



# EMPLOYEE HANDBOOK

HN Automotive, Inc.



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## Welcome

Welcome to HN Automotive, Inc. At HNAI we consider our employees to be our most valuable assets. This handbook will introduce you to the Company and to some of our policies and procedures. These policies have been established by HNAI as a general employment guideline.

There are several things that are important to keep in mind about this handbook. First, it contains only general information and guidelines. It is not intended to be comprehensive or to address all the possible applications of, or exceptions to, the general policies and procedures described. For that reason, if you have any specific questions concerning eligibility for a particular benefit, or the applicability of a policy or practice, you should address your specific questions to the Human Resources Department.

Neither this handbook nor any other Company document, confers any contractual right, either express or implied, to remain in the Company's employ. Nor does it guarantee any fixed terms and conditions of your employment. Your employment is not for any specific time and may be terminated at will, with or without cause and without prior notice, by the Company or you may resign for any reason at any time. Consequently, this handbook should not be construed to be a contract of employment, either express or implied with any employee. The Company's supervisors and managers do not have the authority to obligate the Company to any commitment that is contrary to the practices stated herein.

Second, the procedures, practices, policies and benefits described here may be modified or discontinued from time to time. The Company, in its sole discretion, may change, alter, amend, or delete any or all of these policies and procedures at any time. We will attempt to keep you informed of any changes as they occur.

Third, this handbook and the information in it should be treated as confidential. No portion of this handbook should be disclosed to others, except HNAI employees and others affiliated with HNAI whose knowledge of the information is required in the normal course of business.

Finally, some of the subjects described here are covered in detail in official policy documents. You should refer to these documents for specific information, since this handbook only briefly summarizes those benefits. For example, if you have specific questions regarding health insurance coverage you should refer to the insurance plan document.

If you have any questions regarding this manual, please contact your supervisor or Human Resources. Again, welcome to HNAI. We look forward to a successful career together.



## **Introduction and General Employment Policies**

### **Company Overview**

HN Automotive, Inc. (HNAI) is a fully owned subsidiary of Hitachi Metals America, Ltd. (HMA). HNAI machines and assembles parts for the automotive industry, ranging from engine brackets to suspension parts. HNAI is part of HMA's Casting Products Division.

HN Automotive Inc. has three locations with the corporate headquarters and a manufacturing operation located in Effingham, IL. HN Automotive also operates a manufacturing facility in Wellsboro, PA., and a sales and engineering support office in Novi, MI.

### **Business Policy**

HNAI's Business Policy is **QCDE**:

**Q**uality is our first priority.

**C**ost reductions through continual improvement.

**D**elivered on time every time.

**E**nvironmental responsibility.

### **Employment Philosophy**

The management of HNAI recognizes that our ability to reach our Company goals depends on the contributions made by each employee within the Company. Each employee is vital toward meeting the above mission statement. Greater productivity, efficiency and quality result from job satisfaction. The success of HNAI depends on the satisfaction and productivity of every employee. Our goal is to provide each employee with satisfying employment. HNAI believes in maintaining fair employment practices, fair compensation, challenging work, recognition for contributions, and a safe working environment.

### **Equal Opportunity Employment**

It is the policy of HNAI to be fair and impartial in all its relations with its employees and applicants for employment without regard to race, color, religion, age, sex, national origin, disability, or military status. The Company will employ and advance in employment qualified disabled persons, whose disability does not preclude continued satisfactory performance with reasonable accommodation. Decisions on employment will be based so as to further the principle of Equal Employment Opportunity.

HNAI will ensure that hiring, promotion, training and transfer decisions are in accord with principles of Equal Employment Opportunity by imposing only valid position requirements. The Company also will ensure that all other personnel actions such as, but not limited to,

compensation (including rates of pay), benefits, transfers, layoffs, return from layoff, terminations, Company sponsored training, education, tuition assistance, social and recreational programs will be administered without regard to race, color, religion, sex, age, national origin, disability, or military status.

### **Employment At-Will**

Nothing in this handbook is intended to or should be construed as an agreement or contract, expressed or implied, of guaranteed employment or that the policies discussed in this Handbook will be applied in all cases. Under Illinois and Pennsylvania state law, all employees have employment at-will status. Employment at-will means that any employee or HNAI is free to terminate the employment relationship at any time, with or without notice. No manager, supervisor, or any other Company representative has the authority to alter, orally or in writing the terminable at-will status of employment. The Company reserves the right at all times to take any action deemed to be in its best interests.

### **Statement of Non-Unionism**

HN Automotive, Inc is a non-union Company. This means that our employees are at liberty to deal directly with HNAI management without any third-party intervening or coming between the two parties. HNAI believes its employees should be able to discuss employment matters with supervisors and managers directly and encourages this type of dialogue. It is our belief that a union would not benefit our Company and employees. It is therefore our intention to oppose unionism (by legal means) and in particular by providing fair treatment of our employees.

## **Selection and Hiring**

### **Conditions of Employment**

All positions within HNAI require the completion of a drug and alcohol screening before employment begins. In special cases, other licensures, certifications, or special skills (such as driver's licenses or electrical certification) may be required of the position. You will be informed if there are any additional requirements for your position.

### **Immigration and Employment Eligibility**

In compliance with the Immigration Reform and Control Act of 1986, HNAI will only hire those individuals who are authorized to work in the United States. All individuals will be required to submit documented proof of their identity and employment authorization. You will also be required to complete and sign the Immigration and Naturalization Service Form I-9. Form I-9 requires you to attest that you are authorized to work in the United States and that the documents you submitted are genuine. If you are authorized to work in this country for a limited period of time, before the expiration of that period, you will be required to submit proof of your employment authorization and sign another Form I-9 in order to remain employed with HNAI.

### **New Employee Probation Period**

Your first sixty (60) days of employment will be considered a probationary period. This period allows HNAI and yourself an opportunity to develop a working relationship. It provides you with an opportunity to become familiar with HNAI and your job responsibilities. During this trial period, your supervisor will have an opportunity to evaluate your performance. You will be evaluated in areas such as attendance, teamwork ability, willingness to learn, job performance, etc. At the end of the sixtieth (60th) day of employment a training checklist will be completed. During this time, both you and the Company have the opportunity to decide the continuation of the employment relationship.

### **Employment of Relatives**

The below Employment of Relatives policy currently applies to full-time employees of the Effingham location only. It is HNAI's policy to maintain such employment and job placement practices, which will prevent the feeling that the Company's actions or decisions are to any extent improperly influenced by relationships or favoritism.

General Provision:

A. Immediate family member of HNAI employees, as outlined below, may not be employed as full-time, with the exception that Employee's children may be employed during the summer while attending school.

B. Situations occurring prior to this or other revisions of the policy may be “grand fathered” with the approval of the General Manager and Human Resources.

Immediate and Close Family:

- Parent, step parent, or person responsible for raising the employee
- Spouse, son, daughter, stepson, stepdaughter, brother, sister,
- Step brother, step sister, half brother, half sister, grandparent
- Grandchild, step grandparent, step grandchild, son-in-law,
- Daughter-in-law, step son-in-law, step daughter-in-law,
- Mother-in-law, father-in-law, or person responsible for raising employee’s spouse.

Consideration with regard to the following relationships will be reviewed on a case by case basis: Brother-in-law, sister-in-law, step-brother-in-law, step-sister-in-law, uncle, aunt, nephew, niece or cousin.

The above policy does not apply to part-time positions or temporary workers.

### **Promotions and Transfers**

Job vacancies within HNAI will be posted within the Company when appropriate. HNAI will attempt to promote from within when possible, however the Company reserves the right to select the applicant deemed most qualified for the position. To be considered for promotion you must have demonstrated sustained acceptable performance on the present job. Other factors considered in evaluating qualifications for promotion include: attendance, ability to perform specific job requirements of the new position, past quality and performance record, and when there are not other major differences between candidates, length of service will be considered. Our transfer procedures are outlined below.

The successful candidate will move to the open position and will not be allowed to bump lesser seniority employees on a more desirable shift. A maximum of one (1) back fill position will be filled internally. The successful bidder will be given a sixty (60) working day trial period, with the understanding that during this probationary period; you may be transferred back to your former or another job if you do not meet the initial training standards.

### **Openings on New Lines**

Job bids will be posted for all new lines when appropriate. If lines are ending at the same as the start of new lines then personnel on the discontinued line may be placed on new lines without bid. When new lines are bid, positions will be filled based on job performance and overall plant seniority. The job performance requirements will be

specified in the job bid. If more than one employee meets the job performance requirements, the decision will be based on plant seniority.

### **Secondary Openings and Employee Terminations**

Vacant positions on existing lines, created due to individuals moving to new lines or due to employee terminations, will be filled in the following manner:

- Employees working on the same line or department on the other shifts will be given the first option of moving to the open position. If more than one employee wants to move, it will be based on performance and on plant seniority.
- If no one on the same line wants to move and the open position is on first shift, the opening will be filled by job bid.
- If no one on the same line wants to move and the open position is on second or third shift, the position will be filled by existing personnel (see terminated lines) or by new personnel.

### **Terminated lines**

Employees, whose lines are ending, will be placed in open positions in the following manner.

- Employees whose lines are ending will be given first opportunity for openings on their same shift. If only one opening exists and more than one employee on that same shift needs a position, it will be based on performance and plant seniority.
- If an open position does not exist on their same shift, the employee will be moved to the first available position on another shift.

The successful bidder will be given a sixty (60) working day trial period with the understanding that during this probationary period; you may be transferred back to your former job or another job if you do not meet the initial training standards. Employees going back to a lesser position may also have their pay rate adjusted accordingly.

Open positions will be posted by the time clock. If you desire to change your current job position you may do so in writing by completing a job bid request form and turning it in to Human Resources.



## **Definitions of Employment Status**

### **Employment Status Categories**

Since all employees are hired under an employment at will relationship, the following categories do not guarantee employment for any specific length of time.

#### **Probationary Status**

Production employees are hired on a probationary status during their 60 day training period. Employees are eligible for Company benefits on their initial hire date with the exception of insurance benefits. All employees have a 30 day waiting period for insurance benefits.

#### **Full-Time Status**

Full-time is defined as any employee who works more than thirty (30) hours per work week on a regular basis. Full employee benefits shall apply.

#### **Part-Time Status**

Part-time is defined as an employee who works less than thirty (30) hours per week on a regular basis. Part-time employees who regularly work between 20 and 30 hours per week will receive a reduced selection of benefits. Part-time employees will receive medical benefits, reduced vacation, profit sharing, and education reimbursement. They will not be eligible for additional benefits awarded to full-time employees.

#### **Temporary Status**

Temporary is defined as an employee who is hired for a specific period of time, project or assignment. Temporary employees are not eligible for employee benefits. An employee will change from temporary to probationary or full-time status only when advised of such a change in writing from the Human Resource Department. Timed worked at HNAI through a temporary agency does not apply to seniority at HNAI.

#### **Intern Status**

Intern refers to students accepted for placement with HNAI for educational purposes based on the Company's needs and the needs of the individual student's program. Interns are not eligible for employee benefits unless they have been hired to fill a regular full-time or part-time position.

## **NonExempt/Hourly Employees**

The term “NonExempt/Hourly” employees refers to all persons hired by HNAI, either on a full-time, part-time or temporary basis who are paid an hourly rate for hours actually worked. Under the provisions of the Federal Fair Labor Standards Act and applicable state law, hourly employees will be paid one and one half times their hourly rate for hours worked in a calendar week in excess of 40 hours. Overtime must be authorized by supervisory personnel.

## **Exempt/Salaried Employees**

The term “Exempt/salaried” applies to administrative, executive, and professional individuals hired by HNAI who receive a salary which is not directly influenced by routine variations in hours and are exempt from the overtime requirements of the Federal Fair Labor Standards Act or any applicable state law. A list of positions that are exempt/salaried will be maintained in the Human Resource Department.

## **Hours and Salary Administration**

### **Pay Checks**

All employees are issued paychecks bi-weekly (every other Friday) with a one week deferral. HNAI work week starts on Sunday at 11:00p.m. (with the start of 3rd shift) and ends on Sunday at 11:30p.m. (at the end of 2nd shift). Paychecks can not be issued early under any circumstances and HNAI does not provide payroll advances or extend credit to employees.

HNAI has direct deposit for the issuance of payroll funds. Changes to your direct deposit information must be submitted by the Friday before a payroll week in order to be reflected on that week's payroll.

In case of a potential error in your paycheck, please contact your supervisor or the Human Resources office immediately. Except in errors of significant dollar amounts, adjustments will appear in the next issued paycheck.

### **Overtime Pay**

NonExempt/Hourly employees who work in excess of forty (40) hours in a work week will be paid one and one half times the base rate of pay per hour. Double times base salary will be paid for hours worked on Sundays providing the employee has worked 40 hours in the work week. Overtime hours are permitted only at the request and authorization of your supervisor. Weekend overtime is normally scheduled and approved by Thursday before the weekend.

Exempt/Salaried employees who work in excess of forty-five (45) hours in a work week will be paid one and one half times the base rate of pay per hour. This overtime pay is provided for exempt/salaried employees as an additional Company benefit as federal and state law does not require HNAI to compensate exempt employees with over-time. Exempt employees will receive overtime pay for scheduled overtime on the weekends for weeks if they have worked in excess of forty (40) hours in a work week.

### **Payroll Deductions**

HNAI may be required by law to recognize certain court orders, liens, and wage assignments.

HNAI is required to make proper deductions from your earnings on your behalf. Amounts withheld vary according to how much you earn, your marital status, government regulations and other factors. Mandated withholdings include Federal Income tax and Social Security (FICA). Other deductions may be made from your paycheck with your permission (insurance, 401k, etc.).

## **Performance Reviews**

Regular performance reviews will be conducted in March of each year. These reviews are to provide you an opportunity to discuss your performance and set goals for the upcoming year. Performance reviews do not necessarily result in salary increases. When financially feasible the Company will provide salary increases in April. Performance evaluations should be considered a private matter between you and your immediate supervisor and are not to be discussed with your co-workers.

## **Personnel Information**

It is very important for you that the Company has your correct home address and telephone number at all times. Report any changes immediately to Human Resources.

This is important to you for several reasons such as, reaching you or your family in case of an emergency or mailing your W-2 Tax Form.

If your personal status should change, such as your marital status, or if you have an addition to your family, you should immediately notify Human Resources. You may need to change your insurance coverage, withholding deductions for State and Federal Taxes, or other important records you need to keep current.

You should periodically check your paycheck to make sure that your address, social security number, etc. is correct.

## **Your Personnel Record**

Your personnel record began with your application form. To this record is added various information concerning yourself and your status as an employee. Information contained within your personnel file is strictly confidential and retained in locked files. No information contained in your personnel file will be released to any outside party without your notification. If you wish to review your own file you may do so by contacting Human Resources for an appointment.

## **Work Schedules**

### **Hourly Employees**

The basic workday for an Hourly employee is 8 hours (excluding a 30 minute meal period) with 2 (15) minute break periods. Various factors such as workloads, specific duties, and staff needs may require variation in the below schedules.

Working hours are as follows unless otherwise specified:

	<b>Hourly 1<sup>st</sup> Shift</b>	<b>Hourly 2<sup>nd</sup> Shift</b>	<b>Hourly 3<sup>rd</sup> Shift</b>
Start:	7:00a.m.	3:00p.m.	11:00p.m.
Finish:	3:30p.m.	11:30p.m.	7:30a.m.

### **Salaried Employees**

The official office hours of HNAI are from 8:00a.m. to 4:30p.m. However, based on the needs of their position and with approval from their supervisor, salaried employees may work a flexible schedule within the following guidelines. The schedule should include 8 working hours each day. Start times may vary from 7:00a.m. to 8:00a.m. and ending times may vary from 3:30p.m. to 5:00p.m. Salaried employees may choose to take a 30 minute lunch or a hour lunch. Each employee's 8 hour day should include the core time of 8:00a.m. to 3:30p.m. For example, a daily schedule of 7:30 to 4:00 with ½ hour lunch would be acceptable but 8:30 to 5:00 would not be within the guidelines.



## **Security System/Time Clock Procedures**

All employees at the Effingham location will need a card or key chain device in order to enter the building. Employees may either enter through the side employee entrance or through the front office entrance. When exiting the building, a motion detector should detect the employee and unlock the door. If the door does not unlock, employees need to press the green "press to exit" button to release the door lock.

The system will create a log of when your card is used. In the event your card is lost, you must notify your supervisor or Human Resources immediately so it can be deactivated. Employees will be charged \$5.00 each for lost cards. Employees allowing other people (employees or nonemployees) to use their card will be subject to immediate termination. Employees are not allowed in the building outside of their normal work hours without authorization from their supervisor.

### **TimeClock Procedures and Policies**

All hourly, non-exempt employees will be required to clock in and out at the beginning and end of their shift and at the beginning and end of lunch. Clocking out for breaks is not required.

Employees are not to clock in or out for other employees. Violations of this policy may result in appropriate disciplinary action, up to and including immediate discharge.

The timeclock is set up to round to the nearest quarter of an hour. For example, clocking in up to 7 minutes early will automatically round to the start of the employee's shift. Employees may not clock in earlier than 7 minutes prior unless authorized by their supervisor. If the employee is asked to clock in early to begin work, the supervisor will authorize the early clock in within the timeclock software. Clocking out late will also require overtime approval from the supervisor.

The rounding feature of the timeclock is for the calculation of time for compensation purposes only. It does not apply to the tracking of attendance. For example, employees may clock in up to 7 minutes late and it will be rounded back to their start time. However, this late clock in will still show up on attendance records as tardy.

If an employee forgets to clock in or out, he or she must notify his or her supervisor or Human Resources immediately so the time may be corrected. Continuously forgetting to use the timeclock will result in disciplinary action. Employees are responsible for reporting errors to their supervisor in a timely manner. If they discover that their paycheck is short due to a missed punch, they must wait until the following pay period to be compensated for that time.



## **No Fault Attendance Policy**

### **Purpose**

The purpose of this policy is to ensure consistent and equal treatment of absences within HN Automotive, Inc. Absenteeism distracts from our goals of quality, cost reductions, and on time delivery, as well as places undue hardships on fellow team members.

The definition of an absence is any unscheduled time lost from work regardless of reason. The term “unscheduled” excludes planned vacations, scheduled holidays, bereavement, jury duty, worker’s compensation time, Family Medical Leave, and personal leaves of absence. Unscheduled absences are absences that were not previously arranged with your supervisor at least the day before. For example, if you call in sick and provide a doctor’s note to cover your absences, your absence is still considered unscheduled. Asking for a vacation day the morning that you call in an absence still counts as an unscheduled absence. This policy focuses on unplanned and unscheduled absence as those types of absences that cause the greatest hardship on our Company.

### **Policy**

If you are late or absent for any reason, you should notify your supervisor or a team coordinator as soon as possible, but no later than one hour before the start of your scheduled shift. Any unscheduled absence must be reported to your supervisor. If your absence extends beyond one day, you should contact the office daily until you return to work. If you do not contact the office for three (3) consecutive days of absence, you will automatically be terminated for job abandonment and deemed to have quit. Only in cases of hospitalization or documented extended illness may the daily notification of absences be waived.

Approval to return to work by the team member’s treating physician may be requested when the team member returns to work after being absent for three consecutive days. The Company reserves the right to request clearance from a second physician chosen by the Company, in certain circumstances.

Unscheduled absences will be monitored and excess absences will be addressed with the correction action procedure below. An unscheduled absence of more than 1 hour will be counted as one occurrence. Absences will be considered by occurrence rather than length. An absence for one or more consecutive workdays will be considered one occurrence. Tardy of less than 1 hour will count as ½ occurrence.

Employees will maintain their occurrence level during an approved Leave of Absence. That means an employee returning from an approved Leave of Absence will have the same number of occurrences as they had when they went on Leave of Absence.

Attendance will be monitored and documented on a rolling twelve (12) month basis.

Following is the corrective action schedule based on occurrences:

<b><u>Occurrences</u></b>	<b><u>Corrective Action</u></b>
Four	Verbal warning
Five	Written Warning
Six	Final Written Warning
Seven	Suspension Pending Termination

A team member can only receive the same level of discipline two consecutive times. On the third occasion the team member will go to the next level of corrective action.

### **Attendance Bonus**

Regular attendance is vital to the success of our organization. Therefore, HNAI provides an attendance bonus for employees who do not have any unscheduled absences. If an employee does not have any unscheduled absences in a quarter they will receive \$50.00 at the end of the quarter. In addition, if a team member does not have any unscheduled absences for an entire year he or she will receive an extra \$200.00. The attendance bonus will be paid at the end of each quarter.

Unscheduled absences are absences that were not previously arranged with your supervisor. For example, if you call in sick and provide a doctor's note to cover your absences or request a vacation day when calling in sick, those absences are still unplanned. Unplanned and unscheduled absence are the type of absences that cause the greatest hardship on our Company, therefore you would not be eligible for the attendance bonus.

## **Employee Benefits**

Benefits are a large part of your total compensation and play a prominent part in your personal and family financial planning. All of the Company's benefits are reviewed constantly and modified as necessary. The Company reserves the right to amend or modify any benefit it deems necessary.

### **Medical Insurance**

HNAI has a health insurance plan available for all full-time employees. Part-time employees working a minimum of 20 hours per week are also eligible for health insurance benefits. The cost is shared between the employee and the Company. Insurance benefits are effective 30 days after an employee's hire date with HNAI and terminates on their termination date. Specific questions regarding medical insurance should be referred to the Human Resource Department or the insurance plan booklets.

### **Dental Insurance**

HNAI has a dental insurance plan available for all full-time employees. Part-time employees are not eligible for dental insurance benefits. The cost is shared between the employee and the Company. Insurance benefits are effective 30 days after an employee's hire date with HNAI and terminates on their termination date. Specific questions regarding dental insurance should be referred to the Human Resource Department or the insurance plan booklets.

### **Life Insurance**

As an additional employee benefit for full-time employees, HNAI offers a life insurance policy for each employee. The coverage consists of one (1) times base salary (two (2) times in case of accidental death) paid in either a lump sum amount, a lump sum amount plus monthly installments, or monthly installments paid over ten (10) years. The Company pays the entire cost of the insurance premium.

### **Supplemental Life Insurance**

Supplemental life insurance for the employee and their dependants is available for full-time employees at cost to the employee. Contact the Human Resource Department for specific details.

### **Flex Plan (Section 125 Cafeteria Plan)**

As an employee benefit, full-time employees may enroll in a section 125 cafeteria plan also known as a flexible benefit plan or flexible spending account. The flex plan offers you a convenient way to pay for qualified health and dependent care expenses on a pre-

tax basis. When you redirect part of your pre-tax salary to pay for these benefits, you lower your taxable income for the year. Open enrollment for this plan is December 1 till December 31st. The only exceptions to this enrollment period are due to family status changes such as marital status, birth, death or employment changes.

There are three separate FLEX Plan accounts:

**Group Insurance Coverage:** Through this program, you have the ability to pay your portion of the medical and dental insurance premium on a pre-tax basis.

**Health Care Spending:** By setting up this account with pre-tax deductions, you pay for medical, dental or vision expenses incurred by you or your family that are not covered under our insurance plan. The maximum that may contribute is \$3000.00 annually.

**Dependent Care:** Establishing this account allows you to pay for qualified dependent care items, such as child or adult care expenses, with pre-tax dollars. The maximum is \$5000 or \$2,500 if you are married and file separate returns.

Flex payments are processed by the HNAI Accounting Department on the same week as payroll. Expenses must be turned into the Human Resource Department for approval by the Monday of a payroll week in order to be processed that week. Payments are made by direct deposit.

## **Leave of Absence**

We realize that leaves of absence due to prolonged illness, accidents, maternity, or other compelling reasons are sometimes necessary. The term "leave of absence" means an approved absence from work with or without pay for a period of time in excess of three (3) working days. It is the policy of this Company to grant up to 12 weeks of family and medical leave during any 12 month period to eligible employees in accordance with the Family and Medical Leave Act of 1993 (FMLA). The 12 week period begins the first day of FMLA leave.

In order to qualify to take FMLA under this policy, the employee must meet all of the following conditions:

- 1) The employee must have worked for the employer for 12 months or have worked at least 1250 hours during the twelve-month period immediately before the date when the leave is requested to commence.
- 2) In order to qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:
  - 1) the birth of a child and in order to care for that child

- 2) the placement of a child for adoption or foster care, and to care for the newly placed child
- 3) to care for a spouse, child, or parent with a serious health condition
- 4) the serious health condition of the employee.

Please see the Human Resource Department to determine if your situation meets the definition of a serious health condition. The Company will require an employee to provide a doctor's certification of the serious health condition.

While an employee is on leave, the Company will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work. If the employee chooses not to return to work for reasons other than a continued serious health condition of the employee or the employee's family member or for a circumstance beyond the employee's control, the Company will require the employee to reimburse the Company the amount it paid for the employee's health insurance premium during the leave period.

Under current Company policy, the employee pays a portion of the health and dental care premium. While on paid leave, the employer will continue to make payroll deductions to collect the employee's share of the premium. While on unpaid leave, the employee must continue to make this payment, either in person or by mail. The payment must be received in the Accounting Department by the 1st day of each month. If the payment is more than 30 days late the employee's health care coverage may be dropped for the duration of the leave. If the employee is eligible for short term disability payments, the insurance deductions will be taken from these payments.

If the employee contributes to a life insurance plan, the employer will continue making payroll deductions while the employee is on paid leave. While the employee is on unpaid leave, the employee may request continuation of such benefits, and pay their portion of the premiums; or the employer may elect to maintain such benefits during the leave and pay the employee's share of the premium payments. If the employee does not continue these payments, the employer may discontinue coverage during the leave. If the employer maintains coverage, the employer may recover the costs incurred for paying the employee's share of any premiums whether or not the employee returns to work.

An employee who takes FMLA qualifying leave under this policy will be able to return to the same position or a position with equivalent status, pay, benefits and other employment terms. To return to work, an employee must provide the Company with "Physician's Release Statement."

If the employee's leave extends beyond the FMLA coverage, the employer will no longer be responsible for the employee's insurance benefits. Employees will receive COBRA information for their medical benefits allowing them to continue their benefits at their own cost. Return to employment for employees whose leave extends past FMLA will be based on the needs of the Company and will be at the Company's discretion.

### **Use of Paid and Unpaid Leave under FMLA**

If the employee has accrued or earned paid leave the employee may use paid leave first and take the remainder of the twelve weeks as unpaid leave, however, it is not required. All employees requesting leave under this policy must provide verbal notice with an explanation of the reason(s) for the needed leave to the Human Resource Department or their immediate supervisor. Employees are not obligated to discuss medical information with their supervisors. If the leave is foreseeable, the employee should provide a written request for leave and reasons(s) with a copy to the Human Resources Department.

### **Leave of Absence not covered under FMLA**

The granting of a leave of absence to employees who are not eligible for FMLA will be granted based on the needs of the company. The granting of a personal leave of absence (not covered under FLMA) especially an extended one, does not guarantee that there will be a position available to you after the end of your leave. The continuation of your employment is at the discretion of the Company. For leaves not covered under FMLA, the employer is not responsible for the continuation of insurance benefits and employees will receive COBRA information.

### **Short Term Disability**

As a benefit to our employees, HNAI provides both short term and long term disability benefits. We realize an illness or accident can be detrimental to your ability to provide for your family.

Salary continuation for Short Term Disability begins after ten consecutive substantiated absences and is based on length of service:

Length of Full Service	Weeks of Full Pay	Weeks of 70% Pay
One year	1	9
Two years	5	5
Three years	6	4
Four years	8	2
Five years	10	0

In order to qualify for Short Term Disability, Employees must work at HNAI for one year before they are eligible for the short term disability benefit. In the case of a short-term disability claim beginning prior to eligibility, once the employee has reached eligibility, benefits will commence.

HNAI employees must complete Family and Medical Leave paperwork (FMLA) and provide the Company with a Doctor's note from the treating physician, excusing the employee from work. In addition, a list of work restrictions must be provided to the Company, by the treating physician. This will allow the Company to determine if light duty work is available.

The first 10 absences are un-paid. Employees may utilize vacation time for the unpaid 10 days but are not required. The employee must not have had a prior Short Term Disability claim within the past 12 months. In cases where such a claim has been made, the employee is only entitled to the remaining benefit weeks not taken within the 12 month period, and the ten day waiting period still applies. If the new claim is a continuation of the previous medical condition then 10 day waiting period will be waived.

Short Term Disability benefits are exempt from shift premium. Employee portions of medical and dental insurance premiums will be deducted from short term disability benefits.

### **Long Term Disability**

Upon the completion of short term disability, in the event the employee is still unable to return to work, he/she may be eligible for long term disability benefits. Benefits are payable after ninety (90) days continuous disability. LTD pays 60% of base pay up to

\$7,500/month for all employees. The Company pays the entire premium. Additional details can be obtained from the HR department.

At this time, employees will be offered COBRA for the continuation of their medical insurance benefits.

## **401K**

HNAI provides a 401k plan in order to assist our employees in effectively preparing for their retirement. Employees become eligible to participate in the 401k plan after they have completed six (6) months of full-time service with a minimum of 1000 hours. Enrollment occurs twice a year on January 1st and July 1st. The Company matches \$.50 on the dollar of employee's contribution (up to 6%). Questions or request for the summary plan document should be addressed to the Human Resource Department.

The Company also contributes at its discretion a profit sharing contribution consisting of a percentage of the employee's gross pay to each individual's account. This contribution is paid at the end of each plan year, December 31st to employees enrolled for participation in the 401K plan. This contribution is discretionary and it subject to Board approval each year.

## **Profit Sharing**

HNAI recognizes it takes everyone's effort towards cost reduction and continuous improvement in order to make HNAI a profitable Company. Therefore, we share our Company profits on a quarterly basis with our employees. New employees must be hired before the beginning of the quarter in order to receive that quarter's distribution. Employees who are absent more than two (2) weeks of the quarter are not eligible for profit sharing distribution.

Part-time employees working a minimum of 20 hours are eligible for ½ the profit sharing distribution that a full-time employee receives.

## **Education Reimbursement**

The Company will reimburse to full-time employees up to \$600 per year to cover tuition, registration fees, books, and lab fees. Part-time employees are eligible for up to \$300 per year. The Company will not reimburse for more than six (6) hours per semester unless pre-approved. The employee must receive a grade of "C" or better.

The Company has a budget for education reimbursement; therefore requests for funding should be submitted prior to the beginning of the semester for approval. When funds are limited, priority will be given to courses that are directly related to the business of HNAI or the employee's job functions.

## **Holidays**

The Company observes the following paid holidays throughout the year:

Good Friday  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Christmas Eve  
Christmas Day  
New Year's Eve  
New Year's Day

All full-time employees will be paid for each full holiday as shown. To qualify for holiday pay, the employee must work his or her last scheduled workday prior to the holiday and the first scheduled workday following the holiday unless you have an approved absence by your supervisor. The observance of holidays will be scheduled and announced in December for the following year.

If you should have to work on a paid holiday, you will be paid time and half for all hours you work in addition to your holiday pay.

## **Additional Paid Days Off**

As a benefit to its employees, HNAI also offers the following paid days off in addition to the above holidays:

Friday after Thanksgiving  
All work days between Christmas and New Year's Day.

If you should have to work on one of the additional paid days off, you will be paid regular hours for the hours you work in addition to your holiday pay.

## **Vacation**

All regular, full-time employees will be eligible for vacation pay based on the following provisions. Eligibility will be calculated on a calendar year basis from January 1 to December 31 each year. Vacation will be awarded to each employee on January 1<sup>st</sup> based on how much they worked the previous year.

Vacation will be earned according to the following schedule:

1-4 years	10 days
5-10 years	15 days
10+ years	20 days

Part-time employees eligible for ½ of the above vacation benefits offered to full-time employees. All HNAI employees are encouraged to take their vacations in full. Vacation carryover due to unusual circumstances may be approved by Department Managers. Carry-over should be a maximum of five (5) days. Hourly employees may request vacation days in half-day (4 hour) increments.

\*Pro-rated vacation - Vacation days will be pro-rated for a team member's 1st year. On January 1st eligibility for 1st year team member will be determined by multiplying full eligibility times the fractional number of months since the team member's HNAI hire date.

**Hire Date:**

JAN	12/12 = 10 days
FEB	11/12 = 10 days
MAR	10/12 = 9 days
APR	9/12 = 8 days
MAY	8/12 = 7 days
JUN	7/12 = 6 days
JUL	6/12 = 5 days
AUG	5/12 = 5 days
SEP	4/12 = 4 days
OCT	3/12 = 3 days
NOV	2/12 = 2 days
DEC	1/12 = 1 days

New employees may borrow from their first year's eligibility for emergency situations. The days used will be deducted from their first year's pro-rated eligibility, the following January. Existing employees are not allowed to borrow vacation.

**Bereavement Pay – Funeral leave**

You can never be compensated for the loss of an immediate family member through death. In the event of such an occurrence, however, it is the intent of the Company to protect employees from loss of earnings due to making necessary arrangements.

Therefore, all full-time employees will be paid up to a maximum of three (3) days absence for each occasion of death in the immediate family: spouse, (step) child, (step) parent, (step) sibling, (step) grandparent and (step) grandchild.

One (1) day for the following: Aunt or uncle, cousin, mother-in-law, father-in-law, sister-in-law and brother-in-law, and grandparent-in-law.

Payment will not exceed eight (8) hours per day and payment will not be made for nonscheduled workdays, holidays or vacations. Bereavement time off must be taken within the normal timeframe following the death. Proof of death may be requested.

The Company intends to exercise the greatest degree of understanding in these difficult times, and it is anticipated that you will also use your best judgment.

### **Jury Duty**

The Company recognizes that you may be called to serve as a juror from time to time. This is a responsibility that you as a citizen should fulfill.

Should you be selected for jury duty, you will continue to receive your normal salary for a maximum of three weeks in a calendar year.

Should you receive notification to serve on a jury, please notify your supervisor or Human Resource representative.

### **Military Leave of Absence**

The following guidelines will be used to assure compliance with the Vietnam Era Veterans Assistance Act of 1974. Appropriate military leaves of absence will be granted by the Company to full-time or part-time employees for the following types of military duties:

- \* Full-time active duty
- \* Active duty in Reserves or National Guard
- \* Weekend drills or summer training duty

You are not required to use your vacation time for military training. However, you will not be paid for this time off except for summer training duty, in which case the Company will pay the difference between military pay and your regular pay for up to two (2) weeks in a military fiscal year.

To receive payment, you must submit a wage statement from the military to the HNAI payroll department.

## **Travel Expenses**

### **Meals**

When traveling away from home for business reasons and meals are not included in the transportation cost, lodging cost, or paid by others, a per diem meal allowance is reimbursable as follows:

a) For standard U.S. Domestic travel:

Breakfast \$ 8.00

Lunch \$ 10.00

Dinner \$23.00

b) For International travel or travel to U.S. metropolitan areas where the cost significantly exceeds the per diem rate, actual meal expenses can be submitted and are subject to approval.

c) If the employee leaves the local office before 9:00a.m., they are eligible for total per diem amount. If the employee leaves the local office after 3:00p.m., they are eligible for the dinner amount only.

d) Exceptions to the above policy may be made when entertaining for business purposes. In those instances, actual expenses may be submitted and will be subject to approval by the appropriate manager.

### **Mileage**

When traveling for business, mileage will be reimbursed at the current IRS mileage rate.

### **Uniforms**

HNAI provides all employees with a selection of work apparel. All employees are encouraged to wear HNAI shirts especially when customers are visiting the facility. HNAI will provide each new employee four (4) complimentary items. Uniform order forms can be obtained from the Human Resource Department. On your employment anniversary date, you are eligible for an additional two free items and two additional items for fifty (50%) percent off of the HNAI price.

### **Steel Toe Shoes**

All employees are required to wear steel toe safety shoes while in the plant. The Company will subsidize the employee's purchase of safety footwear with an annual \$50.00 allowance. An expense report with receipt attached must be completed and approved by your immediate supervisor before reimbursement can be made.

## **Prescription Safety Glasses**

Non-prescription safety glasses are provided by the Company. HNAI will reimburse up to \$100.00 towards prescription safety glasses once every two years for employees. All safety glasses must meet OSHA requirements. An expense report with receipt attached must be completed and approved by your immediate supervisor before reimbursement can be made.



## **Training and Staff Development**

### **Orientation**

All employees will receive a general orientation to the Company by the Human Resource Department. All personnel shall be provided with HNAI personnel and safety policies when they start employment. It is the employee's responsibility to read and understand Company policies. Any questions can be addressed to your supervisor or the Human Resource Department. Additional information regarding HNAI's training procedures can be found in the Business Policy system.

### **Internal Training Program**

HNAI shall conduct mandatory annual training that meets OSHA guidelines and standards. All personnel are required to attend the necessary training required for their position. This may include but is not limited to: Hazard Communication, LockOut/Tagout, Forklift Driving, and Emergency Procedures.

### **Developmental Training Programs**

HNAI may offer developmental training to increase an employee's knowledge of specific work related issues. This may include orientation to new procedures and the development of new skills and knowledge. HNAI may sponsor development training within the Company or they may provide financial assistance for outside training seminars. This type of training will be provided when needs arise and our budget permits. Requests or suggestions for training should be submitted to your supervisor or Human Resource Department.



## **Disciplinary Actions**

HNAI has certain rules and regulations developed for the common good of the Company relating to discipline. The following are guidelines that HNAI follows. HNAI reserves the right however to skip one or more steps when management determines it is appropriate to do so.

### **Step 1 – Verbal warning**

A warning regarding the employee's performance or violation of the personnel policies is verbally communicated to the employee by the immediate supervisor. This discussion is followed up by the supervisor with an email, memo or warning form to the Human Resource Department which accurately states what was said during the conversation.

### **Step 2 – Written Warning**

When conversations fail to improve the performance issue the immediate supervisor will issue a written warning in the form of a disciplinary report. The report is designed to explain clearly the rule or policy in question, and closes with the supervisor making sure that the employee knows what is expected from them. Both the supervisor and the employee will sign the form attesting to this understanding. The Human Resource Department will witness all written warnings.

### **Step 3 – Probation**

Probationary status may be assigned at the same time as Step 2, if so deemed necessary by the supervisor or in subsequent written warnings if the situation has failed to improve. Probation is normally assigned to 60 days but may be shorter or longer period, as determined necessary by the supervisor.

### **Step 4 – Suspension**

In some instances suspension may be utilized to give the Company and the employee an opportunity to review the situation. Suspension will be used in instances where investigation by the Company is necessary.

### **Step 5 - Termination**

It is HNAI Company philosophy that discharge is not an ideal situation. However, sometimes termination of employment is the final solution when performance cannot be improved or corrected.



## **Employee Suggestions and Grievances**

### **Suggestions**

HNAI values the input of its work force. Employees are often in a position to offer ideas which will improve efficiency and increase job satisfaction. If you have an idea, suggestion or any comment which you feel will be helpful to the Company please submit it to your supervisor or the Human Resource Department. You may also submit it in the suggestion box. All submitted suggestions are reviewed on a regular basis.

### **Open Door Policy**

If you have a problem, suggestion or complaint, it is best to first approach your supervisor. The importance of open door communication can not be overemphasized. Open communication can often be the quickest way to solve problems, answer questions, and apply suggestions. HNAI feels strongly about providing an open door policy.

### **Employee Communications Procedure**

If you have a job related suggestion, problem, question or complaint, the first step, under normal conditions, is to discuss the situation with your immediate supervisor. If you are not satisfied with the discussion with your supervisor, you may discuss the issue with the next level of management.

At any time, you may choose to involve Human Resources. Depending upon the seriousness of the matter, the information discussed may be documented at the time. The Human Resource Department will respect any request of confidentiality.

The Company realizes the importance of resolving problems and will strive to maintain an atmosphere conducive to communication.

### **Communication Opportunities**

In order to facilitate open lines of communication, HNAI holds monthly meeting with all employees in order to share Company information. Please notify your supervisor or Human Resource if there is information or question you would like to be addressed during these meetings. Also, HNAI conducts an annual survey of all employees to gather and review their opinions regarding the Company.



## **Termination of Employment Relationship**

### **Reduction of Staff**

A reduction in personnel may at times be necessary due to unfavorable economic conditions or restructuring of personnel. HNAI will follow a policy of staff reductions or reduction of hours based on length of service, service record, performance reviews and business needs not necessarily in this order. An employee whose work performance is satisfactory and is terminated due to lack of work will be given priority in rehiring. Employees who are terminated for lack of work and rehired within six (6) months will be treated as rehired employees. Employees rehired after six (6) months will be treated as new employees.

### **Termination – Voluntary**

If you find it necessary to resign, you are requested to give at least fourteen (14) days advance notice to your supervisor. If you resign without notice, you may forfeit your eligibility to be rehired. Employees rehired after a voluntary resignation will be treated as new employees.

### **Termination – Involuntary**

Whenever an employee is involuntarily released from employment, he/she shall be notified in person and in writing. Employees whose services are terminated by disciplinary action are ineligible for rehire.

### **Recommendations/Verification of Employment**

Only the Human Resource Department is authorized to provide employee information to outside contacts. Employees including managers and supervisors are not authorized to provide employee personnel information or recommendations. It is the policy of HNAI to only provide the following information; job title and dates of employment. HNAI does not provide additional information regarding performance or reason for leaving employment.

### **Termination Pay**

Upon termination of employment, either voluntarily or involuntarily, the employee will be paid for the number of hours worked and any accrued, unused vacation time. Final pay checks are mailed to the most recent address on file on the next regular scheduled pay day.

### **Exit Interviews**

When possible, exit interviews will be conducted with resigning employees by either his/her supervisor or a Human Resource representative. It is important to HNAI to understand why an employee decided to leave the Company and what led to the decision. Information gained in exit interviews will be utilized to enhance personnel and operational practices.

## **Maintenance of your Work Environment**

### **Care of Equipment**

You are responsible for the safekeeping of equipment or tools which are furnished to you including personal protective equipment. Any damage or failure of this equipment is to be reported to your supervisor. Equipment or supplies are not to be removed from your work area without proper authorization. When your employment terminates, you must return any tools or equipment that were furnished to you before receiving your final pay check.

### **Personal Workspace**

Employees may place small articles (such as photographs) on your desk. Manufacturing employees should store all personal items in their assigned locker. HNAI is not responsible for loss or damage to your personal property. Valuable personal items such as purses and all other valuables should not be left in areas where theft might occur. HNAI can inspect Company property and the contents thereof including your desk, work area, locker, etc at any time without notice.

### **Housekeeping**

In business, housekeeping means more than the word implies elsewhere. It means keeping workplaces neat, clean, and free of articles not being used. It means keeping equipment clean and in proper places, disposing of waste in proper containers and storing equipment in an orderly manner and in designated places. By practicing good housekeeping, employees are contributing to our safety program. This can not be accomplished by only periodic cleanups. Like safety, the maintenance of good housekeeping is the daily personal responsibility of each employee.

### **Parking Lot**

A parking lot is provided for Company employees and visitors. You are expected to drive and park safely and have regard for your co-worker's property. HNAI can not accept liability for theft, damage, or personal injury involving employee's vehicles. All HNAI employees should protect their property by locking their car doors.



## **Standard of Conduct**

### **Purpose**

In an effort to ensure all employees enjoy a pleasant and productive working environment, HNAI has adopted the following principals of ethical conduct in order to promote and maintain the highest degree of professional business conduct.

### **Conflict of Interest**

You must inform your supervisor of any situation that might interfere with the performance of your duties or assignments at HNAI due to a conflict of interest.

### **Confidentiality of Trade Secrets and Trade Materials**

During employment, all employees are expected to maintain the confidentiality of any information related to the Company's business ventures and practices. When your employment ends you must return the originals, and all copies, of documents given to you by the Company in the course of your employment. This includes documents, samples, quotations, technical information, trade secrets, or other confidential information regarding the Company. The employee understands that this undertaking applies to information of technical nature or any other information not made available by the Company to the general public is to be considered "confidential." All correspondence, memoranda, notes, records, data, reports, plans and other papers or items received during your employment shall be considered the property of the Company and you will return all copies to your supervisor upon termination with the Company. Anything created during the course of your employment will remain the property of HNAI. This includes, but is not limited, to spreadsheets, designs, and drawings.

### **Your Relationship with Customers and Clients**

Your relationship with customers, clients, suppliers, vendors, auditors or other seeking to do business with HNAI should always reflect the best business interests of HNAI. You should refrain from making any understanding, agreement or plan with any individual or organization or with any competitor of HNAI that would violate this duty or any applicable laws. At no time should you seek or accept any gift, payment, fee, service or privilege of significant value directly or indirectly from any person or business organization that does or seeks to do business with HNAI. In dealing with customers you should be careful to acknowledge and remember that you are acting on behalf of HNAI.

## **Appearance**

As an employee of HNAI you represent HNAI and create the image many people will have about the Company where you work. Appearance can greatly influence the image you present. You should utilize good judgment in determining your dress and appearance. A well groomed appearance and good body hygiene is important and will assist in making a good impression.

## **Courtesy and Respect**

Your attitude, tone and behavior with people you come into contact with will influence the image of HNAI either positively or negatively. Employees through the course of employment shall treat all people with respect, courtesy, and fairness. Employees shall avoid any actions that violate or diminish the rights of others. The development of attitude of helpfulness toward your customers, fellow workers and supervisors can assist in creating a productive and pleasant working relationship. Courtesy is the key to good human relations.

## **Phone calls, personal mail and visitors**

The use of business phones is limited to Company business. When absolutely necessary, local personal calls should be made during break time. Friends and relatives should be discouraged from calling during work hours unless there is an emergency. Do not use Company stationery, stamps, or other Company supplies for your personal mail. The personal use of cell phones in the plant is prohibited except in the break room during breaks and lunch periods.

Personal visits by visitors should be kept to a minimum. All visitors should enter the building through the reception area and check in with the receptionist. Visitors are not allowed in the production area unless escorted by an employee. All visitors must wear safety glasses in the production area.

## **Quality Orientation**

Attention to quality is expected from all HNAI employees. Each employee should perform their duties with an emphasis on quality regardless of their position. Additional information regarding HNAI's quality standards can be obtained in the HNAI Business Manual.

## **Safety and Injury**

All HNAI employees are responsible for assisting HNAI in maintaining a safe and clean work environment. HNAI employees are expected to read and follow all safety policies. HNAI employees are encouraged to report any situations that may create an unsafe

work environment to their supervisor or Human Resource Department. All injuries or accidents must be reported to your supervisor immediately.

### **Tobacco Free Workplace**

For safety and health purposes, HNAI does not allow smoking or use of any form of tobacco within the building. Smoking is permitted only in designated areas outside the building.

### **Dishonesty and Theft**

HNAI considers theft or dishonesty a serious offense. If you take Company property without authorization it is stealing. Stealing in any form will not be tolerated and your employment will be terminated. Moreover, HNAI may discharge you for any criminal conduct which you have been tried and convicted of by a court of law if it deems your behavior to be detrimental to the business of HNAI.

### **Prohibited Conduct**

Any employee whose conduct does not meet the standards of the Company is subject to discipline. While it is impossible to name every possible offense, the following is an illustrative list of the kind of behavior which is unacceptable to HNAI. These guidelines are not intended to limit the rights of anyone but are intended to protect the rights of all employees.

The following behaviors are prohibited:

1. Bringing firearms or weapons of any kind, alcoholic liquors or narcotic drugs or chemicals onto the premises.
2. Being on the job while under the influence of alcohol, drugs or intoxicants of any type.
3. Falsifying information, reports, records, including personal absence, time clock and production records.
4. Falsely stating or making claims of injury.
5. Removing or using, without authority, the property, records, or other materials of HNAI. Theft of any Company property.
6. Fighting or threatening, intimidating or coercing any person.

7. Verbal intimidation or abuse, including cursing, yelling, or insulting in derogatory language to any visitor or employee.
8. Intentional or gross negligence affecting the quality of HNAI product.
9. Loitering or sleeping while on duty.
10. Refusing to follow supervisor's directions or instructions or other insubordinate conduct.
11. Violating Company or OSHA safety rules or engaging in conduct that creates a safety hazard.
12. Engaging in unlawful or improper conduct off the work premises or during non-working hours which affects: your ability to work, your fellow employees, your supervisors, products, property, reputation or goodwill in the community.
13. Leaving your work area before end of shift without authorization from your supervisor.
14. Using HNAI facilities and time for personal business.
15. Smoking and use of tobacco inside the building.
16. Excessive and unexcused absenteeism.
17. Acts of harassment directed to any visitors or employee.

The above rules are not intended to be all inclusive of the required discipline, proper standards or conduct or obligations which employees must observe at all times. HNAI reserves the right to discipline or terminate employees for other conduct which HNAI believe to be contrary to working rules, good business practices or any state or federal law. Non-enforcement of rules due to exception does not void the future enforcement of these rules in total or part.

## **Drug Free Workplace Program**

HNAI has a vital interest in maintaining safe, healthful and efficient working conditions for its employees. Being under the influence of a drug or alcohol on the job may pose serious safety and health risks not only to the user but also to all those who work with the user. It is the intention of the Company to maintain a safe, healthy and efficient working environment for all of its employees and to protect Company property, equipment and operations. Therefore, HNAI has established the following Drug-Free Workplace Policy:

1. HNAI will strive to maintain a workplace free of alcohol and illegal drugs.
2. HNAI will not tolerate any employee reporting to work under the influence of alcohol, illegal drugs or intoxicants.
3. It is a violation of Company policy for any employee to use prescription drugs illegally. The appropriate use of legally prescribed medication is not a violation of this policy. All employees should inform their supervisor if he/she is taking a prescription drug that may adversely affect his/her job performance and fitness for duty.
4. The use of, possession of, selling, attempts to sell or buy, buying or transferring of alcohol and/or illegal drugs while on Company property or in Company vehicles are prohibited.
5. Any use, possession, manufacture, or transfer of illegal substances occurring on or off the job which is detrimental to the interest of the Company will not be tolerated and will result in disciplinary action up to and including termination.

### **DRUG/ALCOHOL TESTING**

It is the intention of HNAI to utilize drug and alcohol testing as part of its effort to provide its employees with a drug and alcohol free workplace. HNAI shall utilize drug and alcohol testing in the event of the following:

#### **1. Pre-Employment Screening**

It is the policy of HNAI to require all applicants who are selected for employment to successfully pass a drug/alcohol test prior to starting work. The offer of employment is contingent upon them doing so. The examinations are scheduled through the Human Resource Department and are provided at no cost to the applicant. Results of all exams are completely confidential. Any conditional offer of employment will be withdrawn if the applicant refuses to submit to the testing procedure. In the event the test discloses the presence of alcohol, illicit drugs or controlled substances, the applicant shall receive no further consideration for employment. In the event the

applicant is hired and/or commences work prior to the Company's receipt of the results of the test, such employment shall be expressly conditioned upon the receipt of a negative finding. If the test is positive for illicit drugs, controlled substances or alcohol, the employee shall be immediately terminated without recourse.

## 2. Reasonable Suspicion Testing

Any employee may be required to take a drug or alcohol screening when his supervisor or other management has a reason to suspect that the employee is under the influence of alcohol or drugs. Any significant and observable changes in an employee's performance, appearance, behavior, speech, etc., which provide reasonable suspicion of the presence of alcohol or drugs, are grounds for requiring the testing of a body substance sample. If the test is positive for illicit drugs, controlled substances, or alcohol, the employee shall be immediately terminated without recourse.

## 3. Post Accident Testing

Any current employee who is involved in a near miss or an accident while on duty will be required to take a drug or alcohol screening. If the test is positive for illicit drugs, controlled substances, or alcohol, the employee shall be immediately terminated without recourse.

## 4. Random Testing

HNAI may conduct random drug and alcohol testing of its workforce at any time the Company deems necessary.

## 5. Return to Service

Employees who return to service after an extended period of time away from employment with HNAI, typically 30 days or more, may be required to submit to drug testing.

## 6. Compliance Testing

Any employee who completed a rehabilitation program will be required to submit to unscheduled testing for a period of one year after returning to work. This testing will be done as part of a compliance agreement. Of course, any random positive drug or alcohol test will result in immediate employment termination. Further, refusing to submit to a drug or alcohol test may result in immediate termination.

## Employee Assistance Program

Any employee with a drug or alcohol abuse problem may contact the Human Resource Department about the problem without contacting his/her supervisor. An employee who confides in his/her supervisor or Human Resource representative that he/she has a substance abuse problem will be referred to appropriate agencies that specialize in substance abuse treatment. The employee may be asked to comply with

Compliance Testing outlined above. The Company shall make every reasonable effort to work with the employee in resolving the situation; however, self reporting of a substance abuse problem will not totally insulate an employee from disciplinary action resulting from policy violations.



## **No-Harassment Policy**

It is the policy of HNAI to respect the rights of each individual employee and provide a productive working environment. Our goal is to maintain a working atmosphere free of any form of discrimination, including intimidation or harassment. The Company prohibits any form of harassment of an employee or non-employee. This encompasses harassment on the basis of race, color, national origin, citizenship status, ancestry, religion, sex, age, mental or physical disability or military status.

Harassment or any other interference with an employee's work or working environment will not be tolerated. Consistent with this policy, any employee who engages, condones, or supports harassment in any form will be subject to prompt and appropriate corrective action, up to and including termination. Harassment includes verbal or physical conduct which shows hostility towards an individual based on any of the protected characteristics listed above.

HNAI will not tolerate verbal or physical conduct which creates an intimidating, hostile, or offensive working environment or conduct which unreasonably interferes with an employee's work performance or conduct adversely affects an employee's employment opportunities.

It is HNAI's policy that all employees have a right to work in an environment free of discrimination, which encompasses freedom from harassment in any form.

### **Definition of Sexual Harassment**

The above policy specifically includes and prohibits sexual harassment of any employee. Sexual harassment is illegal and defined by law as:

Any unwelcome sexual advances or requests for sexual favors or any conduct of a sexual nature when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

Specially, no manager shall threaten or insinuate, either explicitly or implicitly, that an employee's submission to or rejection of sexual advances will in any way influence an personnel decision regarding that employee's employment, wages, advancement, assigned duties, shifts, or any other condition of employment or career development.

Other sexually harassing conduct in work situations, both on and off premises, which may create an offensive work environment, whether it be in the form of physical or verbal harassment, and regardless of whether committed by supervisory or non-supervisory

personnel, consultants, vendors, clients, or customers of HNAI is also prohibited and will not be tolerated. This includes, but is not limited to: unwelcome sexual or suggestive comments, jokes, gestures, or objects. Also included are sexual propositions, verbal abuse of a sexual nature, sexually explicit or graphic verbal commentaries about an individual's body, sexual degrading words used to describe an individual, and the display in the workplace of sexually suggestive objects or pictures.

## **Complaint Procedure**

Allegations of harassment will be treated with the seriousness they deserve. Individuals who believe they have been subject to harassment have recourse through the following complaint procedure designed to effectively investigate and fairly resolve the complaint.

1. **Initiation of the Complaint**

Any employee with a complaint of harassment should report the incident promptly to their supervisor or the Human Resource Manager.

2. **Complaint Investigation**

It is Company policy to promptly investigate all claims of harassment, to maintain confidentiality to the extent possible and to take appropriate remedial action when an investigation confirms harassment has occurred. Confidentiality during the investigation will be maintained to the greatest extent possible at all times. Accordingly, only the person identified as an alleged offender or witness will be informed of the complaint. The minimum number of employees necessary to resolve the complaint shall be involved and made knowledgeable. The investigation will include interviews with the complainant, the alleged offender, and any other relevant persons. All interviews will be documented in writing.

3. **Complaint Resolution**

Within five days after the investigation the Human Resource Manager or other designated investigator will evaluate the complaint and evidence gathered. The Human Resource Manager will then inform the complainant(s) and alleged offender(s) of the decision and recommendations, including any recommendations for disciplinary action.

Because of the seriousness of harassment charges, if any investigation reveals that the allegations of sexual harassment are false, corrective action may be taken against the employee making such charges.

## **Non-Retaliation**

This policy also prohibits retaliation of any form against any employee who brings sexual harassment charges or who assists in the investigation of such charges.

## **Responsibility**

It is the responsibility of every employee and every supervisor to ensure that any instances of harassment are dealt with swiftly and fairly, and to promote a climate within the Company that will not tolerate such conduct. All HNAI employees are responsible for helping to assure that we prevent sexual harassment or harassment of any type. Any employee who believes that he/she has witnessed harassment or is being harassed should immediately notify his/her supervisor or the Human Resource Department.



## **Communication Systems Policy**

### **Purpose**

To set forth the Company's policy with regard to access and disclosure of information sent or stored on all electronic and mechanical communication systems, including electronic mail (E-mail), computers, voice mail, fax machines, telephones and any other device used for communication (collectively referred to as "Company Communication Systems").

### **Use of Communication Systems**

All Company Communication Systems are to be used only for business purposes. All business equipment, electronic and telephone communication systems, and all communications and stored information transmitted, received, or contained in the Company's information systems are the Company's property. This includes but is not limited to messages, spreadsheets, AutoCAD designs, spreadsheets, correspondence, and presentations. Non-business use of the Company Communication Systems shall be avoided and any such personal messages will be considered no differently from other messages under this policy. To ensure proper use of communications systems and business equipment, the Company may monitor the use of these systems and equipment from time to time.

### **Prohibited Non-business Communication**

Employees are forbidden to use the Company computers, E-mail, telephones, facsimiles, copiers, or other equipment for the transmission or duplication of text or pictures that may be disruptive in the work environment. This includes content that is offensive, harassing, sexually or racially explicit or derogatory in content, contains obscene or inappropriate language, or has the effect of creating a hostile or intimidating environment. HMA will filter out messages such as these and identify the offending employee for disciplinary action by local Management.

The Company prohibits non-job-related uses of its software and business equipment, including but not limited to facsimiles, telephone, copiers, all computers, (including desktops, laptops, mainframe, servers, associated networks) and copy machines. Employees also are prohibited from using codes, accessing files, or retrieving any stored communication without prior clearance from an authorized Company representative. Employees must provide their immediate management with any passwords or codes they use, upon request. No employee may use a pass code unknown to the Company.

## **Internet Access and Usage**

Access to the internet is provided as a valuable tool to assist in the conduct of Company business. The internet is made available to the employee primarily for such use. Employees are expected to exercise good judgment in the accessing of the internet especially in the time spent searching for appropriate sites, and in viewing those sites. Special care must be taken to avoid any downloading which may introduce a virus which can infect the entire HMA or HNAI network.

Employees are cautioned that accessing inappropriate sites is to be considered a serious violation of office decorum and Company policy. Inappropriate sites include but are not limited to pornographic sites, "hate sites", and sites that have no relationship to HN Automotive, its business, or the job and responsibilities of the individual.

## **Loading of Software**

All software must be approved by the employee's supervisor before it can be loaded onto Company computers. Loading of personal material such as games is prohibited.

## **Monitoring of the Communication systems**

To ensure proper use of communications systems and business equipment, the Company will monitor all usage of our systems and equipment on a random basis. Use of the Company Communication Systems constitutes a commitment by employees to observe and be bound by provisions of this policy, and constitutes consent for the Company to access and/or monitor messages on the Communication Systems in accordance with this policy.

Employees who violate this policy are subject to discipline, up to and including termination from employment.

## **Acknowledgment**

As a condition of employment, and usage of the equipment, employees will be required to sign a form acknowledging their understanding of this policy.