

TITLE Human Resource Policy			PROCEDURE NUMBER
INITIATOR	DATE	EFFECTIVE DATE	REVISION LETTER
APPROVED	DATE	CURRENT DATE	ISO SECTION REFERENCE 4.
APPROVED	DATE	SOURCE	

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1.0 INTRODUCTION

1.01 Introductory Statement

The policies that follow provide an overview of many of Company (the Company) personnel practices and procedures.

Except for the policy of employment at will, the terms and provisions of the Company's policies and guidelines are subject to change from time to time, without notice, at management's sole discretion and pursuant to management's view regarding the needs of the Company with respect to effective supervision and administration of Company personnel. The Company reserves the right to modify or delete any of the guidelines and to add new guidelines, or to interpret the terms and application of such guidelines, at its sole discretion.

Should you have any questions concerning any of the information contained herein, please contact the Administrative Office, which has responsibility and authority for the application and interpretation of each part of these guidelines.

Various forms to implement the guidelines will be issued by the Administrative Office. These forms are subject to revision at any time.

This manual is designed to be used as a reference tool. It does not deal comprehensively with every possibility, but should be a valuable resource, as it covers most day-to-day situations.

Nothing in this manual or in any other personnel document including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

1.02 Employment at Will

The Company is committed to a standard of excellence in the products and services that it provides to its customers. Our employees participate in our efforts to meet

this commitment and to achieve a standard of excellence. The employees and the Company share the right to sever the employment relationship at will, at any time, with or without cause or advance notice. There are no express or implied covenants that in any way conflict with this right.

Any and all exceptions to this At Will policy must be in writing and approved by the President of the Company, and the "at-will" status is specifically addressed.

1.03 Equal Employment Opportunity and Affirmative Action

Company is an equal opportunity employer and makes employment decisions on the basis of merit. 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, or status as a Vietnam or special disabled veteran, or any other consideration made unlawful by applicable federal, state or local laws.

All supervisors and managers who initiate any personnel action are responsible for treating applicants and employees in a non-discriminatory manner. Failure to comply with this policy by any member of management will result in disciplinary action, up to and including termination.

The Company shall communicate its Equal Employment Policy and Affirmative Action commitments through the following actions:

- Federal and state non-discrimination posters are displayed on Company bulletin boards accessible to all employees.
- The EEO and Affirmative Action policies are discussed in New Employee Orientation.
- EEO and Affirmative action are regularly discussed during management and supervisory meetings in order to promote understanding, and to ensure compliance with the Company's policy.
- Employment sources utilized by Company are advised of the Company's policy and are required to comply with the policy in referring applicants for employment.
- Advertisements for available positions identify the Company as an equal opportunity employer.

To comply with applicable state and federal laws ensuring equal opportunities to qualified individuals with a disability, Company 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 this would result in an undue hardship or a direct threat to health and safety.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact a representative from the Administrative Office and request such an accommodation. The individual with the disability should specify what accommodation(s) they need to perform the job. Company may request a note from the physician verifying the accommodation is necessary. The Company 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 the essential functions of their job. The Company will identify possible accommodations, if any, which will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship or direct threat to health and safety, the Company will make the accommodation.

If an applicant or employee believes they have been subjected to any form of unlawful discrimination, a written complaint should be provided to their supervisor or the Administrative Office. The complaint should be specific and should include names of the individuals involved and the names of any witnesses. The Company will undertake an effective, thorough and objective investigation and attempt to resolve the situation. If the Company determines that unlawful discrimination has occurred, appropriate action will be taken. Appropriate action will also be taken to deter any future discrimination. The Company will not tolerate retaliation against employees or applicants for filing a complaint.

The Administrative Office is responsible for ensuring that Company's Affirmative Action Plan is updated on an annual basis.

1.04 Unlawful Harassment

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

Prohibited unlawful harassment includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations, or comments;
- Visual displays such as derogatory and/or sexually oriented posters, photography, cartoons, drawings or gestures;
- Physical conduct including assault, unwanted touching, intentionally blocking normal movement, or interfering with work because of sex, race, or any other protected basis;
- Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- Retaliation for reporting or threatening to report harassment.

If you believe that you have been unlawfully harassed, submit a complaint to your own supervisor, any other company supervisor, the President, or the Administrative Office of the Company as soon as possible after the incident. Your complaint should include details of the incident or incidents, names of the individuals involved, and names of any witnesses. Supervisors will refer all harassment complaints to the Administrative Office or the president of the Company. The company will immediately undertake an effective, thorough, and objective investigation of the harassment allegations.

If the Company determines that unlawful harassment has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any employee determined by the Company to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including termination. A company representative will advise all parties concerned of the results of the investigation. The Company will not retaliate against you for filing a complaint and will not tolerate or permit retaliation by management, employees, or co-workers.

The Company encourages all employees to report any incidents of harassment forbidden by this policy *immediately* so that complaints can be quickly and fairly resolved. You also should 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 appropriate agency. The nearest office is listed in the telephone book.

2.0 EMPLOYMENT WITH COMPANY

2.01 Employment Status

Company recognizes the following types of employment status:

Regular Employee: Regular employees are hired to work on a regular basis. They may be classified as full-time or part-time.

Full-Time Employees: Regular full-time employees are normally scheduled to work a minimum schedule of 20 hours per week.

Part-Time Employees: Regular part-time employees are those who normally are scheduled to work less than 20 hours per week.

Company Temporary: A person who is hired with the understanding that employment is for an established period of time, generally not to exceed six (6) months.

Exempt: An exempt employee is exempt from the overtime provisions of the federal and state wage and hour laws.

Non-Exempt: Non-exempt employees are subject to the overtime provisions of federal or state wage and hour laws.

2.02 Job Descriptions

Supervisors and managers will be responsible for writing and updating job descriptions within their functional area. The job descriptions will be reviewed by the Administrative Office to assure completeness, correct terminology, consistency with other positions, and appropriateness for use in performance evaluation. The Administrative Office will assist supervisors and managers in the preparation and revision of all job descriptions. A central file and/or a database containing copies of all job descriptions will be maintained in the Administrative Office.

All job descriptions will contain the following sections:

1. **General Information:** A description of the team of which the employee is a member.
2. **Position Summary:** A statement which describes the purpose of the position - why it exists.
3. **Essential Job Duties and Responsibilities:** The essential functions are the main components of the job and are not intended to list or describe all tasks.

4. **Requirements:** A list of educational, experience and skill requirements of the job.
5. **Training Requirements:** A list of both on-the-job training that will occur as well as classroom training that Company will provide.

In order to remain consistent, all job descriptions MUST be prepared in the same style/format. A sample job description is attached for your review.

All employees should receive a copy of their job description, which they will maintain in their ISO 9000 folder. The supervisor will review the requirements of the position periodically to ensure that the employee meets the requirements and has completed the appropriate training.

SAMPLE JOB DESCRIPTION

POSITION TITLE: Production Team Member

DEPARTMENT: Manufacturing

REPORTS TO: Director of Manufacturing

DATE REVISED: May 8, 2002

ESSENTIAL JOB DUTIES:

1. Participate as a member of the production team to assemble, test, ship customer product.
2. Follow published work instructions and procedures.
3. Provide feedback to support continuous improvement in quality and processes.
4. Perform other duties as required or assigned by supervisor.

REQUIREMENTS

Experience in manufacturing environment strongly desired. Must have good English speaking and reading skills.

TRAINING REQUIRED

Training in standard manufacturing processes and procedures is required. Company will provide specific training on company safety and manufacturing procedures.

2.03 Hiring Process

The Administrative Office will place all employment-related advertising as necessary. Costs for employment advertising will be charged back to the requesting department.

Advertising may include newspapers, websites, journals and other media which reach wider audiences, if necessary.

All candidates are to be afforded equal opportunity for employment regardless of race, color, religion, national origin, ancestry, age, sex, physical or mental disability or any other legally protected category.

Some positions within the Company will require a more in-depth background investigation to include one or all of the following: credit history, criminal and/or civil history, degree verification and DMV history. The Administrative Office shall be responsible for obtaining the appropriate background checks in accordance with the Fair Credit Reporting Act and other applicable laws.

2.04 Job Posting Program

Company wishes to provide employees with maximum opportunities for professional growth within the Company. This program provides a framework to help ensure that qualified internal candidates are identified, considered and selected for open positions within Company.

Notices of open positions will be posted on the employee bulletin board to provide visibility of opportunities for current employees. Employees who wish to apply for another position in the Company should contact the hiring supervisor with a written request to be considered for the open position.

2.05 Promotions

It is the policy of this Company to assign and promote employees from within where qualified candidates are available and desire such assignments or promotions.

A promotion involves a change in the basic work assignment to that of a higher level of responsibility and usually compensation.

If there is more than one candidate for a position, the selection shall be based on all legitimate criteria, such as job performance, the ability to do the work, education, experience, training, and length of service.

This guide is a part of our company's Affirmative Action Plan which states all applicants (internal or external) will receive consideration for employment (or promotion) without regard to race, color, religion, sex, age, national origin, marital status or disability.

Present employees will be afforded the promotional opportunities if qualified. If no qualified employees are available, outside recruitment will be initiated.

Supervisors/Managers: Afford their employees promotional opportunities, and work with other departments in the selection of candidates for promotion from other areas.

The Administrative Office: Administers the documentation of transfers from within the company. Where it is necessary, the Administrative Office will seek individuals from the outside with the skills and knowledge required to fill the job.

2.06 Requests for References

All requests for references must be directed to the Administrative Office. No other manager, supervisor or employee is authorized to release references for current or former employees. The Company's policy as to references for employees who have left the Company is to disclose only the dates of employment and the title of the last position held. If the employee authorizes disclosure in writing, the Company will also provide information on the amount of salary last earned.

2.07 Hiring of Temporary Personnel

From time to time, the hiring of temporary personnel may be necessary. The immediate supervisor will initiate a request for temporary personnel to the appropriate Director who will make arrangements with an approved temporary personnel agency. A copy of the approved request, including details regarding pay rates and duration of contract must be forwarded to the Administrative Office once these arrangements are made.

All requests for temporary personnel shall contain a specific begin and end date for each assignment. Duration of a temporary assignment should be limited to six months. Any extension of a temporary assignment beyond six months should be reviewed and evaluated to determine long-term staffing needs.

2.08 Personnel Records

Employees have a right to inspect certain documents in their personnel files, as provided by law, in the presence of an Administrative Office representative at a mutually convenient time, and to receive copies of documents they have signed in connection in the obtaining or holding employment.

2.09 Personnel Change Notification

All changes in an employee's status, title, pay rate or other circumstances require written documentation for the employee's personnel file. This documentation may take the form of an e-mail, memo, or letter.

Supervisors initiate the written notice as applicable in a timely manner. The supervisor should maintain a file of these notices, give employees their respective copies, and provide a copy to the Administrative Office for the personnel file.

Managers review, reject or approve the notice in accordance with company policy and practices.

The Administrative Office reviews the notice for consistency with Company policies and procedures and places a copy in the employee's personnel file. The Administrative Office is responsible for ensuring that other departments, such as payroll processing, are notified if applicable.

2.10 Payday and Workweek

The workweek commences Monday at 12:00 a.m. and ends on Sunday at 12:00 midnight. All employees will be paid every other Friday.

Supervisors are responsible for distributing paychecks. If an employee is absent on payday, the paycheck will be held in the Administrative Office. If the check is to be picked up by someone other than the employee, please notify the Administrative Office in advance.

Workweek

Company has established an alternative work week (9/80). Employees will work a nine hour work day Monday through Thursday, and eight hours on Friday, with alternate Fridays off. Company will establish the schedule for non-working Fridays.

If changes in the schedule are required due to production needs, holiday schedules, or other issues, advance notice will be provided by the Company.

Overtime Pay

Approval of the immediate supervisor is required before overtime work is performed.

Time and a half will be paid for all hours worked beyond the regular scheduled hours, up to 12 hours, in one workday. Time and a half is also paid for all hours in excess of 80 hours in a two-week pay period. Double-time is paid for any work in excess of 12 hours in one workday. It will also be paid for all work over eight hours on days that are not regularly scheduled workdays.

Sick leave is not considered hours worked for the purpose of computing overtime. Vacation, bereavement and holiday pay are considered hours worked when computing overtime.

If a non-exempt employee works on a holiday, they will receive time and a half for hours worked in addition to their regular holiday pay.

Make-up Time

An employee may request to make up lost work time due to absence for personal reasons. This request must be made in writing and approved by their supervisor. The time must be made up within the same pay period that it was initially taken off. This make-up time will not be considered as overtime for the workweek, provided the employee does not work more than eleven hours in a workday or more than 80 hours in that pay period.

Employees who arrive late to work are not permitted to work past the end of their regular scheduled shift in order to make up time lost because of tardiness, unless approved in advance by their immediate supervisor.

If there is an error on your paycheck please report it immediately to the Administrative Office.

2.11 Report/Call-In Pay

Non-exempt employees who are asked to report for work and upon arrival are advised that a full day's work is not available, will be paid a minimum of four (4) hours at their base rate of pay.

This provision will not apply if work is not available due to threats to employees, or property, failure of public utilities, when recommended by civil authorities or causes beyond the control of the company, such as an act of God. Report-In-Pay is not paid to employees who leave work on their own accord, are suspended, or discharged for cause.

If a non-exempt employee is called in to work outside of their regular shift because of an emergency situation and without any forewarning, they will receive a minimum of four (4) hours pay at their base rate of pay if the actual hours worked are less than four (4).

2.12 Work Hours and Rest/Meal Periods

Non-exempt employees are provided with a 30-minute lunch meal period, to be taken approximately in the middle of the workday. Additionally, non-exempt employees are allowed 10-minute rest periods for every 4 hours of work or major portion thereof. Supervisors may elect to set standard rest periods to ensure efficient operation of the facility.

Business hours are Monday through Thursday, nine (9) hours per day, with 8 hours on alternate Fridays. Daily starting and quitting times may differ between various jobs to meet the convenience and best interests of the company.

Rest Periods

Two 10-minute paid rest periods are provided during each nine (9) hour shift. Employees working a shift of less than four (4) hours do not receive paid rest periods.

Employees working two or more hours overtime at the end of a nine (9) hour shift are provided an additional paid rest period.

It is expected that all employees will take the rest periods to which they are entitled and take advantage of the chance they provide to relax and refresh themselves.

Meal Periods

All employees are entitled to a meal period of at least one-half hour after five hours of work in a workday.

All employees are entitled to a second meal period of at least one-half hour after ten hours of work in a workday, not exceeding twelve hours.

The second meal period may be waived, and must be done so in writing by mutual consent of the employee and employer, given that the first meal period was taken.

2.13 Time Cards

Time cards will be used to properly record the work time of all employees so that they may be properly compensated.

So that non-exempt employees may be properly paid, all non-exempt employees must prepare a time card indicating time worked and, where applicable, job assignments.

Completed time cards must be forwarded to the Supervisor no later than 8 a.m. on Monday. New time cards are available on the server at the document station.

Supervisors will ensure that the employee has signed and completed the time card accurately. The Supervisor will then approve the time cards and forward them to the Administrative Office for payroll processing no later than noon on Monday of each week.