic Communication

Email is provided for business purposes only. No personal emails may be sent from the Company's equipment. All emails, sent or received, are the Company's records and as such, are accessible to appropriate staff members.

Partners may not use the Company's email address to receive personal email messages. No anonymous emails can be sent from Company systems. All partners are required to identify themselves by name and email address. Chat room participation is strictly prohibited.

Social Networking on the Internet

As a part of our comprehensive approach to information security, this guideline has been created to address issues that may arise from your creation, participation or use of Facebook, Twitter or other social networking opportunities on the internet. These personal web pages, online diaries and other means of communicating online are open to anyone to read and will exist in cyberspace indefinitely. We respect your right to view and use social networking sites, such

as Facebook, Twitter, YouTube, personal web sites, and “blogs” on your own personal time. At the same time, we all must recognize that in our profession, we are working with patients and family members who value their privacy. To ensure that all partners understand the Company’s position on social networking sites, please review this guideline.

You are a representative of your employer even when not at work. Partner conduct in public and on the internet can impact the opinion of patients, patient family members, and your community in terms of the quality of patient care we provide.

SOCIAL NETWORKING GUIDELINES

- You should not use Company time, equipment or materials to create, update, maintain or in any other way support social networking sites.
- Be aware that the Company has a right to monitor your Internet access during work hours and on Company provided equipment.
- If you choose to use the internet for social networking on your own time, you should make it clear to your readers that the views you express are yours alone and that they do not reflect the views of the Company.
- DO NOT disclose any information that is confidential or proprietary to the Company, or any personally identifiable health information of any patient. Ask your supervisor if you have any questions about what is or is not appropriate to include or discuss on a social networking site.
- Written permission from the Company is required before you may use Company logos, trademarks or reproduce any Company material on your site, otherwise such use is STRICTLY PROHIBITED.
- You must not relate stories or information regarding patients or patient family members learned from your employer and/or its affiliates.
- Social network, personal websites, or other means of communication must not be used to harass patients or patient families.
- You shall not “friend” current patients or current patient family members through social networking websites (i.e. Facebook)

Violations of these policies may result in disciplinary action, up to and including termination. If you have any questions about these guidelines or any matter related to your site that these guidelines do not address, please direct them to your supervisor.

Confidentiality of Company Information/Insider Trading

The protection of confidential business or patient health information is vital to the interest and success of the company. If you disclose confidential business or patient health information (if you are in a position to know vital information as a result of your role with the company) you may be subject to disciplinary action, up to and including dismissal from employment, even if you do not actually benefit from the disclosed information. This rule also applies even if you mistakenly become aware of confidential information.

Examples of confidential company information are patient information, clinical protocols, personal partner information, financial information, customer lists and development strategies.

As a partner, you have an association with NHC. NHC as a public company is subject to federal securities laws, including very significant penalties for individuals who buy or sell NHC securities using information not available to the general public. As a partner you may have access to such information and thus are subject to penalties for trading NHC securities using that information. *In order to avoid the risk of incurring financial penalties and embarrassment, you and your immediate family should never engage in the buying or selling of NHC securities if you know of any material financial event, transaction or information which is not yet public.* Additionally, since the company's financial performance is so important, you should never trade the company's securities in any month which starts a financial quarter (January, April, July and October) until after the company releases the financial results of the previous quarter. Please check NHC's website at www.nhccare.com in order to update yourself on NHC press releases. If you have any questions regarding this policy or what constitutes a material financial event or transaction, please contact either the NHC Office of Corporate Affairs or the NHC Office of General Counsel in Murfreesboro, Tennessee, at 615-890-2020.

Conflicts of Interest

You are expected to perform the duties and responsibilities of your position without any real or perceived conflicts of interest with other jobs or business/personal relationships you may have. The acceptance of secondary jobs ("moonlighting") is prohibited, except in the cases where you have obtained prior written supervisory approval. If you are considering additional work outside of NHC, you should discuss that possibility with your supervisor.

Accepting money, gratuities (tips) or favors from families, patients, business firms, individuals or organizations who do business with your employer is not allowed.

Corrective Disciplinary Action

Policies, rules and regulations are necessary in every business. Without rules to follow, disruptions and confusion would exist daily in the workplace. Your supervisor has been

trained to properly supervise and help you understand the rules of work. Daily supervision is usually all that is necessary, but sometimes partners who do not respond to normal supervision subject themselves to corrective disciplinary action.

Corrective disciplinary actions are documented efforts that encourage a partner to correct a performance or minor conduct problem. Various disciplinary actions – from documenting a verbal warning, a written warning, a final written warning, and dismissal from employment – are possible to correct a problem.

Your supervisor has the training and the responsibility to enforce the rules. She/he also has the responsibility to apply supervisory techniques to inform you of the rules prior to using disciplinary action. This supervision leaves troubled partners with the option to self-succeed at their work or self-terminate. When a partner knows what is expected, but chooses not to continue meeting the expectation, our supervisors are trained to believe the partner has chosen to self-terminate.

Disciplinary Problems

We hope you will do all you can to follow the rules and policies of your employer. These rules are designed to ensure that we maintain excellent customer satisfaction and a positive work environment. Some work problems may be corrected through progressive steps of disciplinary action. Others are so serious that immediate dismissal without payment of accrued benefits is necessary. Not all serious disciplinary problems can be listed below, but the following list represents some problems that may result in disciplinary action, up to and including dismissal from employment:

- Patient abuse (verbal, mental or physical) or patient neglect as defined by state or federal regulations.
- Taking or using photographs or recordings of patients in any manner that would demean or humiliate a patient.
- Excessive absenteeism and/or tardiness.
- Job abandonment; and/or leaving the premises during working time without supervisory approval; and/or failure to report for a scheduled work shift without giving reason to appropriate supervisor.
- Improper disclosure of patient's protected health information.
- Violations of the drug and alcohol policy.
- Refusal of submission to a drug or alcohol test in a timely fashion.
- Theft (or refusal of reasonable cause property examination while on the premises).
- Unauthorized copying of employer records, including patient medical records.

- Refusal to work (without an acceptable reason) when required due to emergency call-ins, disaster, patient emergency, etc.
- Insubordination or disobeying an order from a supervisor.
- Fighting and other violence on the premises.
- The illegal possession of a firearm, explosive(s) or any weapon on the premises.
- Harassment of patients, visitors and/or fellow partners or the causing of a hostile work environment, or having knowledge of such and not reporting it to the employer.
- Use of our complaint/grievance procedure in an untruthful manner or with falsified documents or statements.
- Gambling, lottery ticket sales, or any game of chance not sponsored or sanctioned by your employer.
- Conviction of a felony.
- Violation of workplace smoking regulations.
- Unsafe work conduct.
- Refusal to practice and follow customer satisfaction guidelines and training.
- Sleeping on duty.
- Refusal to cooperate fully with fact-finding investigations by your employer.
- Providing untrue or misleading information to your employer.
- Working when not scheduled, called-in or authorized; failure to clock in or out when leaving the building.
- Clocking for a fellow partner or allowing a fellow partner to clock for you.
- Accepting money, gratuities or favors from families, patients, individuals or organizations that do business with your employer.
- Failure to report for work the scheduled day before or after any ETO period.
- Dishonesty, misrepresentation, false statement or omission on official employment records.
- Conduct outside the realm of concerted legal activity that damages employer operations which results in negative community relations or customer satisfaction.

Please note that this policy only provides guidelines for supervisors to follow in determining the necessity for, and degree of, discipline. Your employment is at all times at-will, and can be terminated by you or the employer at any time, and for any reason.

Drug-Free Workplace

We are committed to providing a safe workplace and to protecting the safety and well-being of patients, patient family members and others present at our location. Drug and/or alcohol use in the workplace, by any of our partners, is a legitimate threat to the health and safety of our patients. It is also contrary to our goal of quality patient care. Therefore, we maintain a drug-free workplace. As a condition of employment, all partners are required to abide by this policy.

Prohibited Conduct

Partners, contractors, volunteers, students and affiliates shall not:

- perform work under the influence of drugs or alcohol,
- possess, distribute, dispense, manufacture, sell, purchase, or misuse drugs or alcohol in the workplace or while performing work or representing the company either on or off company premises, or while in a company vehicle or during work hours, inclusive of breaks and meal times,
- possess, distribute, dispense, manufacture, sell, purchase, or misuse drugs or alcohol on non-working time to the extent that, in the company's opinion, it impairs a partner's ability to perform on the job or threatens the reputation or integrity of the company, or
- obtain or attempt to obtain medications from the facility that are intended for resident use.

Drug and Alcohol Testing

To help maintain a drug and alcohol-free workplace, we conduct drug and/or alcohol screening on all:

- Current partners - upon reasonable suspicion.
- Current partners - as required by Department of Transportation regulations.
- Current partners - after any accident at work that results in medical attention to any person, or significant damage to property.
- Current partners - returning to work following treatment for drug/alcohol abuse.

In addition, the employer may conduct drug and/or alcohol for newly hired partners on a post-offer, pre-placement basis.

Definitions

Drugs - The term “drug” or “drugs” as used here refers to controlled substances as specified under the provisions of the Controlled Substances Act, which are illegal to possess under federal law or which the partner has not obtained or used pursuant to a valid physician’s prescription intended for the partner or drugs that are illegal to possess or use. Examples of drugs are opiates (i.e. morphine and codeine), cocaine, cannabinoids (i.e. marijuana, hashish), amphetamines, phencyclidine (PCP) and methamphetamine (crystal meth). Also included in this definition are drugs that are not classified as controlled substances and substances that are not sold as drugs or medicines, that the partner has obtained or used for mind or behavior-altering effects, such as glue and inhalants or prescription medications that cause side effects that endanger the safety of partners or others. In addition, references to “drugs” in this *Partner Handbook* includes paraphernalia associated with illegal drug use.

Prescription drugs being used upon the advice of a physician are exempted if used as prescribed. However, partners using prescription drugs which might impair safety, performance, or any motor function must advise their supervisor before reporting to work under such medication. Failure to do so may result in disciplinary action. Partners may be asked to show that they have a valid prescription.

Alcohol - Includes all alcoholic beverages.

Reasonable suspicion - Is the conclusion that a person is likely to reach when presented with the set of circumstances and/or evidence that a partner is under the influence of drugs or alcohol while at work and on duty.

Inspections/Searches

To minimize the danger that drug and alcohol use poses, we may conduct inspections or searches as allowed by state or local law. The company may inspect all company premises, including desks, lockers, drawers, etc. In addition, we may request that the partner empty the contents of her/his lunch containers, handbags, briefcases, packages or outer clothing.

Partners Seeking Treatment

We support the efforts of partners who seek treatment for drug-related and alcohol-related problems and believe that those partners may continue working while receiving treatment to the extent that such partners do not violate this policy. We will make reasonable efforts to accommodate partners’ requests for leave of absence for treatment, unless the request is made after a violation of this policy.

We reserve the right to perform drug/alcohol screens on partners following rehabilitation treatment for drug or alcohol abuse.

Disciplinary Action

Partners may be disciplined, up to and including termination of employment, for any violation of this policy. Partners may also be disciplined, up to and including termination for refusing to submit to drug or alcohol testing or to an inspection when required. Contingent offers of employment may be withdrawn for applicants testing positive for drugs.

Confidentiality

Test results will be kept confidential to the extent possible. Information related to investigations conducted pursuant to this policy will be distributed on a need-to-know basis in order to further the objectives of this policy and to comply with other company policies or legal obligations.

Ethical Standards of Conduct: Code of Ethics

Our founder, Dr. Carl E. Adams, strongly believed in and was guided by ethical standards. Many of his sayings and philosophies are the basis of our company's culture. Among other things, he is quoted as saying:

- “Go when called, be available when needed, your best pay is the appreciation. If you deserve it, you will enjoy it.”
- “There is always room at the top - it's the middle that's crowded.”
- “A person succeeds by hard work. I believe in a good work ethic. Get up early and manage your business with careful attention to detail. You have to keep a balance between quality and earnings. Either one without the other will lead to failure. You can't spend money you don't have and if you don't put money back to improve the services then the business will fail.”

NHC's Code of Ethics is based upon these and other sayings. It reaffirms our motto that “Care is Our Business” and mandates all of us to conduct our business and operations, not only in accordance with the law, but also with the highest standards of ethical conduct.

All partners are expected to report what he or she believes to be illegal or unprofessional conduct on the part of any partner, agent or entity. Also, partners are expected to report perceived violations of our Code of Ethics. Partners should not fear that a report would lead to retaliation against them. We will not tolerate any threat of intimidation or retaliation against a partner who reports what he or she believes in good faith to be a violation of any of the principles set forth in our Compliance and Ethics Program.

We are committed to our role in preventing health care fraud and abuse. We comply with state and federal laws related to health care fraud, abuse and protection for reporting suspected fraud/abuse.

The False Claims Act is a federal statute that covers fraud involving any federally funded contract or program, including Medicare and Medicaid. The Act establishes liability for any person who knowingly presents or causes to be presented a false or fraudulent claim to the United States government for payment. Criminal penalties and exclusion from participation in Medicare and Medicaid programs may result from a violation of the Act.

NHC has established a dedicated toll-free ValuesLine for use by partners wishing to report conduct which appears to you to be questionable, violations of law, violations of company policy or information the partner feels he/she cannot otherwise report to a supervisor. The toll-free ValuesLine telephone number is posted prominently within your employer. The number is also available in your copy of the *Standards of Conduct and Compliance Handbook*. You may call from home or work. You may call anonymously.

For a complete overview of the Code of Ethics and the Standards of Conduct, please refer to your copy of the *Standards of Conduct and Compliance Handbook*.

Exposure to Hazardous Materials and Waste

Our goal is to eliminate the incidence of chemically-related occupational illness and/or injury by: (1) increasing the availability of hazard information to assist employers in devising protective measures and, (2) giving you the information needed to take steps to protect yourself against potential hazards in the workplace.

Accordingly, we have established a Hazard Communication Plan which outlines in detail the procedures related to chemicals in the workplace. Further information regarding hazardous/toxic substances can be obtained by reviewing this plan which is available from your administrator.

Grievance Procedure

If you should have a serious grievance or complaint, a prompt review of the problem is possible with our grievance procedure. You can use the grievance procedure without fearing retaliation from anyone. The procedure's steps are below:

1. If your immediate supervisor can resolve your problem, discuss it with your supervisor and propose your solution to remedy the problem.
2. If your problem is not resolved, present it and your proposed solution to your department head.
3. If your problem is still not resolved, present it and your proposed solution to your administrator.
4. If your administrator's decision does not resolve your problem, appeal your grievance and proposed solution in writing to the individual listed below. If necessary, your Senior Vice President Regional may also become involved in

order to satisfactorily reach a final decision. Mail your grievance and proposed solution to:

NHC
Partner Relations Director
P.O. Box 1398
Murfreesboro, TN 37133-1398

PLEASE NOTE: If you feel too awkward or embarrassed to discuss your complaint at any step because of that person's gender or because that person is a part of the problem, your complaint may be advanced to the next step (male or female) of the procedure.

These above steps are effective. You should always use these steps first to resolve any human relations problem. Using this procedure is especially important for resolving complaints concerning any improper or illegal conduct relative to harassment or discrimination regarding sex, race, age, disability, religion or any other legally protected status. We want to know about and resolve any problems before involving outside third parties. Therefore, you can be assured that the partners who review your complaint and proposed solution are trained to listen, discuss and seriously consider a proper resolution.

Harassment and Hostile Work Environment

We will not tolerate, a **hostile environment or harassment of any kind**. It is our goal to ensure that all partners are able to work in an environment free from any kind of discrimination or harassment, including sexual harassment.

Harassment

Comments or conduct directed at a partner's age, race, gender, ethnic background, disability, genetic information (including genetic information related to a relative of a partner), or any other legally protected category, which have the purpose or the effect of unreasonably interfering with a partner's work performance, or which can create an intimidating, hostile work environment, will not be tolerated. The following are some examples of conduct that may be considered harassment:

- continued or repeated verbal abuse, unwelcome comments or remarks related to a person's race, age, gender, ethnicity, disability, genetic information, or other protected category
- continued or repeated insults, humor, or jokes about a person's gender, age, race, ethnicity, disability, genetic information, or other protected category

- offensively lewd or suggestive comments; “off-color” language or jokes; slurs; gestures; offensive verbal, graphic or physical conduct; or the display of offensive pictures, greeting cards, calendars, articles, books, magazines, photos, cartoons, computer generated e-mail or graphics regarding gender, age, race, ethnicity, disability, genetic information, or other protected category

You will be oriented to this policy and its complaint procedures after employment, then periodically re-oriented during your course of employment. Please remember that improper remarks or conduct can be easily avoided by asking this question: *Does this action directly or indirectly relate to improving patient care? If the answer is “no”, the partner is probably doing the wrong thing.*

Sexual Harassment

No partner shall engage in sexual activity or sexual harassment of any other partner either in the Company facilities or outside of the Company facilities, including travel for business purposes.

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature are considered to be sexual harassment when:

- submission to such conduct is made either directly or indirectly a term or condition of employment;
- submission to or rejection of such conduct is used as the basis for employment decisions which affect a partner; or
- such conduct has the purpose or the effect of unreasonably interfering with a partner’s work performance or creating an intimidating, hostile work environment.

The following are some examples of conduct that may be considered sexual harassment and, therefore, are prohibited by this policy:

- repeated, unwelcome and offensive sexual flirtations, advances or propositions;
- continued or repeated verbal abuse of a sexual nature;
- continued or repeated graphic verbal commentaries about a person’s body;
- display of sexually suggestive objects or pictures;
- continued or repeated suggestive sexual comments or remarks;
- continued or repeated insults, humor or jokes about a person’s sex or traits relating to sex;

- continued or repeated touching, pinching or brushing a person's body.

Sexual harassment does not refer to occasional socially acceptable compliments. It refers to behavior that is unwelcome, personally offensive or sufficiently severe, or repeated so that it alters the conditions of employment and creates an abusive working environment.

How to Handle Incidents of Harassment

If you feel that you have been discriminated against or have been subject to harassment, including sexual harassment (or if you have direct knowledge of harassment), you must immediately report such incidents to your immediate supervisor, however, if your immediate supervisor is part of the problem, or if you feel awkward going to your immediate supervisor, then you may contact any higher level of management with whom you feel comfortable. Furthermore, you may always contact the Partner Relations Department for assistance. All partners will be free from retaliation for using this procedure. If you report in writing, please mark your envelope "Personal and Confidential".

Investigations of harassment and/or hostile work environments may include interviews with all relevant persons, including the complainant, the accused and other potential witnesses. Partners concerned with complaint interviews may be assured that their privacy and confidentiality will be protected to the extent possible in complying with the law and conducting a thorough investigation. The company does not tolerate retaliation against any partner who reports discrimination or harassment. Upon the investigation's conclusion, the findings and outcomes will be shared with the complainant.

In determining whether the alleged conduct is harassment, including sexual harassment, the totality of the circumstances, the nature of the harassment and the context in which the alleged incident occurred will be investigated promptly and thoroughly. **If an investigation reveals that the complaint is valid, immediate and appropriate disciplinary action, up to and including dismissal from employment, will be taken as necessary to stop and prevent recurrence of violation(s) of this policy.**

If you need additional assistance with the enforcement of our harassment and hostile work environment policy, you may call or write in confidence to:

NHC
Partner Relations Director
P.O. Box 1398
Murfreesboro, TN 37133-1398
(615) 890-2020

Inspection of Personal Property

To protect the property of our partners, our customers and the company, and to prevent the possession, sale, and use of illegal drugs on company property, the company reserves the right to question partners and all other persons and to inspect any packages, parcels, purses, handbags, briefcases, lunchboxes, or any other possessions, articles or vehicles brought on company property, as permitted by law. Desks, lockers and other storage devices may be provided for the convenience of partners, but remain the sole property of the company. Accordingly, e-mail, computer files, desks, lockers and other storage devices as well as any articles found within them can be inspected at any time either with or without prior notice.

Leave Plans

Please refer to your *Benefits Handbook* for more information about paid and unpaid leave plans and for which leave plan(s) you may be eligible.

Patient Privacy

Partners are to show respect toward each patient and preserve the rights and needs of the patients at all times. Partners are to maintain confidentiality of patients' protected health information and are not to disclose or discuss any patient health information outside the work area.

Patient Rights

You are required to ensure that patients are provided their protection of rights, which are mandated by law. You are expected to understand these legal rights and the serious implications of violating those rights.

We do not and will not tolerate patient neglect or abuse. Such actions will be grounds for immediate termination from employment.

Every partner must report any possible cases of neglect or abuse to their immediate supervisor and/or the next highest level of supervisor. The supervisor of the suspected partner is required to investigate the accusation, communicate the investigative results, and take appropriate action immediately.

We all must show respect toward each patient and preserve the rights and needs of our patients at all times. We expect that you will provide patients with a comfortable and pleasant environment and will work with them in a quiet and professional manner.

Professional Relationships with Patients

All partners are expected to maintain a professional relationship with patients at all times in order to assure the highest quality of patient care.

At no time is a partner permitted to take a current or former patient to his/her residence. A partner is not authorized to take patients off the company property, unless on a center/company-sanctioned outing, on center time, and approved by the center administration or appropriate supervisory partners.

Partners are discouraged from personal contact, out of the facility, with current or former patients including phone calls and letters.

Partners are not permitted to provide or accept from patients or their family members, or from former patients and their family members, money or improper gifts.

Removal of Company Property

Company property is not assigned to partners or others for personal use and may not be removed from the premises for this purpose. If you have a valid reason to remove company property from the premises, you must obtain written authorization from the supervisor who has responsibility for the property.

Solicitation and Distribution

Solicitations for any purpose of partners by other partners while either the person being solicited or the person doing the soliciting is on work time, are prohibited. "Work time" does not include meal time or break times or other specified periods during the workday when partners are properly not engaged in performing their duties.

In order to maintain the tranquil atmosphere that is essential to the primary function of this employer - excellent patient care - partners should avoid all types of solicitations or discussions of politics, religion, personal relations or other sensitive and controversial issues at any time while in patient care areas. Such areas include patient rooms, corridors and sitting rooms frequented by patients. This does not apply to areas that are open to the general public, such as the lobby or conference areas and does not apply to areas such as the partner break room where there is not contact with patients.

Partner distribution of printed materials in patient care areas and other work areas inside the facility is also prohibited at all times.

Non-partners (non-employees) are prohibited from distributing materials, soliciting partners and/or trespassing on company property at any time.

Workers' Compensation

Your employer carries Workers' Compensation Insurance (or has been duly qualified as a self-insurer) on partners who are injured on the job. The law sets forth limitations of filing claims. For this reason, you must notify your supervisor immediately if an injury is sustained on the job and you must complete an incident report at this time. Failure to notify your supervisor immediately may preclude any benefits to you under the Workers' Compensation Insurance program.

If you are injured while working, it is your responsibility to report it immediately. An incident report must be completed by your department head or supervisor and you may have to be examined by a physician. No charges will be made to you for medical treatment or service rendered due to an injury received while on duty, if you have notified your supervisor as stated in the above paragraph and are treated by one of the physicians designated by the center. Failure to follow established procedures could result in denial of benefits.

If you are unable to continue work, as evidenced by a physician's statement, because of injuries received in an accident while on duty, you will be paid according to the State Workers' Compensation statutory provisions by your employer's insurance company. As you will be covered under workers' compensation benefits if you are absent due to injury, you may not use any accrued sick leave or perfect attendance days for absence due to injury.

Workplace Romances

Dating or romantic involvement among partners, or with vendors or suppliers, is prohibited under certain circumstances. One of these circumstances is where one of the parties is in a direct supervisory relationship to the other. Another situation would apply when a partner is involved with a vendor or supplier, and, in the company's judgment, the relationship would tend to create a conflict of interest or the appearance of one.

We have adopted this policy because of the potential for sexual harassment, conflict of interest, misunderstandings or the appearance of favoritism or improper behavior. This policy is administered in compliance with applicable federal and state law. If a close personal relationship which could potentially violate this policy exists or develops, all parties to the relationship are required to notify their Department Head immediately. If the company determines, within its discretion, that it is inappropriate for both partners to continue in their current positions, the company may allow one of the partners to transfer to another position.

Workplace Safety

The company has extensive policies regarding environmental safety and conducts ongoing training and inspections to ensure that everyone is in compliance with all safety requirements. It is each partner's responsibility to learn and apply our safety procedures in all aspects of his/her job. Please contact your immediate supervisor or department head to learn more about your employer's and your state's specific safety policies and regulations.

Accidents or Incidents at Work

Partners who have an accident while at work or witness an accident to a patient, visitor, or a fellow partner must report the accident to the appropriate supervisor immediately.

Disaster Plan

All department heads are responsible for ensuring that a disaster plan is posted in each department and/or location, and that supervisors are conducting periodic training sessions to instruct partners on the procedures to be followed during such emergencies.

Smoking and Fire Safety

Fire is always a great hazard, particularly among patients who smoke. Patients, visitors, or partners are not allowed to smoke in patient rooms. Smoking is allowed only in designated areas for patients, visitors and partners.

You will have periodic mandatory in-service training about fire safety. You should know the locations of fire extinguishers and learn how to use them. It is your responsibility to understand the fire safety plan for your location. Knowing what to do when an emergency happens can save lives. We appreciate your readiness at all times, and your concern for strict adherence to the smoking rules for everyone's sake. Always check with your supervisor if you have questions about smoking and fire safety.

Violence in the Workplace

The safety and security of our patients, families, visitors and partners are of vital importance. Acts or threats of physical violence, including intimidation, harassment and/or coercion, which involve or affect our company or our partners, or which occur on company property, *will not be tolerated* from anyone. The prohibition against threats and acts of violence applies to all persons involved in the operation of company employers, including, but not limited to anyone else on company property. Violations of this policy, by any individual, will result in corrective action, up to and including termination of employment, and/or legal action as appropriate.

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PARTNER ACKNOWLEDGMENT FORM

**NHC *Partner Handbook*
PARTNER ACKNOWLEDGMENT FORM**

I acknowledge that I have received a copy of the NHC Partner Handbook and that I understand that it contains important information about the company's general personnel policies and about my privileges and obligations as a partner (employee). I further understand and acknowledge that I am governed by the contents of the Partner Handbook and that I am expected to read, understand, familiarize myself with and comply with the policies contained in them.

I also understand that the company may change, rescind or add to any of the policies, benefits or practices described in the Partner Handbook, except the employment-at-will policy, with or without prior notice. I also understand that the company will advise employees from time to time of material changes to the policies, benefits or practices described in the Partner Handbook.

FURTHERMORE, I UNDERSTAND, ACKNOWLEDGE AND AGREE THAT THE PARTNER HANDBOOK IS NOT A CONTRACT OF EMPLOYMENT, THAT MY EMPLOYMENT WITH THE COMPANY IS AT ALL TIMES AT-WILL (UNLESS OTHERWISE SPECIFIED BY STATE LAW), AND THAT I OR THE COMPANY CAN TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, WITH OR WITHOUT NOTICE.

Partner Signature

Date

Partner Name (please print)

Revised October 2018

**NHC *Partner Handbook*
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