

TABLE OF CONTENTS

EMPLOYER'S RESPONSIBILITY	3
EMPLOYMENT-AT-WILL POLICY	4
CHAPTER 1	5
INTRODUCTORY POLICIES	5
WELCOME XXYYZZ CORPORATION.	5
A. INTRODUCTORY STATEMENT	6
i. Employee Relations Policy	6
B. INTEGRATION CLAUSE AND THE RIGHT TO REVISE	6
C. EQUAL EMPLOYMENT OPPORTUNITY	7
i. Eligibility For Employment	7
ii. Minimum Age Requirement	8
D. UNLAWFUL HARASSMENT	8
i. Sexual Harassment	9
CHAPTER 2	11
EMPLOYMENT POLICIES AND PRACTICES	11
A. NEW HIRES	11
B. REGULAR EMPLOYEES	11
C. FULL TIME EMPLOYEES	11
D. PART TIME EMPLOYEES	11
E. JOB DUTIES	12
i. Job Qualifications	12
F. WORK SCHEDULES	12
G. MEALS AND REST PERIODS	12
H. TIMEKEEPING REQUIREMENTS	13
I. PAYMENT OF WAGES	13
i. Payroll Deductions	13
ii. Garnishments, Attachments and Judgments	13
J. ADVANCES	13
K. OVERTIME	13
L. MAKE-UP TIME POLICY	14
M. PERSONNEL RECORDS	15
i. Work Related Problems	15
ii. Problem Solving Plan	15
iii. Suggestions	16
O. CONFLICTS OF INTEREST	16
P. REDUCTIONS IN FORCE	17
Q. VOLUNTARY TERMINATION	18
CHAPTER 3	19
STANDARDS OF CONDUCT	19
A. PROHIBITED CONDUCT	19
C. DRUG AND ALCOHOL ABUSE	20
i. Drug and Alcohol Policy	20
ii. Punctuality And Attendance	23
iii. Leaving Work Before End of Shift	23
D. PERSONAL STANDARDS	23

E. CUSTOMER RELATIONS	24
F. CONFIDENTIALITY	24
G. BUSINESS CONDUCT AND ETHICS	24
i. Anti-Kickback Policy	24
CHAPTER 4	26
OPERATIONAL CONSIDERATIONS	26
A. EMPLOYER PROPERTY	26
C. SMOKING POLICIES	26
D. HOUSEKEEPING	26
F. SOLICITATION AND DISTRIBUTION OF LITERATURE	26
i. Bulletin Boards	27
CHAPTER 5	28
EMPLOYEE BENEFITS	28
A. HOLIDAYS	28
B. VACATIONS	28
C. MEDICAL LEAVE	33
i. Medical Leave of Absence for Occupational Disabilities	33
ii. Medical Leave of Absence for Non-Occupational Disabilities	33
D. PREGNANCY RELATED DISABILITY LEAVE	34
E. BEREAVEMENT LEAVE	35
G. MILITARY LEAVE	35
H. JURY DUTY OR WITNESS LEAVE	36
i. Witness Duty	36
I. TIME OFF FOR VOTING	36
J. SCHOOL CONFERENCE INVOLVING SUSPENSION	37
K. WORKERS' COMPENSATION	37
ACKNOWLEDGMENT OF RECEIPT	39
ACKNOWLEDGMENT OF RECEIPT	40

EMPLOYER'S RESPONSIBILITY TO ASSUME IMPLEMENTATION

The information contained in this manual was developed to be accurate and authoritative with regard to the subject of Human Resources Management. In developing this PROGRAM, SAFETY COMPLIANCE INSTITUTE is not engaged in providing legal, accounting, or other professional service. If legal advice or other assistance is required, the advice of a competent professional should be sought.

SAFETY COMPLIANCE INSTITUTE has compiled the necessary information applicable to H.R. as adopted by EEOC. This manual attempts to meet the requirements presently enforced by EEOC & Cal-FHEA.

In order for employers to operate within these stringent policies, it is imperative that strict adherence to implementation is maintained throughout the management structure, down to the employee level.

XXYYZZ CORPORATION hereby acknowledges that SAFETY COMPLIANCE INSTITUTE has provided it with instructions and information for the implementation of its PROGRAM by providing us with written guidelines and personal counseling. We at XXYYZZ CORPORATION therefore realize that it is now our responsibility to assume the continued implementation and maintenance of all areas of this PROGRAM as of this date in order for it to be effective, and to have this program reviewed by competent legal council for appropriateness to our industry and situation.

Signature: _____

Date: _____

Employment-At-Will Policy

Employment at XYYZZ CORPORATION is employment-at-will. Employment at-will may be terminated at the will of either the employer or the employee. Employment may be terminated with or without cause and with or without notice at any time by you or by the organization. Terms and conditions of employment with the organization may be modified at the sole discretion of the organization with or without cause and with or without notice. Other than the President (or whomever you have designated) of the organization, no one has the authority to make any agreement for employment other than employment at will, or to make any agreement limiting the organization's discretion to modify terms and conditions of employment. Only the President (or again, whomever you have designated) has the authority to make any such agreement and then only in writing. No implied contract concerning any employment-related decision or term or condition of employment can be established by any other statement, conduct, policy, or practice. Examples of the type of terms and conditions of employment that are within the sole discretion of the organization include, but are not limited to, the following: promotion; demotions; transfers; hiring and discharge decisions; compensation; benefits; qualifications; discipline; layoff or recall; job duties and responsibilities; production standards; subcontracting; reduction, cessation, or expansion of operations; sale, relocation, merger, or consolidation of operations; determinations concerning the use of equipment, methods, or facilities; or any other terms and conditions that the organization may determine to be necessary for the safe, efficient, and economic operation of its business.

President's Signature

Date

Employee Acknowledgement of Receipt of Policy

I have received a copy of this policy and understand my rights and responsibilities.

Employee Signature

Date

(My signed acknowledgement will be placed in my personnel file)

CHAPTER 1

INTRODUCTORY POLICIES

WELCOME TO XXYYZZ CORPORATION

A. INTRODUCTORY STATEMENT

If you are a new employee, I welcome you to XXYYZZ CORPORATION. If you are already working at XXYYZZ CORPORATION, I wish to express my appreciation for your past and continuing service.

We are presenting this Personnel Policy Manual to you so you will have a source of information about XXYYZZ CORPORATION's Personnel policies, wages, benefits, hours of work and conditions of employment, etc. We feel that if you understand Company policies and what Management expects from you, we will all have a relationship, which will be of benefit to you, XXYYZZ CORPORATION and our customers.

The policies and statements as set forth in this manual, have a sound background in common sense, and based on our experiences concerning the overall best interest of our employees and customers. Whatever your duties, you are an important member of our organization. I wish you the best of success.

Sincerely,

President

The policies, benefits, procedures and conditions of employment set forth in this Personnel Policy Manual are effective July 18, 2001 and revoke and supersede all previously distributed verbal and written Personnel policies, benefits, procedures and conditions of employment. This policy manual is not a contract nor is it to be considered an implied contract of employment with XXYYZZ CORPORATION. Employment may be terminated at-will, with or without cause, upon notice of the employee or XXYYZZ CORPORATION to the other.

NOTE: Reference to the masculine gender in this manual includes the feminine gender.

i. **EMPLOYEE RELATIONS POLICY**

The Employee Relations Policy at XXYYZZ CORPORATION is an Open-Shop - Open Door policy under which you as an employee have the right to deal directly with Management in regards to Company policies, job assignment, working conditions or any other concern that may affect your performance or relationship with XXYYZZ CORPORATION. You are not required to utilize any other person or organization to represent you in any question, discussion or complaint regarding your employment at XXYYZZ CORPORATION. Your Supervisor, Department Manager Human Resources and the President are here to answer your questions and work with you in all matters for the best interest of you and XXYYZZ CORPORATION. All concerns should first be discussed with your immediate supervisor before taking your concern on to any other level of management. You have the right, and Management encourages you, to bring business and personal concerns to their attention. It is the desire of the Management to aid and assist you, whenever possible in the resolution of your concerns.

We want you to succeed in your job, and therefore, urge you to always remember that one of the most important personal qualities you can display is LOYALTY to your individual job and to your Company. You should be PROUD of your place of work. Closely associated with LOYALTY and PRIDE is a sincere interest in what you are doing and a real EFFORT to do an honest days work of high quality each day. These are the personal characteristics, which will assure our customers the quality products they have a right to expect from us.

Over a period of years, XXYYZZ CORPORATION employees have contributed to and supported the XXYYZZ CORPORATION Employee Relations Policy because they know the policy maximizes the cooperative relationship between all employees and will continue to provide better working relationships and opportunities for everyone in XXYYZZ CORPORATION.

B. INTEGRATION CLAUSE AND THE RIGHT TO REVISE

This employee handbook contains the employment policies and practices of XXYYZZ CORPORATION in effect at the time of publication. All previously issued handbooks and any inconsistent policy statements or memoranda are superseded.

XXYYZZ CORPORATION reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this handbook or in any other document, except for the policy of at-will employment. However, any such changes must be in writing and must be signed by the President of XXYYZZ CORPORATION. Any written changes to this handbook will be distributed to all employees and posted on the outer offices bulletin boards so employees will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this handbook.

This handbook contains the entire agreement between you and XXYYZZ CORPORATION as to the duration of employment and the circumstances under which employment may be terminated. Nothing in this employee handbook, or any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

C. EQUAL EMPLOYMENT OPPORTUNITY

This Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available person in every job. Company policy prohibits unlawful discrimination based on race, color, creed, sex, religion, marital status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, pregnancy or veteran status, or any other consideration made unlawful by federal, state or local laws. All such discrimination is unlawful.

XXYYZZ CORPORATION is committed to complying with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in the operations of XXYYZZ CORPORATION and prohibits unlawful discrimination by any employee of XXYYZZ CORPORATION, including Supervisors and co-workers.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, XXYYZZ CORPORATION will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact Human Resources and request such an accommodation. The individual with the disability should specify what accommodation he needs to perform the job. XXYYZZ CORPORATION then will conduct an investigation to identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his job. XXYYZZ CORPORATION will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and it will not impose an undue hardship, XXYYZZ CORPORATION will make the accommodation.

If you believe you have been subjected to any form of unlawful discrimination, provide a written complaint to your Supervisor or Human Resources. Your complaint should be specific and should include the name(s) of the individual(s) involved and the name(s) of any witness(es). XXYYZZ CORPORATION will immediately undertake an effective, thorough and objective investigation and attempt to resolve the situation. If XXYYZZ CORPORATION determines that unlawful discrimination has occurred, effective remedial action will be taken commensurate with the severity of the offense. Appropriate action will also be taken to deter any future discrimination. Whatever action is taken will be made known to you and XXYYZZ CORPORATION will take appropriate action to remedy any loss to you as a result of the discrimination. XXYYZZ CORPORATION will not retaliate against you for filing a complaint and will not knowingly permit retaliation by Management employees or your co-workers.

ii. ELIGIBILITY FOR EMPLOYMENT

The IMMIGRATION ACT requires all employers to verify the identity and eligibility for employment for every person hired. It is XXYYZZ CORPORATION's intent to employ only those authorized to work in the United States. All new hires and re-hired employees hired after November 6, 1986 must provide proof of work eligibility in accordance with U.S. Department of Immigration and Naturalization Regulations.

As a new hire or re-hired employee, you are required to provide proof of work eligibility within three (3) days of employment or XXYYZZ CORPORATION will have to suspend your employment without pay per the guidelines set forth by the U.S. Immigration Act. A list of acceptable documents is available in Human Resources.

iii. MINIMUM AGE REQUIREMENT

Employment Laws and Safety Regulations prohibit us from employing anyone under 18 years of age, to work on certain "hazardous" jobs or during certain hours. The employment of minors must be in compliance with California Labor Laws.

D. UNLAWFUL HARASSMENT

XXYYZZ CORPORATION is committed to providing a work environment free of unlawful harassment. Company policy prohibits sexual harassment and harassment because of race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation or any other basis protected by federal, state or local law, ordinance or regulation. All such harassment is unlawful. XXYYZZ CORPORATION's anti-harassment policy applies to all persons involved in the operation of XXYYZZ CORPORATION and prohibits unlawful harassment by any employee of XXYYZZ CORPORATION, including Supervisors and co-workers.

Prohibited unlawful harassment because of sex, race, ancestry, religion, physical or mental disability, medical condition, marital status, age or any other protected basis includes, but is not limited to the following behavior

- a. Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments;
- b. Visual conduct such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings or gestures;
- c. Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;
- d. Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offer's of employment benefits in return for sexual favor, and
- e. Retaliation for having reported or having threatened to report harassment.

If you believe that you have been unlawfully harassed, provide a written complaint to your own or any other Company Supervisor, Human Resources or the President as soon as possible after the incident. Your complaint should include details of the incident(s), name(s) of the individual(s) involved and name(s) of any witness(es). Supervisors will refer to all

harassment complaints to Human Resources, an investigative officer or the President of XXYYZZ CORPORATION XXYYZZ CORPORATION will immediately undertake effective, thorough and objective investigation of the harassment allegations.

If XXYYZZ CORPORATION determines that unlawful harassment has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any employee determined by XXYYZZ CORPORATION to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including termination. Whatever action is taken against the harasser will be made known to the complaining employee(s) and XXYYZZ CORPORATION will take appropriate action to remedy any loss to you resulting from harassment. XXYYZZ CORPORATION will not retaliate against you for filing a complaint and will not tolerate or permit retaliation by Management, employees or co-workers.

XXYYZZ CORPORATION encourages all employees to report any incident(s) of harassment forbidden by this policy immediately so that complaints can be quickly and fairly resolved. You should also be aware that the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing investigate and prosecute complaints of prohibited harassment in employment. If you think you have been harassed or that you have been retaliated against for resisting or complaining, you may file a complaint with the appropriate agency. The nearest office is listed in the telephone book.

iv. SEXUAL HARASSMENT

XXYYZZ CORPORATION will not tolerate sexual harassment of its employees by anyone - Management, other employees or outside vendors. Management will take swift and firm disciplinary action, including discharge against any person that violates this policy on Sexual Harassment.

Management provides and supports a Dispute Resolution Procedure for receiving and resolving complaints alleging discriminatory practices in employment relations, including harassment. All complaints of harassment must be investigated promptly and in an impartial manner. If an employee is not satisfied with the handling of a complaint or the action taken by the manager, then the employee should bring the complaint to the next higher level of authority. In all cases, the employee will be advised of the findings and conclusions.

In this organization sexual harassment is defined as:

1. Unwelcome or unwanted sexual advances. This means: patting, pinching, brushing up against, hugging, cornering, kissing, fondling or any other physical contact considered unacceptable by another individual.
2. Requests or demands for sexual favors. This includes, subtle or blatant expectations, pressure or requests for any type of sexual favor, accompanied by an implied or negative consequence unacceptable by another individual.
3. Verbal abuse or kidding that is sexually-oriented and considered unacceptable by another individual.

4. **Displaying an intimidating, hostile or offensive attitude because of unwanted sexually oriented demands, requests, physical contacts or attentions.**
5. **Interfering with a co-worker's performance by exchanging unwanted sexual attentions or sexually oriented conduct that reduces personal productivity or working time.**
6. **The use of information systems (including e-mail, Intranet, or the Internet) for the display or transmission of sexually explicit images, messages, off-color jokes, or anything that may be construed as harassment or showing disrespect for others, is prohibited.**

If you feel that you are being sexually harassed, you should promptly take the following steps:

1. **Politely, but firmly, confront whoever is doing the harassing; state how you feel about the actions asking that they refrain.**
2. **If the action continues, report the action to your immediate Supervisor.**
3. **If the action was committed by your immediate Supervisor, or if the action does not cease after reporting, contact Human Resources or the President of XXYYZZ CORPORATION.**
4. **After going through the above steps and the problem is still unresolved, redress may be sought with the State FEHP Office or Federal EEO Office. However, it is the policy of XXYYZZ CORPORATION to listen to and investigate any reasonable complaint, seek an early corroboration and take fast action to resolve the matter within the organization.**

This policy applies to all employees, vendors and customers of XXYYZZ CORPORATION regardless of their position, title or gender. This policy on sexual harassment not only prohibits harassment of employees of the opposite sex and applies to employees of either sex, but also prohibits harassment of members of the same sex.