

ASSOCIATE HANDBOOK



March 23, 2023

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IMPORTANT NOTICE

AT ARNOLD MACHINERY COMPANY, NEITHER THE ASSOCIATE NOR THE COMPANY IS COMMITTED TO AN EMPLOYMENT RELATIONSHIP FOR A FIXED PERIOD OF TIME. EMPLOYMENT WITH ARNOLD MACHINERY COMPANY IS AT-WILL. EITHER THE ASSOCIATE OR MANAGEMENT HAS THE RIGHT TO TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, FOR ANY REASON. THE LANGUAGE USED IN THIS HANDBOOK AND ANY VERBAL STATEMENTS BY MANAGEMENT ARE NOT INTENDED TO CONSTITUTE A CONTRACT OF EMPLOYMENT, EITHER EXPRESS OR IMPLIED, NOR IS THERE A GUARANTEE OF EMPLOYMENT FOR ANY SPECIFIC DURATION. NO REPRESENTATIVE OF ARNOLD MACHINERY COMPANY, OTHER THAN THE PRESIDENT, HAS AUTHORITY TO ENTER INTO AN AGREEMENT OF EMPLOYMENT FOR ANY SPECIFIED PERIOD AND SUCH AGREEMENT MUST BE IN WRITING, SIGNED BY THE PRESIDENT AND THE ASSOCIATE.

THE CONTENTS OF THIS HANDBOOK ARE SUMMARY GUIDELINES FOR ASSOCIATES AND THEREFORE ARE NOT ALL INCLUSIVE. THIS HANDBOOK SUPERSEDES ALL PREVIOUSLY ISSUED EDITIONS. EXCEPT FOR THE AT-WILL NATURE OF THE EMPLOYMENT, THE COMPANY RESERVES THE RIGHT TO SUSPEND, TERMINATE, INTERPRET, OR CHANGE ANY OR ALL OF THE GUIDELINES MENTIONED, ALONG WITH ANY OTHER PROCEDURES, PRACTICES, BENEFITS, OR OTHER PROGRAMS OF ARNOLD MACHINERY COMPANY. THESE CHANGES MAY OCCUR AT ANY TIME, WITH OR WITHOUT NOTICE.

ARNOLD MACHINERY COMPANY HISTORY AND PHILOSOPHY

COMPANY HISTORY

Since 1929, Arnold Machinery Company has been a part of the growth and expansion of the intermountain region. Every change, every addition, and every facility has been designed to bring customers a superior product, in a fast and efficient manner, and at a fair price. From that day in January when “Doc” Arnold opened the doors of Stannard-Arnold Machinery Company, through many decades of growth and expansion, the Company’s philosophy has evolved into a single goal:

CUSTOMER SATISFACTION IS OUR ONLY POLICY®

One of Arnold Machinery Company’s greatest assets through the years has been continuity of management. Doc Arnold was succeeded in the Company leadership by both his sons. Ray Arnold served as President from 1944 to 1968, followed by Bob Arnold who served as President and CEO from 1968 to 1984. In 1985, Alvin Richer became Arnold Machinery Company’s fourth president and CEO. Russ Fleming became president and CEO of the Company in 2002. In 2012, Kayden Bell became President and CEO. Arnie Richer became Chairman of the Board upon the passing of Al Richer in 2016 and continues as Chairman today.

1929

L.E. “Doc” Arnold and Floyd C. Stannard incorporated Stannard-Arnold Machinery Company representing several construction equipment lines.

1930’s

Ray Arnold (Doc’s son) joins the business. The Company enters the agriculture industry. Mr. Stannard resigns and the Company becomes Arnold Machinery Company.

1940’s

The Company moves into the material handling industry, becoming a distributor of Hyster Forklifts in 1944.

1950’s

Arnold Machinery Company expands into Idaho, opening a full-service branch in Idaho Falls in 1951, followed by expansion into Boise in 1954.

General Implement Distributors (GID) is formed to sell the farm equipment lines.

1960’s

International Harvester and Hough Construction lines were acquired.

1970’s

In 1970, a new headquarters facility in Salt Lake City, Utah designed to accommodate machinery sales and service operations was completed. This was followed by the 1971

opening of a branch in Twin Falls, Idaho, and the 1979 dedication of a separate Material Handling Division (MH) headquarters in Salt Lake City, Utah.

General Implement becomes a division of Arnold Machinery Company.

1980's

The Hitachi line of construction and mining equipment was acquired in 1982, coinciding with a resurgence of mining activity in Nevada. A branch office was opened in Elko, Nevada in 1983 and expanded into a full-service branch in 1988. The following year, Georges Equipment was acquired in Reno, Nevada along with the Volvo product line.

Al Richer became President and CEO in 1985 and Chairman of the Board in 1989. **SILVER SERVICE®** and **CUSTOMER SATISFACTION IS OUR ONLY POLICY®** were introduced at the Strategic Planning meeting in 1986 to emphasize our commitment to our customers.

In 1989, Western Machinery was acquired, expanding our Construction and Mining Equipment Division's (C&ME) coverage into the entire state of Arizona.

1990's

In 1990 a new facility was built in Boise, Idaho, housing all three divisions, C&ME, MH and GID.

American Material Handling of Arizona (Hyster distributorship) was acquired in 1992, combined with Western Machinery and the total entity became Arnold Machinery Company in Arizona.

In 1993, the Hyster distributorship in Las Vegas, Nevada was acquired from Ahern Rental.

Construction Equipment Associates (CEA) in Salt Lake City, Utah and Central Equipment in Idaho (Volvo) were purchased in 1995, giving Arnold Machinery Company the Volvo product line for the entire states of Utah and Idaho.

In 1996, a new facility in Las Vegas, Nevada was constructed, incorporating the Construction & Mining Equipment Division and the Material Handling Equipment Division.

2000's

In 2000, GID expanded its presence in Washington and Oregon with the purchase of S&W's Farm Equipment in Portland, Oregon. In 2003, GID expanded into the Montana, Eastern Wyoming and the Dakota territories by purchasing Countryside Marketing in Billings, Montana. In 2006, R.M. Wade, a farm implement distribution business in the Northwest was acquired, and GID moved from Woodburn to a larger facility in Beaverton, Oregon.

Flagstaff, Arizona MH moved into a new facility in 2000, becoming a full-service branch.

Representation of the Volvo line in all Arnold's C&ME Division territories was completed with the purchase of the Volvo distributorship in Las Vegas, Nevada in 2001.

In 2002, Alvin Richer was succeeded by Russ Fleming as President and CEO of the company. Alvin Richer continued as Chairman of the Board.

In 2005, the Hitachi Mining Products sales territory was expanded into the entire states of Montana and Wyoming, and a mining branch was added in Gillette, Wyoming.

In 2006, the MH facility in Twin Falls, Idaho was expanded to include the CE Division.

Also in 2006, Materials Handling Equipment Company (MHECO), the Hyster distributorship in Colorado and Wyoming was purchased. This expanded our MH territory into those states. The facility in Colorado Springs, Colorado was replaced with a new one in 2007, and a new building to house the Johnstown, Colorado branch opened.

The C&ME Division was split into two separate divisions in July 2007 – Construction Equipment and Mining Equipment. There are now four operating divisions – Construction Equipment Division (CE), Material Handling Equipment Division (MH), Mining Equipment Division (ME), and General Implement Distributors Division (GID).

In 2007, the Tucson, Arizona branch building was replaced with a new facility to house the existing MH branch and expanded to include the addition of the CE Division.

In 2009, Arnold Machinery Company reached a milestone by celebrating its 80th year of continuous operation. In July 2009, Volvo Road Products was added to the CE Division. In August 2009, the MH Division purchased the forklift business of H & E Equipment adding Yale to its product line.

2010's

In October 2011 GID expanded into North and South Dakota, Minnesota and Wisconsin with the purchase of West Country Products in Jamestown, North Dakota.

In 2012, upon retirement of Russ Fleming, Kayden Bell became President and CEO of the Company. Alvin Richer continued as Chairman of the Board.

In 2013, the Gillette ME branch moved to a new location. The Portland GID branch moved from Beaverton to a location near the Portland airport. The Phoenix MH branch moved to a new location adjacent to the Phoenix CE branch. Mesa Liftruck, Inc. in Grand Junction, Colorado was acquired and became a branch of the MH Division. Lindco Equipment and Supply was acquired and became part of the Phoenix CE branch. With this acquisition the Sandvik Drill line was added to ME and CE.

In 2015, GID acquired the assets of Alliance Distributing, Inc. in Hewitt (Waco), Texas. The division's sales territory expanded into Texas, Louisiana, and Southern Mississippi.

In 2016, ME became a distributor for Hitachi Equipment in Colorado. With the passing of the long-time Chairman, Al Richer, Arnie Richer became Chairman of the Board.

In 2018, the Ogden, Utah MH branch opened.

In 2019, Wyoming Lift Sales in Casper, Wyoming was acquired and became a branch of the MH Division. In honor of 90 years in business the Company held an open house in Salt Lake City in July.

2020's

In 2021 MH opened its Experience Center and a branch in the western part of Phoenix Arizona.

In 2022 a parts distribution location for MH and CE was opened in Springville, Utah. ME expanded its territory to include New Mexico and North and South Dakota. CE became the Hitachi Construction Equipment dealer in Colorado, Montana, New Mexico, and Wyoming.

Today, Arnold Machinery Company stands at the threshold of the future, prepared to face the on-coming decades with the same enthusiasm, optimism and dedication to customer satisfaction on which our reputation has been built. Our leadership is strong, our finances sound, our relations with our customers and manufacturers is resolute, and our associates are motivated and dedicated. Although we will continue to evolve, our **SILVER SERVICE®** attitude will never change, because at Arnold Machinery Company: **CUSTOMER SATISFACTION IS OUR ONLY POLICY®.**

SILVER SERVICE® AND OUR CUSTOMERS

Every associate is responsible to make the customer happy and take care of them right then and there. They are not only empowered; they are obligated to do so. At Arnold Machinery Company, we believe in carrying our Silver Service® attitude and commitment into everything we do. That commitment is connected solely to how well we serve our customers. Silver Service® is for the peace of mind of our customers. It takes the worry out of owning equipment and is a way of building long-term relationships.

Whether you deal directly with the customer all the time or not, you are vitally concerned with their attitude toward the Company. It may be the way you answer the telephone when they call or in speaking to them when they come into our place of business, but your every contact with them is important. In many cases, customers have been turned away by an unintentional snappy telephone remark or by lack of attention when they came to call. If there is a problem, take care of it right then and there. There is one way to find out what will make the customer smile and that is one simple question "What will make you happy?" And then do it!

You are the heart and hands of Arnold Machinery Company. You are what makes it possible to keep our Silver Service® commitment. You are the difference on every level.

COMPANY ORGANIZATION

The President of the Company is the Chief Executive Officer with overall responsibility for the profitable operation of the Company.

The Company is organized into four separate and fairly autonomous divisions. Three of these operate under the name of Arnold Machinery Company as the Construction Equipment Division, Mining Equipment Division and the Material Handling Division. The fourth is the wholesale division, General Implement Distributors.

In addition to these four divisions, there is a central headquarters group serving all divisions in accounting, data processing, credit management, human resource management and financial services. Advertising, promotion and corporate relations are also handled by a corporate department.

MISSION STATEMENT

We believe that our mission is
to achieve business success
through the superior performance
of excellent people, who...

Demonstrate that fairness and honesty are the
foundation of our business dealings;

Build on the tradition and experience of those
founders whose ingenuity, effort and ethics have
provided us with a respected company in which
to grow;

Satisfy the need of our customers, which will generate
rewards to our stockholders;

Consider quality of product and service to be essential; and

Commit their talent and initiative to the attainment of
priorities and objectives.

In these ways will we show that
excellence is our standard

WHAT IS ARNOLD MACHINERY SILVER SERVICE®?

- * It's millions of dollars' worth of parts inventory on hand.
- * It's our on-line computer network allowing all locations instant access to the entire parts stock.
- * It's communications direct to the manufacturers' depots for emergency shipments.
- * It's professional parts people with thorough product knowledge, expediting skills, and concern for the urgency of the customer.
- * It's our SILVER SERVICE® fleet service trucks, equipped to do the job, traveling a million miles a year to solve problems.
- * It's our factory-trained and experienced technicians, whose median service experience is over 10 years.
- * It's our shop facilities designed for the specialized work required, including component rebuilding, engine remake and testing, injection and hydraulic work, cylinder remanufacturing, painting, welding, or routine servicing.
- * It's our sales force prepared to analyze the customers' job requirements and quote the machines that are right for their need.
- * It's the complete delivery of your machines and follow-up after they have gone to work.
- * It's support and execution of the manufacturers' warranty guidelines, plus the extra benefits we offer to make the warranties more valuable.
- * It's our tradition of quality and integrity for over 90 years.
- * It's the dedication of each associate to the goal that-

Customer Satisfaction Is Our Only Policy®

In addition to our customer service expectations, we have workplace policies that govern associate's behavior, which are contained in this handbook.

INTRODUCTION

WELCOME

It is our pleasure to welcome you to Arnold Machinery Company (“Company”). We hope your employment will be exciting, interesting and mutually rewarding. Our goal is to maintain our reputation for excellence and quality. To accomplish this goal, we strive to employ the most qualified people and encourage them to do the best job possible.

As a new associate, you need to become well acquainted with your co-workers and our operating methods. We have prepared this handbook to help you. Its purpose is to answer, in a general way, questions about your employment with us and to explain certain policies. We urge you to read it carefully and to request more information if you have any questions.

BASIC INFORMATION ABOUT THE COMPANY

Generally, our corporate office is open Monday through Friday from 8:00 am to 5:00 pm and may be contacted as listed below.

Arnold Machinery Company
2975 West 2100 South
Salt Lake City, Utah 84119

Telephone	801-972-4000
Main office fax	801-978-2607
HR Department fax	801-974-4035
HR Department email address	payroll@arnoldmachinery.com

www.arnoldmachinery.com

We have many locations throughout the US which are listed below by Division.

Construction Equipment Division branches are located in: Salt Lake City, and Springville, Utah; Idaho Falls, Meridian (Boise), and Twin Falls, Idaho; Sparks (Reno), Elko, and Las Vegas, Nevada; Phoenix and Tucson, Arizona; Denver, Colorado; and Gillette, Wyoming.

Material Handling Equipment Division branches are located in: Salt Lake City, Pleasant View (Ogden), and Springville, Utah; Idaho Falls, Meridian (Boise), and Twin Falls, Idaho; Phoenix (airport and west), Tucson, and Flagstaff, Arizona; Las Vegas, Nevada; Denver, Johnstown, Colorado Springs, and Grand Junction, Colorado; and Casper, Wyoming.

General Implement Distributors branches are located in: Salt Lake City, Utah; Meridian (Boise), Idaho; Portland, Oregon; Billings, Montana; Jamestown, North Dakota; and Waco, Texas.

Mining Equipment Division branches are located in: Salt Lake City, Utah; Elko, Nevada; and Gillette, Wyoming; and Remanufacturing in Salt Lake City, Utah.

FOREWORD

You were hired because we believe your experience, ability, fitness, and attitude will contribute to our Company's success. You should be able to enjoy working with the associates here and they with you. You can expect fair and respectful treatment from the Company. You will get the most out of your job by expecting to improve yourself and by doing good work. Do your full part to assure teamwork and efficiency. When each associate works at doing better, the group, including the entire Company, makes more progress. One of our goals is a work environment that fosters teamwork and mutual respect. Your positive attitude, even when things may not be perfect, will benefit everyone.

PURPOSE OF THE HANDBOOK

This handbook attempts to cover the information you need to know to get started on your new job. It is also a point of reference during your employment. Feel free to ask your supervisor or Human Resources if you have any questions or need clarification.

EMPLOYMENT

PROCESS FOR SOLVING PROBLEMS

The President of the Company must approve the hiring of any close family member of any current associate prior to an offer being extended to that family member. Only the President of the Company can give this approval.

Your work will always involve other people, rules, and procedures. There may be problems you think can be avoided or processes that can be improved, or decisions with which you do not agree. You may have suggestions you would like to have considered. Provided you participate in a responsible way, you can have a review of any such matter by someone in management; the manager will listen and try to satisfy you.

Your supervisor is responsible to try to see that this review is effective. First, explain briefly the subject that you want to discuss. Your supervisor will then set a time when the two of you can go over this together, without interruption or distraction. At that time do your best to explain your position. If you don't think your supervisor understands, say so. Try to avoid argument, ill will, or animosity.

Most often this private discussion will lead to reasonable satisfaction. Your supervisor is expected, as a part of his or her job, to try to confirm your satisfaction or arrange for you to review the matter further with someone else. You should be asked if you want further review. If your supervisor does not ask this, you should request further review. Your supervisor will then arrange an appointment for you to discuss the matter with other management personnel or Human Resources.

All supervisors or Human Resources personnel who may be involved in any such review are responsible to listen, investigate fully, and get the facts straight.

It is important for you to remember that you have a way to review problems, suggestions, and personal difficulties with associates in the Company who are interested and are best able to help.

If you want or need help with any step of this process, Human Resources is responsible for seeing that you get the help you need. If you feel the matter is not handled in the spirit of this policy, go directly to the person who makes the appointments or arranges the schedule of the top manager at your location. Ask that a review be arranged.

This process is set up as an open channel to improve communication. Don't hesitate to use it. It is our intention that no associate is to be retaliated against for using it. If you ever feel that has happened, let us know and we will do our best to get things corrected.

Another method of discussing concerns is to bring them to your periodic associate meeting with the President. There are generally 15-20 associates in attendance at each of these meetings, and you are allowed and encouraged to discuss any subject that pertains to the Company.

EQUAL EMPLOYMENT OPPORTUNITY (EEO), UNLAWFUL HARASSMENT, OTHER ACCOMMODATION

The Company is dedicated to the principles of equal employment opportunity. We prohibit unlawful discrimination against applicants or associates on the basis of age, race, sex (including pregnancy, childbirth, pregnancy-related conditions, breastfeeding, or medical conditions related to breastfeeding), color, religion, national origin, disability, military status, genetic information, sexual orientation, gender identity or any other class or expression protected by applicable state or local law. This prohibition includes unlawful harassment based on any of these protected classes. Unlawful harassment includes verbal or physical conduct which has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment. This policy applies to all associates, including managers, supervisors, co-workers, and non-associates such as customers, clients, vendors, consultants, etc.

AMERICANS with DISABILITIES ACT (ADA), RELIGIOUS, and OTHER ACCOMMODATIONS

In accordance with federal and state law, the Company provides reasonable accommodations for qualified associates with known disabilities unless doing so would result in an undue hardship to the Company or cause a direct threat to health or safety. The Company provides reasonable accommodations for associates whose religious belief, practice, or observance conflicts with a workplace requirement unless doing so would result in an undue hardship to the Company. The Company provides reasonable accommodations for associates based on gender identity in dress/grooming standards and facilities and for associates based on pregnancy, childbirth, breastfeeding, or related conditions, unless doing so would result in an undue hardship to the Company. Associates needing such accommodation are instructed to contact their supervisor, the Company Director of Human Resources or the President of the Company immediately.

SEXUAL HARASSMENT

The Company strongly opposes sexual harassment and inappropriate sexual conduct. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature, when:

- Submission to such conduct is made explicitly or implicitly a term or condition of employment; or
- Submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or
- 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.

All associates are expected to conduct themselves in a professional and businesslike manner at all times. Conduct which may violate this policy includes, but is not limited to, sexually implicit or explicit communications whether in:

- Written form, such as cartoons, posters, calendars, notes, letters, e-mails; or
- Verbal form, such as comments, jokes, foul or obscene language of a sexual nature, gossiping or questions about another's sex life, or repeated unwanted requests for dates; or
- Physical gestures and other nonverbal behavior, such as unwelcome touching, grabbing, fondling, kissing, massaging, and brushing up against another's body.

COMPLAINT PROCEDURE

If you believe there has been a violation of the EEO policy or harassment based on the protected classes listed above, including sexual harassment, please use the following complaint procedure. The Company expects associates to make a timely complaint to enable the Company to investigate and correct any behavior that may be in violation of this policy.

Report the incident to your manager or another manager that you trust who will investigate the matter and take corrective action. Your complaint will be kept as confidential as possible. If you prefer not to go to either of these individuals with your complaint, you should report the incident to the Director of Human Resources.

The Company prohibits retaliation against any associate for filing a complaint under this policy or for participating in a complaint investigation. If you believe there has been a violation of our EEO or retaliation standard, please follow the complaint procedure outlined above.

If the Company determines that an associate's behavior is in violation of this policy, disciplinary action will be taken, up to and including termination of employment.

HOURS OF WORK AND OVERTIME

Your supervisor will tell you of your individual hours of work. We normally schedule five eight-hour days in each week for full-time associates. Firm and unchangeable hours cannot be guaranteed; however, any changes in working schedules will be planned and associates notified as far in advance as is reasonably possible.

The work week for determination of possible overtime pay is presently the seven-day period beginning on a Sunday and ending on Saturday.

If you are classified as a non-exempt associate and subject to the overtime provisions of the Fair Labor Standards Act, you will be paid time and one half for all hours actually worked over 40 in a 168-hour period.

For the purposes of calculating overtime pay, whenever scheduled holidays occur during an associate's normal work-week, the holiday hours paid will be added to the hours actually worked to determine overtime hours in excess of forty for the week. The only exception to this is when an associate is required to work on a Sunday; your pay will be at one and one-half your normal pay rate, whether or not you have worked forty hours the previous week. However, work done on a Sunday is not considered overtime if Sunday is part of the regular schedule of work for that particular associate. Time taken off for illness or vacation is not added to the hours actually worked to determine overtime hours in excess of forty hours for the week.

TIMECARDS, PAY PERIODS AND PAYDAY

You may be one of the associates asked to fill out a timecard. The time record must reflect your actual hours of work. Be sure the time record shows accurately when you start and stop work. If you have a problem with your timecard, see your supervisor immediately.

Our payroll week begins on Sunday at 12:00 am and ends the following Saturday at midnight. Paydays are Fridays following the end of a payroll cycle. Most associates pay will be directly deposited into their personal account on paydays. If you do not have your direct deposit set up yet, your paycheck will be given to you through your supervisor. If payday happens to fall on a holiday or other non-working day, you will be paid the day prior.

Every effort is made to avoid pay errors. Report any error to your supervisor at once so that it can be corrected.

REST PERIODS

Each associate is allowed a fifteen-minute rest period during each half day to take care of personal needs. You should arrange this with your supervisor so that necessary business activities may be maintained. Changes in your schedule may sometimes be required. You should limit your personal business during the workday to these rest periods. Two rest periods are not to be taken together and used as a lunch break.

PAYROLL DIRECT DEPOSIT

Payroll direct deposit is encouraged. Direct Deposit is a free service where the Company will deposit your net pay directly to the financial institution of your choice.

PAYROLL DEDUCTIONS

The Company takes mandatory deductions from your gross wages. These deductions include federal income tax, social security tax, and applicable state or local taxes. Each associate completes and signs a state and federal withholding allowance form on or before their first day of work (Form W-4). This form must be completed, or modified, in accordance with federal regulations. Questions about an associate's claimed deductions may be referred to the IRS in certain circumstances.

With the proper authorization forms completed, the Company takes optional deductions from your gross wages each pay period for items not paid for by the Company such as group health, dental or life insurance, or voluntary contributions such as 401(k) contributions.

SAFE HARBOR

The Company is committed to paying exempt associates for their performance on a salary basis in accordance with the Fair Labor Standards Act (FLSA). The Company prohibits deductions from exempt associates' pay that are barred by the FLSA. If you believe an improper deduction was made from your salary, please promptly report your concern to a manager or Human Resources. If the Company determines that an improper pay deduction was made, the associate will be reimbursed for that deduction.

FINANCIAL CONDUCT

By court action, a creditor can require the Company to withhold a certain percentage of your pay. The Company does not wish to become involved in any associate's personal financial matters, but we can be compelled by law to administer the court's orders. In such cases, Human Resources will explain the details of the garnishment and how it affects wages.

ATTENDANCE AND PUNCTUALITY

Each associate is important; there are not any non-essential positions here at the Company. Someone must be here to fill each position. Customers, other associates and the Company alike are hurt when a machine sits idle, a desk is unused and/or work piles up. Everyone loses when an associate is late or absent. The work either goes undone or someone else has to fill in.

We ask all associates to make the effort to develop good work habits. Each associate needs to be at work, ready to go on time, every time. In the event you are unable to come to work or will be late for any reason, we expect you to personally **contact** your supervisor directly prior to your starting time, or if that is not possible, as soon after your starting time as you can.

We expect any associate who has difficulty with regular and on-time attendance to consider his or her situation very carefully, to make any necessary adjustments, and to commit to meet future work schedules as a condition of continued employment with our Company. Associates who are excessively absent or tardy may be subject to discipline, up to and including termination.

We know it may be necessary to schedule appointments during normal business hours. We expect Associates to schedule appointments when it will least affect our business. Notify your supervisor as much in advance of an appointment to schedule time off.

JOB CLASSIFICATIONS AND RATES OF PAY

Full-Time: Full-time associates are normally scheduled to work at least 30 hours per week.

Part-Time: Part-time associates are normally scheduled to work fewer than 30 hours per week. Part-time associates may be eligible for certain benefits (sick, vacation and holiday pay) on a prorated basis.

Jobs are organized and classified according to departmental needs, the work to be done, responsibility, skill, training required, mental and physical efforts involved, and working conditions.

On an annual basis, you will be required to write a self-evaluation. Your supervisor will review this with you, discuss your qualifications and may recommend adjustments in your pay rate. The Company considers your pay to be private information and treats it with sensitivity.

LENGTH OF SERVICE

Your date of employment is important. It will become the date from which future associate benefits will be credited, and employment decisions based on length of service will be made.

In the event of a reduction of force expected to result in the layoff of one or more associates, the Company will make an effort to retain the best and most efficient associates. Attitude, work record, willingness, ability and vigor to do the work will be used to determine the best and most efficient associate.

Continuous service will be broken, and credits lost when an associate resigns, retires, misses three consecutive workdays without notice or reasonable excuse, fails to return to work after a call back or leave of absence as approved, is terminated or laid off and not recalled.

JOB ASSIGNMENTS, PROMOTIONS, LAYOFFS

The Company considers the following when making job assignments, promotions, layoffs, transfers, or recalls: the efficient operation of our business; associate qualifications, abilities, and work performance; and the relative length of associate service. Consistent

with the operational needs of our business, the associate's abilities, work performance, and qualifications of individual associates to perform the required work will be used to determine the best candidate. Provided the candidates are substantially equal, we give preference to the associate with the greater length of service.

PARTS INVENTORY ATTENDANCE

Having an accurate parts inventory taken each year end is critical to the accurate accounting of the Company annual results. All salaried and commissioned associates are **required** to participate in the count, as well as all parts department associates, whether or not they are salaried. Others may be required to attend at the discretion of their supervisor.

The President of the Company is the only manager that can excuse a required associate from attending Parts Inventory. A "no show" will be subject to disciplinary action up to and including termination.

BENEFITS

JURY DUTY LEAVE

Full-time associates who are subpoenaed to serve on a jury are paid the difference between their regular straight-time pay and jury-duty pay, up to a maximum of two weeks per calendar year, provided they return to work promptly as soon as relieved from jury service.

MILITARY LEAVE

The Company grants unpaid leaves of absence required for associates' military service in accordance with applicable laws.

PERSONAL LEAVE

Associates who are not eligible for any other type of leave offered by the Company are eligible to apply for an unpaid Personal Leave. A Personal Leave may be granted at the discretion of the Company, and only after all Family and Medical Leave eligibility is exhausted. This leave is limited to 90 days but may be extended for an additional 90-day period. To avoid misunderstanding, make requests in writing; approval will also be in writing. The Company cannot promise to hold your job. Regular communication with your supervisor helps us to plan, but it may be necessary to replace you. When you are ready to return to work, the Company will consider you for the first available job for which you are qualified.

BEREAVEMENT LEAVE

Associates may have the necessary time off to make funeral arrangements and to attend the funeral of a family member. Full-time associates will be paid for bereavement unless on vacation or a leave of absence at the time. Depending upon the need pay will be up to three (3) days straight pay for a grandparent, step grandparent, parent, stepparent, child, stepchild, sibling or parents-in-law and five days (5) days for the death of a spouse.

We require proof of the passing of the relative to verify your request for bereavement pay. Please talk to Human Resources for additional information.

PAID SICK LEAVE

Paid sick leave is a benefit provided by Arnold Machinery Company for those who have a need to be off work because of injury or illness to you or a close family member as defined below. Misuse of Paid Sick Leave (using sick leave for reasons other than those listed below) is in violation of our ethics policy and will be subject to discipline up to and including termination.

In the event that you are unable to be on the job and performing your assignment, it is your responsibility to notify your supervisor as promptly as possible.

Paid sick leave will accrue as follows: Newly hired associates will begin accruing paid sick leave hours at the rate of 1 hour for every 30 hours straight-time worked until a maximum of 56 hours have been accrued beginning on the hire date and ending December 31st. Beginning January 1st of the year following hire date and every year of employment thereafter, the associate paid sick leave will be reset to 56 hours. These hours may be used within that calendar year. Request for sick pay must be made when the attendance information and or timecard for the pay period of the illness is submitted.

Unused sick leave will not carry over into the next year. Paid sick leave will only be paid when used as described below.

You may use paid sick leave for an absence resulting from: (i) your physical or mental illness, injury, or medical condition; (ii) your obtaining diagnosis, care, or preventive care from a health care provider; (iii) caring for your child, parent, spouse, domestic partner, or any other individual related by blood or affinity whose close association with the you is the equivalent of a family relationship who has any of the conditions or needs the diagnosis, care, or preventive care described in (i) or (ii) or (iv) domestic violence, sexual assault, or stalking, if the time absent from work is for the purposes described in (i) or (ii) or to obtain additional counseling, seek relocation, seek assistance from a victim services organization, take related legal action, or assist an individual related to you as described above in engaging in any of these activities.

Sick leave pay is intended to cover you, or a family member as listed above while you are unable to work because of an illness or injury. Illness or injury of a family member including paternity leave will not be considered for Extended Sick Pay. Should you need time off to care for a family member, or for your own serious illness that exceeds 3 days, you should request Family and Medical Leave Act (FMLA) explained below. If you qualify for FMLA or for some other reason are allowed time off for family related issues beyond the allowable 56 hours of paid sick leave, you will first use vacation time and be paid for time off until all vacation time has been exhausted. Once all available paid time off is used, then you will not be paid for any additional time off.

If a break in service is six months or more the associate will be required to requalify as a new associate for sick pay. If a break in service is less than six months, the waiting

period is waived, and the associate will be able to accrue sick pay on the first day of the calendar month after 30 days of continuous employment.

Salary Continuation

In the event that *your own illness or injury prevents you* from being on the job and performing your assignment for more than all available paid time off (sick and vacation hours), you may be eligible to receive additional paid time off. You must submit a request for pay as soon as it is known you will be beyond all available paid time off. Additional paid time off is subject to Salary Continuation Committee approval prior to any salary continuation being paid. A written request must be submitted by email to salarycontinuation@arnoldmachinery.com in order for your request to be considered. Not all guidelines of the benefit are included here.

This benefit is not available for any medical event that is known well in advance. Some examples of this includes maternity leave and certain surgeries. This benefit may also be limited by pattern of paid time off use.

If your absence from work exceeds 30 consecutive days, this benefit will end but disability benefits may be available. The disability benefits are explained below.

FAMILY AND MEDICAL LEAVE (FMLA LEAVE)

The Company provides up to 12 weeks of unpaid, job-protected leave to eligible associates for the following reasons:

- Incapacity due to pregnancy, prenatal medical care, or childbirth.
- To care for the associate's child after birth, or placement for adoption or foster care.
- To care for the associate's spouse, son or daughter, or parent, who has a serious health condition.
- Serious health condition that makes the associate unable to perform the associate's job.

Military Family Leave Entitlements

Eligible associates with a spouse, son, daughter, or parent on active duty or called to active-duty status in the Armed Forces, National Guard, or Reserves may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible associates to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is: (1) a current member of the Armed Forces,

including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness*; or (2) a veteran who was discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible associate takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.*

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

Benefits and Protections

During FMLA leave, the Company maintains the associate’s health coverage under any group health plan on the same terms as if the associate had continued to work. Associates must continue to pay their portion of any insurance premium while on leave. If the associate is able but does not return to work after the expiration of the leave, the associate will be required to reimburse the Company for payment of insurance premiums during leave.

Upon return from FMLA leave, most associates are restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. Certain highly compensated associates (key associates) may have limited reinstatement rights.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an associate’s leave. As with other types of unpaid leaves, paid leave will not accrue during the unpaid leave. Holidays, sick, vacation, funeral leave, or employer’s jury duty pay are not granted on unpaid leave

Eligibility Requirements

Associates are eligible if they have worked for this Company for at least 12 months, for 1,250 hours over the previous 12 months, and if they work at a work site with at least 50 associates within 75 miles.

Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the associate from performing the functions of the associate’s job or prevents a qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three consecutive full calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Use of Leave

The maximum time allowed for FMLA leave is either 12 weeks in the 12-month period as defined by the Company, or 26 weeks as explained above. An associate does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Associates must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the Company's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

Associates taking intermittent or reduced schedule leave based on planned medical treatment and those taking intermittent or reduced schedule family leave with the Company's agreement may be required to temporarily transfer to another job with equivalent pay and benefits that better accommodates that type of leave.

Substitution of Paid Leave for Unpaid Leave

The Company requires associates to use accrued paid leave while taking FMLA leave. Paid leave used at the same time as FMLA leave must be taken in compliance with the Company's normal paid leave policies. FMLA leave is without pay when paid leave benefits are exhausted.

Associate Responsibilities

Associates must provide 30 days' advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days' notice is not possible, the associate must provide notice as soon as practicable and must comply with the Company's normal contact procedures.

Associates must provide sufficient information for the Company to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the associate is unable to perform job functions; the family member is unable to perform daily activities; the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Associates also must inform the Company if the requested leave is for a reason for which FMLA leave was previously taken or certified.

Associates also may be required to provide a certification and periodic recertification supporting the need for leave. The Company may require second and third medical opinions at the Company's expense. Documentation confirming family relationship, adoption, or foster care may be required. If notification and appropriate certification are not provided in a timely manner, approval for leave may be denied. Continued absence after denial of leave may result in disciplinary action in accordance with the Company's attendance guideline. Associates on leave must contact the Human Resources Manager at least two days before their first day of return.

The Company's Responsibilities

The Company will inform associates requesting leave whether they are eligible under FMLA. If they are, the notice will specify any additional information required as well as

the associates' rights and responsibilities. If they are not eligible, the Company will provide a reason for the ineligibility.

The Company will inform associates if leave will be designated as FMLA-protected and the amount of leave counted against the associate's leave entitlement. If the Company determines that the leave is not FMLA-protected, the Company will notify the associate.

Unlawful Acts

FMLA makes it unlawful for the Company to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA.
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement

An associate may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against the Company.

FMLA does not affect any federal or state law prohibiting discrimination or supersede any state or local law or collective bargaining agreement which provides greater family or medical leave rights.

HOLIDAYS

A full-time associate who is actively employed and meets the standards outlined in this section will normally get a day off without loss of straight-time pay if any of the holidays falls on a regular workday. If the holiday falls on a non-workday for the associate, an alternate day off will be arranged. There are seven holidays that qualify for holiday pay. They are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday after Thanksgiving Day, and Christmas Day. All full-time associates who have completed thirty or more days of continuous employment will receive eight hours straight-time pay for holidays. This thirty-day requirement applies to any break in service. If a holiday occurs during an associate's vacation or specifically excused sick time, it will be paid as holiday.

VACATION

Vacation is earned according to the following provisions. Vacation accrual begins after 90 continuous days of employment. Beginning on the first day of the following month 1.0 day of vacation will accrue on the first day of each calendar month. Beginning with month 85 (7 years) of continuous employment the accrual increases to 1.5 days per month. Beginning with month 241 (20 years) of continuous employment the accrual increases to 2.0 days per month. The accrual balance may never be greater than 12 days during months 4 to 84 of continuous employment. The accrual balance may never be greater than 18 days during months 85 to 240 of continuous employment. The accrual balance

may never be greater than 24 days beyond 240 months of employment. Any accrued vacation beyond the limits will be forfeited. A workday is defined as up to 40 hours of regular time paid during a normal 7-day work week divided by 5. The hours accrued would be based on the average hours worked during the previous two pay periods. If a break in service is six months or more the associate will be required to requalify as a new associate for vacation pay. If a break in service is less than six months, the waiting period is waived, and the associate will be able to accrue vacation on the first day of the calendar month after 30 days of continuous employment. The vacation accrual will cease during any FMLA leave but will begin again on the first day of the month following the associate's return from FMLA leave. The accrued vacation balance will not be allowed to go below zero. Vacation time will not accrue during time off due to disability or worker's compensation recovery periods that continue for more than one week.

Vacation time must be scheduled with the approval of your supervisor. Approvals for vacation will be based on a first come, first serve basis.

If paid holidays occur during your vacation, you may extend your vacation or arrange with your supervisor to take the day(s) off later. Payment made in lieu of vacation time off will not be permitted. Earned, unused vacation time will be paid at the time of termination unless the termination is for violation of laws, general work standards, or Company policies. These guidelines are subject to change and clarification without notice.

MEDICAL AND DENTAL INSURANCE BENEFITS

Group insurance benefits are available to full-time associates and their families through the Company. Details will be provided during new hire orientation and at open enrollment time. Please contact Human Resources should you need additional information or help.

For specific details regarding available benefits, please reference our Arnold Machinery Company Associates Benefit guide.

The Associates Benefit guide explains how long after your hire date you have to sign up for the insurance benefits. If you miss the deadline or if you later decide you want coverage there may be an additional waiting period. We have gone to great lengths to make sure you have access to view and elect your benefits easily. During the new hire orientation and at open enrollment time you will be given access to enroll online. This is our preferred method of insurance enrollment. However, if you are not comfortable using this method and would prefer to use a paper form let us know and we will provide one.

Eligibility for health insurance begins on the first day of the month after your hire date or rehire date. Eligibility for dental insurance begins on the first day of the month 30-days after your hire date or rehire date.

LIFE AND DISABILITY INSURANCE

The Company provides at no cost to all eligible associates basic term life insurance. Eligible associates may be able to purchase dependent life insurance for other family members.

The Company provides at no cost to all eligible associates disability insurance. Disability insurance replaces a percentage of your income in the event that you are unable to work due to an accident or illness.

COBRA

If your insurance benefit is terminated, you may arrange to convert or to continue some coverage at your expense in accordance with existing federal and state regulations and the terms of our group insurance policy. You will receive information about this in a separate notification. If you need additional information, please talk to Human Resources.

PROFIT SHARING 401(k) PLAN

The Company makes contributions to the established Plan for eligible associates. The Summary Plan Description and other details are available from Human Resources. All plans are managed by associate committees appointed by the Board of Directors. The specific benefit explanation about Company matching rules and limits is available from Human Resources.

BONUSES

A Corporate bonus may be given when we have a profitable year. Any amount given is determined at the President's discretion.

The Return on Assets (ROA) bonus is dependent upon a Pre-tax Income vs. Average Assets goal set before the year starts.

Eligibility for these two bonus programs is determined by the length of your employment during the year. You must be employed on the day the bonuses are paid which is currently during late October of the month after year end. If you are employed by the Company on the first day of the fiscal year and still actively employed on the day the bonuses are paid approximately 13 months later, you will receive a full bonus based on your program. If during your first year of employment you are employed for less than the full fiscal accounting year, the bonus amounts will be allocated based on the number of full quarters (accounting quarters) (quarter 1 includes October, November, and December; quarter 2 includes January, February and March; quarter 3 includes April, May and June; quarter 4 includes July, August, and September) you are employed during the first year of employment. For example, if your hire date is between October accounting month beginning and December accounting month end, you will receive three fourths of the full bonus you are otherwise eligible to receive.

Other bonus programs may be offered.

A Years of Service Stock Bonus Program Plan is available to all fulltime associates. The guidelines are available by contacting Human Resources. There are special rules for eligibility upon rehire. If the break in service is less than six months, then the eligibility date will be the original hire date adjusted for the number of days in the break in service period. If the break in service is more than six months, the rehire date becomes the eligibility date.

OTHER BENEFITS

UNEMPLOYMENT INSURANCE taxes based on your pay are paid by the Company to provide partial income replacement for you in the event you are laid off or terminated through no fault of your own, such as a reduction of force. If you quit work without cause or are terminated for personal misconduct or something similar you may be disqualified from unemployment benefits.

SOCIAL SECURITY costs are paid by the Company and through deductions from your pay, as required by law. In addition to providing some retirement income, the program helps your dependents in the event of your death and provides help with medical bills after retirement. It is imperative that you provide the Company with a Form W-4 indicating your correct social security number before you start work.

WORKERS' COMPENSATION INSURANCE is provided. This protects you if you are injured on the job or incur job-related illness. The total cost of this insurance is paid by the Company. Benefits may include payment of medical and hospital bills and partial income replacement.

LIGHT WORK DUTY GUIDELINE

The Company has determined that light-duty work may be available on a limited basis.

- Situations will be evaluated on a case-by-case basis.
- An associate must be on Workers' Compensation as a result of a job-related injury to be eligible. Our Workers' Compensation carrier must approve the light-duty work and agree to participate in the cost of the work.
- The Company must have legitimate light-duty work that the associate is qualified and able to perform.
- The terms of the light-duty work must be defined in advance.

TUITION REIMBURSEMENT

The Company will pay one third of the cost of your education (includes books and tuition) at time of enrollment and one third upon the satisfactory completion of the course. Satisfactory is considered to be a "C" or better grade. Associates must be with the Company one year before they are eligible.

For those who have student loans, payment of the tuition reimbursement will be sent directly to the institution with which you have your student loan as payment on your behalf.

A representative from the Payroll Department will work with you to get the necessary information.

Contact the Payroll Department for additional information.

ASSOCIATE PURCHASES

Associates may use the Company's purchasing power to purchase tools for use in their work. This privilege is subject to strict provisions. You must get authorization from your supervisor for the purchase and make appropriate repayment arrangements before making a purchase.

Any exceptions to this guideline must be made with your supervisor before the purchase is made.

Misuse of purchasing privileges by use of Company credit, Company issued credit card, or any other method may result in disciplinary action up to and including termination of employment. Misuse may also result in one or more payroll deductions to reimburse the Company for unapproved charges.

ON THE JOB

RULES OF CONDUCT

Our associates are expected to abide by laws and regulations as well as other commonly accepted standards of business and personal conduct while at work or engaged in activities that may affect work safety or job performance. Associates are further expected to observe and comply with all policies and performance standards that may be established by the Company.

Violation of laws, general work standards, or Company policies may result in discipline up to and including termination, depending on the circumstances involved. Listed below are examples of the kinds of problems that may result in discipline or discharge. The examples are not all-inclusive and do not reflect every circumstance that may result in discipline or discharge. They are intended as general guidance regarding Company standards and expectations. Examples:

- Dishonesty in any form, including falsification of documents or providing misleading information.
- Theft, unauthorized possession or use of property belonging to the Company, customers, suppliers, or other associates.
- Unauthorized possession or use of Company confidential/proprietary information.
- Damage, loss, or destruction of property belonging to the Company, customers, or other associates due to willful, reckless, careless, or negligent acts.
- Being under the influence of, possessing, or using illegal drugs or alcohol, while on duty.
- Insubordination, failure to perform assigned work, or neglect of duties.

- Poor performance of work duties, failure to meet job requirements or standards, or lack of due care when performing assigned duties.
- Failure to observe safety and health rules or regulations.
- Unexcused or excessive absenteeism or tardiness.
- Failure to work cooperatively with other associates, management, customers, or persons doing business with the Company.
- Fighting, horseplay, or disorderly conduct.
- Threatening, harassing, intimidating, or coercing others, or interfering with the performance of others.
- Using profane, obscene, or abusive language.
- Other conduct that may be in conflict with or adversely affect work performance, safety, or business operations.
- Conduct that disparages the goods or services of the Company, or the Company's reputation in the community unless that expression is protected by law.

If you have a question about this policy, please talk to your supervisor or Human Resources.

DISCIPLINE

Failure to comply with Company policies, standards, and expectations may result in disciplinary action including counseling, warning, suspension, or discharge depending on the circumstances involved.

Discipline is intended to help associates identify and correct problems. The Company normally will counsel and warn associates for minor infractions before taking more severe disciplinary action. Serious infractions may result in more severe disciplinary action or discharge without prior warnings. The Company may modify or skip any of the above disciplinary actions taking into account the overall circumstances, including the nature of the offense, the actual or potential harm or damage involved, and the associate's past work record.

The Company ordinarily will investigate and evaluate the relevant facts and circumstances prior to taking disciplinary action. Associates ordinarily will be given an opportunity to explain their actions prior to disciplinary action. However, there may be circumstances where immediate suspension from work, with or without pay, might be appropriate, pending further investigation. Every instance of potential disciplinary action will be handled on an individual, case-by-case basis. Employment with the Company is at-will based on state laws and may be terminated at any time for any lawful reason.

DRUG AND ALCOHOL POLICY

Our Company is committed to provide a healthy, safe, and secure work environment free from the negative effects of alcohol or the illegal use of drugs. All associates are expected to report to work on time and in suitable physical and mental condition to perform assigned work duties safely and effectively. We intend to comply with applicable legal requirements regarding drugs or alcohol in the workplace.

The unauthorized possession, distribution, purchase, sale, manufacture, or use of illegal drugs or alcohol on the job at any time is strictly prohibited. Reporting to work or working under the influence of illegal drugs or alcohol is also strictly prohibited.

Associates subject to the federal Drug-free Workplace Act must report a workplace drug-related conviction to the Company within five calendar days.

Off-the-job drug or alcohol use that may adversely affect work performance, safety, or the Company's reputation in the community is also prohibited.

Associates are expected to use legally obtained substances, including consumer products, over-the-counter medicines, or prescribed medications, according to recommended/prescribed use and dosage. Misuse of such substances is prohibited.

Associates are responsible to inform any health care provider prescribing medication of their job requirements to avoid potential problems at work. If the prescribed medication could affect job performance and/or safety, then the associate is responsible to immediately notify his or her supervisor. An associate may be asked to provide written authorization from a medical provider for use of a controlled substance. If some type of identification document is available a copy should be provided to HR.

Violations of this policy may result in termination or other appropriate disciplinary measures after a review of the facts.

The Company may investigate where appropriate and take whatever steps are reasonably necessary to enforce this important policy. The Company may at its discretion search any Company property, facilities or equipment, as well as associate lockers, vehicles, or other personal effects on Company premises. Refusal to submit to such search may result in immediate removal from service and possible termination.

Drug and/or alcohol tests, conducted in accordance with state and federal legal guidelines, may be required as explained below. All test results will be considered confidential as required by law. A sample will not be considered or acted upon as positive until it has been reviewed by a Medical Review Officer. Urine samples will be confirmed by a federally certified lab. Associates are expected to cooperate with all testing requirements, including signing any required paperwork. The Company may require testing under the following circumstances:

- **Pre-employment/Job-reclassification** - Drug tests are generally conducted as a routine part of the pre-employment process for all job applicants **prior** to employment and in certain instances of promotion or job reclassification of current associates. If a drug screen indicates the presence of illegal drugs, the applicant may not be considered for employment.

- **Reasonable Suspicion** - Drug and alcohol tests are generally conducted where the Company reasonably believes the associate has in any way violated this policy on the basis of observable factors such as erratic or poor job performance, patterns of poor attendance, unusual appearance or behavior, or other information provided from reliable sources.
- **Post Accident** - Drug and alcohol tests are generally conducted as part of an investigation of any accident resulting in personal injury and/or damage to equipment or property; or near-accident involving carelessness, inattentiveness, or violation of safety rules; or when an associate's work record indicates a history of accidents or near-accidents. In the case where an injury happens at work, by another associate, all those involved in the accident will be tested.
- **Random** – To enhance safety and health in our workplace and in accordance with state laws, all associates in safety-sensitive positions will be subject to periodic random drug testing.
- **Customer Requirements** – Additional drug and alcohol tests are generally conducted if a customer has additional requirements in order to work at the customer site.

Associates or prospective associates may voluntarily provide any information during the testing process which could be relevant to the test, including identification of currently or recently used prescription or nonprescription drugs, or other pertinent medical information.

Any associate who refuses or fails to be tested as required under this policy will be considered insubordinate and/or unqualified to work. As such, the associate may be removed from service immediately and subject to possible termination. Any associate who fails to cooperate with or interferes with the testing process or provides an adulterated, diluted, or substituted test sample will be subject to discipline including possible termination.

Any associate who reasonably is believed to be under the influence of drugs or alcohol or who fails to pass a drug or alcohol test will be suspended immediately from service pending further investigation and final determination by the Company which may include termination. An associate who is suspended will be expected to cooperate fully in any investigation of the relevant facts, including further testing if deemed necessary.

Associates who may have drug or alcohol-related problems are encouraged to seek professional help. Consistent with existing Company policy and current Company circumstances, associates may be granted a leave of absence to voluntarily seek professional help for alcohol or drug dependency. **Leaves of absence must be requested prior to any events or circumstances which would warrant drug or alcohol testing under this policy.**

Any associate who believes drug or alcohol test results are in error and desires a review of any action taken by the Company under this policy may request that the matter be reviewed by following the Company's problem-solving process.

Under exceptional circumstances (taking into account the pertinent facts of the case and the associate's prior work record, state guidelines, etc.) an associate who violates this policy may be considered for possible continued or future employment. At a minimum, such associate must: (1) personally commit to correct drug or alcohol-related problem behavior; (2) successfully complete any necessary counseling or medical treatment if called for; (3) satisfactorily complete any required return-to-duty drug or alcohol testing; and (4) voluntarily agree to future random testing at the Company's discretion to verify compliance. Failure to satisfactorily complete these requirements or any future violation of this policy will result in termination.

INSPECTION

Company-owned property such as storage facilities, vehicles, desks, associate lockers, or other property is subject to inspection at all times. Permission to enter or leave Company premises with briefcases, lunch boxes, personal vehicles, or any other closed containers is conditional on the associate granting the Company a right of inspection on request. A request for inspection does not necessarily imply an accusation of wrongdoing. Failure to cooperate or consent may result in discipline up to and including termination.

SAFETY IN THE WORKPLACE

Make It Your First Priority!

You are expected to do your best to help safeguard yourself and all others. Most workplace injuries are caused by human failure or negligence. The Company tries to provide a safe workplace, however, it is the associates who can make this a truly safe workplace. The job is only as safe as those doing the work. Observance of the guidelines listed below, posted safety rules, and use of safety devices as instructed by the Company are a condition of employment.

- Report any unsafe conditions to your supervisor or management. Your supervisor will instruct you about safe working practices, safety rules, and enforcement of those rules.
- Use all safeguards provided for your protection.
- Use only those tools and equipment that you are fully qualified and authorized to use.
- If you see anyone doing anything unsafe, be a friend and save an injury by giving a word of caution. Horseplay is dangerous. Don't take a chance on hurting somebody by trying to be funny.
- Do not strain to lift or push things that are too heavy. Ask for help. Learn to lift the right way, with bent knees, body erect, pushing upward with your legs.
- Know and apply safety rules and study safety.

- Immediately report any accident, no matter how minor, to your supervisor. Give full details so we can prevent similar future accidents.
- Eye protection, ear protection, hardhat, and appropriate footwear and clothing must be worn in specified work areas.
- Never leave anything about that can hurt you or others. Keep walkways clear of obstructions. Use scrap barrels. Respect clearance lines. To be safe, a workplace must be orderly and clean.
- Remember - accident prevention reduces human suffering and loss of limb or life. Safety is your obligation to yourself, your family, and your fellow workers.

MATERIAL SAFETY DATA SHEETS (MSDS)

A Material Safety Data Sheet is available for any chemical in the building as required by law. Associates may view this information by contacting the Safety Director.

PERSONAL PROTECTIVE EQUIPMENT

When the nature of certain jobs indicates the need for some form of personal protective equipment other than the approved safety shoes and prescription safety glasses, it will be provided by the Company, and you should use it properly. The Company offers partial reimbursement for the purchase of approved safety shoes and prescription safety glasses. Talk to the Safety Director for details.

WEAPONS IN THE WORKPLACE

Possession of weapons, including, but not limited to firearms and knives, presents the possibility of danger in the workplace.

It is a violation of our safety policy to possess a weapon in the workplace, except when an associate is legally permitted to possess one.

The possession of such weapons at work, except as stated above, may result in disciplinary action up to and including termination.

VIOLENCE IN THE WORKPLACE

The Company is concerned about possible workplace violence. Violence cannot always be prevented and can be hard to predict. We ask associates to be on the lookout for warning signs, including but not limited to the following: direct or veiled threats of harm; harassment, stalking, physical or verbal intimidation; extreme depression over personal problems or social withdrawal; bizarre or paranoid behavior regarding work; obsessing about weapons or workplace violence; or a history of or recent incidents of violence. Talk to your supervisor if you observe any of these warning signs or have cause to believe violence may occur. You may also contact Human Resources. Information reported is treated with confidentiality to the fullest extent possible.

BUILDINGS

Our buildings are the culmination of careful planning. They are some of the finest machinery distributor facilities in the country and a monument to the good efforts of everyone at Arnold Machinery Company.

In designing the buildings, great consideration was given to their efficiency and convenience, and to the comfort of those who work there. Each of us shares in the responsibility to keep our facilities clean and neat so that they will not only look nice but will be more efficient and pleasant places for us to work. Neatness contributes materially toward effectiveness of our work and the confidence of our customers in our Company. Constant attention should be given to maintaining high safety standards. A casual attitude toward a neat, efficient department can contribute to accidents. It is important that we all do our part to keep our buildings and areas looking nice, maintaining pleasant conditions in which to work, and putting our best foot forward to our customers.

LUNCHROOMS

Space is provided in most of our facilities for use during lunch or break periods. Associates are encouraged to make use of them.

SECURITY AND PARKING

All visitors are requested to enter through the visitor entrance and check in with the receptionist.

We want to maintain the highest levels of security for the Company and associate property. We ask associates to minimize the value of personal belongings they bring to work and to secure all valuables when away from their work area. Be sure to maintain Company property used when performing your job in a prudent manner.

If you are the victim of theft involving Company or personal property, report the incident immediately to your supervisor. If you become aware a person, or persons, is involved in a possible theft situation, we encourage you to report it to your supervisor. If circumstances warrant, or if you would feel more comfortable, you may report anonymously to Human Resources. All information will be treated with confidentiality to the fullest extent possible.

All locations of the Company have specific areas designated for associate parking. There are also designated parking places at all Company facilities that are reserved for customers, visitors and for short-duration business parking. Associates with approved handicapped-parking permits may park in handicapped-parking spaces.

FAMILY AND PERSONAL RELATIONSHIPS

No associate can have supervisory or financial authority over a relative without approval from the Company President. For purposes of this policy, "relative" is defined as spouse, parent, child, sibling, in-law, aunt, uncle, niece, nephew, grandparent, grandchild, and/or member of household.

Professional behavior is important in any work environment. Associates involved in relationships at work are expected to behave in a professional manner that does not impact their work or make others uncomfortable.

If a personal relationship develops between two people at work where one is in a supervisory position over the other, or the relationship puts the Company at any sort of risk, both parties are responsible for reporting the relationship to Human Resources. Such relationships may create a conflict of interest or the appearance of a conflict of interest. Steps may be taken to change the work relationship to avoid any conflict of interest.

PERSONNEL FILES

Associates may ask to review their personnel file during working hours in the presence of a manager, provided the request is reasonable. Contact Human Resources to schedule a time to do this.

OTHER EMPLOYMENT

We discourage associates from having more than one job at a time, but outside employment is permitted so long as it doesn't interfere with job performance, is not a conflict of interest, and the immediate supervisor is aware of the outside employment.

SOLICITATIONS AND DISTRIBUTION POLICY

In an effort to protect associates from unwanted solicitations that can interfere with work duties and productivity or create tension and discord among associates, the following rules will apply to all of our staff.

Associates may not solicit or ask other associates to purchase goods or services, make donations or contributions, sign cards or petitions, or join or support particular groups or causes in any work area during associates' work time.

Associates may not distribute any literature or written materials that are not job related and approved by management during work time in any work area.

Management may make occasional exceptions to the above rules for certain charitable or other Company-sponsored activities or when required by law.

Anyone who is not an associate is prohibited from entering our premises at any time to solicit support from our associates for any organization or cause; or to otherwise proselytize, distribute literature, or sell or market products/services to our staff. Exceptions to this important rule may be made only for vendors or service representatives whose purpose is strictly related to our business functions and purposes, and then only with prior approval of our management.

Any associate who violates this policy may be subject to disciplinary action up to and including termination.

SMOKING POLICY

Smoking, including E-cigarettes, is not allowed inside any building owned or leased by the Company. Additionally, smoking is not allowed within 25 feet of any entrance-way, exit, open window, or air intake of any building owned or leased by the Company.

Smoking is not permitted in Company vehicles. This policy applies to all associates, customers, and visitors.

Associates are to smoke in a designated area only before or after their shift or during approved break times.

APPEARANCE

Personal appearance, hygiene, and attire are important at our Company. A professional image must be maintained to instill confidence in the minds of our customers. This helps ensure our Company's success. We expect associates to maintain a neat, clean, well-groomed appearance at all times.

Arnold Machinery Company expects associates to dress appropriately in business casual attire.

This is a general overview of acceptable work attire for office, non-shop areas. Items that are not appropriate for work are listed, as well. Neither list is all-inclusive and both lists are subject to change. The lists tell you what is generally accepted as work attire and what is generally not acceptable as work attire.

No dress code can cover all contingencies so associates must exercise a certain amount of judgment when considering what to wear to work. We expect associates to maintain a neat, clean, well-groomed appearance at all times. Some departments, work areas or positions may require special attire or safety equipment such as company logo uniforms, shop overalls, and safety boots/glasses.

If you experience uncertainty about acceptable, professional casual attire for work, please ask your manager or Human Resources.

Slacks, Pants, and Suit Pants

- Slacks that are similar to Dockers and other makers of cotton or synthetic material pants, wool pants, flannel pants, and nice-looking dress synthetic pants are acceptable. Dressier gauchos and capris are acceptable in the office. Pants that are below the knee with finished edges are allowed.
- Inappropriate slacks or pants include jeans, sweatpants, exercise pants, Bermuda shorts, short shorts, shorts, bib overalls, leggings, and any spandex or other form-fitting pants that people wear for biking. As a general rule, shorts or pants that are above knee length are not allowed.

Skirts, Dresses, and Skirted Suits

- Casual dresses and skirts—and skirts that are split at or below the knee—are acceptable. Skirts at a length that allows you to sit comfortably in public are acceptable.
- As a general rule, dresses and skirts that are above mid-thigh length and that do not allow bending are not appropriate. Short, tight skirts that ride halfway up the

thigh are inappropriate for work. Mini-skirts, shorts, sun dresses, beach dresses, bathing suit cover-ups, and spaghetti-strap dresses are inappropriate.

Shirts, Tops, Blouses, and Jackets

- Casual shirts, dress shirts, sweaters, tops, golf-type shirts, sweatshirts, attractive athletic tops, and turtlenecks are acceptable attire for work.
- Inappropriate attire for work includes tank tops, halter-tops, and tops with bare shoulders unless worn under another blouse or jacket. Also inappropriate are excessively revealing/midriff-baring tops. Any attire with potentially offensive words, terms, logos, pictures, cartoons, or slogans are not acceptable.

Shoes and Footwear

- Loafers, boots, dress heels, dress flats or sandals and other non-athletic shoes are acceptable. Flip flops, hiking boots or sandals, athletic shoes, Uggs, five toe shoes; slippers, sandals that go between toes, Birkenstocks, Texas, House shoes or similar casual shoes are not acceptable. Closed toe and closed heel shoes are required in all shop areas.

Conclusion

If clothing fails to meet these standards, as determined by the associate's manager and Human Resources, the associate will be asked not to wear the inappropriate item to work again. If the problem persists, the associate may be sent home to change their clothes and may receive verbal or progressive disciplinary actions.

Clothing and accessories that project a professional image of you and the Company for both visitors and coworkers should be worn at all times. Ground rules include the following:

- Attire should be clean, safe, and in good repair.
- Do not wear clothes that are sexually provocative.
- Clothing should not be offensive to other associates.

“The way we dress affects the way we **think**, the way we **feel**, the way we **act**, and the way others **react** to us.” Judith Rasband

ELECTRONIC COMMUNICATION POLICY

Our electronic communications systems, including email, computer, internet, fax, phone and voice mail systems, etc. are Company property. These systems, and the information they contain, are provided to help you do your job as well and as easily as possible. All systems are intended for business use. No one may solicit, promote, or advertise any outside organization, product or service through use of the Company's electronic communications systems during work time. Any personal use of the Company's electronic communication systems should be limited or infrequent. It should not interfere with assigned work duties or be disruptive to co-workers. If you have any questions about specific situations, please check with your supervisor.

The Company reserves the right to intercept, copy, monitor, review, and download any communications or files you create or maintain on these systems.

When using any of these systems, including the Internet, do not send materials of a proprietary or sensitive nature or that might contain our confidential information.

The Company holds all your communications and any use of our electronic communication systems to the same standards as all other business communications, including compliance with our anti-discrimination and anti-harassment policies. We expect you to use good judgment in your use of our electronic communication systems. Notify your supervisor immediately if you receive or know of anyone else who receives material that may violate our No Discrimination and/or No Harassment policies, or any other Company policy.

Your understanding, consent, and agreement to comply with these policies is a condition of your employment with this Company. Failure or refusal to abide by these rules or to consent to any lawful monitoring, interception, copying, re-viewing, or downloading of any communications or files can be grounds for discipline up to and including termination.

SOCIAL MEDIA GUIDELINES

Associates should refrain from using social media while on work time or on equipment we provide, unless it is work-related as authorized by your manager and consistent with our Electronic Communication Policy. Do not use the Company e-mail address to register on social networks, blogs or other online tools utilized for personal use. At all times, associates who use social media such as blogs, wikis, and social networking sites that may contain postings related to the Company, or its associates or affiliates, must comply with the following guidelines, regardless of where or when the use of social media takes place.

Use a Disclaimer

Associates may not speak on behalf of the Company, unless permission is specifically granted by the President. Information shared via social media is the opinion of the associate only – not the Company – and this should be communicated to recipients of the information. Never represent yourself as a spokesperson for the Company.

Abide by the Company's Confidentiality Requirements

You must maintain the confidentiality of the Company's trade secrets and private or confidential information. Refer to the Confidential Information policy for specific examples.

Comply with the Company's Equal Employment Opportunity/Unlawful Harassment Standard

Ensure your postings are consistent with these policies. Inappropriate postings that include discriminatory remarks, harassment, and threats of violence that are based on an individual's membership in a protected class, or similar inappropriate or unlawful conduct will not be tolerated and may subject you to disciplinary action up to and including termination.

Use Good Judgement

Be fair and courteous to fellow associates, customers, suppliers or people who work on behalf of the Company. Keep in mind that you are more likely to resolve work-related conflicts by speaking directly with your co-workers or utilizing our problem-solving process than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video or audio that reasonably could be seen as malicious, obscene, or threatening, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to defame someone, or posts that create a hostile work environment as described in the Company's Equal Employment Opportunity/Unlawful Harassment/Other Accommodation policy.

Be Honest and Accurate

Make sure you are always honest when posting information or news, and if you make a mistake, correct it quickly. Never post any information or rumors that you know to be false about the Company, fellow associates, members, customers, suppliers, people working on behalf of the Company, or competitors. Blogs and other forms of social media communications are individual interactions, not Company communications. Information shared via social media is generally public and may easily be viewed by Company supervisors, associates, and customers. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some of the risks that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of fellow associates, or otherwise adversely affects members, customers, suppliers, people who work on behalf of Company or Company's legitimate business interests may result in disciplinary action up to and including termination.

Report Concerns

Your personal (or anyone else's) blog, wiki, or social networking site is not the most appropriate place to make a complaint regarding discrimination, harassment, or safety issues. To ensure your concerns are appropriately brought to the attention of the Company, we encourage associates to report such issues directly to their immediate supervisor, but any associate who is concerned or apprehensive about reporting to his/her direct supervisor may instead report such issue to Human Resources.

Ask for Help

Please consult with Human Resources if you have questions about these guidelines.

USE OF COMPANY VEHICLES

Prior to employment, the Company or its insurance company may do a Motor Vehicle Report (MVR) check on any associate that will be assigned a Company vehicle. MVR checks may also be done by the Company or its insurance company in the case of suspicion or an accident. Because virtually all associates may drive a Company vehicle on Company business, the Company's insurance company does frequent MVR checks on associates assigned a Company vehicle. If the insurance company determines that an associate is uninsurable, then that associate will no longer be allowed to drive a

Company vehicle or his/her own vehicle on Company business. Doing so may be grounds for termination.

The associate may hold a current valid driver's license and still not be allowed to drive a Company vehicle because of his/her driving record. If driving is a requirement of your job, such as field service or salesperson, then this may be grounds for termination.

Under no circumstances may an associate under the age of 18 years old drive a Company vehicle. Associates assigned a Company vehicle are required to report any moving vehicle violation incurred by the associate to the Safety Director within one business day of the violation. Failure to report timely will be grounds for termination.

It is expected that all associates operating Company vehicles will obey traffic regulations and any fines or penalties assessed for violations are considered as a personal expense. Any motor vehicle violation involving alcohol or illegal use of any substance will necessitate immediate termination of Company vehicle privileges.

The Company strongly discourages eating or talking on cellular phones while driving. If you receive a call on your cellular phone or have to place a call while driving, pull off to the side of the road if safely possible, and complete the call. Texting while driving is prohibited.

MVR checks are done by the Company's insurance carriers on an annual basis and by the Company as necessary.

Company vehicles are not to be used for personal use except to drive to and from work. They are for the express use of authorized Company associates and authorized passengers. Authorized passengers would be considered Arnold Machinery Company associates and those people with whom we are doing business. The Company vehicles are not to be used by family members or other unauthorized persons, animals, objects, etc.

PERSONAL COMMUNICATION DEVICES

Associates should normally conduct personal business and use personal communication devices during authorized break and meal periods. Any use of such devices should not interfere with assigned work duties or be disruptive to coworkers. Talk to your supervisor if you have an urgent or emergency situation. While at work, we expect associates to exercise the same discretion when using personal communication devices as when using Company electronic communication systems.

CONFIDENTIALITY AND NON-DISCLOSURE

Confidential Information

Associates handling confidential information are responsible for its security. Extreme care must be exercised to ensure that it is safeguarded to protect the Company. Our Company's business affairs should not be discussed with anyone outside the Company, except when required in the normal course of business. Trade secrets and proprietary

information are unique assets of the Company. This includes, but is not limited to, information concerning Client information, customer lists, and similar subjects.

The disclosure of this knowledge to unauthorized persons is potentially harmful to the Company's business. Access to certain secrets or Company information and operating procedures should be limited to those associates who "need to know." Any copying, reproducing, or distributing of confidential information in any manner must be authorized by management. Confidential information remains the property of the employer and must be returned to the Company on demand.

These restrictions are not intended to prohibit the disclosure to outsiders of information about the Company that is routinely made available to the public by advertisement or otherwise, such as the nature of the Company's products and services and its business hours.

CODE OF ETHICAL BUSINESS CONDUCT

Associates at Arnold Machinery Company must be committed to the highest ethical standards in the conduct of their duties and responsibilities. If you feel you are being asked to violate Company guidelines, address your concerns with your supervisor or a member of the executive team.

You are expected to report perceived ethical violations. The Company expects associates to make a timely report to enable the Company to investigate and resolve any behavior that may be in violation. Report the incident to your supervisor or a member of the executive team. Your report will be kept as confidential as practicable. The Company prohibits retaliation against an associate for filing a report or for assisting in an investigation.

ACKNOWLEDGMENT

I have received a copy of the Arnold Machinery Company Associate Handbook on this day _____. I understand I am responsible for becoming familiar with the contents of the handbook. I realize my continued employment is subject to my compliance with the policies contained in this handbook and any revisions made to it. I understand the handbook provides only an overview, that it is not all-inclusive, and that it does not necessarily contain all Company practices and policies in force. If I have a question, or if there is any policy or provision in the handbook that I do not understand, I am responsible to seek clarification from my supervisor or the Human Resources Department. I acknowledge this handbook supersedes policies issued prior to this date. I recognize the handbook is subject to future change and that the Company may modify, deviate from, or eliminate policies from time to time at management's discretion.

I acknowledge that this handbook is not a contract of employment. I understand my employment is not for any fixed term, is completely voluntary both for the Company and me, and may be terminated either by me or the Company at any time for any reason not prohibited by law. No supervisor or manager, except the President (who can only do so in writing) has any authority to make any promise or agreement to the contrary. A copy of this acknowledgment is kept in the Company file.

Associate Name (please print)

Associate Signature

Date

Remove this sheet and place in associate's personnel file.