**Legal & Global Compliance**

**Operations Handbook**

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# OVERVIEW

The Operations Handbook (the “Handbook”) has been developed to assist departmental employees in becoming familiar with COMPANY guidelines, policies and procedures that impact the Legal & Global Compliance department. The topics in the Handbook are intended to provide information and direction and are subject to modification, amendment or revocation by the General Counsel and the Legal and Global Compliance Management Committee (LCMC). Unless otherwise stated please conduct as you would in your location or please contact Legal Ops to discuss.

# LAW FIRM / VENDOR ENGAGEMENT

COMPANY maintains a Preferred Provider Network (‘PPN”) list of firms and vendors (Appendix A) that are the primary selections for you to chose from. While expertise is the overriding factor in the firm selection process, other issues also play a role. These include responsiveness, resources, location, accessibility, absence of ethical conflicts, and availability of alternative fee arrangements.

Please follow the PPN Governance workflow (Appendix B) which has been approved by COMPANY General Counsel. Our department is targeting that at least 90% of the legal spend be with our selected list of PPN firms (core and niche) and no more than 10% with non-PPN firms. Any request to use a non-PPN firm must be submitted to Legal Operations and approved by our General Counsel.

# MATTER MANAGEMENT

* 1. ***New Billing Matters*** - Legal Operations has established a centralized method for requesting new billing matter creation in our Legal Tracker eBilling system in order to enforce standardization and streamline the process. New matters should be communicated to Legal Billing/Matter Management Specialist within 5 days in which an attorney has engaged outside counsel.

A ***‘New Matter Form’*** (*Appendix C*) must be completed in its entirety and sent to [insert email] within three (3) business days of your Law Firm/Vendor engagement. Speedy new matter creation is critical to ensure that our law firms and vendors are able to submit their invoices within the timeframe that COMPANY requires.

All newly engaged work for project, case or advice that is lesser than or equal to $500 in total Fees/Expenses may not warrant a new matter being opened. Please reach out to Legal Operations if you are unclear if a new ebilling matter warrants creation.

* 1. ***Budgeting*** – All legal matters require a budget amount. When a budget amount has been agreed upon the completion of the Budget form (Appendix) will help you memorialize the total and effectively communicate to Legal Operations so that the budget can be entered in Legal Tracker. The Budget Form allows you to list your budget at the Summary Level (Life of Matter Amount) or with more granular detail of Fees and Expenses, including Phase levels of detail. Budget amounts are entered into the Legal Tracker matter where they are tracked against the actual spend and reported to Finance.
  2. There’s no such thing as a one-size-fits-all budget time period. For primarily smaller-dollar, high-volume matters, a life-of-matter budget may be the best choice. This framework reinforces the idea that you expect your law firms to help you manage matter costs. Complex matters, on the other hand, may require that you use annual, quarterly or even phase-based budgeting for greater collaboration on the risks and costs associated with such matters.

* 1. ***Fixed Fee/Phase Based Billing*** - The fixed fee can be set in a variety of ways, including (1) as a periodic payment (monthly, quarterly, annually); (2) per “life of matter”; (3) per each phase or defined subset of work in a matter (e.g., motions to dismiss, discovery, dispositive motions); or (4) for a portfolio of matters.

# LEGAL SPENDING

*Invoice Processing* –

* All legal fees/expenses must be submitted and processed via the legal department eBilling system, *Legal Tracker*.
* COMPANY expects firms/vendors invoices to be submitted monthly and within 30 days from the end of the month in which services were rendered.
* COMPANY should reject invoices submitted with charge dates aged 90 days or more, with the exception of patent prosecution under a fixed fee.
* It is not advised that firms/vendors hold invoicing till the end of project work. The billing cadence should be monthly as stated above. If there is a need for billing to be held for an extended period of time please coordinate that request through the Legal Operations team.
* COMPANY does offer an escalated payment term for firms based upon annual spend amounts. If you are working with one of the firms who are participating in the program (see list, Appendix) please perform your invoice review timely so that we maintain an escalated payment schedule.

*Invoice Review* –

Below is a list of expenses, tasks and timekeepers that COMPANY will ***not*** allow for reimbursement. There may be circumstances where exceptions are made at the discretion of the invoice reviewer. If you are uncertain about what is allowable based upon the nature of the matter engagement please contact Legal Operations.

|  |  |  |
| --- | --- | --- |
| **Non-Reimbursable Expenses** | **Non-Billable Tasks** | **Non-Billable Timekeepers** |
| * Local phone calls * Office supplies * Overtime * External Proofreaders (except patent) * Rent / Rental storage fees * Rush messenger service * Service, license, or computer equipment fees related to electronic research * Staff meals and beverages (see Meals & Accommodations) * Sucompanyriptions/periodicals/books * Support staff salaries * Employee Training * Local transportation – e.g., late-night taxi fare home * Pro Hac Vice Admission Fees * Conference room charges * CLE expenses * E-mail service charges * Air conditioning or heating * Facsimile charges * Internal messenger services * Internet connectivity * Library use and materials * Postage | * Preparation of budgets and accruals * Audit letter responses * Conflict of interest checks * Time spent performing copying tasks * Electronic upload/download of files * Docketing / calendaring * Document indexing, scanning, processing or management * Opening/updating/closing/transferring of files * Filing (whether electronic or otherwise) * Labeling * Printing documents * Transmitting documents (e.g. Mail, Email) * Making travel arrangements * Organizing documents * Preparation and review of invoices * Typing / word processing / data entry * Data processing * Excessive review, proofing, editing of documents * Intra-office conferencing or memoranda | * Accounting staff * Administrative Contact * Clerk * Courier/Messenger * IP Docketing Clerk * Library staff * Secretarial staff * Summer Associates * Word/Data Processors (except in eDiscovery management) * Proofreaders * Hardware, software, database consultants and/or technical support staff |

**COMPANY PAYMENT TERMS**

COMPANY payment terms for legal services are Net 90 days from the date the invoice was posted to COMPANY. That applies to spend in the U.S., Ireland, and Costa Rica. For other countries, payment terms default to local country policies, Net 60 or best possible negotiated payment terms.

For vendors/firms in which we spend less than $250K per year a exception can be made for Net 45 day terms.

NOTE: All deviations to the payment term policy require approval from VP Corporate Controller

COMPANY does offer a early payment program, which is an escalated payment term for vendors/firms based upon annual spend amounts. For additional information regarding the program please contact Legal Operations. Please note, if you are working with one of the firms who are already participating in the program (see list, Appendix) please perform your invoice review timely so that we maintain the agreed upon escalated payment schedule

**LEGAL SPEND ALLOCATIONS**

Throughout the year legal meets regularly with Finance and alerts them to unexpected spend which impact our annual budget. Finance manages any contingencies and variance reporting. Our legal spend is partially within the legal department budget (which we call "on budget") and partially allocated to business units or intercountry ("off budget".) On budget spend includes headcount, travel, outside counsel spend for recurring legal processes, and some legal department costs. Off budget spend includes some litigation fees & settlements, and other major legal projects. Despite the fact that the legal costs reside in different budgets, we are all accountable for managing the whole amount with close assistance from Finance.

Whether legal fees/expenses should be billed to a business unit/intercountry or remain within the legal budget depends upon the subject matter involved and who/what is requesting the legal work. If you are unsure if the matter spend should be allocated within or outside the legal department budget you should discuss with your manager and Legal Operations Manager.

# SETTLEMENTS

Settlements are centrally tracked with the Legal Operations team. If your practice group will be processing a settlement payment please provide a copy of the completed settlement payment request to [insert email].

# INSURANCE COVERAGE

The COMPANY insurance program is managed by Director of Risk Managemnet. Various insurance carriers are used depending upon the nature of the insurance coverage.

The Insurance programs they manage include:

* Automobile Liability
* Clinical Trial Liability
* Crime
* Cyber Liability
* Directors & Officers Liability
* Employers Liability
* Fiduciary Liability
* General Liability
* Product Liability
* Property
* Surety Bonds
* Workers’ Compensation

*Product Liability* - Chubb Insurance is an A++ AM Best rated insurance company that underwrites product liability insurance for COMPANY. The Product Liability insurance programs are subject to a Self-Insured Retention (SIR), a matching deductible (a/k/a “front”), or a combination of both. Chubb has a responsibility to pay claims for which COMPANY is legally liable. Chubb must be notified of all claims outside the US and any US claim with a reserve and/or legal fees/expenses incurred which exceeds $500K.

*Domestic Product Liability* - Domestic product liability program provides COMPANY with insurance coverage for product liability inclusive of clinical trials in the US

*Foreign Product Liability* - Foreign casualty program provides COMPANY with insurance coverage in many countries outside of the US and includes product liability, clinical trails, general liability, excess automobile liability, etc.

COMPANY requires evidence of insurance for a variety of reasons:

* Sales personnel must evidence insurance to be credentialed at customer locations (hospitals, clinics, etc.)
* Customers require evidence of product liability insurance before they purchase COMPANY product
* Contracts with various 3rd parties –suppliers, physicians, landlords, etc.
* In many countries specific clinical trial insurance is required to run trials
* Certificates of Insurance

If certificate of insurance is required, contact Risk Management. An alternative to ease administrative burden of certificates, you can provide the following link to third parties which shows COMPANY insurance coverage (including cyber) [insert link].

* Insurance Language in Contracts

Please have non-standard insurance terms on any new contracts reviewed by COMPANY Risk Management. We do not recommend evidencing more than $5M of cyber coverage to 3rd parties in our contract – we should not disclose full limits with any 3rd party. If a contract is requesting detailed cyber coverage language – send to Risk Management for review as the policy language varies among insurers so we want to make sure we carry what is requested. Do not agree to professional liability in contracts – all activities are covered under product liability

# LEGAL HOLDS / Ediscovery

Document Review – Some COMPANY matters may require extensive review of hard copy and electronic documents. If you require Document Review please coordinate your request with the Litigation Manager in the Chief Litigation Office. In these matters, where the purpose of the review is to segregate relevant or responsive files from irrelevant data, COMPANY will require you to use one of COMPANY’s preferred vendors (see Appendix B) to conduct the first level review. As part of COMPANY’s managed review process we require that all matters leverage our preferred technology assisted review (TAR) process to drive review efficiency and cost savings through the life of the matter.

# SERVICE OF PROCESS

The Legal Department has a policy to address the procedure for the acceptance and tracking of legal documents served upon the company or one of its subsidiaries, including all international locations. Training for the process is assigned through myLearning. Global Security (i.e. Security desk) will notify members of the Legal Department when sheriffs or process servers arrive at respective locations. You could be called upon to accept or decline service on behalf of the company.

# LEGAL TECHNOLOGY

The oversite of Legal Department technology including decision-making about new technology requests, project planning and associated costs is governed by the Legal Technology Committee (“LTC”). The LTC is currently co-lead by the eDiscovery Manager and Legal Operations Manager and includes our Business Partners from Sourcing, Information Techhology, and Finance as well as an extended team made up of a department members from Global Compliance and our practice groups.The goals of the LTC are to drive Legal technology strategy, improve communication, encourage collaboration with other groups such as Sourcing and IT and to provide learning opportunities. Any questions about technology needs or issues should be brought to the eDiscovery Manager, Legal Operations Manager and Knowledge Management Specialist. For a complete list of current legal business systems available please see **Appendix #**.

# CONTRACTS – RESOURCES & REPOSITORY

**Contract Central** is the Legal Department’s one-stop shop for contracting solutions, described as “Everything a COMPANY employee needs to know about contracts”, and located on SharePoint on Contract Central. The site was designed to be a comprehensive resource for employees internal and external to Legal and Compliance. Access to the site and its content is open to all COMPANY employees and is designed to provide a variety of contracting tools (templates, definitions, contacts within Legal) with answers to basic questions including “Does Legal need to be involved with my contract?” and others. For navigation and content questions contact the Legal Department Knowledge Management Specialist.

**Confidentiality Agreements (CDAs)** can be requested by clicking the following link: [insert link] or navigating to the Legal Department intranet page on COMPANY Connect and clicking on the CDA tab. All CDA requests must be requested through this process. For further CDA assistance, please send an email to [insert email address].

**Contract Repository** – COMPANY implemented Ariba for contract requests and repository. To request a contract, search the repository, or have any questions about gaining access to Ariba, contact the Legal Operations Manager.

**DOCUMENT MANAGEMENT**

The Legal Department currently uses iManage as its main document management solution. Some practice groups use other document repository programs in addition to, or in place of, iManage. Your manager will guide you as to access and requirements based on your role. All practice groups in Legal have the ability to access iManage including a group in Compliance. According to practice group, new employees receive an account and then training on capabilities and functionalities. Consult with Knowledge Management Specialist, for access questions or any issues.

Depending upon the practice area there may be additional document management solutions available. Please email any questions to [insert email].

**RECORDS RETENTION**

Company’s record retention policy is governed by a global SOP for Records and Information Management that defines records, retention periods and associated roles. A Legal and Global Compliance Records Retention Schedule has been finalized and approved. A copy of the schedule, a roles and responsibilities matrix along with supporting documentation can be found on the SharePoint site for Legal & Global Compliance. Any questions about the SOP or records retention generally, please contact Knowledge Management Specialist.

# STAFFING / SECONDMENTS

# Through our Preferred Provider Network (PPN), Legal Operations has negotiated free or discounted secondments with some of our outside counsel along with special rates with third party staff augmentation organizations. Additionally, Legal Operations is working on creating a staff augmentation business model that would included preferred organizations globally. For any questions, please contact Legal Operations Manager.

# NOTE: If staff augmentation or secondment is being considered, you need to recieve approval from your manager and/or General Counsel and also email Legal Operations Manager.

# EDUCATION / TRAINING

A Global Legal & Compliance Education and Training Committee has been formed to provide oversight to the various trainings and events that are scheduled within the department. A master calendar for the department is currently in development. Please contact Knowledgement Management Specialist for further details.

Company offers a wide variety of internal training opportunities through myLearning. Visit the intranet and the COMPANY resource tab for more detail on what is available. The Learning Academy group also announces the global training schedule through email messages.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Education/ Training** | **Type of Event** | **Resource** | **Expense Reporting** | **Other detail** |
| **Training/Education Attorney** | * Continuing Legal Education Credits for Attorneys (CLEs) | * Preferred Provider Network (PPN) * Practising Law Institute (PLI) | * Add to expense description: “CLE” * Use GL code xxxxxx-Career Development: Cost of job-related seminars and training sessions | CLE credit courses are offered through the PPN  Please check with Knowledge Management through Legal Ops for options. |
| **Training/ Education Legal Professional Staff** | * Credit courses * Certificate courses/requirements | PLI | PLI -No expense - part of membership |  |
| **Legal Tech Committee (LTC)** | * Technology-related updates and instruction | Teams Meetings  Email  Tech Corner Updates in monthly newsletter | N/A |  |
| **Publications** |  | * PPN * PLI | * PPN * PLI - No expense-part of membership |  |
| **Memberships** |  | * ACC * PLI | None – department account | Please check with Legal Operations at to confirm if the department already has a sucompanyription or membership to which you can be added. |
| **Company subscriptions** |  | * Corporate Counsel * Law360 | None – department account | Sucompanyriptions and periodicals must be job related and requires manager approval. |

**STATE BAR MEMBERSHIPS AND OTHER PROFESSIONAL LICENSES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **What is Covered by COMPANY** | **What is Not Covered by COMPANY** | **Expense Reporting Detail** |
| **State Bar Membership**  **Primary** | 2 “active” state bar memberships will be paid by the Company | Additional state bar memberships above 2 | **Description**: “State Bar Dues”  **GL Code**: xxxxxx (Dues and Sucompanyriptions Expense; Non-deductible) |
| **State Bar Membership**  **Secondary (above 2 “active”)** |  | Additional memberships require manager approval, must be job-related | None – at individual attorney’s expense   * Recommended to keep additional membership status as “inactive” for lower cost |
| **Professional License** | 2 “active” professional licenses (e.g. CPA) – must be job-related |  | **Description**: “Membership” or “Dues”  **GL Code**: xxxxxx (Dues and Sucompanyriptions Expense; Non-deductible) |
| **Association or Professional Group Membership** | Up to 2 associations/ memberships total – *The Legal Dept. will include its members in groups such as ACC whenever licensing and availability allows.* | Additional memberships require manager approval for expense reporting | **Description**: “Membership” or “Dues”  **GL Code**: xxxxxx (Dues and Sucompanyriptions Expense; Non-deductible) |

# WORKFLEX POLICY / EARLY DEPARTURES

**Workfflex Policy** – Company is committed to providing a work environment in which employees can meet the demands of their personal life and continue to be high performers at work. A critical component of our Life/Work Integration Strategy is providing flexibility in where, when and how work gets done. Company is committed to balancing an employee’s need for flexibility with the reasonable needs of the business wherever possible. Connect with your manager for additional information and/or find policy details here [insert link].

**Deptpartment Early Departures** – By end of each calendar year, General Counsel issues notification about early departures for ***core*** U.S. based Legal & Global Compliance staff members. If schedules allow, and for those individuals who are scheduled to be working the day before a core U.S.-based holiday, employees may leave at 2:00pm (local) time on workdays before following holidays:

* New Year’s Day
* Martin Luther King Jr. Day
* Memorial Day
* Independence Day (Observed)
* Labor Day
* Thanksgiving Day
* Christmas Day

Employees cannot shorten a vacation day and add the hours to make up a workday and if a site is closed the workday before a core holiday, employees will not receive additional vacation time to be used at another date.

**APPENDICES**

(Add accordingly)

**Appendix A:**

**Appendix B:**

**Appendix C:**

**Appendix D:**

**Appendix E:**

**Appendix F:**

**Appendix G:**

**Appendix H:**

**Appendix I:**

**Appendix J:**

**Appendix K:**

**Appendix L:**