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## WELCOME TO FARM SERVICE COOP

The directors and management of Farm Service Coop welcome you as a member of the staff.

This handbook has been prepared to familiarize you with the personnel policies and practices of FSC. Should any discrepancy occur between published policy and this handbook, the published policy will prevail. Employees will receive a copy of these policies and will be asked to execute an Authorization and Understanding Statement. The contents of this handbook are presented as a matter of information only and the language herein is not intended to create, nor is it to be construed to constitute, an express or implied contract between FSC and any or all of its employees. The policies in this handbook are intended for all employees of Farm Service Coop, its divisions and subsidiaries. FSC reserves the right to modify, revoke, suspend, terminate or change any or all such plans, policies or procedures in whole or in part at any time with or without notice.

All employees of FSC are employed "at will" and can be terminated at any time with or without cause. All statements contained in this handbook shall be interpreted consistent with this termination policy and no officer or employee has any authority to modify this statement in any way.

Please keep this handbook in a place that is easily accessible. Updates and changes will be provided periodically and should be placed in the handbook at the time of receipt.

**Title: Company Information**  
**Policy Number: 1**  
**Effective Date: February 1, 2010**

Farm Service Cooperative  
2308 Pine Street  
PO Box 429  
Harlan Iowa 51537

Employees and other branches in:

- Ida Grove
- Moorhead
- Denison
- Defiance
- Irwin
- Harlan
- Shelby
- Atlantic
- Oakland
- Leinen Inc. in Portsmouth
- Progressive Nutrition employees under FSC payroll.

#### MANAGEMENT OF THE CO-OP

The Board of Directors hires a general manager who is responsible for seeing that the policies established by the Board of Directors are carried out. The general manager is given authority to hire other management people to assist in the operation of the Cooperative. The division managers and the branch managers report to the general manager.

Farm Service Cooperative operates energy, feed, agronomy, transportation and computer divisions. Branches are located in Ida Grove, Moorhead, Denison, Defiance, Irwin, Harlan, Shelby, Atlantic, Oakland and Leinen Inc. in Portsmouth. The branch manager is responsible for coordinating sales, labor and credit.

All accounting is coordinated through the general office in Harlan. This division is managed by the controller who has accounting and data processing responsibilities.

**Title: This is your company**

**Policy Number: 2**

**Effective Date: February 1, 2010**

#### WHAT IS FARM SERVICE COOPERATIVE?

Farm Service Cooperative is a business owned by approximately 2,000 farmers living in Crawford, Ida, Monona, Shelby, Pottawattamie, Cass, Harrison, and neighboring counties. This business supplies the owner, as well as others who wish to purchase from the cooperative, with a complete line of livestock feeds, propane, petroleum products, crop production items such as fertilizer, agricultural chemicals, and seed. In addition the Coop is involved in transportation services, and computer hardware and software sales.

#### HOW DOES A COOPERATIVE DIFFER FROM A NON-COOPERATIVE?

All businesses operate to provide a profit for the owner. In privately owned business these returns are called profits. In a cooperative they are called savings. They are called profits in a private business because the earnings of the business are distributed to the owners of the business based on the amount of money each owner invested in that business. They are called savings in a cooperative because they are returned to each of the owners based on the amount of purchases that an owner made from his cooperative.

#### BOARD OF DIRECTORS

Our Cooperative is organized into five districts. One Class A stockholder from each district is elected to serve on the Board of Directors. The Board of Directors meets regularly throughout the year, usually each month, and determines the goals, objectives and operating policies of the Cooperative.

#### WHAT ARE OUR OBJECTIVES AT OUR COOPERATIVE?

We at Farm Service Coop want to continue to earn recognition as being the finest farm supply business in the area. To maintain this reputation we must continue to supply quality products; prompt, efficient and courteous service; and be competitive in our pricing.

#### FSC MISSION STATEMENT

Providing Quality Supplies, Services, and Marketing at a Competitive Price for the Economic Benefits of Its Members and Their Cooperative.

**Title: Keeping Our Records Current**

**Policy Number: 3**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to maintain current contact information on all employees.

**Procedures**

Notify the general office when there are changes to the following:

- Your name
- Your home address and/or telephone number
- The person to notify in an emergency
- Your beneficiary for company benefits
- Your marital status (including divorce)
- Your number of dependents
- Tax form W-4 changes

**Additional information**

Failure to notify the company of changes to your contact information may create delays in providing certain benefits.

**Title: Sign-off sheet**  
**Policy Number: 4**  
**Effective Date: February 1, 2010**

**FSC Handbook February 2010**

**Farm Service Cooperative  
Employee Handbook Acknowledgement of Receipt**

**Employee Signature:**

I have received a copy of the Farm Service Cooperative Employee Handbook. I understand that I must read and familiarize myself with the contents of this Handbook and that it provides information for the guidance and reference of all employees.

I also understand that the terms of this Handbook do not offer or guarantee continued employment, and that my employment is at-will: that is, either the company or I may terminate the employment relationship at any time for any reason.

I understand that this Handbook is not intended to create, and should not be construed as creating, a contract between Farm Service Cooperative and me.

I understand that the contents of this Handbook may be changed at the company's discretion at any time for any reason.

I also understand that this Handbook is confidential company information and that copying in any manner is prohibited. In addition, I understand that this Handbook is company property and must be surrendered upon termination of employment.

**SAFETY MANUAL**

Farm Service Cooperative's management and Board of Directors are dedicated to providing the safest possible working conditions for all employees. The Safety Manual is provided to all employees to answer questions and to help them know the accepted safety procedures at Farm Service cooperative.

I have received a copy of Farm Service Co-op's safety manual. I further agree to comply at all times with these procedures and policies while an employee of Farm Service Co-op. I understand failure to comply with these regulations may result in suspension or termination of my employment.

**FSC COMPUTER, EMAIL AND INTERNET STANDARDS**

As an employee of Farm Service Cooperative, you may be provided with an email address or have access to FSC's computer network. Several policies in this handbook address responsibilities and privileges that are expected of employees concerning email, computer, and use of the internet.

I have read the information and understand it, and agree to comply with it and understand that disciplinary action could be taken if policy is not followed.

## Hiring and Staffing

**Policy Title: Equal Employment Opportunity**

**Policy Number: 5**

**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to provide equal employment opportunity to all individuals regardless of race, creed, color, religion, sex, age, national origin, disability, veteran status, sexual orientation, marital status, military status, or any other characteristic protected by state or federal law. The company is strongly committed to this policy, and believes in and practices equal opportunity and affirmation action.

Human Resources serves as the Equal Opportunity Coordinator for the company and has overall responsibility for ensuring compliance with this policy.

### **Procedures**

The company is committed to ensuring that:

All recruiting, hiring, training, promotion, compensation and other employment-related programs are provided fairly to all persons on an equal opportunity basis without regard to race, creed, color, religion, sex, age, national origin, disability, veteran status, sexual orientation, marital status, military status, or any other characteristic protected by law;

Employment decisions are based on the principles of equal opportunity.

All personnel actions such as compensation, benefits, transfers, training, and participation in social and recreational programs are administered without regard to race, creed, color, religion, sex, age, national origin, disability, veteran status, sexual orientation, marital status, military status, or any other characteristic protected by law; and

Employees and applicants will not be subjected to harassment, intimidation, threats, coercion, or discrimination because they have exercised any right protected by law.

**Policy Title: Employment Eligibility Verification**

**Policy Number: 6**

**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to comply with all applicable laws and regulations concerning verification of employment eligibility and associated record keeping for all employees hired to work in the United States.

### **Procedures**

Human resources is responsible for verifying employment eligibility and for keeping the appropriate records as required by law.

The Employment Eligibility Verification (Form I-9) is required for all new employees. Forms I-9 are completed according to the instructions provided on the Form and related legal requirements.

Where employee-provided documentation indicates an expiration date of authorization to work in the United States, Human Resources is responsible for re-verification prior to the expiration date.

### **Additional Information**

Questions regarding any aspect of verification of employment eligibility and/or identity should be directed to Human Resources.

**Policy Title: Pre Employment Background Screening**

**Policy Number: 7**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to require a background investigation on all new hires. Human Resource Department will complete a background investigation for all prospective final candidates prior to an offer of employment.

Candidates may have the following checked:

[list of checks, i.e., state and federal criminal records search, motor vehicle record check if applicable, county and federal civil court records check, transportation employment history if applicable, SSN check and drug/alcohol disclosure].

**Procedures**

An employment offer will not be extended to a candidate until the final background investigation is complete. The manager will be informed by the Human Resource assistant about the results of the background investigation and whether the prospective employee has a satisfactory background. If it is decided that the employment offer is to be extended, then a pre-employment drug test will be scheduled.

**Additional Information**

If an applicant reapplies with the company and the time lapse is 3 months or more since the individual's background screening was conducted, another investigation will be completed.

For confidentiality purposes, the Supervisor and Human Resources will be the only persons authorized to review reports.

**Policy Title: Part-Time Employment**

**Policy Number: 8**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to define a regular part-time employee as one who is regularly scheduled to work less than 40 hours during each work week throughout the work year.

It is the policy of the company to define a temporary/seasonal employee as one who may work more than 40 hours per week, but who is normally employed only on a temporary or seasonal basis.

**Procedures**

Division and branch managers will develop work schedules for regular part-time employees and temporary/seasonal employees, and will ensure that regular part-time employees and temporary/seasonal employees receive orientation training, safety and health training, and training in all aspects of the job.

Regular part-time employees and temporary/seasonal employees must adhere to all company policies that apply to regular full-time employees, including but not limited to, the dress code and all applicable safety policies and procedures.

Temporary/seasonal employees are not eligible for employee benefits.

If approved by the general office management, regular part time employees can be extended a partial health insurance benefit. The employee would be subject to a payroll deduction for health insurance at a payroll deducted premium, determined annually, based on the group rate for the year. Temporary/seasonal employees are not eligible for a health insurance benefit.

If approved by the general office management, regular part time employees can be extended a vacation and special leave benefit equal to ½ that of full time employees. Temporary/seasonal employees are not eligible for vacation or special leave benefits.

Regular part-time employees are eligible for other benefits including retirement, 401K, vision, AFLAC, and voluntary life insurance if approved by general office management. Temporary/seasonal employees are only eligible for retirement, if they qualify with the rules of the Coop Retirement Plan.

Regular part-time employees are not eligible for holidays except for the floating holiday to be taken between Thanksgiving and New Year's Day if approved by the board of directors.

**Additional Information**

When it has been determined that a regular part-time employee or a temporary/seasonal employee will become a full-time employee, the immediate supervisor will submit a payroll authorization form to be approved by the general manager. The effective date of this form will be the date used as the full-time employment date for purposes of accrued vacation and other benefits.

**Policy Title: Pre Placement Drug Screening**

**Policy Number: 9**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to require prospective employees to pass a pre-employment drug screen as a condition of employment prior to their start date. The company will not hire individuals who test positive for the illegal use of a controlled or synthetic substance.

**Procedures**

After the applicant accepts a conditional employment offer, a member of Human Resources will coordinate the preplacement drug screen with a specified screening facility and will confirm the date and time with the candidate.

The candidate will be responsible for bringing a reliable personal I.D. to the screening facility prior to the drug screening process. If the candidate does not present an I.D., the drug test will not be performed and the screening facility will notify Human Resources.

At the screening facility, the candidate will read the and sign a drug custody and control form.

A candidate under the age of 18 will need to have a parent fill out and sign the drug custody and control and bring it with him or her to the screening facility.

Following the appointment, the screening facility will send the signed form back to the Human Resources assistant. The drug custody and control form will be filed with the candidate's paperwork.

***Drug Screen***

During the pre-placement drug screen, the candidate will be asked to complete a questionnaire, which will include information regarding any past or current medication use pertinent to the drug screening process.

The candidate will be required to provide a urine sample. The screening facility will collect the sample and submit it to the company's chosen laboratory.

***Candidate Declines***

If the candidate refuses to go to the screening facility for the drug screen as scheduled, or refuses to sign the drug and custody control form, a staff member from the screening facility will document that information and contact Human Resources. The candidate will then be disqualified from further employment consideration.

***Drug Screening Results***

If the initial drug screen is negative (the candidate passed the drug test), the screening facility will notify the Human Resources assistant with the results.

If the initial drug screen is positive, these results are sent to an NIDA certified laboratory where a complete analysis of the sample is conducted. A certified Medical Review Officer receives this information and completes a thorough investigation, including an interview with the candidate to determine if there are any legal medical reasons for the status of the drug screen.

The Medical Review Officer makes a final determination if the drug screen has a positive or negative result and contacts the Human Resources assistant who, in turn, notifies the appropriate manager of the determination. If the test is positive for the illegal use of a drug, the candidate will be disqualified from further consideration for employment. In such a case, the manager or Human Resource assistant will notify the candidate that he/she is not eligible for employment consideration.

***The Screening Facility***

A screening facility chosen by the company will coordinate the drug screening process and will send specimens to a laboratory chosen by the company for testing. A Medical Review Officer reviews all drug screening tests received from the laboratory to validate the results.

**Additional Information** Reasonable accommodations will be made available to candidates who may require assistance (i.e., individuals with visual impairments, etc.). In addition, the screening facility will also follow through on providing reasonable accommodations to individuals with disabilities.

**Policy Title: Non-Disclosure Agreement**

**Policy Number: 10**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to protect the company's legal rights including intellectual property, business plans, trade secrets, pricing structure, confidential matters, etc., and numerous other elements which are critical to its continued growth and success.

**Procedures**

All employees are required to keep confidentiality a priority. Employees should not share business plans, trade secrets, pricing structure, and other confidential matters with another business or with employees of other businesses.

**Additional Information**

Any employee or applicant who discloses confidential information will be subject to disciplinary action up to and including termination.

## HR Policies

### **Policy Title: Employee Classification**

**Policy Number: 11**

**Effective Date: February 1, 2010**

#### **Policy**

It is the policy of the company to provide definitions of employee classifications to ensure consistency in the application of other policies and to define eligibility for benefits.

To ensure the consistent and fair administration of policies and benefits, Farm Service Cooperative employees must be classified as full-time, regular part-time, or temporary/seasonal. Employees must also be classified as exempt from overtime or nonexempt.

Certain workers, such as independent contractors, are not employees of the company and need not be classified.

#### **Procedures**

The Human Resource department is responsible for classifying employees. The company uses the following definitions:

A full-time employee is an individual who regularly works 40 or more hours per workweek and is hired for an indefinite period.

A regular part-time employee is an individual who regularly works less than 40 hours per workweek and is hired for an indefinite period.

A temporary/seasonal employee is an individual hired for a limited period of time but who may work more than 40 hours per week during peak seasons but performs no work in the off seasons.

Full-time, regular part-time, and temporary employees may be classified as either exempt from overtime or nonexempt, depending on the primary duties required of the position, as well as the actual duties performed by the employee.

A nonexempt employee is subject to the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA).

An exempt employee is exempt from the overtime and minimum wage provisions of the FLSA. Exempt employees are paid on a salary basis.

**Policy Title: Company Vehicles**  
**Policy Number: 12**  
**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to maintain a fleet of vehicles for business use, to control the use of those company vehicles, and to handle the assignment of unassigned vehicles.

To maintain our smoke-free environment and as a courtesy to other users/passengers, smoking is prohibited in company owned vehicles.

### **Procedures**

#### ***Eligibility and Authorization***

Only authorized employees are permitted to operate company vehicles. In order to be eligible to drive a company vehicle, employees must meet the following requirements.

All drivers of company vehicles must be age 18 or older and hold a valid driver's license and be insurable by the guidelines of FSC's insurance carrier.

The employee must notify the General Office in writing of the following:

Notify the general office of any restrictions placed on his/her driver's license;

Notify the general office if his/her driver's license is suspended or revoked;

Notify the general office of any traffic violations for which the employee is cited while operating a company owned vehicle.

Each employee who operates a company vehicle is responsible for ensuring his/her driver's license is current.

The general office is responsible for maintaining a confidential file of completed forms for all users of company vehicles. This information is confidential, and access is limited.

If a new/transferred employee is required to drive a company vehicle, the general office will have the individual complete the proper forms as part of the regular paperwork process.

#### ***Request and Approval Procedure***

Employees should contact their supervisor or branch manager to request a vehicle for business use, and provide information regarding the business purpose, destination, number of traveling employees, special needs, date and time the vehicle is needed, and the date and time the vehicle will be returned.

Annually the general office will forward its list of driver license numbers of all employees who use company vehicles to the company's insurance carrier. The carrier will use that list to verify driver eligibility.

#### ***Accident Procedures***

If an employee is using a company vehicle and is involved in an accident, he/she contact the branch manager who will in turn contact the insurance manager at the general office. It is also important that the driver of the vehicle report the accident promptly to the local police department.

#### ***Additional Information***

If a company vehicle is not available, employees can utilize their personal vehicle and submit a mileage reimbursement form. Vehicle assignments are made to division and branch managers and company salespersons. When circumstances warrant, these vehicles are made available for general fleet use.

Employees assigned company vehicles will follow all manufacturers' recommended maintenance schedules for the vehicle, abide by all laws and follow proper driving techniques, wear seat belts at all times, report any accident, and maintain a smoke-free environment in the vehicle. The improper, careless, negligent, destructive or unsafe use or operation of equipment or vehicles (including traffic violations) may result in disciplinary action up to and including termination.

**Policy Title: Outside Employment**

**Policy Number: 13**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to ensure that employee performance remains at acceptable levels. To help ensure this level of performance, the company has adopted this policy on outside employment. Employees are permitted to engage in outside work or hold other jobs, subject to certain restrictions as described below.

**Procedures**

Any employee holding a job with another organization must always demonstrate satisfactory performance in his or her responsibilities at Farm Service Cooperative. All employees are judged by the same performance standards and are subject to the same scheduling demands, regardless of any outside work requirements.

If an employee's outside work interferes with performance or the ability to meet job requirements, the employee may be asked to terminate the outside employment if he or she wishes to remain with Farm Service Coop.

Outside employment must not compete, conflict with, or compromise Farm Service Coop interests or adversely affect job performance and the ability to fulfill all responsibilities. The nature of the outside employment should not involve performing services for customers of Farm Service Coop that are normally performed by Farm Service Coop. In addition, employees are not to solicit or conduct any outside business during paid working time.

Outside employment may present a conflict of interest if it has a negative impact or a potentially negative impact on Farm Service Coop.

In evaluating outside work, management will consider whether the outside employment:

- May reduce the employee's efficiency.
- Involves working for an organization that does a significant amount of business with Farm Service Coop, such as contractors, suppliers, and customers.
- May adversely affect Farm Service Coop's image.

**Additional Information.**

Employees are cautioned to consider carefully the demands that additional employment will create before accepting outside employment. Outside employment will not be considered an excuse for poor performance, absenteeism, tardiness, leaving early, or refusal to work scheduled hours or overtime. If outside work causes or contributes to job-related problems, normal disciplinary procedures will be followed to deal with the problem.

**Special Provisions**

Due to the fact that FSC is located in the farming community, and employs a number of employees also engaged in farming, FSC realizes these employees will need time off for planting and harvesting. Time off must be arranged in advance with the immediate supervisor and the employee will be required to use vacation for absences from normal working hours when farming.

**Policy Title: Disciplinary Policy**  
**Policy Number: 14**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to take appropriate disciplinary action when employees are found to have violated company policies, procedures, and/or work rules.

Appropriate disciplinary action may involve progressive disciplinary measures; or may result in immediate release/discharge.

The company's policies, procedures, and work rules as outlined in the company handbook are not all-inclusive and may be changed from time to time at the company's sole discretion. Nothing in this policy changes the at-will nature of the employment relationship.

All employees are responsible for complying with company policies, procedures, and rules, and are required to sign off periodically on copies of company policies, procedures, and work rules.

Different disciplinary procedures can be followed by management as described below. The procedure utilized will be determined based on the company's evaluation of all the circumstances involved. Management is not obligated to follow any or all of these steps in any predetermined order; these are for reference purposes only.

**Procedures**

***Verbal Counseling***

This action advises the employee that a specific situation needs to be changed or corrected. Once verbal counseling has occurred, the supervisor or manager will document the details of the discussion for future reference.

***Written Warning***

The supervisor or manager completes a disciplinary report on an Employee Warning Notice. This report documents the incident(s) at issue. The supervisor or manager then meets with the employee and communicates the behavior change that needs to take place and/or the actions that need to be discontinued. The employee's signature on the report merely acknowledges that the report was discussed with the employee. The signature does not indicate the employee's agreement with the contents of the report. The Employee Warning Notice will be retained in the employee's personnel file at the Human Resource department in the general office.

***Suspension-Paid or Unpaid***

The type of discipline is determined by General office management after discussion with the supervisor or manager of the employee subject to discipline. Management and the supervisor will determine the type and duration of suspension, if any.

Once management approves the suspension, the disciplinary action will be documented in writing and a copy will be retained in the employee's personnel file at the Human Resource department in the general office. The documentation will be discussed with the employee by the immediate manager and supervisor, with another manager or employee present. The employee's signature on the report merely acknowledges that the report was discussed with the employee. The signature does not indicate the employee's agreement with the contents of the report.

***Release or Discharge***

The company retains the right to terminate employees at its sole discretion, irrespective of the above-referenced disciplinary guidelines.

**Policy Title: Drug Testing**  
**Policy Number: 15**  
**Effective Date: February 1, 2010**

**Policy**

The company is committed to achieving and maintaining a safe and productive work environment for all employees. This includes providing a drug-free, healthful, safe, and secure work environment. The company will not tolerate the use of alcohol or drugs on premises, nor will the company allow employees to work while they are under the influence of alcohol or drugs.

Each employee is expected and required to report to work in an appropriate mental and physical condition to perform his or her assigned duties.

To help ensure a safe and healthful working environment, employees may be asked to provide samples (such as urine, saliva, hair, or breath tests) to identify the illicit or illegal use of drugs and alcohol.

The company performs drug tests in the following situations:

- Pre-employment,
- Reasonable Suspicion or For-cause,
- Random or unannounced for DOT mandates
- Post-accident
- Return to duty
- Follow-up testing

Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

Management will determine which types of tests are used, when they are used, and on who they are used, with consideration given to applicable state laws.

Any employee with drug or alcohol problem is encouraged to come forward to seek help at any time.

**Procedures**

Copies of the drug testing policy will be provided to all employees. All employees will read, understand, and abide by the tenets of this policy. Employees will be asked to sign an acknowledgement form indicating that they have received a copy of the drug testing policy. By signing the handbook receipt form, the employee acknowledges receipt of the drug testing policy. Questions concerning this policy or its administration should be directed to Human Resources.

Employees refusing to be tested and employees who attempt to adulterate specimens or provide fraudulent specimens (not his or her own) may be terminated.

The following are examples of for-cause situations in which employees may be required to submit to testing:

- An employee's behavior matches an accepted profile of being under the influence of alcohol or drugs.
- An employee is involved in a self-inflicted injury requiring medical attention.
- An employee causes the injury of another worker who requires medical attention.
- An employee causes a non-injury property accident.

Any employee who is observed coming to or returning to the job in an obviously impaired condition shall be removed from the workplace at once. A responsible supervisor shall provide or arrange for transportation for the employee. Local police may be notified if the employee insists on driving while in an impaired condition. Any employee who tests positive will be put on suspension until an alcohol/drug evaluation is completed and said employee is cleared. Employees who test positive and who believe the test was in error may request a re-test of the original specimen at their expense.

In accordance with the federal "Drug-Free Workplace Act of 1988" employees are advised of their obligation to notify their supervisor within five days of any conviction for criminal drug activity occurring within the workplace.

The company has contracted with various labs, clinic, or hospitals which are certified to conduct the testing.

Results will be reported by the lab to Human Resources.

**Additional Information**

The company recognizes that alcohol/drug addiction is a treatable illness and will make every effort to support an employee in need of treatment. Acceptance of such treatment will not hinder employment at the company unless job performance is unsatisfactory. Employees who complete treatment may be subject to random drug screening for a period of two years at the employer's discretion. Any positive test results will be cause for immediate termination.

The Employee Assistance Program (EAP) provides confidential counseling and referral services to employees with such problems as drug and/or alcohol abuse or addiction. It is the employee's responsibility to seek assistance from the EAP prior to reaching a point where judgment, performance, or behavior has led to imminent disciplinary action. Participation in the EAP after the disciplinary process has begun may not preclude disciplinary action, up to and including termination of employment.

FSC shall require supervisory personnel to attend a minimum of two hours of initial training and to attend, on an annual basis thereafter, a minimum of one hour of subsequent training. The training shall include information concerning the recognition of evidence of employee alcohol and other drug abuse and the referral of employees to the employee assistance program.

**Policy Title: DOT Drug Testing Policy**

**Policy Number: 16**

**Effective Date: February 1, 2010**

**Policy**

Farm Service Coop's Alcohol and Drug Free Policy complements and reinforces our commitment to safety by protecting employees, property and the general public. This policy is intended to comply with Iowa and Federal code. Any differences between this policy and federal or state policy shall be resolved in favor of the federal or state policy. All aspects of testing, reporting results and maintaining records are handled in confidence.

**Procedures**

Who is covered? Applicants covered under Federal Motor Carrier Safety Administration – pursuant to 29 CFR 40.25, these applicants must provide written authorization for a two year background check of proper participation in alcohol and drug testing programs under a regulated employee. In addition, FSC follows industry specific testing requirements for new hires pursuant to 29 CFR 382.301. DOT Employees- persons who operate under DOT requirements for regulated industries are under specific testing and conduct requirements.

What is tested and what constitutes a positive test? FSC uses trained test technicians, collectors and testing personnel, as well as approved methods for detection of drugs and alcohol.

Alcohol –includes liquor, beer, wine and medicines with alcohol. For DOT employees, a blood alcohol level measured at or greater than .040 will result in a positive result. Employees testing positive for alcohol at or between .020-.039 are removed from safety sensitive duties for a minimum of 8 hours or until retested below 0.02 or until the employee's next shift. The employee must undergo a second alcohol test prior to resuming safety sensitive duties (at their expense.) A safety sensitive employee with a verified positive test of .04 or greater shall be immediately removed from duties until after an employment assessment and release to return to duty by a Substance Abuse Professional. The employee must not return to duty until or unless the employee successfully completes a return-to-duty alcohol test with a result indicating an alcohol concentration of less than 0.02.

Drugs-includes the standard five classifications: Amphetamines, including methamphetamines; cocaine; opiates; marijuana and other THC derivatives; and PCP (phencyclidine). A Medical Review Officer ("MRO") will notify the applicant or employee if the laboratory confirms a positive drug test. The MRO, after speaking with the applicant or employee, will report a positive result to the Designated Employer Representative.

Test Results: drug test negatives are known 18-24 hours after collection and shipment to the lab. Positive tests require confirmation testing and submission to an MRO for verification. These steps take from 2-4 days before the company receives a test report from the MRO's office. The employee is given an opportunity to show proof of prescribed medications if these could have had an effect on the lab report to the MRO. It is up to the MRO to make the determination of a positive drug test.

Prohibited actions:

- Using alcohol and drugs while performing job duties.
- Using alcohol within four hours of reporting for driving duties.
- Using another's prescription drugs or unsafe use of one's own prescribed drugs.
- Using drugs prior to reporting for work.
- Using alcohol or drugs after an accident or when Post Accident testing is needed.
- Reporting late or not reporting at all for alcohol or drug tests or obstructing the testing procedures.
- Transporting, making, selling or exchanging alcohol or drugs.
- Endorsing co-workers' illegal or excessive alcohol or drug use.
- Failure to report co-workers' illegal drug use or distribution.
- Failure to remain in contact with MRO or company when required.
- Testing positive for alcohol or drugs.
- Any action to substitute, tamper, adulterate or dilute an alcohol or drug testing sample.

Consequences of violating company policy:

Applicants: a positive test or refusing to submit to testing will render an applicant ineligible for employment with FSC.

DOT Employees: DOT employees with a positive drug or alcohol test must seek evaluation and professional guidance from a qualified Substance Abuse Professional (SAP). A company representative will provide the names and phone numbers of qualified SAP's.

Employees testing positive for alcohol at or between .020-.039 are removed from safety sensitive duties for a minimum of 8 hours or until retested below 0.02 or until the employee's next shift. The employee must undergo a second alcohol test prior to resuming safety sensitive duties (at their expense.) A safety sensitive employee with a verified positive test of .04 or greater shall be immediately removed from duties until after an employment assessment and release to return to duty by a Substance Abuse Professional.

A result of dilute-negative on a drug test will be allowed once. If any future tests are dilute-negative, the applicant or employee will be required to undergo a repeat urine drug screen under direct observation according to DOT collection guidelines, in selected unusual situations. These repeat collections would be at the applicant's/employees expense unless a medical condition would provide an explanation.

First offense: Upon receipt of a positive drug test or an alcohol test which indicates a alcohol concentration greater than .020 and if the employee has been employed by the employer for at least 12 of the preceding 18 months, and if rehabilitation is agreed upon by the employee, and if the employee has not previously violated the employer's drug and alcohol policy, rehabilitation of the employee will be recommended. The employee must enroll in an approved rehabilitation, treatment, or counseling program, which may include additional drug or alcohol testing. The participant must successfully complete the rehabilitation and recommended treatment of the SAP in order to be eligible for continued employment. The employee will also be suspended 3 days without pay. If the employee has been employed less than 12 months, the company may terminate the employee immediately. Any employee testing positive a second time for alcohol or drugs will be terminated.

TYPES OF TESTING PROCEDURES:

Alcohol	Drugs
Pre-employment test- not applicable	Pre-employment test – All applicants for employment will be tested for drug use prior to employment in any position and prior to transfer from a non-safety-sensitive position into a safety-sensitive position. Testing is for the standard five classifications of controlled substances
Reasonable Suspicion Test- performed when an employee's conduct or a specific change in employee's performance prompts a supervisor to intervene, such as a report from a credible source that employee was observed using alcohol, recently used, or dispensed alcohol at work. DOT requires testing based on the detection of even a slight odor of alcohol. In addition, employees expressing fear of co-worker or a report that co-worker exhibited unusual actions may subject the employee to testing.	Reasonable Suspicion Test- performed when an employee's conduct or a specific change in employee's performance prompts a supervisor to intervene, such as a report from a credible source that employee was observed using drugs, recently used, or dispensed drugs at work. In addition, employees expressing fear of co-worker or a report that co-worker exhibited unusual actions may subject the employee to testing.
Post-Accident Test – performed when accident results in a fatality, a citation for a moving violation arising from the accident and any party involved requires treatment for an injury away from the accident scene or if any vehicle involved must be towed away. 29 CFR 382.303 requires a breath or saliva test within 2	Post-Accident Test – performed when accident results in a fatality, a citation for a moving violation arising from the accident and any party involved requires treatment for an injury away from the accident scene or if any vehicle involved must be towed away. 29 CFR 382.303 requires a urine test within 32 hours

hours and no later than 8 hours after the accident.	after the accident.
Return to Duty- Alcohol testing may be arranged if employee would benefit from periodic monitoring. DOT requires strict enforcement of Substance Abuse Professional's recommendations.	Return to Duty- Drug testing may be arranged if employee would benefit from continued monitoring or employer wants frequent testing as part of rehabilitation plan. DOT requires strict enforcement of Substance Abuse Professional's recommendations.
Random Tests- DOT annually requires a percentage of drivers to be randomly tested for alcohol.	Random Tests- DOT annually requires a percentage of drivers to be randomly tested for drugs.
Follow up Testing: If an employee desires to become requalified, the employee must be evaluated by a SAP and submit to any treatment the SAP prescribes. Following evaluation and treatment, in order to be requalified, the employee must submit to and successfully complete a return-to-duty alcohol test. Such employee is also subject to follow up testing which must continue per the SAP's recommendations. Minimum is six unannounced tests in the first 12 months following the employee's return to a safety-sensitive position.	Follow up Testing: If an employee desires to become requalified, the employee must be evaluated by a SAP and submit to any treatment the SAP prescribes. Following evaluation and treatment, in order to be requalified, the employee must submit to and successfully complete a return-to-duty drug test. Such employee is also subject to follow up testing which must continue per the SAP's recommendations. Minimum is six unannounced tests in the first 12 months following the employee's return to a safety-sensitive position.

Who pays for testing?

The company pays for pre-employment drug tests, random drug and alcohol tests, post accident testing, and reasonable suspicion testing.

Employees and applicants are responsible for :

- Initiated analysis of secondary specimen sent to a different lab

- Costs of Substance abuse, evaluation, treatment or aftercare not covered under EAP or the health plan.

- Transportation to treatment-related appointments, outpatient counseling support sessions or after care

- Expenses resulting from violations of this policy including, but not limited to, the cost of SAP evaluation, follow up meetings with SAP, Return to Duty tests, and/or DOT required follow up tests.

**Additional Information**

If there is any discrepancy between this policy and the Federal Motor Carrier Safety Administration rules and regulations, the FMCSA rules prevail.

FSC shall require supervisory personnel to attend a minimum of two hours of initial training and to attend, on an annual basis thereafter, a minimum of one hour of subsequent training. The training shall include information concerning the recognition of evidence of employee alcohol and other drug abuse and the referral of employees to the employee assistance program.

**Policy Title: Non-Dot Drug Testing Policy**

**Policy Number: 17**

**Effective Date: February 1, 2010**

**Policy**

Farm Service Coop's Alcohol and Drug Free Policy complements and reinforces our commitment to safety by protecting employees, property and the general public. This policy is intended to comply with Iowa and Federal code. Any differences between this policy and federal or state policy shall be resolved in favor of the federal or state policy. All aspects of testing, reporting results and maintaining records are handled in confidence.

**Procedures**

Drug and alcohol testing of non-DOT employees or applicants will be done in the following instances:

1. Pre-employment drug test required of all prospective employees as a condition of employment prior to their start date. Individuals must have a negative test result.
2. Reasonable suspicion or For-cause
3. Post-accident –employers may conduct drug or alcohol testing in investigating accidents in the workplace in which the accident resulted in an injury to a person for which injury, if suffered by an employee, a record or report could be required under chapter 88, or resulted in damage to property, including to equipment, in an amount reasonably estimated at the time of the accident to exceed one thousand dollars.
4. Return to duty or follow up testing may be required following a positive drug and/or alcohol test.

Consequences of violating company policy:

Applicants: a positive test or refusing to submit to testing will render an applicant ineligible for employment with FSC.

Employees:

First offense: Upon receipt of a confirmed positive drug test or an alcohol test which indicates an alcohol concentration greater than .04, and if the employee has been employed by the employer for at least 12 of the preceding 18 months, and if rehabilitation is agreed upon by the employee, and if the employee has not previously violated the employer's drug and alcohol policy, rehabilitation of the employee will be recommended. The employee must enroll in an approved rehabilitation, treatment, or counseling program, which may include additional drug or alcohol testing. The participant must successfully complete the rehabilitation in order to be eligible for continued employment. The employee will also be suspended 3 days without pay. . If the employee has been employed less than 12 months, the company may terminate the employee immediately.

Second offense: Termination of employment

Who pays for testing?

The company pays for pre-employment drug tests, post accident testing, and reasonable suspicion testing.

Employees and applicants are responsible for:

Initiated analysis of secondary specimen sent to a different lab

Costs of Substance abuse, evaluation, treatment or aftercare not covered under EAP or the health plan.

Transportation to treatment-related appointments, outpatient counseling support sessions or after care

Expenses resulting from violations of this policy including, but not limited to, the cost of evaluation, treatment, Return to Duty tests, and/or required follow up tests.

**Additional Information**

FSC shall require supervisory personnel to attend a minimum of two hours of initial training and to attend, on an annual basis thereafter, a minimum of one hour of subsequent training. The training shall include information concerning the recognition of evidence of employee alcohol and other drug abuse and the referral of employees to the employee assistance program.

If there is a discrepancy between this policy and the Iowa Code 730.5, the Iowa Code will prevail.

**Policy Title: Driving Policy and CDL's**

**Policy Number: 18**

**Effective Date: February 1, 2010**

**Policy**

This policy is applicable to any temporary, part time or full time employee who is working in a job classification which as a condition of employment must drive equipment or vehicles that requires a CDL or a driver's license to be in accordance with Federal and State Law.

**Procedures**

Requirements: of Federal and State Law:

**Floater operators:** Class A or B

Hazmat, Tanker and Air Brake endorsement  
Current Medical Card

**NH<sup>3</sup> farm delivery and Tender drivers:**

Class A CDL if driving a semi (tractor/trailer)  
Class B CDL for other vehicles  
Hazmat, Tanker and Air Brake endorsement  
Current Medical Card  
OR a restricted CDL (see description below)

**Feed delivery drivers:**

Class A CDL if Driving a semi (tractor/trailer)  
Class B CDL for other feed delivery vehicles  
Air Brake endorsement  
Current Medical Card

**Petroleum delivery drivers:**

Class B CDL  
Hazmat, Tanker and Air Brake endorsement  
Current Medical Card

**Transportation drivers:**

Class A CDL with  
Hazmat, Tanker and Air Brake endorsement  
Current Medical Card

Restricted CDL

A restricted CDL will be issued to "suppliers or employees of suppliers" of agricultural inputs. The license will be issued for Class B, but not as a Class A. The Restricted CDL will be valid for commercial motor vehicles requiring tank, airbrake and hazardous materials endorsements/restrictions, but no CDL written or driving tests will be required, nor will endorsement fees be charged and no CDL endorsements/restrictions will show on the license. The Restricted CDL will be valid for up to 180 days per calendar year, but specific validation periods will be shown on the license restriction supplement. The periods of validity are March 15 to June 30 and October 4 to December 14. The restricted CDL must be validated before each period. The applicant may revalidate up to 30 days before the beginning of each date period. No Medical Card is required by state or federal law, **but FSC policy requires a medical card for ALL CDL related positions.**

The only hazardous materials allowed to be carried with a restricted CDL are:

Liquid fertilizers, such as anhydrous ammonia, in quantities of 3.000 gallons or less  
Solid fertilizers, such as ammonium nitrate, provided they are not mixed with any organic substance.

DOT Physicals: FSC health insurance does not cover a physical performed solely for work. Therefore FSC will reimburse **all** employees for DOT physicals if taken at one of the following approved facilities:

- Occupational Health, Myrtue Hospital in Harlan
- Anderson Chiropractic in Denison
- Atlantic Medical Center in Atlantic
- Occupational Health, Mercy Hospital in Council Bluffs

CDL license cost, endorsement cost or regular driver’s license: **Employee responsibility**

Hazmat background check and fingerprinting: This fee will be reimbursed to **full time, regular part-time and temporary/seasonal** employees by FSC. The fee FSC paid for your background check and fingerprinting will be deducted on a pro rata basis from your last payroll check if your employment terminates before your next license renewal.

Obtaining/renewing a CDL: Time off work will be granted to renew a CDL, take a written CDL exam, retake a failed exam, to obtain endorsements and fingerprinting.

Expired or revoked licenses: Employees whose CDL or driver’s license has expired or been revoked will not be allowed to work until they have regained the proper license along with the required endorsements.

Employee responsibility for CDL: Employees with CDL’s must notify FSC’s general office in writing within 30 days of a conviction of any business or personal traffic violation (except parking) regardless of what type of vehicle being driven. Failure to properly notify the employer will result in discipline, up to and including termination. This applies any time driving privileges are revoked, suspended or limited in any way by any court.

Employee responsibility for Driver’s License: Employee must notify the FSC general office within 30 days following a motor vehicle conviction which results in loss or suspension of your driver’s license.

Driver Acceptability Matrix from the Company’s Insurance Company

The following table shows the number of moving violations, accidents or DUI (driving under influence) that are acceptable and not acceptable. If your driving record puts you in a prohibited class, you are uninsurable under FSC’s vehicle insurance policy.

Number of Moving Violations within Past Three Years	Number of Accidents within Past Three Years				Number of DUI or DWI Within Past Three Years
	0	1	2	3	
0	Clear	Acceptable	Borderline	Prohibited	Prohibited
1	Acceptable	Acceptable	Borderline	Prohibited	Prohibited
2	Acceptable	Borderline	Prohibited	Prohibited	Prohibited
3	Borderline	Prohibited	Prohibited	Prohibited	Prohibited
4	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
5	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited

**BORDERLINE:** Motor Vehicle Report will be checked every 6 months; insurability subject to no deterioration in the record.

**PROHIBITED:** Employer must prohibit driver from driving company vehicles or using personal vehicle on company business.

**Policy Title: MVR Guidelines**  
**Policy Number: 19**  
**Effective Date: February 1, 2010**

### **Policy**

It is our company's policy that employees who operate company motor vehicles follow the state traffic laws and give the utmost regard for the safety of others.

Employees who use their own vehicle or receive a company vehicle to drive for company business must have an acceptable driving record under the standards and policies of our company and insurance liability requirements. If the employee's driving record at any time becomes unacceptable by the stated standards, the applicant or employee is not qualified to drive a personal or company vehicle for company business. We reserve the right to terminate employees or rescind a job offer if these standards are not met.

### **Procedures**

1. After extending a job offer, an MVR must be obtained for all candidates who might use a company vehicle or personal vehicle for company use. The job offer will be conditional on the results of the MVR.
2. All employees who may drive a company vehicle are required to have a valid driver's license.
3. Individuals who receive violations exceeding 7 points within 36 months in accordance with the attached violation-disqualification requirements lose the right to drive a company vehicle or personal vehicle for company use without the consent of Management.
4. An MVR will be obtained on an annual basis for all FSC Employees. If an employee obtains a total of 3 violation points, the employee will receive an oral warning. If an employee reaches 5 violation points, the employee will receive a written warning. 7 violation points could result in termination or removal from one's position.
5. In job descriptions where travel is an essential function a statement should be included, such as, "This position requires the safe operation of a motor vehicle to perform the essential functions of the job. The employee must meet the qualifications set forth in our motor vehicle safety policy. Failure to meet these qualifications could result in removal from this position."
6. A copy of this policy should be provided to all applicable candidates, employees and supervisors.
7. Failure to comply with the administration of this policy could result in disciplinary action or termination depending on the severity of the problem.

Reinstatement of driving privileges will be evaluated at management's discretion

**Policy Title: Child Labor / Minor Employees**

**Policy Number: 20**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to comply with state and federal laws regarding the employment of minors under the age of 18.

**Procedures**

Human Resources will evaluate positions for the potential to accept applications from minors. This will involve an evaluation of job duties and responsibilities to verify that the position does not require tasks which minors are prohibited from performing.

If a minor is offered a position, any necessary work permits for the minor employee will be obtained.

Managers and supervisors will be informed of any restrictions on the hours of work for minor employees and will be responsible for ensuring compliance with these limitations.

**Additional Information**

State or federal laws may restrict the maximum hours worked per day or week, the starting and stopping times, and may require break or meal periods.

**Policy Title: Formal Complaint Process**

**Policy Number: 21**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide a Formal Complaint Process for all employees to voice concerns, problems, and/or complaints. Any formal complaint brought to the attention of management through this process will be investigated thoroughly and resolved.

The Formal Complaint Process is intended to be used for issues such as conflicts with supervisors or co-workers, concerns about policies or discipline, and so on. Employees do not need to follow this process to report discrimination, harassment, or illegal activity.

**Procedures**

The Formal Complaint Process is outlined below.

***Step 1***

Employees discuss the complaint with the immediate supervisor. If the conflict involves the immediate supervisor, the employee may begin the complaint process with Step 2.

***Step 2***

Employees - If unsatisfied with the immediate supervisor's response, he or she should consult with the next higher level of management in the area (division manager).

The division manager should involve other management in working to resolve the complaint.

***Step 3***

Employee - If unsatisfied with the division manager's response, he or she should consult with the general manager.

**Additional information**

Should the complaint be to express disagreement with a company policy or practice, the employee is expected to comply with the disputed policy or practice until the disagreement is resolved or the policy or practice is changed. If an employee feels uncomfortable presenting a matter at a particular step because the person responsible for receiving complaints at that step is directly involved in the matter, the employee may bypass that step.

No employee shall be penalized for properly using the Formal Complaint Process. The complaint process must not be used for unfounded complaints, or as a means to harass a co-worker or supervisor.

**Policy Title: Child Support Reporting**

**Policy Number: 22**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to enforce child support reporting. The company is required to submit new hire information to the Iowa Workforce Development. The information will also be forwarded to the National Directory of New Hires to determine if a new hire owes child support in other states.

**Procedures**

Upon finding a case for child support, the agencies will send the company an order of immediate income withholding for that new hire that will be paid directly to the state for disbursement to the proper party. The withholding of income will be treated like other forms of income deduction.

Required Information:

- .Employee Name
- .Employee Address
- .Employee Social Security Number
- .Employer's Name
- .Employer's Address
- .Employer Identification Number

Hours of Work

**Policy Title: Attendance and Absence**

**Policy Number: 23**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to keep employee absences to a minimum. Employees are expected to report on time each day they are scheduled to work. Absence or tardiness may result in disciplinary action. This includes late arrival at work, and leaving early. Attendance is one of the factors rated in performance evaluations.

**Procedures**

***Attendance Reporting***

All employees are responsible for accurately recording all hours worked and not worked on the timesheet. Managers/supervisors of each area are accountable for verifying information on employees' timesheets before submitting them to payroll, and ensuring that the reports are accurate and submitted on a timely basis.

***Reporting Absences***

The company recognizes that, due to unforeseen circumstances, employees may be late getting to work. Whenever possible, employees must call their supervisor to provide notification that they will be late, the reason for the delay, and the approximate time they expect to arrive at work. Employees must report an absence to their immediate supervisor before their regular start time, if possible. Employees should make every attempt to speak to their supervisor rather than leaving a message. If the supervisor cannot be reached, employees should contact other office personnel who will communicate the message to the supervisor. This notification is required for each day absent unless it is understood the employee will be absent for a certain number of days.

***Documenting Absence/Tardiness***

Employees must accurately record daily attendance and absences on their time reports, including tardiness.

***Requesting Time Off***

Employees who anticipate time off, such as vacation time, must request permission from their supervisor for approval and must make the request for time off as far in advance as possible.

***Disciplinary Action***

Disciplinary action will be taken if employees:

- are excessively absent or excessively tardy;
- fail to give notice of absences as required;
- falsify their time sheets;
- remain absent from work for three consecutive workdays without contacting their supervisor, unless they are on approved leave. This is otherwise considered job abandonment and will result in discharge.

IMPORTANT: Absences which are protected by the Family & Medical Leave Act (FMLA) are not included in determining excessive absences provided the necessary forms have been completed and the employee has been notified that the time off was applied towards his/her entitlement.

**Additional Information**

The company will consider modification of the regular work schedule on an individual basis as a reasonable accommodation for employees with disabilities, or for the practice of religious beliefs, but is not obligated to provide an accommodation that would result in an undue hardship on the company.

Modified work schedules might include flexible work hours, flexible workweeks, swapping of shifts, or other reasonable changes.

Failure to notify a supervisor of any absence may result in disciplinary action.

**Policy Title: Breaks and Meal Periods**

**Policy Number: 24**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide employees with breaks and meal periods following the parameters listed below.

The company does not offer other designated break periods, except as specifically provided (i.e., child labor laws may require breaks for minors). Employees are allowed to leave their work area when necessary for restroom breaks and refreshments.

All employees are expected to follow the lunch break schedules and guidelines for their departments.

Generally, lunch breaks should be taken approximately half-way through the regular work day.

Employees on unpaid meal breaks are not required to remain on company premises.

When the nature of the job prevents an employee from being completely relieved of duty during a meal period, the meal period will be paid.

Employees who have a paid meal period must remain on company premises during the meal period.

**Procedures**

Employees are encouraged to eat in the company lunch rooms or other designated areas.

During company-sponsored special events which feature an extended meal period paid for by the company, employees are expected to remain on company premises. If employees decide not to participate in an extended meal period event, they will then have a regular meal period.

Snacking and beverages are allowed at desks or workstations, as long a clean and orderly work environment is maintained.

Employees are expected to clean up after using the lunchrooms. Garbage and all containers must be disposed of in proper receptacles.

If employees choose to eat at their desk or workstation, that time counts as their lunch period.

**Additional Information**

Smoking is allowed only during an employee's authorized meal break, and only in designated smoking areas.

Smoking at other times during the work day is prohibited.

Employees who violate the policy will be subject to disciplinary action, up to and including termination.

No alcoholic beverages are allowed on company property. Exceptions for special functions require authorization by the general manager.

**Policy Title: Hours of Work**

**Policy Number: 25**

**Effective Date: February 1, 2010**

**Policy**

While it should be recognized that FSC's operating hours will be dictated by seasonal operation, it is the policy of the company to establish regular hours of business operation from 7:30 a.m. to 5 p.m. with an hour for lunch. Within this framework, individual departments may follow different operational schedules, as well as varied workweek schedules based on the need for different shifts, to maintain production or efficiency. Work schedules may be changed from time to time based on business needs. Your immediate supervisor will notify you of your normal working schedule.

For overtime purposes, the work week begins at [12:00 a.m. (midnight) on Sunday morning] and ends at [11:59 p.m. on Saturday night]. Since a workweek is defined as seven consecutive 24-hour periods (or workdays) each workday also begins at midnight and ends at 11:59 p.m. the same calendar day.

**Procedures**

All employees are expected to report to work during assigned working hours.

***Breaks***

Employees are allowed to leave their work area when necessary for bathroom breaks and refreshments; however, the company does not have designated break periods.

**Additional information**

Under special conditions (such as an early closing due to bad weather), the company may set alternative work hours.

The company will consider modification of work schedules on an individual basis as a reasonable accommodation for employees with disabilities, or to accommodate an employee's religious beliefs, unless making that accommodation results in undue business hardship.

**Policy Title: Holiday Pay**

**Policy Number: 26**

**Effective Date: February 1, 2010**

**Policy**

The company recognizes seven and a half paid holidays during the year for eligible employees. They are:

· New Year's Day

· Memorial Day

· Independence Day

· Labor Day

· Thanksgiving Day

Floating holiday to be used between Thanksgiving and New Year's Day

· Christmas Eve afternoon

· Christmas Day

All full-time are eligible for holiday pay. There is no waiting period. Regular part time, temporary/ seasonal, and contract employees are not eligible for holiday pay.

Paid holiday hours count as hours worked for purposes of overtime calculations.

**Procedures**

Full-time employees will receive compensation for eight hours of work time for each holiday. The eight hours are considered to be part of the first forty hours worked and therefore will be paid at overtime rates where appropriate

***Holiday scheduling***

If any designated holiday falls on a Saturday or Sunday, and if it is generally accepted practice in the community to close on the day prior to the holiday, or the day following the holiday, Farm Service Cooperative will conform to the community custom and holiday pay will be granted for the day not worked.

***Other holiday observances***

Employees who wish to observe other holidays may use personal time off if they have a balance of such time, following established procedures for requesting such time off.

***Business operations shutdown days***

The company may schedule a business operations shutdown the day before or after a holiday so that employees can enjoy a long holiday weekend. Employees are encouraged to use a vacation day or personal time off on such days.

**Additional Information**

Employees on leave (such as a leave of absence or family and medical leave) will receive holiday pay for absences which coincide with a holiday.

If a full-time hourly employee is required to work on a regularly scheduled holiday, the full-time employee will be paid double time for the hours worked in addition to the above holiday compensation.

Temporary/seasonal or regular part-time employees who are not eligible for holiday pay but who work on a holiday are paid as if the holiday is a normal work day.

**Policy Title: Overtime**

**Policy Number: 27**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to comply with all federal and state regulations pertaining to overtime compensation.

It is also the policy of the company to require mandatory overtime as needed to meet business needs. Non-mandatory overtime must be approved in advance by a supervisor or manager.

**Procedures**

Non-mandatory overtime must be beneficial to the overall productivity of the area, and must not be used for any type of “make-work” project.

**Additional Information**

Employees who work overtime without authorization may be subject to discipline, up to and including termination.

**Policy Title: Rounding of Time Cards**

**Policy Number: 28**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to round the time cards of employees to the nearest quarter-hour. This policy is intended to ensure that this rounding practice does not result, over a period of time, in the failure to compensate employees properly for all the time they actually worked.

**Procedures**

Rounding shall not be made to the disadvantage of the employee (i.e., by rounding down in all situations).

Rounding practices must ensure that employees are paid, on average, for all hours actually worked.

The company has adopted a policy of rounding each day's time worked to the nearest quarter hour. Rounding is done on the total daily minutes worked to the nearest quarter hour. Once the total minutes are calculated for a given day, the remaining minutes are rounded to the nearest quarter hour.

7 minutes or less, the time will be rounded to HH:00.

8 or more, the time is rounded to HH:15

22 or less, the time is rounded to HH:15

23 or more, the time is rounded to HH:30

37 or less, the time is rounded to HH:30

38 or more, the time is rounded to HH:45

52 or less, the time is rounded to HH:45

53 or more, the time is rounded to HH:00

Explanation: the daily total minutes are divided by 60 and the left over minutes are moved to a remainder field. If the remainder field is more than 52 minutes, a full hour is added to the daily time. If the remainder field is more than 37 minutes, .75 hours are added to the daily hours. If the remainder field is more than 22 minutes, .50 hours are added to the daily hours. If the remainder field is more than 7 minutes, .25 hours are added to the daily hours worked.

Human Resources may conduct occasional audits of random time cards to ensure that the rounding policy is applied consistently and fairly.

**Additional Information**

This policy is in compliance with the United States Department of Labor; Wage and Hour Division.

**Policy Title: Emergency Closing**

**Policy Number: 29**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to consider the safety of employees as a priority when dealing with an emergency closing. Situations include, but are not limited to, inclement weather and emergency situations such as a power failure, computer failure, fire, a natural gas leak, etc. which create undesirable and/or unsafe conditions for employees.

The company recognizes that each closing situation will require individual evaluation and considerations regarding customer/client service and business requirements.

Responsibility for various types of emergency closings are provided with each procedure below.

**Procedures**

Leaving work early (employee's decision)

Area management has the discretion to allow individual employees to leave work early. Vacation or special leave may be used for this absence. Time missed should be recorded on the payroll time clocks as vacation or special leave.

Emergency closings during the workday

Branch managers will make the decision to close, with input as needed from the division or general manager.

Employees will be released at the manager's discretion. Employees should report the time on the payroll time clock as vacation or special leave if they wish to be paid for the time missed

Late opening or no opening

Branch managers will make the decision to open late or not at all with input as needed from the division or general manager.

An effort will be made to notify Employees by phone or a radio station announcement. Employees should report the time on the payroll time clock as vacation or special leave if they wish to be paid for the time missed

**Policy Title: Travel by Non-Exempt (hourly) Employees**

**Policy Number: 30**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to ensure that non-exempt hourly employees are properly compensated for all hours worked, including compensable travel time. These hours worked must also be credited toward overtime. Although required travel time undertaken at the company's direction is treated as work hours, voluntary travel undertaken at the employees own option for his or her sole convenience is not compensable travel time.

**Procedures**

"Compensable travel time" is generally defined as time during which the employee is subject to the direction or control of the company. Compensable travel time will be paid at the employee's regular hourly rate.

For convenience, the company has classified travel into four general categories:

- (1) Commuting to and from work
- (2) Travel during a normal working day
- (3) Same-day travel to another city or community
- (4) Overnight travel to another city or community

***Commuting to and from work***

In most cases, a commute to and from work is not compensable travel time, regardless of whether the employee reports to the same location, or to a different location or job site, with the following exceptions:

If the employee is required to commute in a company vehicle which is substantially more difficult to operate than a typical private vehicle, or which requires taking an alternate route, the commute shall be compensable travel time. Examples of such vehicles include semi tractors, cement trucks, and truck-mounted cranes.

If the employee is required to perform work during the commute, such as picking up supplies or otherwise performing activities in the interest of the company, the commute is part of the working day and shall be compensable travel time.

***Travel during a normal working day***

Travel undertaken during a normal working day, including travel to other job locations and travel required to obtain supplies, is compensable travel time.

***Same-day travel to another city or community***

Time spent traveling to another city or community, in which the employee departs and returns on the same day, will be counted as working time, except as follows:

Time spent traveling to an airport or other terminal in the same community, where the distance to the terminal is not substantially longer than a normal commute, is not compensable travel time. However, if the airport or terminal is in another community, travel time to the terminal is compensable travel time. Further, time spent waiting for a flight, bus, or similar form of transportation, including delays, shall be counted as hours worked.

***Overnight travel to another city or community***

Time spent traveling to another city or community, in which the employee returns after spending one or more nights at the destination, shall be counted as working time, except as follows:

Time spent traveling to an airport or other terminal in the same community, where the distance to the terminal is not substantially longer than a normal commute, is not compensable travel time. However, if the airport or terminal is in another community, travel time to the terminal is compensable travel time. Further, time spent waiting for a flight, bus, or similar form of transportation, including delays, shall be counted as hours worked.

Once the employee arrives at a hotel or other "home away from home," the employee is no longer under the direction or control of the company. Time spent commuting between the hotel or other accommodation and the work location shall be considered a normal commute that is not compensable. If the employee arrives at the destination city or community and reports directly to a work location, the travel time shall be considered travel during a normal working day, and shall be counted as hours worked.

***Reporting travel time***

Employees are responsible for accurately tracking and reporting compensable travel time in accordance with this policy. Regular meal periods should not be counted as hours worked.

Code of Conduct

**Policy Title: Alcohol or Controlled Substance Policy**

**Policy Number: 31**

**Effective Date: February 1, 2010**

**Policy**

Except as provided below, it is the policy of the company to prohibit the possession or consumption of alcohol in any form on company time or premises. Company time includes all work time, travel time, time spent entertaining business associates beyond the normal workday, travel time, and time attending association meetings. Company premises include all owned or leased property, owned or leased vehicles, company parking lots, and similar locations

**Procedures**

Supervisors will inform employees of this policy, and will identify and deal with violations of this policy. Supervisors will monitor employees for compliance with this policy at company-sponsored business and social events.

No FSC employee will consume alcohol or a controlled substance of any kind during working hours. No FSC employee will consume alcohol or any controlled substance and operate a company vehicle or company equipment at any time. This includes during and after regular business hours.

FSC employees will not bring alcohol onto company property during or after regular business hours. FSC, or any supplier of FSC, will not provide, purchase or make available alcohol for any FSC employee meeting, function or outing.

Any FSC employee driving a company vehicle to an employee meeting, function or outing will not consume alcohol and subsequently drive the company vehicle.

Any other exception to this policy must be made in writing and be signed by the general manager of FSC.

**Disciplinary Action**

Disciplinary action may include immediate dismissal from employment, suspension without pay, employee submission to the FSC "employee assistance program" for alcohol/chemical dependency evaluation or a combination thereof. Any employee submitting for the FSC "employee assistance program" for alcohol/chemical dependency evaluation will be required to follow the professional recommendations made if a dependency problem is diagnosed. If the program is not followed or completed, the result could be termination of employment.

**Additional Information**

Any employee who believes that his or her consumption of alcohol may have impaired his or her ability to operate a motor vehicle must take alternative transportation. Impairment of ability to drive a motor vehicle is not solely dependent on being under the legal alcohol limit for a given state but also on an individual's ability to drive safely.

Employees who are CDL drivers under U.S. DOT regulations must comply with all DOT requirements regarding the consumption of alcohol.

Employees who use company tickets to entertainment or sporting events are responsible for the behavior of all individuals in their parties.

Failure to comply with the above standards will be cause for disciplinary action up to and including termination of employment. Disciplinary action may include immediate dismissal from employment, or suspension without pay.

**Policy Name: Cell Phone Use**  
**Policy Number: 32**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to issue a cell phone to employees who need it for business use. Limited personal use is also allowed. FSC recognizes that cell phones are a valuable tool for contacting customers, relaying deliveries and making critical business decisions.

The company recognizes that some cell phones have the capability to take photographs. Because this capability could allow for theft of trade secrets or expose confidential information, employees are cautioned about taking photographs anywhere on company grounds.

**Procedures**

The employee is responsible for operating the assigned cell phone within the plan that was established, including minutes, text messages, web usage, etc. FSC asks that you please keep your conversations short and use land line phone whenever possible when you are in the office. Any extra charges above and beyond your monthly plan limitations will be the employee's responsibility to pay back to FSC.

If your cell phone is destroyed by dropping it, hard use, running over it, etc., the general office has replacement phones to help you until yours is ready for an upgrade. The 2<sup>nd</sup> time and thereafter the employee will be responsible for the cost of replacing the phone.

**Additional Information**

Employees who violate this policy will be subject to disciplinary action.

**Policy Title: Customer Relations**

**Policy Number: 33**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to maintain a professional image while providing customer service and addressing customer complaints. The company also recognizes that customers with legitimate complaints may become threatening or abusive. To help ensure quality customer service, the company provides training to employees on how to effectively respond in these situations.

This policy is intended to cover situations where the customer contact is physically remote (in contact by phone, email, instant messaging, or other system) or where the customer is physically present, but the employee believes that the situation can be quickly defused.

If a customer who is physically present at the employee's location becomes threatening or abusive, the employee should contact the branch manager for assistance in addressing the issue.

**Procedures**

Employees are expected to remain polite and professional at all times when speaking with customers.

Employees may not yell, threaten, or otherwise take action that might escalate the situation. The company recognizes that a customer may attempt to initiate a hostile response, and training includes techniques to help defuse these situations.

The training provided will include:

- 1) The importance of remaining polite, professional, and respectful at all times.
- 2) A discussion of responses to avoid, such as typing emails in all caps.
- 3) Techniques for mollifying a threatening or abusive customer.
- 4) Techniques for addressing other customers in the vicinity of an abuse or threatening person.

**Additional Information**

Employees in violation of this policy will be subject to disciplinary action.

**Policy Title: Dress Code**

**Policy Number: 34**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to project a business-like image to customers, clients, visitors, and coworkers. In line with this, the company requires that employees dress appropriately in clothing which:

- is suitable for their job responsibilities and work environment;
- meets the requirements established for safety reasons; and
- complies with the company's dress code requirements.

Branch managers and supervisors are responsible for communicating the proper guidelines to employees.

Branch managers or supervisors are responsible for monitoring and ensuring compliance in their areas.

**Procedures**

The branch manager or supervisor will inform an employee when his/her personal appearance does not meet the company guidelines. The employee may be sent home to change. Work time lost will be unpaid.

Continuing problems will result in disciplinary action.

***Dress code general guidelines***

Personal hygiene, cleanliness, and good grooming are required of all employees.

Employees should not report to work with hairstyles, clothing, and/or jewelry that does not present a business-like appearance. Shirts that have tails should be worn tucked in.

Employees who are issued uniforms are expected to wear them on the job and to maintain the uniforms in a clean fashion.

***Safety guidelines***

Loose clothing is not allowed in some areas or departments due to the possibility of entanglement in moving machinery.

Jewelry such as watches, bracelets, rings, necklaces, and earrings may not be allowed in some areas due to the possibility of entanglement in moving machinery or the electrical hazard risk of working near exposed energized parts. Management will require affected employees to remove articles that are deemed to be a hazard.

**Policy Title: E-mail and Internet Use**

**Policy Number: 35**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide electronic mail (e-mail) and internet access for work-related purposes to specified individuals based on job need within the company as determined by area management. The company requires all employees granted such access to adhere to this and related policies to ensure proper, legal, and effective use of these electronic tools and resources.

Employees with internet and e-mail access must read and agree to comply with the company e-mail and internet acceptable use guidelines by signing an access request and approval form. All signed forms are kept on file in Human Resources.

***Acceptable Use***

All e-mail and internet information/language/etc. must comply with company policies and procedures, including, but not limited to, those on harassment, copyright law, trade secrets, confidentiality, and the company disclosure agreement.

Unacceptable use of internet resources includes, but is not limited to, the following:

- Uploading, downloading, displaying, or distributing in any manner, material which others may find offensive.
- Divulging confidential information and/or corporate data.
- Knowingly interfering with communication, computer, or internet resources.
- Using company internet resources for any non-company activities.
- The use of any software whose primary function is to encrypt files.
- The use of another person's login and password to access or create any program, file, message, or record.

Individuals who violate the acceptable use provisions may be subject to federal and/or state legal consequences, loss of access rights to the system, and/or disciplinary action up to and including termination.

***Company Rights and Privacy Issues***

The company makes internet systems available to employees for conducting its official business. Using this system is a privilege, not a right.

All electronic files and records utilizing company resources are the property of the company and may be copied, reviewed, audited, distributed, etc. as deemed necessary by the company.

The company reserves the right to monitor and audit the operation of this system, to access and periodically review any or all of the records within it, and to retain or dispose of those records as it deems necessary.

Employees shall have no expectation of privacy and should expect that the system will be inspected and monitored.

E-mail, newsgroups, or any other internet-related activity are rarely anonymous. The company's address is usually embedded in the data transmitted and is visible on the recipient's screen. Whenever employees gain access to an internet newsgroup/chat room, they leave a trail of the company's internet address.

***E-mail Records Retention Policy***

Individuals should treat electronic records in the same manner as paper correspondence/reports. If it's necessary to save certain records for future use or to file as an official record, that information should be printed out to be stored in the appropriate file, or copied from the system to a separate file. Then delete the electronic records (incoming and outgoing) from the system.

**Procedures**

***Attachments or Files***

Files received (whether through file transfer or e-mail attachment) have the potential to contain computer viruses. Employees must keep this in mind when determining whether to open (read) a file or e-mail attachment, especially if the originator or business purpose for the file cannot be determined. While every precaution is made to ensure that viruses cannot reach the server level, a virus can still affect and disable a PC. If a "suspect" file or e-mail is received, contact the computer department so that file or e-mail can be isolated and virus-checked before continuing.

Whenever an e-mail message with a file attachment is received, the e-mail message should be deleted after the attached file has been read and saved (if necessary) or is no longer needed, in order to release the disk space that this attachment would consume for further use.

Large file transfers (greater than 5 megabytes) or the attachment of large files to an e-mail message should be avoided whenever possible to avoid network degradation. When it is necessary to transfer or attach a large file, contact the computer department so performance-related issues can be managed.

### ***Security Issues***

To reduce security risks:

- | Whenever possible, employees must virus-check everything they download or upload to the system.
- | Corporate data is any data owned by or produced for the company. This includes, but is not limited to, customer information, order history, financial information, product/service development information, and copyrighted material.

Because corporate data contains sensitive information, or could be of value to competitors, and is considered confidential and/or proprietary in nature, approval in writing by area management is required for transferring/copying corporate data outside of normal operating procedures.

- | Only computer department staff members are authorized to install software onto desktop devices and servers (file, print, application-specific, and business), as well as laptop computers that are network-attachable. This ensures installation standards are consistently followed, start-up problems are resolved, centralized software license inventory procedure are followed, and network support and future support events are manageable.

- | For security reasons, it is recommended that if employees will be away from their workstations, they should close all applications and log off the network to eliminate any possibilities of inappropriate use.

- | Employees should never divulge passwords or information concerning company internet access, hardware, or software. E-mail is rarely secure. Employees should not use e-mail to transmit credit card numbers or correspondence of a confidential nature.

### ***Representing the Company***

Employee participation in newsgroups, sending e-mail, or in any other internet-related activity represents the company and all employees.

Keep the tone of e-mail messages business-like. E-mail is becoming less casual within the business world. Use proper grammar, and proof and spell-check all e-mails.

### ***Copyright, trademarks, patents, and trade secrets***

The company honors copyright, trademark, patent, and trade-secret laws in all information handling.

Use of information protected by these laws without permission carries civil and criminal penalties and is a violation of corporate policy, which may result in disciplinary action.

Employees should assume that all material is copyrighted or protected, and is not to be used without determining its status.

Copyrighted material may not be used, except by permission.

The absence of a copyright notice is not proof that the material is public domain and available for use. All copyright matters should be directed to the computer department.

### ***Downloaded files***

Removal of identification (author, publisher, etc.), or adding material to the file is discouraged, except as it conforms with existing policies and procedures.

### ***Additional Information***

All electronic files and records utilizing company resources are the property of the company and may be copied, reviewed, audited, distributed, etc. as deemed necessary by the company.

Violations of this policy may result in disciplinary action, up to and including termination.

**Policy Title: Phone System and Use**

**Policy Number: 36**

**Effective Date: February 1, 2010**

**Policy**

The use of company telephones for personal business should be kept to a minimum. Personal long distance calls may be made on company telephones only in case of emergencies.

All electronic and telephonic communication systems and all communications and information transmitted by, received from, or stored in these systems are the property of FSC and as such, are to be used solely for job-related purposes. The use of any software and business equipment, including, but not limited to, facsimiles, telecopiers, computers, and copy machines for private purposes is strictly prohibited unless permission has been granted by an authorized company representatives.

Employees using this equipment for personal purposes do so at their own risk. Further, employees are not permitted to use a code, access a file or retrieve any stored communication unless authorized to do so or unless they have received prior clearance from an authorized company representative. All pass codes are the property of the Company. No employee may use a pass code that has not been issued to that employee or that is unknown to the Company. Employees who violate this policy are subject to disciplinary action, up to and including discharge.

To ensure the use of electronic and telephonic communications systems and business equipment is consistent with the Company's legitimate business interests. Authorized representatives of the Company may monitor the use of such equipment from time to time.

**Policy Title: Professional Conduct**

**Policy Number: 37**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company that employees conduct themselves in a professional manner at all times. The company understands that coworkers affect each other's performance and strives to provide an environment that stimulates productivity and overall satisfaction.

**Procedures**

Employees are expected to act in a professional manner at the workplace. This extends to the behavior of an employee around customers, and includes all times the employee is engaged in work-related activities, whether on company property or at another location.

Employees are expected to:

- Refrain from horseplay and offensive or discriminatory behavior/jokes
- Follow the policies within the Employee Handbook
- Correspond effectively with those around him or her
- Respect the privacy and needs of other employees and non-employees

Examples of inappropriate conduct include, but are not limited to, the following:

- Causing physical harm to another employee
- Loud language or shouting
- Making threats or bullying others
- Actions affecting any surrounding safety hazards

If there are questions concerning the limits of this policy, employees should contact an immediate supervisor or manager.

**Additional Information**

Violations of this policy may result in disciplinary action, up to and including termination.

**Policy Title: Smoking and Tobacco Use**

**Policy Number: 38**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to prohibit the smoking or use of tobacco products within the company buildings and outside visitor or vendor entrances at any time.

Company receptionists must politely inform visitors who are smoking of the company's no smoking and no tobacco use policy.

Smoking and/or using tobacco is also not allowed when evacuating a building in any alarm situation.

Employees are prohibited from smoking/using tobacco products in the following areas:

- Inside company buildings.
- Inside any entry way/vestibule.
- Outside the company's main visitor/vendor entrances.
- In all company fleet vehicles.

Smoking and/or use of tobacco products is permitted only in designated areas during authorized lunch periods, before or after employees' scheduled work hours, or at scheduled break times.

Employees are allowed to smoke/use tobacco products in the following areas:

- At designated outside smoking areas.
- At company picnic tables.
- In employee parking lots.

**Additional Information**

Any disputes arising as a result of this policy should be resolved by area supervisors or management, or by Human Resources. Employees who violate this policy will be subject to disciplinary action, up to and including discharge.

Smokers who wish to quit are encouraged to contact the EAP for information on smoking cessation options available to them.

**Policy Title: Solicitation**  
**Policy Number: 39**  
**Effective Date: February 1, 2010**

**Policy**

The policies of the Cooperative prohibit solicitation and distribution on its premises by non-employees and permit solicitation and distribution by employees only as outlined below.

**Procedures**

FSC limits solicitation and distribution on its premises because, when left unrestricted, such activities can interfere with the normal operation of the organization, can be detrimental to employee efficiency, can be annoying to customers and can pose a threat to security. Persons who are not employed are prohibited from soliciting funds or signatures, conducting membership drives, distributing literature or gifts, offering to sell merchandise or services, or engaging in any other solicitation or similar activity on FSC premises.

Management may authorize a few fund drives by employees on behalf of charitable organizations. Employees are encouraged to volunteer to assist in these drives. However, employees are not discriminated against because of their willingness or unwillingness to participate. Employees are permitted to engage in solicitation or distribution of literature for any group or organization, as long as it does not occur during the working time of either the employee making the solicitation or the targeted employee. Working time does not include an employee's authorized lunch or break or other time when the employee is not required to be working.

**Policy Title: Substance Abuse**  
**Policy Number: 40**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to protect employees from situations arising from substance abuse. To ensure that the workforce is productive, the facility is safe, and the success of business is not hindered by substance abuse, the company has established a substance abuse policy.

Management is responsible for developing and maintaining the written substance abuse policy. Management is solely responsible for all facets of the program and has full authority to make necessary decisions to ensure the success of this program

**Procedures**

Because the company is concerned about substance abuse, it is committed to a drug-free and alcohol-free workplace.

Employees who have a substance abuse problem have the responsibility to seek and complete treatment. The company encourages those employees to contact the EAP.

Participation in the employee assistance program (EAP) is confidential, and will not jeopardize employment or advancement, but participation will not protect employees from disciplinary action for continued unacceptable job performance or policy violations.

If supervisors or coworkers think someone has a drug problem, they should urge that person to get help.

***Supervisor training***

Supervisors are the key to the success of our policy. As the people in direct contact with employees, supervisors can detect performance problems that may indicate substance abuse.

***Employee education and awareness***

Employees must understand and remain aware of the company's ongoing commitment to a drug-free workplace.

***Employee sanction***

The company will ensure that any employee who is convicted of violating any criminal drug statute will have sanctions imposed or will be required to satisfactorily participate in a drug abuse assistance or rehabilitation program.

**Policy Title: Work Rules**  
**Policy Number: 41**  
**Effective Date: February 1, 2010**

**Policy**

Work rules are necessary for the efficient operation of the company. Listed below are some company work rules. All employees are expected to comply with common and accepted standards of behavior and performance, as well as written rules. Nothing in this policy changes the at-will nature of the employment relationship.

This list is for reference purposes only and is not all-inclusive. These rules may change periodically at the sole discretion of the company. If employees have questions regarding company policies or procedures, they should ask their immediate supervisor or Human Resources.

Violations of company work rules include:

1. Failure to comply with company policies and procedures.
2. Unacceptable job performance.
3. Refusal or failure to follow management instruction and/or direction.
4. Reporting to work or responding to a call-in situation in an unfit condition including being under the influence of drugs, alcohol, or other substances.
5. Delaying or restricting operations, or influencing others to do so.
6. Unprofessional conduct with coworkers, customers, and/or clients.
7. Violence, threats, harassment, intimidation, and other disruptive behavior including verbal or written statements, gestures, or expressions that convey a direct or indirect threat of physical or emotional harm.
8. Solicitation contrary to company policy.
9. Conducting non-work-related activities during work time, or using company property for non-work-related activities.
10. Outside activities which are detrimental to the company's image and reputation, or where a conflict of interest exists.
11. Excessive absence or unexcused absence or tardiness.
12. Falsification of company records.
13. Theft and/or destruction of company assets, company property, and company services; or theft and/or destruction of employees' personal property.
14. Misuse of company property and/or unauthorized removal of company documents, equipment, telephone system, tools, supplies, or confidential information of any nature from company premises.
15. Possession or consumption of alcoholic beverages, unlawful drugs, or drug paraphernalia on company property or coming on company property or working on behalf of the company while under the influence of either drugs or alcohol.
16. Failure to comply with policies regarding E-mail and Internet use, computer virus protection, data security, and software or license compliance.

**Additional Information**

Failure to comply with any of these rules may lead to disciplinary action, up to and including termination.

Total Compensation

**Policy Title: Compensation**

**Policy Number: 42**

**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to adhere to these objectives in maintaining its wage administration program:

- To analyze each position in order to place it in an appropriate salary grade;
- To establish and maintain pay levels which are competitive with those paid by companies similar in size and function which operate in and recruit from similar marketplaces, and which coincide with the company's ability to pay;
- To pay employees on a merit system based on position and performance rather than on length of service;
- To maintain a pay administration program which is flexible enough to respond to changing economic and/or competitive conditions of the company or the marketplace in general;
- To abide by applicable federal and state laws covering wages and salary administration.

The board of directors and management is responsible for:

- Establishing corporate salary structures, merit increase guidelines, and other compensation-related programs;
- Final approval of salary structure changes and merit increase guidelines;
- Coordinating a process for job analysis, which is used to establish appropriate levels and salary grades for positions.

Management staff is responsible for administering the compensation program within the established structures and guidelines.

### **Procedures**

All regular, non-management employees will have a wage decision at least annually in conjunction with their performance review, a transfer, and/or a promotion.

A performance review does not necessarily mean an increase in pay.

Wage considerations are not discussed in the performance review.

The immediate supervisor or department head will complete a payroll authorization form for appropriate approval and signature outlining any change in wages/level/etc. for an employee.

### **Merit Increases**

Merit increases are based on management's evaluation of the employee's progress in meeting or surpassing performance standards during the review period. As the performance level of an employee rises, he/she should become eligible for increased salary within the given range for the position. However, if performance is not meeting requirements for the position, there will be no merit increase.

Amounts of merit increases will fall within the range set by the Board of Directors. Wage increases are dependent on the economic conditions of the company.

### **Additional Information**

Starting salary is normally at the entry point for that salary grade, depending on prior experience.

All individuals involved in determining employee salaries will keep individual compensation in the strictest confidence.

Employees should also keep their wage information in the strictest confidence. Appropriate disciplinary action will be taken for any violations.

**Policy Title: Payday and Payroll Deductions**

**Policy Number: 43**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to issue hourly employee paychecks on a bi-weekly basis at the general office in Harlan. On this schedule, hourly checks are issued 26 times a year. Checks are issued on or before the 3<sup>rd</sup> working day following the end of the pay period. Salary paychecks are issued on a semi-monthly basis. On this schedule, salary checks are issued 24 times a year on the 15<sup>th</sup> of each month and the last day of each month.

Paychecks are mailed to employees' place of residence (if requested by a signed form) or sent to the branch for distribution by the branch manager.

If a holiday falls on a regular payday, checks will be issued on the next regular work day.

**Procedures**

FICA, Federal, and State income taxes are deducted from paychecks according to law. Other deductions can be made only with employee authorization. Those include, but are not limited to, the following:

- 401(k) contributions;
- Group health and/or vision plan premiums;
- 125 Cafeteria plan or Health Savings accounts;
- Voluntary life insurance premiums;
- Company retirement

Government or court-issued wage assignment or garnishments are deducted according to court order.

**Additional Information**

W-4 forms are available from Human Resources.

**Policy Title: Payroll Time Reports**

**Policy Number: 44**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to keep an accurate record of all hours worked by employees for benefit and compensation programs. Farm Service Coop utilizes time clocks for its non-exempt employees. A time-clock is located at each location for employee use for punching in and out.

**Procedures**

Employees are responsible for accurately documenting time worked.

Managers and supervisors are responsible for ensuring that their staff knows how to correctly punch in and punch out.

Employees should “clock in” on their scheduled start time and “clock-out” on their scheduled finish time.

Continual and/or repeated deviations from assigned working hours will be grounds for disciplinary actions.

These deviations include, but are not limited to, tardiness, clocking in/out early or late, and failure to clock in or out repeatedly.

Time clock procedures to be followed are:

1. Clock in at the beginning of the work day/shift and clock out at the end of the assigned work day/shift.
2. Clock out at the beginning of your lunch period and clock in at the end of your lunch period.
3. Should you forget to clock in or out, report the missed time promptly to the location office manager so a manual time can be recorded.
4. Vacation or special leave time should be recorded as a manual entry into the location timeclock records program.
5. Time worked will be calculated in 15 minute increments.

Time reports will be sent to each branch for review on a weekly basis by the general office. Missed clock in/out must be recorded at the end of a pay period or every other Monday at 3 p.m. Supervisors should review and approve the bi-weekly time reports. Improperly submitting or approving an inaccurate payroll time report is in violation of company policy and may result in disciplinary or legal action, up to and including discharge.

The Human Resource department is responsible for accurately entering time worked information into the computer system for payroll processing.

Pre-printed time forms are distributed to employees at the end of the pay period. Corrections can be made at each branch in the location time clock records program.

All absences should be recorded. All absences during the employee’s core work hours must be recorded as vacation or special leave.

All regularly scheduled hours must be accounted for each day; i.e. full-time employees must account for eight hours per day.

If an employee is not clocked in for 8 hours each day, they may use vacation or special leave time to make up the missing work time. Example: Employee works 8-12:30. (4.5 hour work time). The remaining 3.5 hours should be recorded as vacation or special leave.

Employees cannot use more than 8 hours of vacation or special leave in a day.

Employees who work a partial day and use the rest of the day as vacation or special leave cannot record more than 8 hours of time in a day. Example: Employee cannot work 8-2 p.m. (6 hrs work time) and then use 4 hours of vacation. Employee can only record 2 hours of vacation for this day.

If employee has vacation or special leave accrued, they cannot take a workday off without using a minimum of 4 hours of accrued vacation or special leave. The employee must record at least 4 hours of accrued leave if the employee is not at work on a regular scheduled work day (Monday-Friday).

**Additional Information** Misrepresentation of time is subject to disciplinary action, up to and including termination.

**Policy Title: Health Insurance**  
**Policy Number: 45**  
**Effective Date: February 1, 2010**

**Policy:**

Farm Service Cooperatives has a health insurance plan available for all full-time employees and their family, providing, however, dependents of the employee will be covered only so long as the insurance carrier classifies them as dependents in providing health insurance coverage.

Regular part-time employees are extended a partial health insurance benefit. The insurance company defines the number of hours an employee must work in order to be eligible. This benefits includes the option for a regular part-time employee to be included on the company group health insurance program, if eligible.

Temporary/seasonal employees are not eligible for the health insurance benefit.

**Procedures**

The Board of Directors will determine the company to carry the insurance, the amount of the benefit to be provided, and the percentage of the premium to be paid by the employee through payroll deduction. The health insurance premium is required to be a pre-tax payroll deduction.

Insurance coverage is available on the first day of the month following the date you begin full-time employment or regular part-time employment. Pre-existing conditions may apply and are regulated by the health insurance plan document.

It is the employee's responsibility to be aware of what the policy does and does not cover and to contact the insurance company directly with any questions regarding coverage or claims. Farm Service Co-op's only obligation in providing this insurance policy is to pay the premium. The group health plan document should be reviewed by the employee. Should there be any discrepancies between the plan document and the handbook, the plan document will prevail.

Insurance coverage with the group health plan will terminate on the last day of the month you are employed. if provisions of the COBRA law apply for you or your dependents, you will be notified.

**Additional Information**

Health insurance benefits for retired Farm Service Co-op employees: Effective September 1, 1989, it is the policy of Farm Service Cooperative to allow full-time employees of Farm Service Cooperative who retire from employment with Farm Service Cooperative at or after age 62 and who have then completed at least 10 years of service with the Co-op to elect to continue to be covered until age 65 under the Co-op's group health insurance program. If a retired employee elects to continue his or her coverage under the group health insurance program, the retired employee will be responsible for payment of 100% of the required premium for the coverage elected. An employee eligible to continue coverage the group health insurance program is also eligible to elect to continue such coverage for his or her dependents upon payment of 100% of the applicable premium.

Full-time employees of Farm Service Cooperative who have completed more than 10 years of service with the Co-op may elect to retire one year prior to age 62 for each 5 years of service they have completed in excess of ten years of service and still be eligible to elect to continue to be covered until age 65 under the Co-op's group health insurance program on the same basis as an employee who retires at or after age 62. For example, an employee, age 60, with 20 years of service, could elect to retire immediately and elect to continue to be covered until age 65 under the cooperative's group health insurance program.

A retired employee's election to continue coverage under the group health insurance program must be made within 60 days after his or her retirement date. This continuation coverage for retirees will terminate upon Medicare entitlement.

If a retired employee who elects to continue his or her coverage under the group health insurance program dies while covered, the spouse of such retired employee will be allowed to continue coverage in the group health insurance program until the end of the calendar year in which the retired employee would have attained age 65. For employees who retire prior to the completion of 10 years of service, regardless of their age, the Cobra law shall govern the length of time the employee may remain on the group health program, with the employee being responsible for 100% of the required premium in all cases.

**Policy Title: Life Insurance**

**Policy Number: 46**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide life and accidental death and dismemberment insurance for full-time employees and his/her dependents providing however, that dependents of the employee will be covered only so long as the Co-op's insurance carrier classifies them as dependents. This insurance will begin on the first of the month following the date of hire.

**Procedures**

The Board of Directors will determine the company to carry the insurance and the amount of coverage to be provided. Current benefits are:

Full-Time employee: \$10,000.

Spouse: \$5,000

Children age 6 months to 19 years\* (\*to age 23 if full-time student: \$2,500

Children 14 days to six month of age: \$200

For details on coverage information, please refer to the insurance certificate and plan document.

Contact the Human Resource department to file a claim.

**Additional Information**

Life and Accidental Death and Dismemberment benefits reduce by 35% of the original amount at age 65 with further reductions of the original amount by 25% at age 70 and by 15% at age 75.

Life and Accidental Death and Dismemberment benefits terminate at retirement and at termination.

Dependent life benefits terminate at employee age 75 or retirement or termination, whichever occurs first.

An employee must be actively at work and classified as a full-time employee in order to be eligible for coverage.

If there is a discrepancy between the handbook and the insurance policy, the insurance policy will prevail.

**Policy Title: Retirement Plans**  
**Policy Number: 47**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to offer and maintain ERISA-approved retirement plans for eligible company employees.

Retirement programs at the company shall be operated in conformance with ERISA and Department of Labor regulations.

Reference to guidelines and regulatory requirements shall be found utilizing the following sources:

- Company Handbook.
- Summary Plan Description.
- Plan Documents.

**Procedures**

*Defined Benefit Plan*

Farm Service Cooperative participates in the Co-op Retirement Plan. An employee is required to enroll in the retirement plan on the first day of the second month after reaching 1,000 hours of work. The Equivalency Method is used to compute the 1,000 hours. Equivalency assumes that an employee works 190 hours per month regardless of the number of hours he/she actually works. The net effect of the Equivalency Method is that employees become eligible for participation in the Retirement Plan if they work in six different months throughout the applicable counting period, which is an employee's first 12 months of employment and then every calendar year thereafter. Anyone hired on or after September 1, 1998 must be 21 years of age to be eligible to enter the plan.

Employees are required to make a contribution to The Coop Retirement Plan from every paycheck which is equal to a % of your current compensation. The % you contribute can be changed by the Coop Retirement Plan. The employer's contribution to the plan varies depending upon the funding status of the entire fund. Employees are fully vested in their contributions but employees must work five years to be fully vested in the Plan.

The amount of your retirement benefit is determined by two things:

1. Final average monthly wage, which is the highest four of the average monthly wages from your last ten years of employment under the plan. These are averaged to get a Final Average Monthly Wage.
2. Creditable service. You receive credit for 1/12 of a year each month that you participate in the Plan and make contributions. There is no limit on the number of years of creditable service you may accumulate.

The Plan uses a combined formula to calculate your monthly retirement benefit:

Pre 10-1-2003 Final average                      Years of                      Part I Monthly  
   monthly wage   x 1.75%   x Creditable Service = Retirement Benefit

Post 10-1-2003 Final average                      Years of                      Part II Monthly  
   monthly wage   x 1.25%   x Creditable Service = Retirement Benefit

You will receive reports concerning your status in the plan on an annual basis. If there are any discrepancies between the handbook and the Summary Plan Description of the Coop Retirement Plan, the Summary Plan Description will prevail.

**401(k) Plan**

Farm Service Coop offers a pre tax and a Roth 401K plan or a combination of both to full-time employees. FSC utilizes a third party sponsor to provide a breadth of investment options with nationally recognized investment management firms. The array of investment options shall include a variety of fixed income choices as well as equity choices. Enrollment in this plan is available on the first of the month following the date of full time hire.

**Policy Title: Uniforms**

**Policy Number: 48**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to expect each employee to wear company-approved uniforms during all working time which are available through the FSC uniform program.

**Procedures**

Uniforms are the responsibility of the employee for maintenance and care.

Upon hiring, an initial uniform order, which will be paid by FSC, will be placed as follows:

Branch Clerical and All General Office Employees: \$50 maximum for shirts or tops

Counter Sales, Sales, Production, Delivery, Transportation and Maintenance: \$350 Maximum for shirts, sweatshirt, warm-up jacket, hooded sweatshirt, bib overall, regular coveralls, insulated coveralls, coat (Employee can select any combination of uniform items up to the \$350 limit)

Any additional items beyond the maximums are the financial responsibility of the employee. They will be required to reimburse FSC by check or payroll deduction. Counter Sales, Sales, Production, Delivery, Transportation and Maintenance employees are required to wear these uniform items at all times while working.

Regular Part-time employees with benefits are allowed one-half the Initial Uniform Order of full-time employees. Uniforms are not provided for seasonal or temporary employees.

Replacement orders for uniforms will take place twice a year. Uniform orders will be placed in February and September.

The replacement orders will be done on an as-needed basis and within the confines of Farm Service Co-op's financial budget. No uniform items will be ordered that will cause the financial budget to be exceeded. If an employee wants to order any uniform items which a Branch Manager or Supervisor feels is beyond the responsibility of Farm Service Co-op, the employee, with the Branch Manager or Supervisor's permission, may order the item(s) with the employee being responsible for 100% of the cost. A Branch Manager or Supervisor may ask an employee to return old uniforms when asking for replacements. A uniform allowance for branch clerical and general office employees is at the discretion of the general manager.

Logos will be placed on all uniform items with the exception of bib overalls.

Employees will be allowed to wear any clothing item which identifies any products Farm Service Co-op sells with the exception of T-shirts.

When an employee leaves Farm Service Co-op for any reason, all uniform items must be turned in to Management prior to receiving their last pay check. If an employee leaves FSC within the first 12 months of employment and does not return all or part of the Initial Uniform Order, a deduction will be made from their last pay check for any unreturned items.

The provisions of the policy are subject to revision on an annual basis

Time Off / Leave

**Policy Title: Family and Medical Leave**

**Policy Number: 49**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of Farm Service Coop to provide family and medical leave in accordance with the federal Family and Medical Leave Act (FMLA) and state law. When an employee's absence qualifies under both state and federal laws, the employee will use his or her entitlement under each law at the same time, to the extent permitted by law. When one law provides a greater benefit, the employee will receive the greater benefit.

If an employee is not eligible for FMLA leave, uses up his or her FMLA leave, or wishes to take leave for a purpose that does not qualify for FMLA, the employee should consult the company's other leave policies to determine if other leave might be available.

The company uses a fixed 12-month leave year beginning on the employee's anniversary date of employment to determine the 12-month period during which the FMLA leave is available for reasons that qualify for up to 12 workweeks of leave.

***Eligibility***

To be eligible for FMLA leave, an employee must have worked at least 12 months for the company, been employed for at least 1,250 hours during the 12 months preceding the commencement of leave, and must be employed at a worksite where at least 50 employees are employed within 75 miles of the worksite.

***Types of absences covered***

Under the FMLA, eligible employees may take up to 12 weeks of unpaid leave in the designated 12-month period for any of the following:

- For incapacity due to pregnancy, prenatal medical care, or child birth;
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son or daughter, or parent, who has a serious health condition;
- For a serious health condition that makes the employee unable to perform his or her job; or
- For a qualifying exigency, as described below.

Eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation 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.

In addition, an eligible employee may take up to 26 weeks of unpaid leave during any single 12-month period (a separate and distinct leave year from the period designated above) to care for the employee's spouse, son, daughter, parent, or next of kin who is a covered military service member and incurred a serious injury or illness in the line of military duty. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform his or her duties for which the service member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

An employee does not need to use his or her leave entitlement in one block. Leave may be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations.

***Benefits and protections***

During FMLA leave, the employer must maintain the employee's health coverage under any group health plan on the same terms as if the employee had continued to work. Upon return from FMLA leave, employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

## **Procedures**

Employees must be informed whether they are eligible under FMLA. If they are, the employer must specify any information required and explain the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Employees must be informed if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the leave is not FMLA-protected, the employee must be notified of that fact.

### ***When to request leave***

Where leave is foreseeable, the employee should make a request for leave at least 30 days in advance.

Foreseeable leave should be scheduled so that it does not unduly disrupt the employer's operations.

Where 30 days advance notice of the need for leave is not possible, the employee must provide notice as soon as practicable and generally must comply with normal call-in procedures.

If the circumstances change such that the amount of leave needed changes, the employee should provide notice of the change within two business days.

### ***Notifications and certifications***

When requesting leave, employees must provide sufficient information to permit a determination of whether the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Employees also must indicate if the requested leave is for a reason for which FMLA leave was previously taken or certified.

An employee who requests leave will be given a "Notice of Eligibility" and a "Rights and Responsibilities" notice within five business days after indicating the need for leave. These notices explain his or her eligibility and expectations. Any required certification form may be provided with this notice.

The employee must return the requested certification within 15 calendar days. Human Resources will review the certification and determine whether sufficient information has been provided, or if deficiencies need to be corrected. The employee must be given seven calendar days to correct any deficiencies.

When a complete and sufficient certification has been returned (or when the employee has otherwise provided sufficient information to designate the absence as FMLA) the employer will provide the employee with a "Designation Notice" within five business days of determining whether the leave qualifies for FMLA. If so, the notice will describe the conditions of the leave and the requirements for returning to work.

The company reserves the right to require a second or even third medical opinion, at the company's expense. Employees also may be required to provide periodic recertification supporting the need for leave as allowed by law, and may be required to report periodically on their status and intent to return to work. The company may waive the certification requirement at its discretion.

### ***Pay during leave***

Generally, family and medical leave absences are unpaid, but Farm Service Coop requires employees to substitute paid leave (vacation, special leave etc.) for the absence until the paid leave is exhausted. The company reserves the right to require substitution of paid leave during FMLA leave. In order to use paid leave, employees must comply with normal paid leave policies.

Employees may be eligible for compensation under a benefit program or other entitlement. This may include short-term disability, workers' compensation, and so on. If an employee is receiving such benefits during FMLA leave, the employee cannot be required to substitute company paid leave (vacation, special leave, etc.). However, where state law permits, the company and the employee may agree to have paid leave supplement the disability plan benefits (i.e., where those benefits are less than the employee's regular wages or salary).

### ***Returning to work***

An employee will be reinstated to the same job or an equivalent position upon completion of FMLA leave, except where denial of restoration is permitted by the FMLA. If the employee has exhausted all available leave and is still unable to return to work, the employee no longer has any job restoration rights under FMLA. Each situation will be reviewed on a case-by-case basis to determine whether the employee may be eligible for rights and protections under other laws or company policies.

### ***Fitness for duty***

The employee is expected to return to work when released by a health care provider. The employee will need to provide a Fitness for Duty certification before returning to work if this requirement was indicated in the Designation Notice. The Fitness for Duty certification must be signed by a health care provider.

If an employee is released for light duty work and is offered a light duty job but refuses, any short-term disability benefits the employee may be receiving may cease, depending on the terms of the plan. However, the employee is still permitted to use his or her FMLA entitlement.

**Additional Information**

Termination of employment may occur if an employee fails to return from leave at the time agreed upon (barring circumstances which required an extension of available leave) or if an employee is found to have taken leave on a fraudulent basis.

If the employee's job evaluation date passes while on FMLA leave, the employee will receive the performance evaluation upon return, and the results of the evaluation (such as pay raises) will be effective as of the date of return to work. Employees will continue accruing vacation time or other PTO during FMLA leave, consistent with company policy.

**Policy Title: Jury and Witness Leave**

**Policy Number: 50**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to cooperate with local, state, and federal courts in allowing employees to serve on juries and as witnesses. The company reserves the right to request that an employee be excused from his or her jury responsibilities when the anticipated time away would substantially interfere with the efficient operations of the department.

Full-time employees are eligible for paid jury duty and/or witness duty leave.

**Procedures**

When an employee receives a summons to serve as a juror, the employee will submit the request for supervisor and manager approval. Approved requests and summons must be sent to payroll.

Employees must notify the immediate supervisor each day they are scheduled to report for jury duty.

The employee must obtain a statement from an officer of the court confirming each day he or she reported for jury duty. That statement should be turned in to the immediate supervisor.

Employees will report hours away from work under jury duty on the timesheet. If the employee is not available at the end of the pay period, the supervisor will complete the employee's timesheet. Payroll will later verify the timesheet with the employee.

***Compensation***

Employees will be paid their regular wages. Payment will be made at the rate of eight hours per day, five days per week. No overtime will be paid. If the employee is not selected for jury duty, it is expected they will return to their regular work schedule immediately.

Any compensation the employee receives from the court is theirs.

***Reporting for Work***

Employees are required to report to work whenever they are excused from jury duty at a time of day which would allow them to work four or more hours during their regular shift. Failure to report will result in loss of wages for that day.

***Witness Duty***

This policy is also applicable when an employee is called to serve as a witness. Employees will use the same procedures for jury duty.

**Additional Information**

This policy does not apply when the employee appears in court as a defendant or when legal actions are initiated by the employee for any reason.

**Policy Title: Long-Term Disability**

**Policy Number: 51**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide long-term disability (LTD) benefits to regular full-time employees for income replacement for those unable to work due to non-self-inflicted injury or illness following 180 continuous days of incapacity. Coverage for eligible employees is effective the first day of the month following 90 days of employment.

[This payment will be reduced by deductible sources of income and disability earnings.]

**Procedures**

To be eligible for LTD payments, the LTD insurance carrier must determine that the employee is unable to perform the material and substantial duties of his or her regular occupation due to sickness or injury.

The employee and employer must jointly complete a LTD claim form and submit to the LTD Insurance carrier.

The long-term disability benefit payment of 60% of the employee's base monthly wages or salary is calculated using average earnings in the previous twelve months, to a maximum of \$8500 per month. Information regarding taxes and payment dates will be sent from the insurance carrier. It is very important that the employee provides his or her Human Resources representative with copies of correspondence regarding additional sources of income or disability earnings. An employee is held accountable for any overpayments that may result from untimely reporting.

The employee must return to work as soon as permitted by his or her health care provider. The employee must submit a fitness-to-return-to duty clearance to the Human Resource Department..

The Summary Plan Description (SPD) for Long-Term Disability contains more detailed information regarding this benefit, including information on appealing denied claims. Questions about plan benefits can be directed to the Human Resources Department.

**Additional Information**

This policy is for reference purposes only, and is not intended to create or imply a promise for benefits. For specific information regarding benefit eligibility and management, refer to the Summary Plan Description.

**Policy Title: Military Leave**  
**Policy Number: 52**  
**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to grant leaves of absence to certain eligible employees serving in the uniformed services, including but not limited to the United States Armed Forces or National Guard and Reserves, for periods of active service (including voluntary or involuntary service). It is also company policy to comply with the Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA) and any applicable state laws.

### **Procedures**

For leave of two weeks or less, an employee will report hours away from work for military leave on his or her timesheet. An employee may use accrued vacation or special leave for an absence.

For monthly or annual National Guard and Reserve training or active duty, the company will not provide any pay differential.

### **Notification**

Notice of uniformed service and the need for leave must be given in writing to the employee's direct supervisor or branch manager at the earliest possible date, but must be given prior to the beginning of the service. This notification requirement also applies to employees who serve in the National Guard and/or Reserves and who will miss work for regular monthly training. National Guard and Reserve employees should provide notification of their monthly training schedule for the year as soon as it is available.

### **Benefits**

#### *Health Insurance*

If an employee chooses, health insurance coverage may continue in one of two ways. Coverage can continue under the federal law known as COBRA. Coverage can also continue under the federal law known as USERRA. COBRA generally provides coverage for 18 months, although this period can be extended in certain circumstances. USERRA is available only for individuals who qualify under this military leave policy.

USERRA provides for up to 24 months of coverage after the uniformed service leave commences. If both COBRA and USERRA are elected, they run concurrently (i.e., at the same time) and not consecutively (i.e., not back-to-back).

For the first 30 days of uniformed service, employees will be required to pay their normal employee share of any premium.

For uniformed service of 31 days or more, employees will be required to pay 102% of the total cost of coverage (employer share plus employee share), if the employee elects to continue coverage.

Employees on uniformed service leave of 31 days or more must notify Human Resources prior to the commencement of their uniformed service that (1) they will be out on uniformed service; and (2) whether they elect to continue health insurance coverage. If an employee fails to satisfy both requirements because advance notice was not possible, was unreasonable, or was prevented by military necessity, plan coverage will be reinstated retroactively upon the employee's election to continue coverage and payment of all amounts due. In this situation, an employee's election and payment must occur within 30 days after it becomes possible for the employee to make the election. Employees on leave of up to 30 days may have their health insurance coverage continued without the need for notification.

If health insurance coverage for an employee is cancelled because of uniformed service leave, such coverage may be reinstated upon the employee's reemployment.

### **Reinstatement**

The company will comply with all federal and state military and/or uniformed service leave laws and reinstate employees who have been on a uniformed service leave of absence, provided:

1. Employees provide advance notice of their service;
2. Employees return to work or apply for reemployment in a timely manner after conclusion of service;
3. Employees have five years or less of cumulative uniformed service while with the company; and
4. Employees have not been separated from service with disqualifying discharge or under other than honorable conditions.

Whenever possible, reinstated employees will return to their former positions. In some circumstances, such as if the positions no longer exist, employees will be given positions comparable in status and pay to their previous positions.

Employees will retain seniority rights as if employment had been continuous and had not been interrupted by uniformed service. Employees will be eligible to participate in all benefit programs in which they would have participated had they not been on leave of absence.

In certain instances, employees may be required to undergo fitness-for-duty examinations prior to returning to work.

Time limits for returning to work depend, with the exception of fitness-for-duty examinations, on the duration of the employee's uniformed service.

*Service of 1 to 30 days*

Employees must report to work by the beginning of the first regularly scheduled work day that would fall eight hours after the end of the calendar day on which service ended.

*Service of 31 to 180 days*

Employees must submit an application for reemployment no later than 14 days after completion of uniformed service.

*Service of 181 or more days*

Employees must submit an application for reemployment no later than 90 days after completion of uniformed service.

**Additional Information**

The Regulations Under the Uniformed Services Employment and Reemployment Rights Act of 1994 address the issue of time that an employee might require prior to beginning service. The applicable rule is provided below.

*§1002.74 Must the employee begin service in the uniformed services immediately after leaving his or her employment position in order to have USERRA reemployment rights?*

No. At a minimum, an employee must have enough time after leaving the employment position to travel safely to the uniformed service site and arrive fit to perform the service. Depending on the specific circumstances, including the duration of service, the amount of notice received, and the location of the service, additional time to rest, or to arrange affairs and report to duty, may be necessitated by reason of service in the uniformed services. The following examples help to explain the issue of the period of time between leaving civilian employment and beginning of service in the uniformed services:

(a) If the employee performs a full overnight shift for the civilian employer and travels directly from the work site to perform a full day of uniformed service, the employee would not be considered fit to perform the uniformed service. An absence from that work shift is necessitated so that the employee can report for uniformed service fit for duty.

(b) If the employee is ordered to perform an extended period of service in the uniformed services, he or she may require a reasonable period of time off from the civilian job to put his or her personal affairs in order, before beginning the service.

Taking such time off is also necessitated by the uniformed service.

(c) If the employee leaves a position of employment in order to enlist or otherwise perform service in the uniformed services and, through no fault of his or her own, the beginning date of the service is delayed, this delay does not terminate any reemployment rights.

**Policy Title: Military Spouse and Family Member Leave**

**Policy Number: 53**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide leave for spouses or family members of those serving in the military in accordance with applicable state and federal laws.

Eligible employees include those covered by the military leave provisions of the Family and Medical Leave Act (FMLA) or those covered by state law.

**Procedures**

The time away from work is normally unpaid leave, but the employee may request, or the company may require, that the employee use vacation or other available paid time off during such absences, as long as this does not conflict with applicable state or federal laws.

**Policy Title: Special Leave**  
**Policy Number: 54**  
**Effective Date: February 1, 2010**

**Policy**

It is company policy to provide eligible employees with paid special leave. Each employee classified as full time will be granted 40 hours of special leave time and each employee classified as regular part-time with benefits will be granted 20 hours of special leave time at the end of the month following their anniversary date after twelve full months of employment. Special leave may be used in half-hour increments for the following:

- Personal illness
- Illness of a family member            Doctor/dental appointments            Other pre-approved requests
- Parent/Teacher conferences            Funerals
- Religious observances                  Weather related absences

If an employee's classification changes during the business year, the appropriate adjustments may be made to his/her balance.

Temporary/seasonal employees will not accrue special leave time.

**Procedures**

Special leave is allowed for use during regularly scheduled work days.

The Human Resource department is responsible for maintaining accurate records of used and unused special leave allowances for each employee.

Special leave absences must be documented on the time sheet for non-exempt or hourly employees. Special leave absences must be documented on the monthly vacation/special leave reporting form for exempt or salary employees. This allows management to track attendance, and serves as an efficient tool for employees to submit personal time off requests and obtain management approval/denial.

No more than five 8-hour days of special leave time may be used per occurrence for a death or serious illness in the employee's immediate family. The immediate family shall be considered to be spouse, father, mother, brother, sister, child, adopted or foster child, step-child, or legal ward, grandchild, father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law or grandparents.

**Additional Information**

Employees with special leave accrued time as of 8-31-2003 will be a separate special leave accrual. This may be used for special leave needs. Unused hours in this accrual will be paid to an employee at retirement or upon resignation with proper resignation notice given per FSC's Employee Handbook.

Special leave from 9-1-2003 and forward will accrue in a separate Special leave accrual. Any special leave accrued after 9-1-2003 will not be paid to an employee upon retirement or resignation.

Special leave hours used will be first taken out of the accrual amounts earned after 9-1-2003.

If special leave hours used exceed the new accrual amount, then hours will be deducted from the Special Leave accrual that existed at 8-31-2003.

The maximum Special Leave accrual will be 480 hours unless an employee's Special Leave was greater than 480 hours at the time of the policy change (8-31-2003).

Employees will be required to use accrued leave time (which includes vacation or special leave) during an FMLA leave.

If the company determines that an employee is abusing the special leave program, that employee will be subject to appropriate disciplinary action.

Special leave used during the last 10 working days of employment will be deducted from payable special leave accumulated before 8-31-2003, if any. If the employee does not have payable special leave (accumulated before 8-31-2003), absences occurring during the last ten work days of employment will not be paid with special leave hours.

Employees who terminate employment with the company for any reason may or may not receive pay for unused hours depending on the above policy rules.

**Policy Title: Vacation**

**Policy Number: 55**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide a paid vacation benefit to eligible full-time and eligible regular part-time employees. Vacation days are offered monthly dependent on length of service. Pay instead of time off is never granted.

Temporary and seasonal employees are not eligible for paid vacation days.

**Procedures**

***Annual vacation eligibility dates***

Full time employees are granted two weeks of vacation time after one year of employment, three weeks of vacation after ten years of continuous employment and effective 9-1-2008, four weeks of vacation after fifteen years of continuous employment.

Vacation time is accrued monthly on the following schedule:

6.67 hours each month if eligible for two weeks of vacation

10.00 hours each month if eligible for three weeks of vacation

13.33 hours each month if eligible for four weeks of vacation.

Regular part-time employees with benefits will receive vacation equal to ½ that of full time employees.

For computation purposes, a full-time employee's vacation will be computed at the rate of five 8-hour days for a week. Because the accrual method is used, employees need not wait until the completion of the first year of employment before vacation time is taken. However, employees will not be paid for vacation time used which is in excess of earned vacation time. If requested, the immediate supervisor is responsible for approving or disapproving non-paid vacation time. If employees use advanced vacation time and leave the company, the advanced vacation hours may be deducted from their last paycheck.

***Vacation usage guidelines***

Vacation hours can only be taken on normally scheduled workdays and must be used in increments to make the work day equal but not exceed 8 hours. Vacation request should be pre-scheduled and pre-approved with the immediate supervisor.

The Human Resource department is responsible for maintaining accurate records of used and unused vacation allowances for each employee.

Vacation absences must be documented on the time sheet for non-exempt or hourly employees. Vacation absences must be documented on the monthly vacation/special leave reporting form for exempt or salary employees. This allows management to track attendance, and serves as an efficient tool for employees to submit personal time off requests and obtain management approval/denial.

***Unused vacation days***

Each employee's vacation year begins on September 1.

Unused vacation time will automatically be carried over into the subsequent year with the following limitations:

No more than ten days or 80 hours may be carried forward by employees earning 10 days of vacation per year. No more than fifteen days or 120 hours may be carried forward by employees earning 15 days of vacation per year.

No more than twenty days or 160 hours may be carried forward by employees earning 20 days of vacation per year.

To carry over unused vacation time beyond this period, employees must obtain written approval from the general manager. Any carryover beyond the above days or hour maximums will be removed on August 31<sup>st</sup>.

***Reclassified employees***

If an employee's classification changes during the business year, the appropriate adjustments may be made to his/her vacation balance.

***Recommended scheduling***

Vacations must be scheduled around business needs. Employees should schedule their vacation for the slower time of the month and year and should be prearranged with their immediate supervisor. Planting and

harvesting periods should be avoided if at all possible. General office employees should avoid fiscal year end and calendar year end.

Work demands may require denial of vacation to some employees around holidays or other times when vacation requests might interfere with business demands.

During the 4th of July, Thanksgiving, and Christmas to New Years holiday weeks, supervisors may need to limit the number of days allowed per employee so all employees have the opportunity to take some time off.

***When employment terminates***

Employees who leave the company and give a proper notice of two weeks will be compensated for vacation earned but not taken up to the individual employee's maximum accrual. (10, 15, or 20 days depending on length of service). Vacation cannot be used during the last 10 days of employment if the employee's accrual is over the individual's maximum accrual (10,15 or 20 days) at August 31 of FSC's fiscal year end. .

If the company determines that termination is due to misconduct, unused vacation hours will not be paid out.

**Additional Information**

Vacation pay will be computed at the employee's current compensation rate.

Employee's will accrue vacation time during FMLA leave up to their maximum based on length of service.

The company has the right to deny or reschedule vacation requests due to business needs.

**Policy Title: Accruing Paid Leave Benefits While on Leave**

**Policy Number: 56**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to allow employees who are on certain types of leave to continue accruing paid leave benefits.

**Procedures**

Employees who are on paid leave, including vacation, special leave, or other paid time off earned through company policies, will continue to accrue paid leave benefits.

Employees will not continue accruing paid leave benefits if they are receiving income replacement benefits such as short-term disability, long-term disability, or workers' compensation benefits.

If an employee takes leave under the Family Medical Leave Act (FMLA), accrued vacation and special leave will be accrued up to the maximum based on length of the employee's service. If an employee on FMLA leave uses all paid leave, the remainder of the FMLA leave will be unpaid. During the period of unpaid FMLA leave, the employee will continue to accrue paid leave.

Discrimination / Harassment

**Policy Title: Anti-Discrimination Policy**

**Policy Number: 57**

**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to provide an environment free from unlawful discrimination. All forms of discrimination related to race, color, religion, sex, age, national origin, disability, or other protected classes, as well as retaliation for engaging in protected activity, are violations of this policy.

The company will not tolerate the use of racial, religious, sexual, gender-based, age-related, ethnic, or disability related epithets, innuendos, slurs, or jokes. Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature are also prohibited, as well as all forms of verbal, non-verbal, and physical harassment based on a protected class.

### **Procedures**

Employees are expected to conduct themselves professionally, in a manner befitting the work environment and with respect for co-workers.

Employees are expected to understand that behavior which one individual considers innocent and harmless may be regarded as harassment by another person. Beyond being in violation of this policy, workplace harassment is against the law. The company will not tolerate harassment of its employees by anyone, including management officials, other employees, contractors, or customers of the company.

All incidents and suspected violations should be reported immediately. Employees may report to a supervisor or manager, or to [department or person] to bypass the immediate supervisor. Complaints will be kept confidential to the fullest extent possible.

An investigation will be initiated as promptly as practicable after receipt of a complaint, and swift and appropriate corrective action will be taken, if necessary. Complainants will be notified of the results of the investigation, or given an update on the investigative process, shortly after the investigation is completed.

Neither the company nor its management will retaliate against any person for reporting perceived harassment, or for participating in an investigation. If an employee believes that he or she is being retaliated against, the employee should follow the complaint procedure above. Retaliation for filing a complaint or participating in an investigation is a violation of federal laws and will not be tolerated.

### **Confidentiality**

The company will make clear to employees that it will protect the confidentiality of discrimination allegations to the extent possible. The company cannot guarantee complete confidentiality, since it cannot conduct an effective investigation without revealing certain information to the alleged harasser and potential witnesses. However, information about the allegation of discrimination will be shared only with those who need to know about it. Records relating to discrimination complaints will be kept confidential on the same basis.

A conflict between an employee's desire for confidentiality and the company's duty to investigate may arise if an employee informs a supervisor or [responsible person] about alleged discrimination, but asks him or her to keep the matter confidential and take no action. Inaction by the company in such circumstances could lead to liability. While it may seem reasonable to let the employee determine whether to pursue a complaint, the company must discharge its duty to prevent and correct discrimination.

### **Investigative process**

The company will conduct a prompt, thorough, and impartial investigation into alleged discrimination. As soon as management learns about alleged discrimination, it should determine if a detailed fact-finding investigation is necessary (i.e. if the alleged offender does not deny the accusation, the company could immediately determine appropriate corrective action).

If a fact-finding investigation is necessary, it will be launched immediately. The amount of time that it will take to complete the investigation will depend on the particular circumstances.

It may be necessary to undertake intermediate measures before completing the investigation to ensure that further discrimination does not occur, such as scheduling changes to avoid contact between the parties; transferring the alleged offender; or placing the alleged offender on non-disciplinary leave with pay pending the conclusion of the investigation. The complainant should not be involuntarily transferred or otherwise burdened, since such measures could constitute unlawful retaliation.

The company will ensure that the individual who conducts the investigation will objectively gather and consider the relevant facts. The alleged offender must not have supervisory authority over the individual who conducts the investigation and must not have any direct or indirect control over the investigation.

[Insert company-specific information]

When detailed fact-finding is necessary, the investigator will interview the complainant, the alleged offender, and third parties who could reasonably be expected to have relevant information. When interviewing the parties and witnesses, the investigator should refrain from offering his or her opinion.

#### ***Reaching a determination***

Once all of the evidence is in, interviews are finalized, and credibility issues are resolved, management will make a determination as to whether discrimination occurred. That determination could be made by the investigator, or by a management official who reviews the investigator's report. The parties should be informed of the determination.

In some circumstances, it may be difficult for management to reach a determination because of evidence contradictions or a lack of documentary or eye-witness corroboration. In such cases, a credibility assessment may form the basis for a determination.

#### ***Assurance of immediate and appropriate corrective action***

The company will undertake immediate and appropriate corrective action whenever it determines that discrimination has occurred. Management will inform both parties about these measures.

Remedial measures will be designed to stop the discrimination, correct its effects on the employee, and ensure that the discrimination does not recur. These remedial measures need not be those that the employee requests or prefers, as long as they are effective.

To balance the competing concerns, disciplinary measures should be proportional to the seriousness of the offense. If the discrimination was minor, such as a small number of "off-color" remarks by an individual with no prior history of similar misconduct, counseling and an oral warning might be reasonable. On the other hand, if the discrimination was severe or persistent, suspension or discharge may be appropriate.

Remedial measures should not adversely affect the complainant. If it is necessary to separate the parties, the offender should be transferred (unless the complainant prefers otherwise). Other forms of remedial measures might include: oral or written warning or reprimand; demotion; reduction of wages; suspension; training or counseling; and monitoring of the harasser to ensure that discrimination stops. Remedial responses that penalize the complainant could constitute unlawful retaliation and are not effective in correcting the discrimination.

Remedial measures also should correct the effects of the discrimination on the victim. Such measures should be designed to put the employee in the position she or he would have been in had the misconduct not occurred. Such measures might include: restoration of leave taken because of the discrimination; reinstatement; apology by the harasser; monitoring treatment to ensure that the employee is not subjected to retaliation; and correction of any other harm caused by the discrimination (e.g., compensation for losses).

#### ***Other preventive and corrective measures***

The company will ensure that supervisors and managers understand their responsibilities. The company will keep track of supervisors' and managers' conduct to make sure that they carry out their responsibilities.

The company will keep records of all complaints of discrimination. Without such records, the company could be unaware of a pattern of discrimination by the same individual. Such a pattern would be relevant to credibility assessments and disciplinary measures.

#### **Additional Information**

Any employee who violates this policy or our commitment to equal employment opportunity will be subject to disciplinary action, up to and including termination of employment.

**Policy Title: Sexual Harassment**  
**Policy Number: 58**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to neither condone nor to tolerate sexual harassment. This includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature which explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.

**Procedures**

The company will not tolerate retaliation against an individual for filing a discrimination charge, testifying, or participating in any way in an investigation, proceeding, or litigation.

Supervisors are responsible for recognizing, preventing, and reporting sexual harassment in their areas.

All incidents and suspected violations should be reported immediately. Employees may report to a supervisor, or to a division manager to bypass the immediate supervisor.

**Additional Information**

Employees in violation of this policy will be subject to disciplinary action, up to and including termination.

**Policy Title: Corporate Data Security**

**Policy Number: 59**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to protect all corporate assets. Because corporate data contains sensitive information, which could be of value to competitors and is considered to be confidential and/or proprietary in nature, it is the policy of the company to protect corporate data in the same manner as any other corporate asset. Use of this asset outside its protected environment needs to be authorized and monitored.

Questions about appropriate use of company data may be brought to the Computer Division Manager. In cases of questionable personal use of resources, employees may contact the computer department to determine whether a particular activity is permissible.

Users assume personal responsibility for the use made of their computer accounts. This responsibility begins with selecting a secure password, and involves maintaining the confidentiality of that password and changing the password regularly in order to assure the continued security of personal accounts. For guidance in personal computer use security, see the computer department. If employees believe that someone has made unauthorized use of their accounts, they should change their password immediately and report the incident to the computer department

**Procedures**

***Downloading of Company Data***

The computer department's approval is required for all downloading of corporate data.

***Virus Scanning Procedure***

Removable media will be scanned by virus detecting software residing on each company computer.

***Individual Data Security Responsibilities***

Data that is downloaded from the corporate business or file servers to a computer workstation needs to be regarded with the same sensitivity as when the data existed on its original platform. No unauthorized duplication, replication, or use of the data is allowed.

Data that is loaded from a computer workstation to a magnetic removable media such as diskette(s), CD-ROM(s), USB Flash drive, handheld device, and DAT (Digital Audio Tape) needs to be regarded with the same sensitivity as when the data existed on its original platform. No unauthorized duplication, replication, or use of data is allowed.

The employee authorized to possess downloaded data is responsible for the security of that data and the full deletion of it and any copies created upon the completion of the approved project.

Copies of any data which has been deleted and is later deemed important to the area, may be restored from backup media if it exists.

**Additional Information**

Failure to comply with this policy and procedure may result in disciplinary action, up to and including termination.

**Policy Title: Computer Virus Protection**

**Policy Number: 60**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to require the computer department to review and approve the use of media such as diskette(s), CD-ROM(s), DAT(s), and USB Flash Drives to copy information to or from any company computer system.

The intent of this policy is to protect all corporate assets.

Company computers are corporate assets of the company. Whether stand-alone or network-attached, computers and laptops have the potential of being input devices for the introduction of a computer virus into all or any portion of the company network. A virus infection could cause major business interruptions, which can impact the ability of the corporation to function.

**Procedures**

***Virus Scanning Equipment***

Virus-scanning software resides on each company computer and periodically checks for viruses.

Employees are to use caution with removable media prior to using it on company computers and check with the computer department to insure the media is virus-free.

***Virus Scanning Procedure***

Removable media will be scanned by virus detecting software residing on each company computer.

If the virus scanning software detects a virus, the user should contact the computer department.

In order to isolate the incident and prevent the transfer of the virus, it is imperative that the user not attempt to use the infected media on any other client device.

It is the responsibility of the computer department to deal with the infected media.

**Additional Information**

Failure to comply with this policy and procedure may result in disciplinary action, up to and including termination.

**Policy Title: Theft, Misuse, or Destruction of Property**

**Policy Number: 61**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company not to tolerate internal theft, destruction, or inappropriate use of any company assets, property, and services.

It is also the company's policy not to tolerate theft and/or destruction of employees' personal property.

The company is not responsible for the personal property of its employees. Employees are responsible for safeguarding any personal property brought to work and kept on company premises.

**Procedures**

All incidents involving theft, destruction, or misuse of company assets, property, and services, and/or employees' personal property should be reported to management.

The manager will conduct a confidential investigation of the matter. The investigation results will be reviewed with division managers or the general manager, and the law enforcement agency will be contacted if the nature of the violation warrants such involvement.

To ensure security, the company reserves inspection rights for all company and employee property located on its premises, including workstations, desks, file cabinets, and lockers. This right extends to desks, computers (e-mail and internet) and telephones (voice messages). A person so authorized by the general manager can search or authorize a search of company property.

If it is determined that an employee is in violation of this policy, the employee may be subject to disciplinary action, up to and including termination.

**Policy Title: Visitors**

**Policy Number: 62**

**Effective Date: February 1, 2010**

**Policy**

In the interests of security, all visitors to the facility (including, but not limited to, vendors, contractors, and friends or family members of employees) must check in at the office when they arrive, and check out when they leave. In case of an evacuation situation (such as a fire), the company needs an accurate head count of all people within a building.

**Procedures**

If employees will be expecting a visitor, they must contact the office to let them know in advance.

Safety & Wellness

**Policy Title: Workers' Compensation Policy**

**Policy Number: 63**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide medical attention to any employee who experiences a work-related injury or illness, and to provide reasonable work assignments to employees who cannot perform their regular job because of temporary work-related medical restrictions.

The purpose of the program is to establish a uniform procedure for timely reporting and evaluation of work-related injuries in order to accelerate the return to work of employees with temporary medical restrictions.

**Procedures**

***Employee Responsibilities***

Immediately report any work-related injury (no matter how small) to a supervisor or manager.

Provide accurate and timely information to the company and physicians regarding his or her medical condition.

Attend all scheduled medical appointments and physical therapy/chiropractic appointments.

Communicate to his/her supervisor on his or her status and ability to return to work after every follow up Dr's appointment.

Pay their portion of medical/dental and other payroll deductions if they are receiving wages directly from Workers' Compensation and not receiving a paycheck from the company.

A timesheet must be submitted each week for the employee on Workers' Compensation.

***Company Responsibilities***

Abide by medical restrictions issued by the occupational health clinic.

Provide reasonable accommodation(s), where possible, to allow employees with work-related injuries to gradually return to their regular positions.

After a Return to Work Recommendations Record form has been submitted, make a determination whether work is available for the employee that can be performed within the assigned restrictions. Where possible, this determination will be made on the same day as the injury, or as soon as practical.

***Reporting an Injury***

If an employee is injured during work hours, on company property, or the injury resulted from a work activity, then an incident investigation report must be completed by the employee's supervisor immediately for all injuries. Also, the employee must complete an employee interview, and witnesses (if applicable) must complete a witness statement.

All work injuries must be reported.

The Worker's comp manager at the general office must be notified within a reasonable time frame if medical attention is needed. A medical doctor will evaluate the employee's injury and complete a Return to Work Recommendations Record following each visit. The report will specify physical restrictions related to the injury, the time frame that the restrictions are in effect, and any follow up medical evaluations that may be needed.

This Workers' Compensation Policy does not affect the right of an employee under state or federal law to visit other physicians for evaluation or treatment of the injury. However, an employee being treated for work-related injuries will be required to have his or her attending physician complete a Return to Work Recommendations Record and submit it to the Worker's comp manager at the general office.

An employee's lack of compliance with this Workers' Compensation Policy and/or cooperation with management or the supervisor will be treated as a performance issue, and may delay the expedient processing of the workers' compensation claim.

***Scheduling Medical Appointments***

Inform the supervisor and the Worker's comp manager prior to scheduling an appointment for a work-related injury. Employees should make every effort to schedule medical treatment, therapy or rehabilitation during the hours that they are not scheduled to work. If the appointment cannot be scheduled during the employee's off time, the employee will be given time off for their appointment.

### ***Worker's Compensation Benefits***

Worker's Compensation insurance shall provide the following work-related injury benefits: payment for all medical treatment including doctor bills, hospital bills and prescriptions related to the work-related injury and as outlined or ordered by the authorized treating physician. Payment for time off work due to the injury is as follows: Starting with the fourth day off, Worker's Compensation will begin paying for lost wages. The first three days are not paid. If the employee is off work for a period of two weeks or more, Worker's compensation will compensate the employee for the first three days of lost work.

1. FSC shall not pay any wages for time off due to a Worker's compensation injury.
2. In order to receive payment for the first three days that Worker's Compensation does not pay, an employee must turn in a time sheet with "special leave" recorded. These hours will be deducted from the employee's accrued special leave time at the rate of eight hours per day.

### ***Transitional Employment Program***

The transitional employment program is intended to return an employee who was injured at work back to regular duty. Upon conclusion of the healing period, the employee's participation in the transitional employment program will cease.

To qualify for transitional duty work, a physician must define the injured employee's work restrictions and the company will provide work within the range of limitations established by the physician if such work is available. A supervisor or the Worker's comp manager is responsible for matching an employee's medical restrictions to available light duty work, training, and other issues related to the program.

Employees in the transitional employment program must perform assigned work in a manner deemed satisfactory by the department manager where the work is being performed.

Should an employee refuse transitional duty work, the employee may lose his or her right to Workers' Compensation wage replacement benefits.

### ***Returning to Work***

The employee will need to provide the Worker's comp manager with a Fitness For Duty Report before returning to work if he/she has seen a medical provider.

### ***Additional Information***

A work-related injury on the job is covered under Workers' Compensation, and not under the company's medical leave of absence program. If the employee is eligible for Family Medical Leave (FMLA) while receiving workers' compensation benefits, FMLA leave will run concurrently with the time during which workers' compensation benefits are received. Human resources will advise the employee if his or her leave will be designated FMLA.

Employees in the transitional employment program or covered under Workers' Compensation will retain their eligibility for the following benefits: holiday pay, jury duty, funeral leave, and vacation benefit. Such benefits, if applicable, will be paid at the employee's normal wage rate.

**Policy Title: Return to Work**  
**Policy Number: 64**  
**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to help employees return from absences or leave due to injuries or illnesses at the earliest possible date. To help accomplish this goal, employees may be offered transitional work that is within their ability to perform.

For purposes of this policy, “transitional work” means temporary or modified work assignments within the employee’s physical abilities, knowledge, and skills. Where possible, transitional positions will be offered to minimize lost time. The company may change the position such as working shift, location, etc. based on business needs. The company cannot guarantee a transitional position and is under no obligation to offer or create a specific position under this policy.

This policy is not intended to interfere with any employee’s rights to reasonable accommodations under the Americans with Disabilities Act (ADA) or leave benefits under the Family Medical Leave Act (FMLA), or similar rights provided by state laws.

### **Procedures**

If the attending physician releases an employee to work with restrictions, the company will evaluate the availability of suitable positions, including a review of the employee’s current position and other available positions which may be suitable. The employee cannot return to work without the release of the attending physician.

The insurance manager will determine if an appropriate transitional position is available based on the job description and the physical requirements. The job description may be submitted to the attending physician for review and approval as to whether the employee can perform the essential functions of the job.

The company will determine appropriate work hours, shifts, duration, and locations of transitional work assignments. The company reserves the right to determine availability, appropriateness, and continuation of all transitional work assignments.

It is the responsibility of the employee to provide the insurance manager with a current telephone number and address so the employee may be contacted. The employee must notify FSC’s insurance manager as soon as reasonably practicable of any and all changes in medical conditions.

#### ***Transitional work offer***

Upon the attending physician’s approval of the transitional position, and availability of such a position, a written offer will be provided to the employee. The offer may cover such topics as the physician’s approval, start date, hours, wage, anticipated duration, and location of the transitional work assignment. The employee will be asked to sign the offer indicating acceptance or refusal and return the offer to FSC’s insurance manager.

If medical restrictions change, the employee must notify his or her supervisor as soon as reasonably practicable and provide a copy of the new medical release. Supervisors will monitor work performance to ensure the employee does not exceed the requirements set by the attending physician.

### **Additional Information**

If an employee refuses a transitional work offer that is within the employee’s restrictions and ability, the company is not obligated to provide an alternative position except as provided under applicable law. In such cases, the company will notify the insurance carrier. Refusal to accept a transitional work offer may result in loss of certain benefits. Where not prohibited by the FMLA or other laws, refusal to accept transitional work may result in termination for job abandonment.

**Policy Title: Employee Assistance Program**

**Policy Number: 65**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to offer an employee assistance program (EAP) to all employees and their dependents. The company's policy is to provide confidential assistance to employees before their problems have harmful effects on work performance, family relationships, and general well-being.

The company recognizes that alcoholism or abuse, drug dependency, emotional illness, family problems, etc., can be highly complex conditions that can be successfully resolved.

An employee's personal problems are a concern of the company only when an employee requests assistance or when the problem affects job performance, attendance, interpersonal work relationships, or poses a safety risk to other employees. An employee's job performance may also be affected when a member of his or her family is afflicted with personal or health problems.

The employee's participation in the program should not result in any special privileges or exemptions from job duties and responsibilities and job performance requirements. Participation in the program (self-referral or informal referral) will not jeopardize an employee's job security or promotional opportunities.

All supervisory personnel will receive training to help recognize and understand patterns of job performance deterioration.

All line and staff managers and supervisors and other selected staff will receive training from Connections Inc. to help recognize and understand patterns of job performance deterioration.

EAP services are provided by Connections Inc. To schedule an appointment, call 1-800-779-6125.

**Definition of the EAP**

The confidential Employee Assistance Program (EAP) is designed to offer confidential consultation and counseling services to employees and their dependents who are experiencing problems which may be impacting their life at work and/or at home.

Some of these problems may include, but are not limited to: family, marital, alcohol/drug, emotional distress, and job-related, legal, or financial difficulties.

**Procedures**

There are three types of referrals. They are:

**Self-referral:** This takes place when the individual makes contact with the EAP on his/her own.

**Informal referral:** This takes place when a supervisor, co-worker, family member, or community professional recommends or suggests that the individual utilize the EAP.

**Formal referral:** This takes place when the performance of an employee has deteriorated and the individual is required to utilize the EAP or face further disciplinary measures.

***Formal Referral***

A formal referral to the EAP may be done as part of the disciplinary process. Managers and supervisors are responsible for documenting declining work performance, attendance, and/or safety violations of an employee and following the company's disciplinary procedure. Human Resources is authorized to issue formal disciplinary referrals to the EAP. Connections Inc. will notify Human Resources as to whether the employee kept the appointment and followed through with the consultant's recommendations.

The company believes it is the responsibility of the employee to comply with suggested steps which would lead to the elimination of the problem. Should the employee refuse to follow through on either the referral or on the counselor's recommendations, and the employee's job performance continues to be adversely affected, the company's standard disciplinary action will be taken.

***Time Off for Appointments***

In the instance of a formal referral, only the initial referral appointment from management for an employee is counted as paid time (hours worked) if the appointment is made during regular working hours. Any follow-up appointments made during regular working hours after the formal referral would require the employee to use personal time off.

Employees who need to request time off during working hours for EAP appointments (self-referral or informal referral) must use personal time off. A detailed explanation for the time off request is not required.

***Payment for Services***

Employees who receive referral counseling and/or treatment not covered by insurance or other benefits are responsible for payment of those services.

***Confidentiality***

All EAP contacts are kept confidential.

All company management staff must maintain strict confidentiality regarding employee EAP questions and/or referral information. Failure to do so will result in disciplinary measures up to and including discharge.

**Additional Information**

Questions about the EAP should be directed to the Human Resources.

**Policy Title: Safe Work Practices**

**Policy Number: 66**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to enforce safe work practices among all employees. This includes enforcing compliance with all applicable OSHA regulations, fire safety requirements, and other federal, state, or local requirements, standards, and recognized best practices. This policy applies to all employees and contractors.

**Procedures**

The safety committee is responsible for developing and implementing safety rules, identifying potential safety hazards, and recommending corrective action.

All employees are responsible for following safe work practices and for reporting violations to their supervisor or to the location safety committee person. To accomplish this, all employees are expected to be familiar with the safe work practices of their department or area.

Although safety standards may differ by department or area, all employees are expected to follow generally accepted safe work practices, including but not limited to, the following:

- 1) Using common sense when performing duties, and reporting personal conditions (such as illnesses) which may affect their ability to safely perform the job.
- 2) Reporting injuries, illnesses, or unsafe conditions to a supervisor or to a member of the safety committee or the supervisor.
- 3) Keeping work areas neat and orderly, avoiding accumulation of items which could present a hazard, and reporting spills or similar hazards.
- 4) Asking for assistance in moving bulky or heavy items to minimize the potential for injury.
- 5) Ensuring that aisles and exits are kept clear, and that fire extinguishers and other emergency equipment are immediately accessible.

**Additional Information**

Violations of this policy, or failure to follow any other safe work practice, may result in discipline, up to and including termination.

Talent Management

**Policy Title: Required Educational and Certification Expenses**

**Policy Number: 67**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to require attendance at educational activities including educational courses, off-site training, and certification programs. The company will cover program fees, travel, lodging, and meals to attend such programs.

Eligible expenses include:

·Registration – course/program fees

·Travel

·Lodging

·Meals (daily limit authorized by the division manager)

Authorized expenses will be reimbursed after presentation of receipts.

**Additional Information**

Any questions regarding educational activities appropriateness should be directed to Human Resources.

**Policy Title: Performance Evaluations**

**Policy Number: 68**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to conduct performance evaluations for all employees on an annual basis. The evaluation process documents each individual's performance during the prior year. The evaluation date for all employees is in October and November.

**Procedures**

The immediate supervisor writes the performance evaluation. The evaluation meeting with the employee is conducted by the immediate supervisor and/or the next level of management. Compensation and/or promotion decisions should not be discussed with the employee during the performance evaluation.

***Unacceptable ratings***

Appropriate responses for unacceptable ratings will vary based upon the nature and quantity of unacceptable ratings. Such responses may include:

- the development of a detailed action plan to correct the deficiencies within a specified time;
- placement on a special watch period during which the employee's performance will be closely monitored and evaluated;
- reclassification or transfer, where appropriate;
- termination of employment.

Management must consult with the Human Resources regarding the methods chosen to address the unacceptable performance.

***Holding the evaluation meeting with the employee***

The immediate supervisor and/or the next level of management will conduct the evaluation with the employee on or before the evaluation deadline date.

Compensation and/or promotion decisions should not be discussed with the employee during the performance evaluation.

***After the evaluation meeting***

After the evaluation session, merit increases and compensation adjustment changes will be given to Human Resources to be filed in the employee's personnel file.

When the manager receives the decision, he or she will meet with the employee to cover any changes in salary, level, and job duties.

**Additional Information**

Employees will not be evaluated while off work due to a leave of absence. If an employee starts a leave of absence before his or her evaluation date, the effective date will be the date he or she returns to work from leave.

Future evaluations dates will continue to be based on the original evaluation date.

## Legal Requirements

**Policy Title: HIPAA Privacy**

**Policy Number: 69**

**Effective Date: February 1, 2010**

### **Policy**

It is the policy of the company to sponsor a health care plan and commit to protecting the medical information of its plan participants. The company is required by law to maintain the privacy of this medical information, provide a notice of privacy practices, and abide by the terms of that notice. To that end, all members of the company's workforce who have access to protected health information (PHI) must comply with this Privacy Policy.

For purposes of this Policy, the company's workforce includes individuals who would be considered part of the workforce under HIPAA such as employees, volunteers, trainees, and other persons whose work performance is under the direct control of the company, whether or not they are paid by the company.

### **Procedures**

All responses to requests for PHI will be limited to the minimum amount of information needed to accomplish the purpose of the request or disclosure. An individual may authorize use, request restrictions, inspect his or her records, and amend and request an accounting of disclosures of his or her PHI. The NOTICE OF HIPAA PRIVACY PRACTICES describes in more detail how an individual's PHI may be used and disclosed.

The HIPAA Privacy Official (or other contact) will receive all requests, inquiries, questions, and complaints with regard to the use and disclosure of PHI and any questions under this Policy, related procedures, or the NOTICE OF HIPAA

### **Additional Information**

It is the policy of the company, on behalf of the health plan, to notify health plan participants of our privacy practices, as required under the Health Insurance Portability and Accountability Act of 1996.

The company's health plan maintains a Notice of Privacy Practices. This Notice explains our uses and disclosures of protected health information and individuals' rights with respect to that protected information. The company provides and distributes a copy of the Notice to all health plan participants immediately upon enrollment in the plan.

In addition, copies of the Notice are available for clients and other individuals by contacting Human Resources.

The company promptly revises the Notice whenever there is a material change to the uses or disclosures, the individuals' rights, our legal duties, or other privacy practices stated in the Notice.

At least once every three years, the company notifies individuals covered by our health plan of the availability of the Notice and how to obtain it.

Violations of this Policy may result in disciplinary action, up to and including termination.

**Policy Title: Software Policy**  
**Policy Number: 70**  
**Effective Date: September 23, 2010**

### **Organization Software Management and Usage Guidelines**

Farm Service Cooperative licenses the use of computer software from a variety of third parties. Such software is normally copyrighted by the software developer and, unless expressly authorized to do so, Farm Service Cooperative has no right to make copies of the software. The purpose of this policy is to prevent copyright infringement and to ensure proper software asset management.

### **General Statement of Policy**

It is the policy of Farm Service Cooperative to respect and adhere to all computer software copyrights and to adhere to the terms of all software licenses to which Farm Service Cooperative is a party. It is also the policy of Farm Service Cooperative to manage its software assets and to ensure that Farm Service Cooperative installs and uses only legal software on its PCs (including portables) and servers. Farm Service Cooperative will take all steps necessary to prohibit its users from duplicating any licensed software or related documentation for use either on Farm Service Cooperative's premises or elsewhere unless Farm Service Cooperative is expressly authorized to do so by agreement with the licensor. Unauthorized duplication of software may subject users and/or Farm Service Cooperative to both civil and criminal penalties under the United States Copyright Act. Farm Service Cooperative must not permit any employee to use software in any manner inconsistent with its applicable license agreement, including giving or receiving software from clients, contractors, customers and other. It is the policy of Farm Service Cooperative to acquire, copy, distribute, transmit and use software in accordance with the software management policies of Farm Service Cooperative and the terms and conditions in any license agreement accompanying a particular software product.

### **Acquisition of Software**

Legitimate software will be provided to all users who need it. All requests for software, including upgrades, must be submitted to the FSC Computer Division. All software acquired by Farm Service Cooperative must be purchased through the FSC Computer Division. Software will be purchased only from reputable, authorized sellers. This policy applies to acquisitions of hardware that includes bundled or pre-loaded software.

Software acquisition channels are restricted to ensure that Farm Service Cooperative has a complete record of all software that has been purchased for Farm Service Cooperative computers and can register, support and upgrade such software accordingly. This includes software that may be downloaded and/or purchased from the Internet.

### **Registration of Software**

When Farm Service Cooperative receives purchased software, the FSC Computer Division must receive the software first to complete registration and inventory requirements before installation. In the event the software is shrink wrapped, the FSC Computer Division is responsible for completing the registration forms and returning it (via publisher prescribed means) to the software publisher. Software must be registered in the name of Farm Service Cooperative and department in which it will be used. Due to personnel turnover, software will never be registered in the name of the individual user.

### **Installation of Software**

After the registration requirements have been met, the software will be installed by employees of the FSC Computer Division expressly authorized to install software on Farm Service Cooperative's computers. Only those persons explicitly authorized by Farm Service Cooperative to install software may install software on

Farm Service Cooperative's computers and servers. Such persons shall not do so unless and until Farm Service Cooperative has first obtained an appropriate license for that software. A software upgrade shall not be installed on a computer that does not already have a copy of the original version of the software loaded on it.

### **Software Use**

No employee may use software unless Farm Service Cooperative has first obtained an appropriate license for that software. Before an employee is permitted to use a particular software program, the FSC Computer Division shall instruct users on the proper usage of a particular software program and inform users of any use restrictions included within a license agreement accompanying the program.

### **Internet Use**

Unless otherwise noted, all software, music and audiovisual works found on the Internet shall be considered copyrighted works. Therefore, users are prohibited from downloading these files without permission from the copyright holder. Software programs or other files that are downloaded from the Internet must be scanned with virus detection software before installation or execution. All appropriate precautions should be taken to detect for a virus and, if necessary, prevent its spread. Employees shall not place company material (copyrighted software, internal correspondence, etc.) on any publicly accessible Internet computer without prior permission.

### **Using Company Software on Home Computers**

Farm Service Cooperative's computers are organization-owned assets and must be loaded with only legal software. Only software purchased through the procedures outlined above may be used on Farm Service Cooperative's machines. Users are not permitted to bring software or other copyrighted material from home and load it only Farm Service Cooperative's computers. Generally, organization-owned software cannot be taken home and loaded on a user's home computer if it also resides on Farm Service Cooperative's computer. If an employee is to use software at home, Farm Service Cooperative will purchase a separate package and record it as an organization-owned asset in the software register. However, some software companies provide in their license agreements that home use is permitted under certain circumstances. If an employee needs to use software at home, he/she should consult with the FSC Computer Division Manager to determine if applicable licenses permit home use.

### **Software Audits**

Farm Service Cooperative reserved the right to inspect an employee's computer system for violations of this policy. The FSC Computer Division will conduct a regular audit of all Farm Service Cooperative's computers (including portables) and servers, to ensure that Farm Service Cooperative is in compliance with all software licenses. Periodic, random audits shall also be conducted as appropriate. Audits will be conducted using an effective auditing software product in a manner that is the least intrusive and disruptive to employee. The full cooperation of all users is required during audits. Employees must not remove or delete software. Removal or deletion of software must be done only by employees authorized by the FSC Computer Division.

### **Duty to Report Under-licensing**

Any employee who becomes aware of the installation, copying, use, distribution or transmission of software within this organization that is illegal or conflicts with Farm Service Cooperative's software management policies shall promptly notify an appropriate person. This may include his or her supervisor, an appropriate employee within Farm Service Cooperative, or the FSC Computer Division.

**Discipline**

Any infringing activity by an employee may be the responsibility of the organization. Therefore, Farm Service may choose to hold the employee liable for their actions. According to the U.S. Copyright Act, illegal reproduction of software is subject to civil damages of as much as US \$150,000 (Section 504(c)(1) Title 17) per title infringed and criminal penalties, including fines of as much as US \$250,000 per title infringed and imprisonment of up to ten (Section 2319 (b) (2) Title 18) years. A Farm Service Cooperative employee, who makes, acquires, or uses unauthorized copies of software will be disciplined as appropriate under the circumstances. Such discipline may include (but is not limited to) a reprimand for minor offenses or termination of employment for willful or repeat offenses. Farm Service Cooperative does not condone the illegal duplication of software or other copyrighted works and will not tolerate it.

**Employee Questions**

Any questions about this policy or whether you may copy or use a particular software program should be directed to the FSC Computer Division Manager.

*This policy has been modified with the permission of the Software & Information Industry Association per documentation dated September 2, 2010.*

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*Employee*

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*Date*

Termination / Separation

**Policy Title: Termination/Resignation Policy**

**Policy Number: 71**

**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to recognize that the employment relationship is at-will and may be terminated at any time for any reason. This termination may be initiated either by an employee or by the company.

**Procedures**

***Termination procedure***

Terminations should be handled by the employee's manager and/or supervisor.

A Human Resources representative will provide benefit information to the departing employee.

***Resignations***

Employees who resign are expected to give two weeks advance notice in writing to their immediate supervisor.

If the employee does not give two weeks advance notice, any accrued vacation or special leave will be forfeited. The original written resignation letter must be forwarded to Human Resources immediately.

It is expected that employees will be available to work during the two-week notice period.

An employee who resigns and doesn't give two weeks' advance notice may be considered ineligible for rehire.

Employees who terminate employment with the company for any reason may or may not receive pay for unused accumulated vacation time as stated in the vacation policy.

Special leave used during the last 10 working days of employment will be deducted from payable special leave accumulated before 8-31-2003, if any. If the employee does not have payable special leave accumulated before 8-31-2003, absences occurring during the last ten work days of employment will not be paid with special leave hours.

***Surrender of company property***

Departing employees are required to surrender all company property in their possession, i.e., access card, keys, employee handbook, uniforms, credit cards, computer equipment, and assigned office equipment, on or before the last day of work.

**Additional Information**

Employees who have resigned may be given the opportunity to participate in an exit interview conducted by Human Resources.

All requests (verbal and/or written) for references on a former employee must be routed to Human Resources.

**Policy Title: COBRA**

**Policy Number: 72**

**Effective Date: February 1, 2010**

### **Policy**

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 requires that terminating employees be notified of their rights to continue, at their own expense, group health plan coverage for themselves and their eligible dependents. The law is interpreted to include those employees who, because of a change in employment status, are no longer eligible for group health plan coverage. Notice must also be given to covered dependents losing coverage due to a change in dependent status.

### **Procedures**

The plan administrator is required by law to notify employees and their dependents who lose their coverage of their rights and obligations under COBRA's continuation coverage provisions.

This applies to employees who have lost their positions for reasons other than gross misconduct.

The employees and eligible dependents must receive notice of their right to elect continuation coverage. If continuation coverage is elected, it is made continuous from the date of loss of coverage. The employee may be required to pay up to 102% of the full group premium for this coverage (depending on state law), and must make the first payment within 45 days of the date of election.

#### ***Notification procedures***

The following notification procedures will be used, depending on the status of the departing employee:

Employee is Terminating Employment: The continuation coverage notification must be provided to every terminating employee and his or her covered dependents who are covered under the company group health care plans subject to COBRA.

Employee is ineligible for benefits due to change in employment: The notification must be provided to an employee and his or her covered dependents who are covered under the company health care insurance program, but who, because of a change in the employee's employment status, are no longer eligible for group benefits. For example, this means any employee who falls below the required number of hours, or an employee who is reclassified as hourly, or as another classification not considered eligible for group benefits.

Change in Dependent Status: The notification must be provided to covered dependents losing coverage due to a change in dependent status, such as ceasing to be a dependent through attainment of a limiting age, divorce or legal separation, or death of a covered employee.

Mail the COBRA Continuation Coverage instructions and premium rates notice and Request for Continuation of Coverage application to the last known home mailing address of the person losing coverage. If the employee and his or her covered dependents are losing coverage due to the employee's termination or change in employment status, you should address the envelope to the employee and family. Notice must be sent no later than 10 days after the last day of employment or loss of eligibility. It may be mailed before the last day of work.

#### ***Second COBRA notice and notification of subsidized benefit coverage***

The American Recovery and Reinvestment Act of 2009 provides for a 65% reduction in COBRA premiums for certain "assistance eligible individuals," defined as a COBRA qualified beneficiary who:

- Is eligible for COBRA continuation coverage at any time between September 1, 2008, and December 31, 2009;
- Elects COBRA coverage; and
- Is eligible for COBRA as a result of the employee's involuntary termination between September 1, 2008 and December 31, 2009.

Individuals who are eligible for other group health coverage (such as a spouse's plan) or Medicare are not eligible for the premium reduction. Individuals paying reduced COBRA premiums must inform their plan administrator if they become eligible for coverage under another group health plan or Medicare.

The plan administrator must notify affected employees of their right to elect COBRA and the right to a premium reduction.

The notice regarding premium reduction may be provided separately or along with notices provided following a COBRA qualifying event. The notice regarding premium reduction must go to all individuals, whether they

have COBRA coverage or not, who had a qualifying event from September 1, 2008, through December 31, 2009.

Individuals involuntarily terminated from September 1, 2008, through February 16, 2009, who did not elect COBRA when it was first offered (or who did elect COBRA but are no longer enrolled) have a new election opportunity and also must receive a notice informing them of the premium reduction opportunity. This notice must be provided within 60 days following February 17, 2009. This special election period opportunity does not apply to coverage sponsored by employers with fewer than 20 employees that is subject to state law. The premium reduction starts on March 1, 2009, for plans that charge for COBRA coverage on a calendar month basis.

There is no premium reduction for periods of coverage that began prior to February 17, 2009. The premium reduction for an individual ends when one of the following events occurs:

- The individual becomes eligible for other group coverage (or Medicare),
- The individual has obtained the reduction for nine months, or
- The maximum period of COBRA coverage ends.

If an employer offers additional coverage options to active employees, the employer may (but is not required to) allow assistance eligible individuals to switch their coverage options. To retain eligibility for the premium reduction, the different coverage must have the same or lower premiums than the original coverage. This cannot be coverage that provides only dental, vision, a health flexible spending account, or coverage for treatment that is furnished in an on-site facility maintained by the employer.

#### **Additional Information**

This policy is not sufficient, nor intended, to service as the initial COBRA notice that must be provided to plan participants.

The company recognizes that COBRA responsibilities may interact with USERRA responsibilities for some employees.

**Policy Title: Severance Pay**  
**Policy Number: 73**  
**Effective Date: February 1, 2010**

**Policy**

Any severance pay, if granted, is to be approved by the general manager. Severance Pay, including vacation or special leave, will not be granted if you are discharged for dishonesty or an infraction of Farm Service Co-op's policies or rules.

**Procedures**

***Severance pay policy***

The severance, if granted, is paid by check sent to the employee's last known mailing address. Acceptance of this check by the employee will conclude all company obligations.

This company's severance pay plan has the following three components:

- Categories of eligible employees,
- When and how the severance will be paid,
- How the severance is determined.

***Categories of eligible employees***

Severance pay may be provided to full-time employees who have been released or placed on permanent layoff status. Employees who have resigned are not eligible for severance pay.

***When and how the severance will be paid***

Severance pay is paid at the time of the next regularly scheduled pay period.

***How the severance is determined***

Severance pay, if granted, will not exceed two weeks pay at the rate of five days per week, 8 hours per day.

**Additional Information**

There is no requirement in the Fair Labor Standards Act (FLSA) for severance pay. Severance pay is a matter of agreement between an employer and an employee.

**Policy Title: Final Paychecks**  
**Policy Number: 74**  
**Effective Date: February 1, 2010**

**Policy**

It is the policy of the company to provide an employee with his or her final paycheck within the timeframe specified by state law or regulation.

**Procedures**

Employees who are terminated will receive their final pay on the next regular scheduled pay period. Note that if an employee gives notice of intent to voluntarily quit, but is released before that time (within the notice period), the release may be considered a termination under state laws regarding final paychecks.

Employees who quit voluntarily will receive their final pay on the next regular scheduled pay period.

Employees are expected to return all company property before receipt of the last paycheck. If regular paychecks are direct deposit, the last payroll check will be an actual check unless all company property has been returned prior to issuance of the last check.

**Additional Information**

Any deductions from final wages will be made in compliance with state laws and regulations, and as provided by company policy.