

MCAA

Mechanical Contractors Association of America

GUIDE TO HUMAN RESOURCES POLICIES



PCA

Plumbing Contractors of America

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Mechanical Service Contractors of America

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National Certified Pipe Welding Bureau

Mechanical Contractors Association of America, Inc.

1385 Piccard Drive Rockville MD 20850

T 301 869 5800 F 301 990 9690 MCAA.ORG

MCAA Guide to Human Resources Policies

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Mechanical Contractors Association of America, Inc.
1385 Piccard Drive
Rockville, MD 20850-4340
301-869-5800 • 301-990-9690 • www.mcaa.org

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Foreword

Today, it is important for companies to provide information about their personnel practices to their employees. Employers need to define the legal status of the employment relationship; set expectations for conduct; provide information and resources for complaints about harassment, discrimination, and retaliation; and maybe convey a sense of the business' history and culture. The intent of this publication is to present a tool that a mechanical contracting business may use to tailor human resources policies and guidelines for its own use. It is not expected that every company will require all of the policies suggested in this booklet. Rather, the policies presented are examples that a company may wish to customize to meet its own needs. Each company should determine which policies best meet its needs.

It is important to note that employment-related laws can vary widely from state to state. Although not an exhaustive list, the following items are examples of subjects with differing state (or even local) requirements: the frequency and timing of wage payments, vacation and sick pay practices, post-termination payments and timing, classification of employees (both as to exemptions and employee status), requirements for various leaves of absence, protected classifications, training requirements, safety standards, smoking/tobacco rules, laws regarding possession of firearms and weapons, drug and alcohol testing, employee privacy, use of cell phones and other devices, and access to personnel files.

In addition, federal and state laws and other judicial or administrative authority and guidance are continually changing. No general policy guidance, such as this booklet, can account for these changes. It is strongly recommended that companies consult with legal counsel on their human resources policies before issuing them to employees or putting them into practice.

The policies in this manual are directed to those employees who are not subject to labor agreements.

Instructions

This guide was designed to provide guidance on human resources policies to mechanical, mechanical service, and plumbing contracting firms, but it was also intended to help those firms design their own employee manuals.

The contents of this publication are in Adobe Acrobat (.pdf) for reading and Microsoft Word (.doc) for ease of customization.

Text that appears in italics is background guidance only and should be deleted in a customized employee manual.

Text that is bracketed (i.e., []) offers users a choice of options. Once an option is chosen, the remaining option(s) should be deleted from the final text.

You may add or delete text as appropriate to accommodate your company's human resources policies; however, any changes and all final policies should be reviewed by legal counsel.

Use the Bookmarks to the left of your screen to navigate to the topics of interest.

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1. Scope

Mechanical contracting firms may employ salaried and hourly employees as well as skilled craft laborers who are subject to collective bargaining agreements. A manual should clearly identify which employees are covered by its policies to avoid confusion or misunderstanding. Employees should also be aware that the manual is not static, but rather may change to accommodate changes in company policies and/or conditions. The following text is offered for consideration.

1. These human resources policies are intended to cover this Company and all of its subsidiaries and joint ventures.
2. Hourly and salaried employees of this Company and of its subsidiaries are covered by this manual.
3. Employees represented by a labor organization for purposes of collective bargaining are **not** covered by this manual.

The policies in this manual are guidelines only. This manual is not a contract of employment. _____ may, at its option, change, delete, suspend, or discontinue any part or parts of the policies set forth herein at any time without prior notice. Any such action shall apply to existing as well as future employees with continued employment for any change being the consideration between the Company and the employee. Any changes will be deemed to be incorporated into this manual. This manual supersedes all previous policies, rules, procedures, and benefits, both oral and written, and all past practices of _____.

2. Employment Policies

A. At-Will Employment

Employees or potential employees of a company should understand the terms of their employment with a company. Companies may choose to outline and describe employment terms in an employment contract, but most mechanical contracting firms use “at-will” policies for employees who are not subject to collective bargaining agreements. Unlike an employment contract, an “at-will” policy imposes no restrictions or obligations on either the employee or the company to continue the employment relationship for any specific duration. Either party may terminate the relationship without reason or notice at no penalty, provided that the reason is otherwise a lawful one.

Please note: Employment at will does not protect your company against wrongful termination lawsuits. If a termination is challenged, you generally would be required to show a legitimate and nondiscriminatory reason for the action.

The following provides suggested wording for an “at-will” policy. Please consult an attorney for the terms of an employment contract or other employment agreement.

1. Employment at this Company is an “at-will” relationship of an indefinite duration.
2. Employment may be terminated by this Company or by an employee at any time, with or without cause, with or without notice, for any reason, and with or without formal process.
3. Unless a written contract of employment is authorized and approved by _____ of the Company, no one has the authority to advise an employee that he or she will be employed for any length of time or as long as his or her work is acceptable, to make any promises inconsistent with the principles set out in these policies, or to waive or change any of the policies set forth herein or distributed to employees under separate cover.

B. Equal Employment Opportunity

Employers are subject to equal employment opportunity statutes regardless of whether those laws are acknowledged in a company’s handbook. However, stating the company’s policy regarding equal employment rights puts the question to rest before it’s raised. Keeping the statement general is recommended.

_____ is an equal opportunity employer with a standing policy of nondiscrimination. This means that all qualified persons are accorded an equal opportunity for employment or

promotion without regard to race, religion, color, national origin, ancestry, citizenship, disability, pregnancy or pregnancy-related condition, childbirth or related medical conditions (to the extent protected by law), marital status, veteran status, sex, age, or any other trait or characteristic covered by applicable law. _____ will comply with all applicable fair employment laws, will promptly investigate all complaints of discrimination or harassment, and will take prompt and effective corrective action when warranted.

This policy applies to all personnel actions in all job classifications, as well as to all privileges and conditions of employment. It includes, but is not limited to, such areas as hiring, training, recruitment, promotion, hours of work, job assignments, benefits, compensation, discipline, and termination.

Overall responsibility for implementing these policies is assigned to _____. However, all supervisors are responsible for ensuring that these policies are adhered to in their individual departments. Employees who have any questions regarding this policy or feel they have been a victim of or are otherwise aware of alleged discrimination should notify _____.

Anyone who violates this policy will be subject to disciplinary action, up to and including termination. Any supervisor who is made aware of alleged discrimination or harassment in violation of this policy and fails to report the matter to _____ or take corrective action pursuant to this policy will be subject to disciplinary action, up to and including termination.

C. Employment Categories and Classifications

All employees are categorized as either nonexempt or exempt. The federal Fair Labor Standards Act **and accompanying regulations** define these categories. Nonexempt employees are entitled to overtime pay for work in excess of 40 hours in a defined seven-day period (workweek). Nonexempt employees are usually paid an hourly wage for the hours they work. They may also receive an hourly rate for some time-off benefits, such as vacation and holidays. Exempt employees who qualify as executive, administrative, or professional employees, as outside or commissioned salespersons, as certain information technology professionals, or under any other exemption under the Fair Labor Standards Act are not required to be paid overtime pay. These exempt employees are usually paid a fixed salary for a fixed period of time, which does not normally change based on hours worked.

The Company prohibits improper deductions from wages. If an exempt employee believes he or she has received an improper salary reduction, this matter should be brought to the manager's attention immediately, in writing, with a copy of the notice sent to the Payroll or Finance Department. Likewise, hourly paid employees should follow this same procedure if they think they have been improperly paid for hours worked. The prompt reporting of errors is in everyone's best interest. All reports will be investigated, and, if it is determined that an improper

deduction or error was made, the error will be corrected on the next payroll date. If an adjustment is due but not made by the pay date of the next following pay period, then the employee should contact the department manager for assistance in resolving the discrepancy.

Employment Classifications

In addition to the categories described above, employees are assigned to one of the classifications described below:

Regular Full-Time Employee

An employee who regularly works ____ hours or more per workweek is considered a regular full-time employee. This employee is entitled to participate in all Company-sponsored welfare benefit programs, such as health insurance, dental coverage, life insurance, and disability insurance, and is entitled to legally mandated benefits, such as overtime compensation (if nonexempt and works overtime hours) and workers' compensation.

Regular Part-Time Employee

An associate who regularly works less than _____ hours per week is a regular part-time employee. Part-time employees are entitled to such mandated benefits as overtime compensation (if nonexempt and work overtime hours) and workers' compensation insurance.

Casual/Seasonal Employee

An employee who is on the payroll and works on an as-needed basis or during a particular season, but not on a regular basis as does a regular full-time or regular part-time employee, is considered a casual or seasonal employee. There may be an ongoing employment relationship, but there are usually significant breaks in the work assignments, which may occur when an employee only works during summer breaks. These employees are entitled to such mandated benefits as overtime compensation (if nonexempt and work overtime hours) and workers' compensation.

Temporary Employee

An employee hired for a specific period of time, project, or assignment, usually lasting 90 days or less, is a temporary employee. Some employees hired as interns may be hired in this classification. The employee must be added to the Company payroll and is paid for actual hours worked. Employees hired for a specific project or period of time will not experience a change in status simply because they remain in employment for a longer period of time. An employee will change from temporary to regular full-time, regular part-time, or casual status only if advised of such a change in writing by Company management. These employees are entitled to such mandated benefits as overtime compensation (if nonexempt and work overtime hours) and workers' compensation, but not to other benefits accorded to regular full-time employees. (These employees are not to be confused with a temporary employee on assignment from a company that supplies temporary labor by agreement or contract; these employees are paid by their employing agency. Temporary agency employees are not Company employees and are not entitled to any benefits provided by the Company.)

D. New Employee Procedures

1. Employment procedures include the use of an application form, which summarizes a person's background; personal interviews; test of skills, where appropriate; and reference checks.
2. Employees must submit to and pass a mandatory drug test (in accordance with current law).
3. For certain positions, or under certain circumstances and after an offer of employment, a medical examination may be required. When a medical examination is requested, the medical examination will be conducted by a Company-appointed physician at the Company's expense. Employment and assignment will be conditional pending the receipt of a physician's report stating the individual can perform the essential functions of the job with appropriate reasonable accommodations, if any.
4. Employees in certain positions may be expected to drive Company vehicles and in such cases must provide the Company with current and acceptable motor vehicle driving information. Employment and/or assignment for such positions will be conditional, pending the receipt of a satisfactory report from the Department of Motor Vehicles.
5. For certain positions, skills certifications and/or licensure may be required. Employment and/or assignment will be conditional, depending on the candidate's presentation of the required credentials.
6. On the first day of employment, all employees will receive and complete, as necessary and required, forms and other documents that *may* include the following (in accordance with applicable federal and state laws):
 - Employee information form
 - Payroll form
 - Federal and state tax withholding forms
 - Proof of citizenship, age, eligibility to work in the United States, and Social Security information, as appropriate
 - Employee's manual (or handbook) and acknowledgment-of-receipt form (form must be completed and returned to the Human Resources Director)
 - Publication describing Company's safety rules and procedures
 - Employee drug testing procedures information describing the Company's policy regarding drug and alcohol testing. The employee must read, sign, and return to the Human Resources Director the acknowledgment-of-receipt form.
 - A summary of the Company's health and life insurance plans and retirement savings plans and their eligibility and enrollment requirements

E. Immigration Law Compliance

This Company is committed to employing only United States citizens and aliens who are authorized to work in the United States, and we do not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with the Company within the past three years or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact their immediate supervisor, department manager, or the HR Director. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

F. Conflicts of Interest

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject of acceptable standards of operation. Contact a member of the management team for more information or questions about conflicts of interest.

Transactions with outside firms must be conducted within a framework established and controlled by the executive level of the Company. Business dealings with outside firms should not result in unusual gains for those firms. “Unusual gain” refers to bribes, product bonuses, special fringe benefits, unusual price breaks, or other windfalls designed to ultimately benefit the outside firm, their employees, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of the Company’s business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which the Company does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any business transaction or business dealings involving the Company.

G. Nondisclosure

The protection of confidential business information and trade secrets is vital to the interests and the success of the Company. Such confidential information includes, but is not limited to, the following examples:

- Computer codes, programs, and related documentation
- All network files and files on Company computers
- Customer lists, preferences, and records
- Confidential financial information
- Marketing, pricing, and estimating strategies
- Pending projects and proposals
- Proprietary production processes

Any employee who releases confidential business information or trade secrets to others outside of the Company will be subject to disciplinary action. Employees who improperly use or disclose confidential business information or trade secrets will be subject to disciplinary action, up to and including termination of employment, and legal action, even if they do not actually benefit from the disclosed information. This nondisclosure duty continues after the employment relationship ends.

H. Employment Actions

The following subsections address various personnel actions that may occur regularly, such as salary and performance reviews, and terminations, both of which involve set procedures that employees should expect when they occur. It is a good practice to have all performance reviews, disciplinary actions, and termination decisions and documentation discussed with and approved by the human resources department to ensure that they are conducted lawfully and appropriately. This practice also helps ensure consistency.

Annual Performance and Salary Reviews

1. This Company provides [regular salaried administrative] employees with an annual [salary] [wage] and performance review on [the employee's anniversary date] or [the end of each calendar year] or [the beginning of each fiscal year]. Employees' reviews will be performed by their supervisor(s).
2. Salary recommendations and/or other personnel actions resulting from the employee's annual review should be brought to the attention of [the Human Resources Director] [the Company CEO].

Employment Actions: Terminations and Resignations

Personnel actions that involve an employee's separation from the company should be considered carefully and reviewed in advance of the action taken to ensure that the company's actions are generally consistent so that the company's objective of treating all employees fairly is best achieved. Creating and retaining documentation of the conduct or violation is also important.

1. It is this Company's policy to communicate its performance expectations and standards clearly to employees for the positions they hold and to provide annual goal-setting and performance reviews. Employees are responsible for meeting those standards of performance.
2. **Unacceptable Job Performance:** If there is a problem with an employee's performance, the supervisor may take the following actions:
 - Provide the employee with oral counseling regarding the existence of the problem, where deficiencies have occurred, and actions required by the employee to improve his/her performance;
 - Provide the employee with additional counseling and a written warning if the employee does not improve his/her performance within the specified time frame; or
 - Issue another warning, place the employee on probation, suspend the employee, or terminate the employee, depending on the circumstances and the seriousness of the problem if the employee fails to achieve the desired improvement.
3. Although progressive disciplinary measures may be used, the Company reserves the right in its sole discretion to take whatever disciplinary action it believes is appropriate under the circumstances for any performance or conduct problem, up to and including immediate termination of employment, without any prior disciplinary action, warning, or notice.
4. Actions and problem behaviors that may warrant immediate termination include the following:
 - Supplying false or misleading information when applying for a job, regardless of the date of discovery
 - Possession of firearms or dangerous or deadly weapons on Company property, in Company vehicles, or on the jobsite, except as otherwise required by law
 - Theft or misappropriation of Company property
 - Reporting to work under the influence of alcohol or illegal drugs or the illegal use of prescription drugs, the use or possession, distribution, or attempted illegal distribution of drugs or controlled substances the at any time
 - Insubordination, refusal to do assigned work, or failure to carry out supervisory orders
 - Gambling on Company time or premises

- Engaging in or promoting fights or threats of any kind
- Excessive absenteeism
- Excessive tardiness
- Abusing, defacing, or destroying Company property or the property of individuals or companies for whom we do business
- Unauthorized use or destroying or attempting to destroy Company equipment
- Altering or falsifying time records, fraudulent use of sick leave, or working overtime without approval
- Failure to comply with established safety and fire practices
- Failure to report any work-related accidents, injuries, or illnesses
- Failure to perform work or job assignments satisfactorily
- Sleeping on the job
- Disclosure of confidential Company business information and/or trade secrets without approval by the Company
- Absence from work on two consecutive days without communication to the employee's supervisor (will result in an automatic termination)
- Any conduct liable to incite, provoke, or discriminate against anyone because of race, color, sex, age, religion, national origin, or disability

[For Involuntary Terminations: The Director of Human Resources [the Company CEO] must first review and recommend in advance all involuntary terminations (i.e., terminations, layoffs, office closures, job eliminations) to the employee's supervisor or review recommendations for terminations from the employee's supervisor.]

5. An exempt salaried employee who misses one or more full day of work while serving a suspension for violating a workplace conduct rule (or a safety rule of major significance) will not be paid for the number of full days missed.
6. **Exit Interviews—Involuntary Terminations:** The Director of Human Resources shall conduct an exit interview with the separating employee. The interview should cover reasons for the termination and the resolution of the employee's outstanding financial obligations, vacation, or other benefits.
7. **Exit Interviews—Voluntary Terminations:** With voluntary terminations or resignations, the Human Resources Director or other designate shall conduct the exit interview. The interview should cover the employee's reasons for resigning and resolve any outstanding obligations, vacation leave, or other benefits.
8. **Reference checks:** For all employees who separate from the Company, all reference inquiries shall be directed to the Human Resources office.

9. **A final paycheck**, [including any accrued vacation, less outstanding employee advances and other indebtedness,] shall be prepared during the next immediate payroll and mailed to the employee's home address. Should there be any outstanding employee reimbursable expenses, a final expense report shall be completed by the employee and submitted for payment. A check shall be issued as soon as practicable.

Note: State laws vary. Therefore, employers should be made aware whether the law of their state permits setoffs for debts or for reimbursement to the employer, such as tools and uniforms, whether unused vacation must be paid, or whether an employer policy may provide differently. Finally, the timing requirements for final paychecks differ from state to state; some states require payment be presented immediately.

Employment Actions: Severance Payments/Agreements

Severance payments to employees who are terminated are discretionary. If your company's employment practices provide for discretionary severance payments, the following guidelines are suggested. You may wish to publish these separately and provide them only to those involved in the severance payment process.

1. Only the _____ shall authorize any severance-related payments or separation agreements (whether pre-hire, employment, layoff, or termination commitments, including stay-on bonuses or other special payments).
2. Any and all proposed severance payments or separation agreements shall be submitted to this Company's Director of Human Resources for review and recommendation at least _____ weeks in advance of any proposed employment action.
3. There shall be no verbal or written communication with, or commitment to, employees regarding severance or other special payments prior to the issuance of written approval.
4. In the event discretionary severance or other special payments are to be made, they shall be processed only after the execution of a written separation agreement and general release approved in advance by the Director of Human Resources.
5. For those employees 40 years and over and group separations where severance is offered (two or more employees), additional terms are required to comply with the federal Older Workers' Benefit Protection Act (OWBPA).

I. What the Company Expects of Employees

To be good employees, people have to know what is expected of them. Below is a general list of what the Company expects from its employees:

- Safety as the #1 priority
- Good attendance and punctuality
- Commitment to quality workmanship
- Professional work conduct and dress
- Cooperation and teamwork to get the job done
- Strict adherence to Company policies and procedures
- Respect for the Company's property and clients' property

Nothing in this handbook is intended to nor does interfere with, restrain, or coerce employees in the exercise of federal or state labor law or other rights, including any and all rights under the National Labor Relations Act.

3. Operating Policies

Every organization has basic procedures by which it functions, and employees should know what these are, including standards of conduct. This guide suggests several sections on personal conduct, but companies may choose to include additional statements, depending on their particular situation. This section is divided into two parts—Personal Conduct and Administration.

Personal Conduct

A. Ethical Standards

1. This Company is committed to conducting its business in accordance with all applicable laws and with integrity, honesty, and fairness.
2. This policy applies to employees' dealings with clients, suppliers, and with each other. Employees should not do anything in the course of Company business that violates the law or their own ethics, nor should any employee be asked to do so.
3. If any employee becomes aware of a situation that he/she believes violates appropriate legal or ethical standards, the employee should discuss it with their supervisor or other management team member so that the matter may be resolved. The employee's privacy and confidentiality will be respected and protected.

B. Open-Door Policy

1. This Company is committed to preventing and resolving problems through open, positive communication among all employees and management.
2. Any employee who has a question, a concern, a problem, or a complaint is strongly encouraged to discuss it with his/her supervisor or other member of management. It is management's obligation to listen and respond to employee concerns in an open-minded manner and to work with employees to find an appropriate solution.

C. Suggestions and Customer Feedback

1. This Company is committed to the process of constant improvement. Ideas and suggestions that would assist the Company in accomplishing that end are welcome.
2. Employees are urged to submit any suggestions on how the Company may improve its products, service, relationships with customers or suppliers, the efficiency of its operation, its policies, or working conditions.
3. Employees may discuss suggestions with their immediate supervisor or another member of the management team.
4. Suggestions that result in superior customer service, substantial cost savings, or other significant benefits to the Company may be rewarded with a _____. Supervisors are expected to recommend their employees for such awards.

D. Smoke-Free Workplace

1. Out of consideration for the health and comfort of the majority of employees, this Company prohibits smoking during work time.
2. There shall not be any breaks dedicated exclusively for employees who smoke. Thus, employees may smoke only if permitted by law and only in designated smoking areas to the extent permitted by law while on a regular break.

E. Dress Code

Please note: Employers may provide specific descriptions of attire they feel is appropriate for their company's work environment.

Employees' choice of business attire reflects on the professionalism of this Company and its employees. It is the policy of this Company, therefore, that employees dress appropriately for the position they hold and the work they perform.

F. Possession of Firearms and Weapons

Please note: Some states have enacted laws that allow employees to keep firearms in vehicles in company parking lots and elsewhere. You should review the laws of your state before implementing this policy.

1. Employees are strictly prohibited from carrying firearms or weapons, concealed or otherwise, while conducting business on behalf of the Company either on or off the Company's premises.
2. Employees are strictly prohibited from bringing and storing firearms or weapons onto the Company's property.
3. Employees who fail to comply with this policy will be terminated and may face criminal charges.

G. Workplace Harassment

Please note: The list of protected characteristics varies by state and local law, as well as with the size of the employer. Although you may always include more protected classifications than legally required as a matter of your own policy, you should know the legally protected characteristics applicable to your business.

The Company will not tolerate any form of discrimination or harassment in the workplace based on an individual's protected characteristics—race, color, religion, sex, age, [marital status,] national origin, ancestry, disability, [sexual orientation,] genetic information, pregnancy or pregnancy-related condition, veteran status, or other basis prohibited by law.

Harassment is defined as behavior that is not welcome by the recipient and is offensive to a reasonable person. Harassment can occur between people with differing protected characteristics as well as between people sharing the same one. This policy applies in the workplace, while on business and at Company-sponsored events, and includes conduct by employees or towards employees by other employees, clients, visitors, or vendors.

Sexual harassment is a subcategory of harassment based on a person's gender that involves behavior of a sexual nature. The Company will not tolerate sexual harassment in any shape, manner, or form. Conduct that may constitute sexual harassment has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. Conduct that is unwelcome by another may be considered harassment. If comments or conduct of a sexual nature are unwelcome by an individual, they may constitute harassment. The Company will not accept as an excuse to a complaint of sexual harassment that an employee was "only joking" or "didn't think the other employee would object."

Sexual harassment does not generally refer to behavior or occasional compliments of a socially acceptable nature. Commonly accepted fraternization among employees and supervisors, defined as conduct of a socially acceptable, friendly, or congenial nature which adds to team-building and/or a pleasant work environment, is not by definition sexual harassment. However,

when fraternization goes beyond what reasonably can be deemed behavior of a socially acceptable nature in the workplace and becomes unwelcome, it is objectionable sexual harassment under this policy. More obviously, behavior that is personally offensive, fails to respect the rights of others, lowers morale, and/or interferes with work effectiveness is not welcome and is deemed a violation of this policy in these circumstances.

Sexual harassment may take different forms. One specific form that is prohibited under all circumstances is the demand for sexual favors—or taking an adverse action against any employee who has rejected sexual advances or who has otherwise complained about conduct of a sexual nature. It is a violation of both law and Company policy to base any employment decision on whether an individual submits to or rejects unwelcome sexual conduct.

Some conduct may constitute sexual harassment in violation of this policy (even if the conduct is not specifically directed at the person whom it affects) if it unreasonably interferes with an employee's work performance or creates a negative work environment. Thus, sexual jokes, innuendo, the presence of sexual pictures in the workplace, and even openly discussed voluntary relationships could be unwelcome by another employee who finds the conduct offensive, even if the communication was not directed to that employee. If comments or conduct are objectionable to other employees who hear them or see them on the job, they are not acceptable on the job or in work-related situations. Any employee found to have exhibited harassing behavior will be subject to disciplinary action, up to and including discharge, even if the conduct had not yet created a "hostile environment" as defined by the courts.

Employees should immediately report any claim of discrimination or harassment, including sexual harassment, to the Director of Human Resources [or other managerial employee other than frontline supervisors]. The Company will promptly conduct a reasonable and impartial investigation of all discrimination and harassment complaints. Anyone who violates this policy will be subject to appropriate disciplinary action, up to and including termination. Additionally, the Company will not retaliate against any employee for truthfully reporting harassment, participating in an investigation, or in good faith supporting another in a claim of harassment. In fact, because the Company believes that discrimination and harassment cannot be tolerated in any respect, the Company will not hesitate to discipline people who are aware of, witness, or receive reports of incidents of what they believe to be discrimination or harassment and fail to take action in response. The Company's investigation of allegations and its findings will be kept as confidential as possible. However, the Company cannot keep information regarding reported discrimination and harassment confidential to the extent this interferes with its ability to conduct a reasonable investigation and take appropriate remedial action to prevent such incidents from being repeated.

H. Drug and Alcohol Policy

In addition to the federal government's Department of Transportation regulations and the federal Drug-Free Workplace Act, many states regulate the type of drug testing that may take place and under what circumstances such testing may take place. Company policy regarding drug and alcohol testing should reflect current state law, and the company's management should be knowledgeable about those laws. Companies are advised to consult with an attorney before implementing these policies.

1. This Company prohibits the use, possession, sale, or transfer of alcohol, illegal drugs or the illegal use of prescription drugs on its premises or while performing work-related duties.
2. Employees who are under the influence of alcohol, illegal drugs or the illegal use of prescription drugs should not report for work or attempt to perform work-related duties. If an employee's behavior indicates that he/she is under the influence of alcohol or drugs, management will take whatever steps are necessary to protect the safety of the employee and others who might be affected.
3. Any employee who violates the above policies concerning alcohol, illegal drugs, or the illegal use of prescription drugs will be subject to disciplinary action, up to and including termination, with or without further warnings, depending on the employee's performance record and the seriousness of the infraction.
4. **Exception:** An officer of this Company may authorize the consumption of alcohol on Company time and property for a special occasion or for a business meeting, providing that the use is moderate and supervised and does not violate any legal or regulatory requirements.
5. **Drug and Alcohol Testing:** The following situations will require testing for alcohol or drug consumption:
 - The employee caused or contributed to a work-related accident, consistent with applicable laws
 - The employee's behavior indicates that he/she is influenced by drugs and/or alcohol
 - Application for employment (drug test only)
6. The Company has retained the services of a certified testing service to render the required tests objectively and in accordance with procedures and protocols that protect the rights of the employee/applicant.
7. A positive test result indicating the presence of a prohibited drug and or alcohol in violation of this Company's policy, if certified, may result in "disciplinary action against the employee."

8. The Company will issue separate policies covering its federal Drug-Free Workplace Act policy and establishing its drug testing rules and shall require each employee to acknowledge such policies [see *Attachments 1 and 2*].

I. Safety/Emergency Procedures

1. This Company is dedicated to providing and ensuring a safe working environment for all of its employees.
2. Any employee who is involved in or observes an accident on the Company's premises shall report the incident immediately to his/her supervisor, manager, or another member of management.
3. Any employee who observes procedures or the presence of hazardous conditions that could pose a risk to the health and well-being of employees shall report the condition or situation to his/her supervisor, manager, or another member of management immediately.
4. Any employee who observes a violation of this Company's safety procedures shall report the incident to his/her supervisor or another member of management immediately. Violations of the Company's safety procedures may result in discipline, up to and including termination.
5. In the event of an emergency, employees shall observe established emergency procedures. [*For suggested guidelines, see Management Methods Bulletin SF 2, **Emergency Procedures.***]

J. Solicitation for Outside Causes

The Company recognizes that employees' lives extend beyond their job to their family and community. It is important, however, to ensure that outside activities, interests, and responsibilities do not interfere with the work of other employees. Also, it is important to recognize that individuals not associated with the Company should not be on our property soliciting employees for any purpose. Therefore, the Company has established the following rules relating to solicitation and distribution:

1. Members of the public are prohibited from soliciting employees or distributing any written materials to employees on Company property at any time, whether during working or nonworking time. Nonemployees violating this policy will be requested to leave our property.

2. Employees are prohibited from soliciting other employees or distributing any written materials for any purpose during the scheduled or assigned working times of either the employees engaging in such activity or employees to whom such activity is directed. Our distribution rule applies to such printed materials as emails, advertisements, circulars, chain letters, or handbills.
3. During nonworking time (such as break periods or meal times), when neither the employee doing the soliciting nor the employee being solicited is on working time, solicitation is permitted. During nonworking time, distribution of written materials is allowed only in nonwork areas (for example, employee lounge, rest rooms, break areas) and is prohibited in all other areas.

Solicitation can become burdensome and affect the productivity of employees. It can also put a financial strain on some employees. Please be sensitive to these issues when dealing with your fellow employees.

K. Mail and Shipping Services

The Company's mail services, postage metering, paid postage, package shipping services, and related supplies are for business purposes only. Employees are prohibited from using these Company-paid services and supplies for sending or receiving personal mail or packages.

L. Visitors in the Workplace

In the interest of providing for the safety and security of the Company's employees and facilities, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures the security of equipment, protects confidential information, safeguards employee welfare, and avoids distractions and disturbances.

All visitors should enter the Company at the reception desk. All visitors are to be accompanied by a Company employee while on Company property. Employees are responsible for the conduct and safety of their visitors.

If an unauthorized individual is observed on Company premises, employees should notify a supervisor immediately.

M. Gifts, Meals, and Entertainment

It is suggested that companies require that all gifts be turned in to a person or department for handling. Alternatively, the following provisions could be used:

1. Gifts received by an employee from a customer, supplier, or contractor should be returned to the donor, accompanied with an explanation of the Company's standards.
2. Advertising novelties, unsolicited souvenirs customarily associated with legitimate business relationships, or trinkets of a nominal value are not considered gifts and are excluded from these restrictions. A measure of this exclusion can be judged by the Company's accepted practice of providing similar logo-type items. Gifts of food or beverages of a modest value (i.e., not greater than \$100) are also excluded from these restrictions.
3. Perishable gifts received by an employee should be donated to a charitable organization, and the donor should be notified that the receipt of gifts is prohibited by the Company.
4. Meals or entertainment, such as attendance at athletic or theater events, the main purpose of which is to establish and maintain necessary business relationships, are considered legitimate business activity and employees may accept them.
 - Employees should decline expensive business meals or entertainment or avoid any such situation that they suspect is offered to influence their business judgment. For example, if a meal or entertainment would exceed the amount allowed for such an activity on their expense account, it should be declined.
 - If a situation arises in which employees are to provide business contacts outside the Company with meals, entertainment, refreshments, transportation, lodging, incidental hospitality, or promotional items in the course of doing business, employees are expected to use good judgment and to keep the expenditures modest.
 - Government agencies regulate their employees' receipt of gifts, other gratuities, meals, and entertainment from those with whom they have a business relationship. This Company's employees must be aware of and honor the policies and practices of federal, state, and local legislative and executive agencies when engaging in such activities that involve government employees.
5. Consistent with federal law and/or regulations, Company employees shall not give gifts or purchase meals for representatives of labor organizations.

N. Outside Employment

1. Employees are not prohibited from working for another company outside of regular working hours, provided that:
 - the work does not interfere, impede, or conflict with the responsibilities, tasks, and obligations required of the position held with this Company;
 - the other company is not a competitor of this Company; and
 - the work is not performed during regular working hours or on this Company's premises.
2. Employees who take on another job with another company should notify their supervisor or manager as soon as possible to ensure that there is no violation of this policy.

Administration

O. Business Hours and Work Schedule

1. The Company's normal hours of operation are from ___ a.m. to ___ p.m., Monday through Friday.
2. Employees are expected to report for work on time and to be at work during these hours of operation.
3. Employees are entitled to take a break for lunch from _____ p.m. to _____ p.m.
4. Employees who cannot report to work should contact their supervisor or manager as soon as possible.

P. Pay Period

1. This Company's standard pay period is [weekly, five working days] [bi-weekly, 10 working days].
2. Pay day is every [Friday for weekly pay period] [every other Friday for bi-weekly pay period]. If the pay day falls on a holiday, employees will be paid the next work day.
3. In the event of an emergency closing (due to severe weather, fire, power failure, earthquake, or other situations that would severely disrupt Company operations), the

time off from scheduled work will be paid to exempt employees. With supervisory approval, exempt and nonexempt employees may use available vacation time for unscheduled time away from work.

Q. Confidentiality

1. This Company has developed certain confidential business information, products, processes, procedures, customer lists, etc., which are important to its operations. This information is proprietary and is the property of the Company.
2. Employees must keep the Company's confidential business information, products, processes, procedures, customer lists, etc., confidential. This requirement of confidentiality is a specific condition of their employment.
3. Unless there is a written contract to the contrary, the work product of any services that employees perform for or on behalf of the Company, all copyrighted or copyrightable materials, and other works fixed in a tangible medium of expression shall be deemed to be works made for hire, and the rights to such works belong to the Company. If an employee leaves the Company and wishes to retain samples of his/her own work, specific permission must be obtained from management.
4. Employees who violate this commitment to confidentiality will face discipline, including possible termination and/or legal action.

R. Employee Privacy

1. The Company has the legal right to monitor employee communications and activities in the workplace and to inspect items stored on Company property for the purpose of securing the health and safety of employees and the Company's property. Use of Company systems constitutes consent to such monitoring. While the Company may monitor such systems, it does not assume any obligation to review all or any usage of such systems.
2. Company work time, equipment, and property are to be used to conduct Company business. Any files (electronic or otherwise) maintained on Company property are expected to relate to Company business, not to personal matters.

S. Equipment Use

The Company may loan employees equipment, tools, devices, manuals, storage devices (such as lockers or toolboxes), and other Company property and information essential in accomplishing job duties. Employees should use care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines. Employees should notify their supervisor when any equipment, machines, or tools appear to be damaged, defective, or in need of repair. Employees should see their supervisor for more information about the maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment may result in disciplinary action, up to and including termination of employment.

All Company property that is loaned to employees remains Company property, unless ownership is conveyed or transferred to employees. Transfers must be documented in writing and signed by the employee and his/her supervisor. The Company reserves the right to inspect and inventory all Company property loaned to employees at any time and without notice. Employees may be required to pay for Company property loaned to employees found to be damaged or lost, consistent with applicable law. Property must be returned promptly when requested and when employees leave the employ of the Company.

T. Computer Hardware and Software

Acquisition

1. The cost of acquiring computer hardware and software for the Company's needs is a recognized cost of normal business operations. The Company's policy is to purchase or license its software so that it has legal ownership or the right to use the software.
2. The purchase of all computer hardware and software, irrespective of value, must be authorized by the Chief Information Officer (CIO). The CIO will ensure that purchases are at the best obtainable price and that additional software or peripherals are not purchased if the needed items are already owned by the Company and are available.
3. It is the Company's policy to standardize specific software products. The intent is to increase productivity, decrease training time, decrease costs, and increase employees' ability to communicate and collaborate.

Installation of Software

1. All installations of computer software must be performed by or in concurrence with instructions from the Information Services (IS) Department staff.

2. All software must be licensed and uncopied (except for backups).
3. Due to licensing and inventory requirements, software may only be used on the machine on which it was installed.
4. Restoration of programs or application software to the hard disk must be coordinated with the IS Department.
5. Software may not be copied for personal use, nor may personal software be stored or used on the Company's hardware or used to perform company tasks.
6. The IS staff will maintain control over all licensing agreements and disks to prevent unauthorized copying and tampering.

Hardware Placement and Installation

Personal computers are not to be moved (laptops excluded) or components installed or removed without coordination through the IS Department.

Inventory

1. It is the responsibility of the System Administrator to maintain an inventory of computer hardware and software.
2. Audits will be performed on a random basis to ensure that licensing and inventory requirements are in compliance with the Company's IS policies.

Virus Protection Software

1. It is each user's responsibility to ensure that the computer for their use has the latest version of the Company's approved virus protection software.
2. It is also the user's responsibility to know how to use the software, ensure that it is enabled on their computer, and to notify a member of the IS staff if a virus is detected.
3. It is the responsibility of the IS staff to make virus protection or detection requests a priority.

U. Electronic Communications

*For additional information regarding employee use of social media for marketing and communications, read Management Methods Bulletin HR 4, **Guidelines to Using Social Media in Your Business**.*

The Company recognizes that social networking (such as personal websites, blogs, Facebook, LinkedIn, MySpace, Twitter, online group discussions, text messaging, message boards, and chat rooms) can be used by employees for personal as well as business purposes. We also understand how the use of Internet social network sites and blogs can shape the way the public views our products, services, associates, vendors, partners, and customers. The Company respects the right of any associate to maintain a blog or post a comment on social networking sites.

In the event that an employee uses social media for personal communications, the following policies apply. The employee shall express only his or her personal opinions. The employee shall never represent himself or herself as a spokesperson for the Company. If the Company is a subject of the content in a message, that employee shall be clear and open about the fact that he or she is an employee and clearly state that the views expressed do not necessarily represent those of the Company, fellow associates, members, customers, suppliers, or people working on behalf of the Company. Include a disclaimer such as "The postings on this site are my own and do not necessarily reflect the views of [Employer]." Ultimately, the employee is solely responsible for what he or she posts online. Before creating online content, the employee should consider some of the risks and rewards that are involved. The employee should keep in mind that any conduct that adversely affects his or her job performance or the performance of fellow associates or otherwise adversely affects members, customers, suppliers, people who work on behalf of [Employer], or [Employer's] legitimate business interests may result in disciplinary action, up to and including termination.

The following rules and guidelines for communicating company-related information via social networking forums, whether used in or outside the workplace apply.

1. Any computer hardware, software, email, voice mail, Internet, or other electronic equipment or service made available to employees is to be used solely for the conduct of Company business during work time except as noted herein.
2. Employees may use such equipment for limited personal purposes provided that they conduct their personal business during nonworking time, do not incur additional expenses for the Company, and conduct the personal business in a responsible manner.
3. Employees shall refrain from the following in sending or receiving messages electronically:

- Using or disseminating materials that may be interpreted as offensive or in violation of the Company's nondiscrimination and anti-harassment policies
 - Disseminating information pertaining to the Company's proprietary business information and trade secrets. Trade secrets may include information regarding the development of systems, processes, products, know-how, and technology.
4. Employees are prohibited from using copyrighted materials without purchasing the materials or securing written permission for their use from the copyright owner.
 5. Management may intercept, monitor, copy, review, or download any communications or files that are sent, received, or stored on the Company's system. Use of the Company's system constitutes consent to such interception, monitoring, copying, reviewing, or downloading.
 6. If an employee believes that a blog or other online communication violates any Company policy, the employee should immediately report the blog or online communication to their supervisor. We or our authorized representatives or agents may investigate the matter, determine whether such blog, posting, website, or communication violates Company policies, and take appropriate action.

V. Cellular Phones

1. Employees whose job requires the use of a cellular (cell) phone and/or other communication equipment will be issued the necessary equipment.
2. The employee is responsible for replacing any lost equipment. Damaged cell phones or equipment may be returned to the Company for repair. However, if the damage is excessive, repeated, or purely negligent, the employee may be held responsible for the costs incurred to repair or replace the cell phone or equipment.
3. Employees who are issued a cell phone or other such communications device are expected to use this equipment responsibly and safely, particularly in situations requiring the user's full attention. Employees are expected to obey all traffic laws pertaining to the use of such devices while operating a vehicle, either a Company vehicle or their personal vehicle.

X. Security System and Procedures

Employees are required to follow the security procedures established to protect the Company's property and the safety of its employees.

Y. Telephone Usage

1. The Company's telephones are intended for the conduct of business.
2. **Personal calls:** Employees may use the Company's telephone for personal local calls but are cautioned to keep the calls brief and to a minimum. Friends and family are to limit their calls to employees. Personal long-distance calls using the Company telephone are not permitted.

Z. Posted Notices and Information

1. A bulletin board is available for the posting of notices required by law concerning compliance with the fair employment laws and information on employees' rights as well as other important Company information.
2. Employees may not use this bulletin board for posting personal information.

AA. Personnel Files

1. The Company maintains a personnel file for each employee. The personnel file includes such information as application, résumé, records of training, documentation of performance appraisals and salary increases, and other employment records. Medical information, if any, is maintained separately.
2. Employees are required to report any change in their personal information to the Director of Human Resources to ensure that their personnel records are accurate and up to date.
3. Employees' files or the contents are the property of the Company and will not be released to third parties without employees' prior written consent, unless compelled by subpoena, court order, or other government directive, or as required by law.
4. Employees may review their personnel file with advance notice to the Director of Human Resources.

BB. Company Vehicles

1. It is the policy of this Company to provide automobiles or other vehicles only to employees who have a legitimate business need for such vehicles.

2. Vehicle assignments will be reviewed annually during the business planning process to determine if a business need still exists for each assignment. If no business need exists, vehicles will be sold or reassigned.
3. Use of Company vehicles is limited to Company business. Company vehicles may only be driven by employees of this Company. Employees driving Company vehicles must comply with all applicable laws.
4. Employees whose essential job functions include driving and are assigned vehicles to use for Company business must have a valid driver's license and a driving record that meets the insurance company's standards. They must provide the Director of Human Resources with a copy of their driving record.
5. All requests for automobiles and other vehicles must be submitted in writing to and approved by the Company CEO prior to initiating or renewing a vehicle lease agreement.
6. Requests for autos and other vehicles for use by this Company's staff must be submitted in writing to and approved by the Company CEO.
7. This Company will pay for insurance, gasoline, maintenance, and repairs on assigned vehicles. The CFO must approve repairs in excess of \$____. For routine automobile expenses, such as gasoline and lubricants, the Company following procedures apply:
 - Establish a company account with a local gasoline retailer. Charges against this account must include a vehicle license plate number.
 - When employees use company cards or personal credit cards to purchase gasoline or other vehicle needs, employees must submit expense reports for such purchases with a receipt bearing the vehicle license plate number and a vehicle mileage report.
8. Employees with assigned vehicles are permitted to use them for commuting to and from work and for other limited local personal trips. This benefit will be treated as noncash compensation to the employee and is subject to taxation. No other personal use is permitted.
9. Employees driving Company vehicles are expected to obey all applicable local, state, and federal laws.
10. In lieu of assigning a Company vehicle, the Company CEO may grant monthly automobile allowances for exempt employees who must travel frequently in the course of Company business using their personal vehicles. The same eligibility criteria used to determine the assignment of a company vehicle will be used when granting an automobile allowance. Car allowance amounts must be in the range of \$____ to \$____per month, depending on the amount of business use required.

11. Employees granted car allowances will be required to pay for their own gasoline, maintenance, repairs, and insurance and will not be reimbursed by the Company for these expenses. In unusual situations, the Company may reimburse the employee for gasoline expenses. Employees granted car allowances are required to carry personal automobile insurance no lower than the minimum amounts required by state law. Automobile allowances are understood to be temporary in nature, continuing only as long as the employee is required to drive his or her own vehicle on Company business. Employees receiving car allowances must be notified that the allowance is in effect only so long as considered necessary by the Company and may be revoked at any time and for any reason.
12. Employees who are reimbursed for mileage either on the Company vehicle or on their personal vehicle will maintain a log of their mileage to substantiate their expenses.

CC. Records Retention

*It is recommended that companies refer to Management Methods Bulletin LL 6, **Records Retention**, for suggestions on maintaining files and records.*

4. Travel and Entertainment

This section concerns business-related travel and entertainment expenses. When employees must travel out of town to either advance and/or complete the company's business, the company should provide policies and procedures regarding the reimbursement of their travel expenses. An employee manual may also explain reimbursement policies for expenses incurred when employees entertain customers, prospective employees, or other business contacts to advance or complete the company's business. The following provides suggestions for policies that address these situations.

A. Travel and Entertainment Expenses

1. It is the policy of this Company to reimburse employees for reasonable, bona fide travel and entertainment expenses. To qualify, expenses must meet the reporting requirement of this policy and be directly related to the active conduct of business. As a general practice, employees are to use the most cost-effective alternatives in making travel and entertainment commitments.
2. The Company will not pay for purely personal expenses or permit the use of its property for personal benefit except as expressly provided in this policy.

B. Employee Expense Reports

1. Expense reports, with required receipts attached, are to be submitted by employees to their supervisors for approval on the completion of each travel assignment.
2. In addition to the information requested on the travel expense form, employees should also provide original receipts for items such as lodging, plane fare, auto rental, entertainment, etc. Any expenditure of \$____ or more must be supported by an original receipt.

C. Approval Procedures

Employees are to submit their expense reports to their immediate supervisor for review and approval.

D. Corporate Credit Card

1. Corporate credit cards will be issued to all eligible business travelers. This card is to be used for all airline tickets, lodging, car rentals, meals, and other business expenses.
2. The corporate credit card should be used for business purposes only.
3. Reimbursement for Company expenses charged on an employee's personal credit card will be made following completion and approval of an expense report.
4. Employees may not use corporate credit cards for personal purchases or charges. Employees will be responsible for repayment of such amounts, either directly or through payroll deduction, where applicable. Employees making such improper charges may also be subject to discipline, up to and including termination of employment.
5. If the corporate credit card is lost or stolen, the card issuer and the Company must be notified immediately.

It is strongly recommended that employees provided a corporate card be required to sign a credit card policy and use agreement stating the rules of usage and legally allowable deductions from wages for improper purchases, where such deductions are allowed. Please consult legal counsel for such an agreement in your jurisdiction.

E. Travel Arrangements

1. Employees must use the Company's designated travel agency to make airline, hotel, and rental car reservations and to purchase airline tickets.
2. There [will] [will not] be individual air travel cards.

F. Air Travel

1. When making airline reservations, the lowest available airfare is to be used without regard to frequent flyer programs or giveaway incentives.
2. Reservations should be made and tickets purchased as far in advance as possible to take advantage of advance purchase discounts. Employees should plan same-day return trips whenever a one-day trip is required.

3. Employees must use coach or tourist class when traveling within the United States. Business class may [may not] be used for international travel.
4. Free upgrade coupons may be used if the full fare or the fare required by the airline for coupon use is less than \$____ more than the lowest available fare.
5. Employees will not be reimbursed for the purchase of airline upgrades.
6. Travel vouchers (including cash) received from the airlines due to en-route delays or overbooking are the property of the Company, and employees should submit them to the Director of Human Resources or _____. If cash is received, it should be treated as a travel advance and recorded in the employee's expense report.
7. Airline mileage credits are the property of the employee.
8. The Company [will] [will not] reimburse the cost of airline club memberships.
9. The Company will not reimburse the cost of renting and/or using personal aircraft.

G. Ground Transportation

1. Public transportation and transportation provided by the hotel should be used wherever possible.
2. Employees traveling by rail must use coach accommodations for trips that are longer than one day.
3. Rental cars should be used only when more economical than public transportation or taxis or if required for entertaining customers. Employees should request no larger than a mid-sized car, unless travel circumstances and the number of people traveling require a larger vehicle.
 - Car rentals should be arranged through the [designated travel agency] using negotiated corporate rates, if available. Employees should always ask for the lowest available rates upon arrival at the car rental agency.
 - Insurance coverage offered by the rental car company should not be purchased, except when renting vehicles in a country outside of the United States or Canada or when unusual circumstances warrant its purchase.
 - The gas tank should be refilled where practical before returning the car, and the expense recorded in the miscellaneous section of the expense report as "gas."

4. Local transportation costs for taxis, airport transportation, commuter trains, or other related travel expenses are reimbursable if incurred for a valid business purpose. The use of private limousines, unless authorized, is not a reimbursable expense.
5. If employees use their personal automobile for out-of-town travel, the following reimbursement policy applies toward related expenses:
 - Employees will be reimbursed at the rate per mile currently allowed by the federal Internal Revenue Service (IRS) on a fully operated basis.
 - Expense reports should show all miles traveled, the rate, and total dollar amount. Bridge, highway, and parking tolls are fully reimbursable and should be entered in expense reports as separate items.
 - Cost for repairs or damages to an employees' personal vehicle while traveling on Company business are considered included in the mileage allowance.
 - Employees using a personal vehicle for Company business must carry the minimum recommended property damage insurance coverage and at least the minimum legal limit of liability insurance as specified in the state where the car is registered.

H. Lodging

1. Reasonable lodging expenses will be allowed when employees are traveling on business. The hotel or motel should be in the area where the employee will work. Reservations should be made through the Company's designated travel agency.
2. Charges to the hotel bill, other than room expense and taxes, must be itemized separately under the appropriate categories on the expense report form.

I. Meals

1. Meal expenses for traveling days are allowed at actual costs within reason.
2. No meals before the employee's departure or after their return to their home city will be reimbursed by the company. Gratuities and refreshments must be included in the meal expense categories.
3. When dining with other Company employees for a business purpose, any member of the group may pay for meals as long as the employee records the names of those people he/she is paying for on the expense report.

J. Entertainment and Business Meals

1. Entertainment expenses and business meal expenses will be reimbursed to employees if they are directly related to the active pursuit of business and are reasonable and customary for the purpose at hand. To substantiate such expenses (and to meet IRS requirements), the employee must account for the following:
 - Cost, date, place, and description of the entertainment
 - Business purpose of such entertainment
 - Names, titles, and business relationship of all guests
 - Specific meals, e.g., breakfast, lunch, or dinner
2. In addition, employees must provide an itemized receipt for each expenditure. When a receipt is not available, a full explanation of the expense and the reason for lack of a receipt are required.
3. Casual lunches, retirement functions, birthdays, personal occasions, and other entertainment of fellow employees are not generally reimbursable business expenses. If a business purpose exists, any member of the group may pay for meals as long as the employee records the names of those people he/she is paying for on the expense report.
4. As noted earlier, the Company shall not pay for meals and entertainment for representatives of labor organizations. Engaging in such activity is acceptable. However, each side must pay for their own meals and entertainment.

K. Telephone

1. When traveling, each employee will be reimbursed for one non-emergency, personal phone call of reasonable length per day of domestic travel. For international travel, two non-emergency calls per five-day week are reimbursable. One additional call is allowed if the employee is out of the country over the weekend. All business calls are reimbursable.
2. If the employee has been issued a Company cell phone, the employee should use it to make calls while on business travel.
3. Employees who have not been issued a Company cell phone should avoid hotel surcharges by making their calls collect, charging them to a credit card, or using a public phone. Internationally, employees shall direct-dial the office staff and have them return the call.

L. Club Memberships

1. All dues and assessments with private club memberships are the responsibility of the employee/club member and will not be reimbursed by the Company unless specifically approved by the Company CEO.
2. The Company will reimburse employees for occasional use of a club when a business function or authorized purpose is involved. Employees shall submit the expense on an employee expense form. Only direct charges, such as restaurant costs, guest fees, and gratuities, will be reimbursed.
3. Employees are required to document club usage consistent with the entertainment and business-meals expense reporting procedures outlined above.

M. Tickets to Entertainment Events

1. As a general practice, the Company discourages the purchase of season tickets or other long-term commitments for entertainment purposes without prior management approval. Season tickets, when approved, or tickets for individual events may be acquired for business purposes only. The employee who obtains such tickets will be required to retain a log showing the number of tickets used and the name of the business contact(s) who used them.
2. Employees who purchase the tickets shall, on their expense report, show the following information to substantiate the deductibility for the use of the tickets:
 - Name and title of recipient
 - Business relationship of recipient
 - Cost of tickets (if purchased outside the company)
 - Date tickets were used
 - Business purpose and benefit to be derived

N. Seminars, Conventions, Conferences, Roundtables, and Committee Meetings

1. The Company will reimburse the expenses of certain employees who, with prior approval (before registration), attend seminars, conventions, conferences, or industry committee meetings that have a definite business purpose.
2. The expenses subject to reimbursement include transportation, hotel room, meals, registration fees, and other miscellaneous expenses associated with the particular meeting.

O. Miscellaneous

1. All miscellaneous expenses must be categorized and itemized by day.
2. Personal expenses for laundry, dry cleaning, or pressing are reimbursable only when the travel is in excess of one week or when unusual circumstances justify this type of expense.
3. Tips for meals and refreshments should be included in the meals or entertainment section and should fairly represent the level of service received.
4. Expenses other than those outlined above may, on occasion be incurred and reimbursed. These expenses are to be entered in the miscellaneous section of the expense report and further explained or detailed and supported by a receipt attached if over \$_____.

P. Other Nonreimbursable Expenses

1. Reimbursement will not be approved for purely personal entertainment or personal expense. Toilet items, personal theater tickets, hotel movie rentals, and special travel accident insurance are examples of such nonreimbursable expenses.
2. Employees who take their spouse on a business trip will do so at their own expense. In such circumstances, the employee will be reimbursed only for those authorized, reasonable expenses that would have been incurred if traveling alone.
3. Employees assume legal responsibility for the loss of or damage to their personal property.

5. Company Benefits

This section deals with a variety of company benefits that may be offered by the employer or are required by federal or state laws. This section is intended to be a general guide only and cannot be assumed to be comprehensive. In addition, because federal and state laws are regularly modified and supplemented, it is imperative that employers utilize the resources of a professional who is proficient in the employee benefits arena.

This Company provides eligible employees with a wide range of benefits. A number of the programs (such as Social Security, workers' compensation, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent on a variety of factors, including employee category and classification. The supervisor can identify the programs for which employees are eligible. The terms and conditions of the benefits provided under this section are governed exclusively by the terms and conditions of the applicable plan documents and/or insurance policies. Any discrepancy between this handbook and the terms and conditions of the applicable plan documents and/or insurance policies will be decided in favor of the terms and conditions of the applicable plan documents and/or insurance policies.

The following benefit programs are available to eligible employees:

- Holidays
- Vacation benefits
- Leaves of absence
- Educational financial assistance
- Health insurance
- Health reimbursement account
- Life insurance
- Long-term disability insurance
- Section 125 flexible spending plan
- 401(k) retirement savings plan

A. Holidays

1. During each calendar year, this Company will observe several national holidays by closing its operations so that employees may participate in community and/or family celebrations. All employees will be compensated for paid holidays in accordance with the policies presented below.

2. The following national holidays will be observed:

New Year's Day	January 1
*Martin Luther King's Birthday	January 17
*Presidents' Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
*Columbus Day	Second Monday in October
*Veterans Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

**These holidays are optional, depending on each Company's preferences and regional business practices.*

3. *Each employee is also entitled to ___ floating holiday(s) of the employee's choosing, depending on work load and Company needs, and with the supervisor's or manager's prior approval.*
4. All full-time employees will be paid an equivalent of eight hours of their annual compensation for paid scheduled holidays. Part-time employees will be paid a prorated amount, depending on the number of hours they work per week and in accordance with applicable laws.
5. In the event that hourly employees are required to work on a paid holiday, they will be compensated in accordance with applicable laws.
6. Employees who wish to take accrued vacation immediately before or after a paid scheduled holiday must obtain their supervisor's or manager's prior approval.

B. Vacation Leave

State laws vary widely on vacation requirements, including accrual, carryover, and payout on termination. There are many ways a vacation policy can be structured. It is strongly suggested that you consult legal counsel in creating a vacation policy to best suit your needs and the legal requirements in your state. The following is a general example of one type of vacation policy.

1. Employees are encouraged to take and enjoy their annual accrued vacation time each year, rather than accumulating their accrued vacation to the maximum extent permitted under this policy guideline as described below.

2. Eligibility

- **Full-Time Regular Employees:** All regular employees who work 40 hours per week are eligible for paid vacation. Vacation pay accrues in accordance with the accrual schedule noted below and is dependent on years of service.
- **Part-Time Regular Employees:** Those regular employees who work less than 40, but no less than 20, hours per week are eligible for paid vacation on a prorated basis calculated on a percentage of the annual accrual schedule set forth below and based on their regularly scheduled number of work hours per week.

3. Annual Accrual Schedule

- **Less than four years of service:** Employees earn and accrue ____ hours of vacation for each full month of service or the equivalent of ____ hours or ____ weeks of vacation for each full year of service.
- **Four years of service, but less than nine years:** Employees earn and accrue ____ hours of vacation for each full month of service or the equivalent of ____ hours or ____ weeks of vacation for a full year of service.
- **Nine years of service, but less than 19:** Employees earn and accrue ____ hours of vacation for each full month of service or the equivalent of ____ hours or ____ weeks of vacation for a full year of service.
- **Nineteen years of service or more:** Employees earn and accrue ____ hours of vacation for each full month of service or the equivalent of ____ hours or ____ weeks of vacation for a full year of service.

4. Accrual Carryover Limitation

- Employees may accrue and carry over vacation pay from year to year up to the maximum caps set forth in the maximum accrual caps schedule below.
- **Full-Time Regular Employees:** For regular 40-hour per week employees, the accrual caps are as follows:

Years of Service	Annual Accrual	Maximum Accrual Cap
0–4	__ hours or __ weeks	__ hours or __ weeks
4–9	__ hours or __ weeks	__ hours or __ weeks
9–19	__ hours or __ weeks	__ hours or __ weeks
19 and over	__ hours or __ weeks	__ hours or __ weeks

Using examples and illustrations is a good way to show exactly how vacation accruals will operate in different situations. For example, “John was hired on x date. On x date he will be eligible for an annual accrual of __ and a maximum accrual cap of ____.”

- **Part-Time Regular Employees:** Employees working between 20 and 39 hours per week will have their maximum accrual determined on a prorated basis.
- 5. **Automatic Maximum Accrual Cap:** Upon reaching the maximum accrual cap above, the employee automatically ceases to accrue additional vacation hours. Beyond the maximum accrual cap, there is no further accrual until vacation hours are actually taken and the employee's accrued vacation account drops below the maximum accrual cap.
- 6. **Year of Service:** For vacation accrual purposes, a "year of service" commences upon the employee's hire or rehire date (whichever is later) and ends 12 months later.
- 7. **Holiday Falling Within Vacation Period:** When a paid scheduled holiday falls within an employee's vacation period, the holiday is charged as a holiday and not as a vacation day.
- 8. **Supervisor's/Manager's Prior Approval:** Subject to the **prior** approval of the employee's manager or supervisor, accrued vacation may be taken at any time during the year. Employees are to request vacation leave in advance.
- 9. **No Pay in Lieu of Vacation:** Employees are not granted pay in lieu of taking accrued vacation.
- 10. **Payment of Accrued Vacation at Termination:** Upon an employee's termination, the employee will be paid for all accrued and unused vacation subject to the accrual limitations and cap provisions noted above.

C. Sick Leave

State law may vary on whether sick pay must be paid on termination. Consult legal counsel for assistance.

1. **Paid Sick Leave:** Eligible full-time employees will receive ____ paid sick days on January 1 of each year. Employees hired after January 1 will be allocated sick days prorated from the date of hire.
2. **Pay in Lieu of Sick Leave:** Financial compensation will **not** be paid in lieu of unused sick days.

3. **Extended Sick Leave:** Extended periods of absence will be applied in the following order:
 - Paid sick days until exhausted
 - Paid vacation days until exhausted
 - At the discretion of the Company's management and depending on individual circumstances, and consistent with applicable law:
 - Paid leave of absence, or
 - Unpaid leave of absence, and/or
 - Termination of employment

D. Family and Medical Leave

This policy is intended to comply with the federal Family and Medical Leave Act (FMLA). It is noted that, in the private sector, only businesses of a certain size are covered by the FMLA: those who employ 50 or more employees for at least 20 workweeks in the current or preceding calendar year, including joint employers and successors of covered employers. Several states have enacted family and medical leave statutes that apply to smaller employers and/or add further benefits or requirements. Accordingly, before finalizing this provision, consult legal counsel to determine whether some modification of this policy is warranted. At a minimum, covered entities with employee handbooks must provide a general notice in the employee handbook (or other written material about leave and benefits) containing the same information that is in the required FMLA poster. (<http://www.dol.gov/whd/regs/compliance/posters/fmla.htm>)

If no handbook or written leave materials exist, the employer must distribute the general notice to new employees upon hire.

The purpose of this policy is to promote a healthier balance between work and family and to allow employees to have time to participate in childrearing, to attend to serious illnesses affecting their immediate family and themselves, and to attend to exigencies related to the military service of certain family members, in compliance with the Family and Medical Leave Act of 1993 (FMLA). This notice sets forth employees' rights and obligations under applicable laws. All questions about or requests for leave under this policy should be directed to the Human Resources Department. The Human Resources Department will then provide the employee with additional information about the rules and procedures for requesting and maintaining leave.

1. Eligibility for Leave

Employees are eligible for FMLA leave if they: (1) have been employed by the Company for a total of at least 12 months (not necessarily consecutive), (2) have worked at least 1,250 hours during the previous 12 months, and (3) are employed at a worksite where 50 or more employees are employed by the Company within 75 miles of that worksite. Eligibility will be determined as of the date the leave commences.

2. Purpose of Leave

FMLA leave may be taken for the following reasons:

Twelve workweeks of leave in a 12-month period may be taken:

- for the birth of a child and to care for the newborn child;
- for the placement with the employee of a child for adoption or foster care and to care for the newly placed child;
- to care for the employee's spouse, child, or parent who has a serious health condition;
- for a serious health condition that makes the employee unable to perform the essential functions of his or her job; or
- for any qualifying exigency arising out of the fact that the employee's spouse, son, daughter, or parent is a covered military member on "covered active duty."

Twenty-six workweeks of leave during a single 12-month period may be taken To care for a covered servicemember with a serious injury or illness if the eligible employee is the servicemember's spouse, son, daughter, parent, or next of kin (military caregiver leave).

Leave for birth and care of a child or for placement for adoption or foster care must conclude within 12 months of the birth or placement.

3. Length and Calculation of Available Leave

The total amount of FMLA leave an eligible employee is entitled to take for any of the purposes set forth in this policy, or any combination of purposes, is 12 weeks during [PICK ONE (#1 is suggested): any rolling 12-month period, measured backward from the date the employee uses FMLA leave; the 12-month period measured forward from the date an employee's first FMLA leave begins; the calendar year; the year starting on an employee's "anniversary" date; the fiscal year; any other fixed 12-month "leave year"], unless the leave is to care for a servicemember, in which case the total amount available is 26 weeks during the 12-month period measured forward from the date an employee's first FMLA leave to care for the covered servicemember begins.

In situations where both spouses are employed by the Company, the Company has the right to limit their total combined amount of leave to 12 weeks when the leave is due to the birth or adoption of a child, care of a child after birth or adoption, or care for a parent who has a serious health condition, or to 26 weeks when the leave is to care for a covered servicemember.

Failure to report to work when leave has been denied or when leave has been exhausted will be treated as an unexcused absence, unless otherwise prohibited by law.

After FMLA leave expires, an employer may still have a duty under certain circumstances to provide additional leave if it would be a reasonable accommodation under the Americans with Disabilities Act (ADA).

4. General Definitions

Serious Health Condition: A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by *a period of incapacity of more than three consecutive calendar days* combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Military Family Leave Entitlements: Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings. The FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is: (1) a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy; is otherwise in outpatient status; or is otherwise on the temporary disability retired list, for a serious injury or illness* or (2) a veteran who was discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible employee takes FMLA leave to care for the covered veteran and who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.*

*The FMLA definitions of serious injury or illness for current servicemembers and veterans are distinct from the FMLA definition of serious health condition.

5. Intermittent or Reduced-Schedule Leave

Intermittent or reduced-schedule leave may be taken either as part of an eligible employee's leave for a qualifying exigency or for a serious health condition (either the employee's own or that of a family member) or to care for a covered servicemember, if such leave is certified as medically necessary by a treating health care provider. Leave taken following the birth or placement of a child or for the care of a child following birth or placement and not for a serious health condition generally cannot be taken intermittently or on a reduced-schedule leave [unless specifically requested and

approved by the Company. Such requests will be considered on a case-by-case basis, taking into consideration the employee's position and the current business needs of the Company]. However, intermittent or reduced-schedule leave may be taken if certified as medically necessary if the mother has a serious health condition in connection with the birth of her child or if the child has a serious health condition. Employees seeking intermittent or reduced-schedule leave for a serious health condition or to care for a covered servicemember must submit a medical certification issued by a health care provider. The Company may elect to obtain a second and, in some circumstances, a third opinion of the medical necessity for intermittent or reduced-schedule leave for a serious health condition (either the employee's own or that of a family member).

An employee requesting a foreseeable intermittent or reduced-schedule leave must attempt to schedule the leave so as not to disrupt the operations of the Company, and, if the employee requires foreseeable intermittent leave for medical treatment, the Company may require the employee to transfer temporarily to an available alternative position with equivalent pay and benefits for which the employee is qualified and which better accommodates the employee's leave.

6. Substitution of Paid Leave

Employees [must] [may] substitute any accrued paid time off for all or any part of an otherwise unpaid FMLA leave. All substituted leave will be counted against an eligible employee's FMLA entitlement. Furthermore, if the FMLA leave is being taken for the employee's own serious health condition and that serious health condition also entitles the employee to leave under a Company-provided disability program or other medical leave policy [or insert types of plans/policies applicable] or to a worker's compensation absence, these leaves will run concurrently.

If an employee substitutes paid leave for otherwise unpaid FMLA leave, he or she may be required to comply with the requirements for taking such leave under the Company's policies. Please refer to the Company's paid leave policies for those requirements.

7. Advance Notice

An employee desiring an FMLA leave shall make written application to Human Resources [Insert the appropriate department/title] on the prescribed form available from that department, unless this is impossible due to an emergency.

Employees generally are expected to give at least 30 days advance notice of intent to take a foreseeable FMLA leave, such as in the case of a planned medical procedure or treatment. When 30 days advance notice is not possible, the employee must give as much notice as is practicable. Usually, it will be practicable to notify the Company on the same day or the next business day after becoming aware of a need for leave. An

employee who fails to give 30 days' advance notice of foreseeable FMLA leave may be denied leave until 30 days after the date the employee provides the required notice.

If the need for a leave is not foreseeable, the employee generally is expected to give notice to the Company as soon as practicable. Employees must comply with the Company's absence-reporting procedures unless unusual circumstances exist that do not allow the employee to use those procedures. An employee who fails to provide adequate notice of an unforeseeable leave may be denied such leave. In addition, any employee who fails to comply with the Company's absence-reporting procedures may be subject to appropriate disciplinary action, up to and including termination of employment.

Subject to the health care provider's approval, employees who request leave for a planned medical procedure or treatment must make a reasonable effort to schedule the procedure or treatment so as not to disrupt the Company's operations.

If the employee seeks leave due to an FMLA-qualifying reason for which the Company has previously provided FMLA-protected leave (such as when the employee has an approved certification for intermittent leave), the employee must specifically reference the qualifying reason for leave or the need for FMLA leave when reporting the absence.

8. Medical Certification and Other Reports

Original, completed certifications or recertifications (as applicable) must be provided to the Company within 15 days following the Company's request for the certification or recertification. If the certification or recertification is not provided as set forth above, leave may be denied or discontinued until it is provided.

Medical Leave: An employee's request for leave due to a serious health condition (either the employee's own or that of a family member) must be supported by a timely certification issued by a health care provider. A form for this certification can be obtained from Human Resources [Insert the appropriate title or department]. Recertification generally may be required periodically, depending on the circumstances. The Company may elect to obtain a second and, in some circumstances, a third opinion of the existence of a serious health condition. [If the employee's own serious health condition is covered under a Company-provided disability plan or workers' compensation, forms completed for such benefits may be sufficient to certify an FMLA leave.]

Servicemember Caregiver Leave: An employee's request for servicemember caregiver leave must be supported by a timely certification issued by an authorized health care provider. A form for this certification can be obtained from Human Resources [Insert the appropriate title or department]. The employee requesting servicemember caregiver leave must complete the portions of the certification form

which asks for information about the leave to be taken. The Company may elect to obtain a second and, in some circumstances, a third opinion of the existence of a serious illness or injury if the health care provider completing the certification is not affiliated with the Department of Defense, the Department of Veterans Affairs (VA), or TRICARE.

In lieu of the certification form described above, the Company will accept as sufficient certification “invitational travel orders” (ITOs) or “invitational travel authorizations” (ITAs) issued to any family member to join an injured or ill servicemember at his or her bedside. The Company will accept an ITO or ITA as sufficient certification for an employee otherwise entitled to take FMLA leave to care for a covered servicemember even if the employee is not named in the ITO or ITA. If the employee will require leave beyond the expiration date specified in the ITO or ITA, the employee will be required to submit a completed certification form, as described above. The employee may also provide documentation of the servicemember’s enrollment in the VA Program of Comprehensive Assistance for Family Caregivers in lieu of the certification. If enrollment documentation is submitted, the Company may require the employee to provide additional information, such as confirmation of the familial relationship to the enrolled servicemember or documentation of the veteran’s discharge date and status.

Qualifying Exigency Leave: An employee’s request for qualifying exigency leave must be supported by a timely certification and supporting documentation. A form for this certification can be obtained from Human Resources [Insert appropriate department or title].

9. Maintenance of Health Benefits

The Company will continue to pay its contribution to the employee’s coverage under the group health plan during the period of FMLA leave, subject to the Company’s right to recover those payments from the employee if he or she does not return to work. The employee will be responsible for paying his or her portion of the contribution for health insurance coverage during the leave and, if on unpaid leave, must arrange with the Payroll Department [Insert appropriate title/department] for the payment of monthly premiums. Failure to pay the premiums within 30 days of the premium due date will result in cancellation of the employee’s enrollment in the plan, provided the Company has given the employee 15 days advance written notice of the termination of coverage. Upon return from the FMLA leave, even if health benefits or other benefit coverage has lapsed, an employee will be reinstated to benefit coverage on the same terms as prior to taking the leave, without any qualifying period, physical examination, or preexisting condition limitation. Any changes made by the Company to employee contributions for health benefits or other benefit coverage will apply to employees on FMLA leave.

If an employee fails to make required contributions for health benefits or other benefit coverage, and the Company elects to make such employee contributions on behalf of

the employee to keep the coverage in effect during an FMLA leave period, the Company may recover the amount of such contributions made by the Company for the employee regardless of whether the employee returns from FMLA leave. This may be accomplished through payroll deductions, and the employee will be expected to authorize such deductions until all amounts are reimbursed to the Company.

If an employee fails to return to work after FMLA leave has been exhausted, the Company may recover its share of the contribution paid by the Company for maintaining the employee's health benefits coverage during any period of unpaid FMLA leave, provided the employee fails to return to work for a reason other than the continuation, recurrence, or onset of a serious health condition of the employee or the employee's family member or a serious injury or illness of a covered servicemember, or other circumstances beyond the employee's control. (Note that in the event of a serious health condition or serious injury or illness, the Company may require medical certification of such condition, which must be provided by the employee within 30 days of the request.) An employee will not be considered to have returned to work unless the employee works for at least 30 calendar days.

After 12 weeks of medical leave (or 26 weeks in certain circumstances), an employee may be eligible for continuation of health coverage at the employee's own expense under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA).

10. Reinstatement

An employee who has taken FMLA leave will be reinstated to the same position he or she had prior to taking the leave, or to a substantially equivalent position (if the original position is unavailable), provided that the employee returns to work immediately following the conclusion of FMLA leave. Employees will retain seniority and benefits that accrued prior to the start of their leave.

If the employee's original position is unavailable (for example, due to layoff), the employee has no greater right to reinstatement than he or she would have had the employee been continually employed during the FMLA leave period.

Employees on FMLA leave must inform Human Resources [Insert appropriate department or title] periodically of their status and intent to return to work following the expiration of their approved FMLA leave. Employees returning from FMLA leave must be able to assume all of the essential functions of their jobs upon return, subject to compliance with all state and federal laws. As a condition to restoring an employee whose leave was based on the employee's own serious health condition, the employee must provide, at the employee's cost, a fitness-for-duty certification from the employee's health care provider stating that the employee is able to resume work. The Company may also require the employee's health care provider to address the employee's ability to perform the essential functions of his or her job. If the Company will require this, it will

provide the employee with a list of essential functions or a document containing that information and inform the employee of the requirement. A fitness-for-duty certification will not be required from employees returning from intermittent or reduced-schedule leave unless reasonable safety concerns exist regarding the employee's ability to perform his or her duties, in which case the Company may request a fitness-for-duty certification once every 30 days in connection with a leave.

Unless required otherwise by law, an employee granted a leave of absence under these provisions who fails to return to work upon expiration of the leave granted shall be classified as "voluntarily terminated."

Any employee who, while on a leave of absence, accepts employment elsewhere in a manner that conflicts with the employee's need for a leave from the Company, will be terminated as of the last day worked. *This must be consistent with the employer's policies.* In addition, if an employee uses a leave of absence for any reason other than what has been requested, the employee will be terminated as of the last day worked.

If an employee has gross income within the top 10% of employees (i.e., highly compensated), the Company reserves the right not to restore the employee to his or her prior position if the Company will suffer substantial economic harm because of the restoration.

E. Funeral Leave

The Company believes it is appropriate to provide time off to employees who experience a death within their family.

1. Up to ____ days may be taken off with pay by all bereaved employees regularly working between 20 and 40 hours per week in the event of a death within their immediate family. Immediate family includes parents, legal spouse, children, including stepchildren, brother, sister, mother-in-law, and father-in-law. Full-time, 40 hours-per-week-employees are paid straight-time for eight hours for each day of absence up to the maximum of three days.
2. Days are to be taken consecutively. Those employees who work less than five days per week may take off up to _____ consecutive scheduled work days.
3. As an expression of sympathy, the Company may also provide flowers or a donation to an appropriate charitable organization. Generally, the cost of flowers or the amount of the charitable contribution should not exceed \$____.

F. Leave of Absence

1. Under certain circumstances, the Company will allow employees to take a leave of absence without pay. The Company [will] [will not] continue to pay for Company-provided health care benefits during the employee's leave of absence. The decision whether to grant or deny such a leave of absence shall be exclusively within the Company's discretion. *[Depends on requirements of relevant laws, check with legal counsel.]*

2. Requesting a Leave of Absence

The employee should submit a request for a leave of absence in writing to _____ at least ____ days in advance of the date when the leave is to begin. Sufficient advance notice will enhance the Company's ability to grant the request.

3. When taking a leave of absence, any remaining sick days and paid vacation will be applied first, before the unpaid period begins. Unless otherwise required by law, further paid holidays, sick days, paid vacation, or seniority will not accrue during any unpaid leave of absence.

4. Reporting

- Unless otherwise agreed to in writing, employees on leave of absence must contact their supervisor every ____ [days] [weeks] regarding their status and confirm their planned return.
- Unless otherwise designated by law, if the employee does not contact their supervisor as required or does not return to work at the agreed upon time (without securing written approval for an extension), the Company will consider that the employee has resigned without good work-related cause.

G. Military Leave

1. Military Leave Conditions

- Employees who serve in the uniformed services or are engaged in state military service are given the necessary time off, without pay, and reinstated in accordance with federal and state law.
- Exempt employees may be provided time off with pay when necessary to comply with federal wage and hour laws.
- Where leave is otherwise unpaid, accrued vacation may be used for this leave, if the employee chooses.

2. Military Leave Arrangements

- Military orders should be presented to the employee's supervisor or manager and arrangements for leave made as early as possible before a departure. Employees are required to give advance notice of their service obligations to the Company, unless military necessity makes this impossible.
- Employees must notify their supervisor or manager of their intent to return to employment based on requirements of the law.

3. Benefits Coverage During Military Leave

- The employee's benefits may continue to accrue during the period of leave in accordance with state and federal law.

H. Jury/Witness Duty

1. All employees shall be permitted time off for jury duty service.
2. Upon notification/selection for jury duty, employees are to immediately notify their manager of the service dates.
3. *Employers should check with counsel concerning legally required pay practices, if any, for employees on jury duty and witnesses in legal proceedings.* Employees who regularly work between 20 and 40 hours per week shall be compensated as set forth below. All other employees will not be compensated for jury duty time except as required by law.
 - For full-time employees, if jury duty pay is less than their regular base pay for the same period, the Company will pay them the difference between their jury duty pay and their regular base pay.
 - For employees working less than eight hours per day, the Company will pay for the number of hours regularly worked, less jury duty pay received for the same time.
4. Upon return from jury duty, employees shall immediately submit copies of any jury duty paycheck(s) or other proof of jury duty compensation received to the Payroll Department and to the Human Resources Department. The total amount received as jury duty pay will be deducted from the employee's next paycheck, if consistent with applicable law.
5. Employees required by subpoena to appear in court or for deposition shall be treated in the same fashion as those serving jury duties, provided that the employee has no personal or economic interest in its outcome. If the employee has an economic or personal interest in the outcome, the employee shall receive no reimbursement by the Company.

I. Educational Assistance

Acquisition of knowledge and new skills benefits the employee and the Company. This Company encourages and supports educational and training efforts undertaken by its employees and will, in the instances defined below, provide employees with financial assistance. Generally, the Company pays the cost of *job-required* courses and ____% of the cost of *career- or job-related* courses taken on the employee's own initiative and after hours.

1. Eligibility
 - **Full-Time Employees Only:** All full-time employees are eligible for courses which are job-required. Only those full-time employees who have been employed by the Company for at least ____ years are eligible for courses which are career- or job-related.
 - **Satisfactory Job Performance:** For job-required or job-related courses, an employee's job performance must be satisfactory or better to be considered eligible for this benefit.
2. Advance approval by an employee's manager and the Human Resources Director is required for all courses (job-required or job-related). If the cost of the course is \$____ or more, approval by the next higher level of management is required.
3. Job-required courses are defined as those courses which are directly related to the skills, competencies, and knowledge required in the employee's present position and areas of responsibility. Job-required courses may also include courses which directly support the identified and planned future development and responsibilities of the employee.
 - **Covered Expenses for Job-Required Courses:** The Company will pay for the following expenses associated with job-required courses:
 - Registration and/or lab fees
 - Tuition
 - Materials and/or books
 - Travel expenses
 - **Advance Payment:** For job-required courses, payment will be made by the Company in advance of the commencement of the course and, in most cases, directly to the educational or training institution.
 - **Compensation:** For job-required courses, the employee will receive full, regular compensation if the course(s) is taken during working hours.
4. Courses considered job-related are those which enhance competencies, knowledge, and skills and which are clearly related to job or career opportunities at the Company.
5. The Company will pay ____% of the tuition expenses associated with job-related courses.

6. Job-related courses are to be taken during nonworking time.
7. Upon course completion, the employee must submit proof (such as a grade transcript) of a passing grade issued by the educational or training institution. In the case of a job-related course, the employee must also submit proof of tuition payment, also issued by the institution. If such proof is not provided, the employee shall be obligated to reimburse the Company for its cost of the course.
8. Only courses taken at, or online, and provided by accredited or approved institutions shall qualify for assistance. The appropriate courses from accredited colleges and universities, approved professional organizations (in such fields as accounting, law, and administrative) and certified technical associations (mechanical, electrical, estimating, etc.) may be submitted for advance approval.
9. Degree programs are expressly excluded from both the categories of job-required and job-related. Individual courses which are part of a degree program may, however, qualify as job-required or job-related.
10. If the employee takes courses from an academic institution for academic credit, the employee must receive a satisfactory grade ("C" or an equivalent) or better to qualify for reimbursement.

J. Health and Welfare Benefits/Insurance

The terms and conditions of the benefits provided under this section are governed exclusively by the terms and conditions of the applicable plan documents and/or insurance policies. Any discrepancy between this handbook and the terms and conditions of the applicable plan documents and/or insurance policies will be decided in favor of the terms and conditions of the applicable plan documents and and/or insurance policies. Please refer to the applicable summary plan description/plan summary for each benefit for more information.

1. The Company provides a medical and dental insurance plan for all full-time eligible employees. In general, medical and dental insurance benefits become effective ___ days following the date the employee was hired.

Additional information regarding insurance coverage offered, premiums, method of payment, waiting periods, optional coverage, etc. is provided through the applicable summary plan description/certificate of coverage and the summary of benefits coverage.

2. The Company provides a health reimbursement account to eligible employees who are enrolled in our health insurance program and who meet our wellness initiatives annually. This account is designed to help offset some of the deductibles in our health

insurance plan. Employees will be provided with information about this account when they enroll in our health insurance plan. *Check with your health care insurance provider or your attorney to ensure your health reimbursement account is compliant with current laws.*

3. The Company provides a group life insurance policy (at no cost to the employee) for all full-time eligible employees. The term life policy is equal to the employee's annual base salary up to \$_____.
4. The Company provides long-term disability insurance (at no cost to the employee) for all eligible employees to ensure their income will continue after 90 days of a total disability.

Full-time eligible employees are eligible to enroll in this insurance program after completing ___ days of employment.

5. The company has a short-term disability benefits program for eligible employees. Eligible employees who cannot work because of qualifying disability conditions caused by an injury or illness may receive up to 90 days of pay continuation at their straight-time base pay rate.

Eligible employees who are unable to work due to an accident or illness (unless receiving or claiming workers' compensation benefits) may apply for benefits under this program and must provide a statement from their physician indicating the nature of their disability and an estimated duration of the disability.

The Company retains the right to determine whether benefits will be paid under this program along with the amount and length of such payments. We also retain the right to require the employee to be examined by a physician of our choosing to determine agreement with the employee's physician. We will pay the cost of this examination. Where disagreement occurs, the Company and the employee will meet to choose a third physician to evaluate the disability. But, the Company still retains the right to make the final decision about eligibility for benefits. If the disability comes from being pregnant or a pregnancy-related illness, it will be treated the same as any other illness that prevents an employee from working.

6. The Company provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits if an employee is injured on the job or sustains a job-related illness that qualifies for workers' compensation coverage.

Employees who sustain work-related injuries or illnesses must inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible. Failure to immediately report the injury or illness may impact the claim.

Neither the company nor our insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by the company. To participate in such events, employees must complete and submit to the company a form, provided that such a waiver is legally valid in the jurisdiction where the company is located [which waives employees' claim to workers' compensation insurance in the event of an injury or illness due to their participation in a non-job-related event. *Contact your local insurance agent for a copy of this form.*

7. The company provides a flexible spending account (FSA) program that allows employees to have pretax dollars deducted from their compensation to pay for eligible out-of-pocket expenses. The pretax contributions made to the FSA can be used to pay for anticipated nonreimbursed health care expenses and dependent care expenses during the plan year. Through the FSA program, employees can reduce their taxable income without reducing their real income, so that they can keep more of the money they earn.

Regular full-time eligible employees who are participating in the company health insurance plan are eligible to participate in our FSA program.

Participation in our health care and/or dependent care FSA is optional and determined on an annual basis for the plan year. Employees must enroll for each plan year. They determine how much to contribute to the account, up to a specified maximum, based on anticipated expenses during the plan year. The maximum contribution for health care and dependent care FSAs is determined each plan year. Contributions are directed to the account through a pretax compensation reduction basis. This tax-free money is then available to employees for reimbursement of out-of-pocket expenses. Since the amounts that remain in the account at the end of the plan year are forfeited, employees should take care not to overfund your account.

[Employers should coordinate FSAs and health reimbursement accounts to ensure optimum employee benefits.]

Employees should Contact their supervisor or the Company administrative office for more information about the Company's FSA program and to obtain enrollment and reimbursement forms and worksheets with examples of reimbursable and nonreimbursable expenses.

8. The federal law known as COBRA gives employees and their qualified beneficiaries the opportunity to continue (for a limited period of time) health insurance coverage under the Company's health plan when a "qualifying event" would normally result in the loss of eligibility. Some qualifying events include termination of employment or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at the Company's group rates plus an administration fee. The Company will provide each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under our health insurance plan. The notice contains important information about the employee's rights and obligations.

K. Retirement Savings

1. The Company will make a profit-sharing contribution to accounts of eligible employees each plan year, provided that the Company reports a profit for that year. Employees become eligible for this benefit after one year of full-time employment.
2. We offer eligible employees an opportunity to participate in our 401(k) retirement savings plan. This plan can provide employees the potential for future financial security for retirement.

Eligible employees may participate in our 401(k) retirement savings plan. Employees should contact their supervisor or the HR Department for more information about this plan.

ATTACHMENT 1

Company Policy Statement: Drug-Free Workplace

TO: All Employees
FROM: _____
RE: Policy on Drug-Free Workplace

This is to reiterate, and state in a more formal way, our policy regarding the work-related effects of drug use and the unlawful possession of controlled substances on Company premises. Our policy is as follows:

- Employees are expected and required to report to work on time and in appropriate mental and physical condition for work. It is our intent and obligation to provide a drug-free, healthful, safe, and secure work environment.
- The unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance on Company premises or while conducting Company business off Company premises is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.
- The Company recognizes drug dependency as an illness and a major health problem. The Company also recognizes drug abuse as a potential health, safety, and security problem. Employees needing help in dealing with such problems are encouraged to contact the Human Resources Department for referral to appropriate programs and/or health insurance plans. Conscientious efforts to seek such help will not jeopardize any employee's job and will not be noted in any personnel record.
- Employees must, as a condition of employment, abide by the terms of the above policy and report any conviction under a criminal drug statute for violations occurring on or off Company premises while conducting Company business. A report of a conviction must be made within five days after the conviction. (This requirement is mandated by the Drug-Free Workplace Act of 1988.)

EMPLOYEE SIGNATURE _____

DATE _____

ATTACHMENT 2

DRUG AND ALCOHOL TESTING POLICY

_____ has long maintained a policy prohibiting the possession and/or use of illegal drugs or the abuse of alcohol by its employees. This written policy is intended to reiterate this general prohibition. It also supplements the Drug-Free Workplace Policy. The policy is as follows:

- The possession or consumption of illegal drugs or alcoholic beverages, or the positive presence of illegal drugs, or the abuse of other drugs by any employee on the job, in Company vehicles or on Company property, by any employee is forbidden. Reporting to work under the influence of alcohol or drugs by any employee is forbidden. Violation of this policy will subject the employee to disciplinary action, up to and including termination.
- The illegal use of drugs or the abuse of legally prescribed drugs or alcoholic beverages by any employee is of utmost concern to the Company. Employees are the Company's most valuable resource. Those who use illegal drugs or abuse alcohol or drugs legally prescribed by a physician are prone to more workplace accidents, work at a less efficient rate, submit more workers' compensation claims, miss more time from the jobsite, and create a higher risk of harm to themselves and to their coworkers than those who do not engage in drug or alcohol abuse. The above policy makes clear that the use of illegal drugs, the abuse of legally prescribed drugs, and the consumption of alcoholic beverages in the workplace, as well as use off duty which adversely affects on-duty performance, will not be tolerated by the Company. Employees violating the policy will continue to be disciplined, up to and including discharge.

In order to fully ensure that this policy is maintained, the Company has implemented the following drug and alcohol testing program.

DRUG AND ALCOHOL TESTING: APPLICANTS

1. All applicants for employment with _____ who have received conditional offers of employment will be required to submit to testing for the illegal use of drugs in conjunction with their employment entrance medical examination pursuant to the procedure outlined below. Any offer of employment to an applicant is expressly conditioned on a negative result on this test. A verified, confirmed positive finding on this test according to the procedures outlined below will automatically nullify any offer of employment made to the applicant and remove the applicant from consideration for employment. If the employee has started work, the offer will be withdrawn and the employee discharged.

2. The Company currently does not test applicants for alcohol. The Company reserves the right to test job applicants who have received conditional offers of employment to determine if they are under the influence of alcohol.

DRUG AND ALCOHOL TESTING: EMPLOYEES

Employees of the Company will be subject to drug and/or alcohol testing under the following circumstances:

1. **Reasonable Cause.** Any employee whose actions or behaviors cause Company supervisory personnel to suspect drug or alcohol abuse will be tested.
2. **Periodic Screening.** Any employee required to have and maintain a commercial driver's license or any employee who regularly drives a Company vehicle will be screened [once annually] [every six months]. Any employee/driver scheduled for his/her biannual medical examination to maintain a commercial driver's license (CDL) will also be tested, *as required for such examinations.*
3. **Post-Accident Testing.** Any employee involved in or contributing to a vehicular or other type of work-related accident will be tested when at least one of the following has occurred:
 - a. A fatality
 - b. Any person involved in any aspect of the accident has been removed from the scene of the accident to receive immediate medical assistance
 - c. In the belief of supervisory personnel, more than minor property damage has occurred

The employee shall submit to a drug and/or alcohol test as soon as possible after the accident. Additional testing requirements may exist for CDL holders.

4. **Random Testing.** The following categories of employees are subject to random drug and/or alcohol testing, as allowed by law:
 - a. All employees who are required to have a CDL or drug testing only for those who, as an employee, regularly drive any Company vehicle
 - b. All employees who are required under the terms of a construction contract with an owner, contractor, or government agency to randomly test employees for illegal drugs
5. **Prequalifications.** Any existing employee not previously designated as a driver, but who is now being considered as a driver, must successfully pass a drug screen as a condition of being medically qualified to drive.
6. **Other testing.** Certain contractors and owners require drug testing of all employees prior to their commencement of work at that worksite. In such cases, such pre-job testing will occur.

PROVISIONS APPLICABLE TO ALL EMPLOYEES

1. Any employee who tests positive on any one drug screen may be subject to discipline, up to and including termination, based on the particular circumstances of the case. *Check the laws of your state before terminating an employee on the basis of a positive drug screen or alcohol test.*
2. Any employee who tests positive for alcohol or drug use shall be suspended pending further investigation without pay or benefits. Depending upon the circumstances of the case, the Company may offer to the employee during the period of suspension the opportunity, at his or her cost, to enter a certified rehabilitation program. In the event that the employee enters rehabilitation and subsequently is cleared by the rehabilitation program to return to work within 60 days of entering the program, following a satisfactory completion of that program, the employee will be reinstated to his or her position without the restoration of back pay or past benefits. In the event of any recurrence of drug or alcohol abuse, or in the event of any subsequent positive test, the employee will be terminated.
3. The refusal by any employee to promptly submit to a drug or alcohol screen as outlined above will be cause for immediate termination of employment.
4. Employees who are taking legally prescribed drugs may not engage in work-related activity that threatens their safety or the safety of other persons or property. Accordingly, employees have an affirmative duty to know and understand the effects of their medications and to disclose to the Company any situation where they are not able to, or they do not believe that they can, safely perform their duties as a result of taking drugs of any kind. Employees are not required to disclose the use of prescribed medications that do not impair their ability to safely perform their duties.
5. Any employee found to be interfering with the implementation of this policy in any way shall be subject to disciplinary action, up to and including immediate discharge.
6. The Company reserves the right upon its good faith belief to search all areas of the Company, including but not limited to offices, work areas, jobsites, desks, rest areas, Company vehicles, lockers, and any employee personal property, including but not limited to lunch boxes, handbags, and clothing, for either illegal drugs or alcohol.
7. The Company recommends that any employee who is engaged in the use of illegal drugs or concludes that he or she is abusing alcohol, advise the Company and take a voluntary leave of absence to enter a drug rehabilitation program. The Company will grant a leave of absence of up to 60 days for such rehabilitation, or longer if required by law. Except as may be covered by applicable insurance policies, the cost of such rehabilitation shall be borne by the employee. During this 60-day (or longer, as required) period, if a certified rehabilitation program advises the Company in writing that the employee has rehabilitated

himself/herself and is capable of returning to work, then the employee shall be returned to work. Such employee will be subject to periodic drug and/or alcohol testing as in the case of all other employees. In the event of any subsequent positive test, the employee will be terminated.

The Company reserves the right to change, amend, or alter this policy at any time as necessary.

CONSENT AND RELEASE FORM

As a condition of employment, I the applicant/employee (circle one), hereby consent to submit to such urinalysis, blood test, and/or other tests as shall be determined by _____ for the purposes of determining the presence of narcotics, marijuana, other controlled substances, or alcohol. I agree that any specimens collected for these tests may be forwarded by the Company or agent of the Company to a testing laboratory designated by the Company for analysis. I further agree to and hereby authorize the release of the results of said tests to the Company, its agents, servants, and employees. I further agree to hold harmless and hereby release the Company, its officers, directors, agents, servants, and employees from any liability arising, in whole or in part, out of the collection of specimens, testing, and use of any information from said testing.

I further agree that a reproduced copy of this consent and release form shall have the same force and effect as the original.

I understand that refusal by an applicant to promptly submit to such testing, falsification of a test, or a positive finding on a test will remove the applicant from the selection process and consideration for employment.

I understand that refusal by an employee to submit to such testing, falsification of a test, or a positive finding on a test will subject the employee to disciplinary action, up to and including discharge.

I have carefully read the foregoing and fully understand its contents. I acknowledge that my signing of this consent and release form is a voluntary act on my part, and that I have not been coerced into signing this document by anyone.

Applicant/Employee

Printed Name: _____ S.S.# _____

Applicant/Employee

Signature: _____ Date: _____

Witness Printed Name: _____

Witness Signature: _____ Date: _____