



Employee Handbook

Effective Date: May 1, 2024

This handbook will apply to all employees in the service of American Associated Pharmacies (AAP) and Associated Pharmacies, Inc. (API).

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WELCOME TO AAP

On behalf of your colleagues, I welcome you to AAP and wish you every success here.

We believe that each employee contributes directly to AAP's growth and success, and we hope you will take pride in being a member of our team.

This handbook was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the employee handbook as soon as possible, for it will answer many questions about employment with AAP.

We hope that your experience here will be challenging, enjoyable, and rewarding. Again, welcome!

Sincerely,

Jon Copeland, R.Ph.
Chief Executive Officer

WHO WE ARE

American Associated Pharmacies (AAP) is a national cooperative of more than 2,000 independent pharmacies. AAP began in 2009, when two major pharmacy cooperatives - United Drugs of Phoenix, Ariz., and Associated Pharmacies, Inc. (API) of Scottsboro, Ala. - joined forces to form one of America's largest independent pharmacy organizations. Today, AAP continues to operate API, its independent warehouse and distributor, with two warehouse locations in the U.S.

Along with its subsidiaries, AAP provides member-focused support and serves as a collaborative professional advocate bringing innovative and cost-saving programs to its member pharmacies, improving both profitability and patient care. Seasoned industry veterans offer coaching and expertise to member pharmacies, helping them achieve key performance metrics and optimize their business performance. The organization is governed by a Board of Directors elected from its membership.

Members have access to proprietary programs not available elsewhere, including ProfitAmp business intelligence tool, Scan & Toss ordering solution, free OTC Retail Plan-O-Grams and more.

With its competitive Prime Vendor Agreement with a national wholesaler, each year, AAP saves its member pharmacies millions in operating and acquisition costs.

OUR MISSION

AAP provides support and customized solutions for independent community pharmacies to enhance their profitability, streamline their operations and improve the quality of patient care.

OUR VISION

Helping independent pharmacies thrive in a competitive healthcare market.

OUR VALUES AND GUIDING PRINCIPLES

Our values guide every decision, discussion and behavior. It's not only what we do that matters, but how we do it. We believe these values define our uniqueness compared to our competitors. The values we demonstrate with each action and interaction are:

➤ Customer Focus

- Our primary focus is to meet customer requirements and to strive to exceed customer expectations.
- Excellent service to the outside customer is dependent upon healthy internal customer service practices and teamwork.
- Customer Service is not just a department, it is an attitude.

➤ Integrity

- We act with honesty and integrity without compromising the truth.
- We maintain consistency in what we say and what we do to build trust.

➤ Respect

- We treat others with the same dignity as we wish to be treated.
- We recognize the power of teamwork and appreciate the unique contributions that each member of a team can make.
- We encourage open and honest communication.

➤ Excellence

- We strive for the highest quality in everything that we do.
- We seek and pursue opportunities for continuous improvement and innovation.

➤ Ownership

- We seek responsibility and hold ourselves accountable for our actions.
- When things go wrong, we take responsibility.

THE PURPOSE OF THE EMPLOYEE HANDBOOK

This handbook will apply to all employees in the service of American Associated Pharmacies (AAP) and Associated Pharmacies, Inc. (API).

This handbook is designed to acquaint you with AAP and provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook. It describes many of your responsibilities as an employee and outlines the programs developed by AAP to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

No employee handbook can anticipate every circumstance or question about policy. The need may arise and AAP reserves the right to revise, supplement, or rescind any policies or portion of the handbook from time to time as it deems appropriate, in its sole and absolute discretion. The only exception to any changes is our employment-at-will policy permitting you or AAP to end our relationship for any reason at any time. Employees will be notified of such changes to the handbook as they occur.

EMPLOYMENT

101 Nature of Employment

Employment with AAP is voluntarily entered into, and the employee is free to resign at will at any time, with or without cause. Similarly, AAP may terminate the employment relationship at will at any time, with or without notice or cause, so long as there is no violation of applicable federal or state law.

Policies set forth in this handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between AAP and any of its employees. The provisions of the handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or cancelled at any time, at AAP's sole discretion.

These provisions supersede all existing policies and practices and may not be amended or added to without the express written approval of the Chief Executive Officer of AAP.

102 Employee Relations

AAP believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area and in this industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

103 Equal Employment Opportunity

Employment decisions at AAP will be based on merit, qualifications, and abilities. AAP does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or HR department. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

104 Business Ethics and Conduct

The success of AAP is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to AAP, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

AAP will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

Compliance with this policy of business ethics and associated code of conduct is the responsibility of every AAP employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

105 Hiring of Relatives

AAP has no prohibition against employing relatives of current employees with current employees, we are committed to monitoring situations in which such relationships exist. In case of actual or potential problems, AAP will take prompt action. This can include reassignment or, if necessary, termination of employment for one or both of the individuals involved.

106 Employee Medical Examinations

Applicants for employment with the Company shall meet the physical and mental performance requirements for the positions they seek. The physical and mental qualifications of persons entering the employment of the Company may require physician evaluation. It should be noted that the physician's evaluation may include drug screening tests.

Records related to the health of a patient prepared by or under the supervision of a health care provider will be subject to the standards set forth in the Health Insurance Portability and Accountability Act (HIPAA).

107 Immigration Law Compliance

Federal and State laws require U.S. employers to ensure all employees, regardless of citizenship or national origin, are allowed to work in the United States. A background check will be conducted for all applicants for employment for the purpose of verifying applicant has the legal right to work in the United States and could also include credit, personal reference, driving record, and criminal conviction checks.

AAP will provide the Social Security Administration (SSA) and, if necessary, the Department of Homeland Security (DHS) with information from each new employee's Form I-9 to confirm work authorization using E-Verify.

108 Conflicts of Interest

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. Contact the HR department for more information or questions about conflicts of interest.

109 Outside Employment

An employee may hold a job with another organization as long as he or she satisfactorily performs his or her job responsibilities with AAP. All employees will be judged by the same performance standards and will be subject to AAP's scheduling demands, regardless of any existing outside work requirements.

If AAP determines that an employee's outside work interferes with performance or the ability to meet the requirements of AAP as they are modified from time to time, the employee may be asked to terminate the outside employment if he or she wishes to remain with AAP.

Outside employment will present a conflict of interest if it has an adverse impact on AAP.

110 Non-Disclosure

All employees shall sign a confidentiality and non-disclosure agreement upon hire. Refusal to do so shall be grounds for immediate termination.

111 Disability Accommodation

AAP is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

112 Job Posting

AAP provides employees an opportunity to indicate their interest in open positions and advance within the organization according to their skills and experience. In general, notices of job openings may be posted. There is, however, no requirement to post positions internally prior to filling a job opening.

EMPLOYMENT STATUS & RECORDS

201 Employment Categories

It is the intent of AAP to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and AAP.

Each employee is designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. NONEXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employee's EXEMPT or NONEXEMPT classification may be changed only upon written notification by AAP management.

In addition to the above categories, each employee will belong to one other employment category:

REGULAR FULL-TIME employees are those who are not in a temporary or introductory status and who are regularly scheduled to work a full-time schedule of at least 30 hours per week. Generally, they are eligible for AAP's benefit package, subject to the terms, conditions, and limitations of each benefit program.

PART-TIME employees are those who are not assigned to a temporary or introductory status and who are regularly scheduled to work less than 30 hours per week. While they do receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for all of AAP's other benefit programs. Any part-time employee who attains a 6-month rolling average of 30 scheduled hours or more per week will be reclassified as a regular full-time employee.

INTRODUCTORY employees are those whose performance is being evaluated to determine whether further employment in a specific position or with AAP is appropriate. Employees who satisfactorily complete the introductory period will be notified of their new employment classification.

TEMPORARY employees are those who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status unless and until notified in writing of a change. While temporary employees receive all legally mandated benefits (such as workers' compensation insurance and Social Security), they are ineligible for all of AAP's other benefit programs.

202 Access to Personnel Files

AAP maintains a personnel file on each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of AAP, and access to the information they contain is restricted based on state and federal regulations.

Employees who wish to review their own file should contact the HR department. With reasonable advance notice, employees may review their own personnel files in AAP's offices and in the presence of an individual appointed by AAP to maintain the files.

203 Employment Reference Checks

It is the policy of AAP to check the employment references of all applicants.

204 Personnel Data Changes

It is the responsibility of each employee to promptly notify AAP of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify the HR department.

205 Introductory Period

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. AAP uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or AAP may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 60 calendar days after their date of hire. Employees who are promoted or transferred within AAP must complete a secondary introductory period of the same length with each reassignment to a new position. Any significant absence will automatically extend an introductory period by the length of the absence. If AAP determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specified period.

In cases of promotions or transfers within AAP, an employee who, in the sole judgment of management, is not successful in the new position can be removed from that position at any time during the secondary introductory period.

Upon satisfactory completion of the initial introductory period, employees enter the "regular" employment classification.

During the initial introductory period, new employees are eligible for those benefits that are required by law, such as workers' compensation insurance and Social Security. After becoming regular employees, they may also be eligible for other AAP-provided benefits, subject to the terms and conditions of each benefits program. Employees should read the information for each specific benefits program for the details on eligibility requirements.

Benefits eligibility and employment status are not changed during the secondary introductory period that results from a promotion or transfer within AAP.

206 Employment Applications

Any misrepresentations, falsifications, or material omissions in any of employment application information or data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

In processing employment applications, AAP may obtain a consumer credit report for employment purposes only concerning credit worthiness, credit standing, and credit capacity. If AAP takes an adverse employment action based in whole or in part on the consumer credit report, a copy of the report and a summary of your rights under the Fair Credit Reporting Act will be provided as well as any other documents required by law.

207 Performance Evaluations

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Formal performance evaluations are conducted at the end of an employee's initial period in any new position. This period, known as the introductory period, allows the supervisor and the employee to discuss the job responsibilities, standards, and performance requirements of the new position. Additional formal performance evaluations are conducted to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

Performance evaluations are scheduled approximately every 12 months, coinciding generally with the anniversary of the employee's original date of hire, except for sales staff and executive management. The performance of sales staff and executive management is generally evaluated according to an ongoing 12-month cycle, beginning at the fiscal-year end.

Merit-based pay adjustments are awarded by AAP in an effort to recognize truly superior employee performance. The decision to award such an adjustment is dependent upon numerous factors, including the information documented by this formal performance evaluation process.

EMPLOYEE BENEFIT PROGRAMS

301 Vacation Benefits

Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits. Employees in the following employment classification(s) are eligible to earn and use vacation time as described in this policy:

* Regular full-time employees

An employee must complete 60 days of full-time service to be eligible for vacation benefits. Vacation will accrue per week as follows for all employees:

<u>Length of Employment</u> (as of anniversary of hire date)	<u>Paid Days per Year</u>	<u>Accrual Rate</u>
60 days to 1 st Anniversary	3 (24 hours)	.46 hours per week
1 st Anniversary to 2 nd Anniversary	5 (40 hours)	.77 hours per week
2 nd Anniversary to 3 rd Anniversary	7 (56 hours)	1.07 hours per week
3 rd Anniversary to 5 th Anniversary	10 (80 hours)	1.54 hours per week
5 th Anniversary to 9 th Anniversary	15 (120 hours)	2.31 hours per week
10 th Anniversary to 19 th Anniversary	17 (136 hours)	2.62 hours per week
20 th Anniversary and beyond	19 (152 hours)	2.93 hours per week

Vacation time may not be taken in advance of accrual. Paid vacation time can be used in minimum increments of two hours. To take vacation, employees should request advance approval from their supervisors. Vacation request for more than 5 consecutive days must be approved in writing by the company President. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

Vacation time off is paid at the employee's base pay rate at the time of vacation. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Any accrued but unused vacation time may be banked up to 19 days (152 hours) cumulative total provided no more than one-half of the amount of eligible time can be banked in any benefit year. Any amount of time left after banking will be paid at the employee's base pay rate. Additionally, no payments will be made for any time that is greater than one-half the amount of the employees annually earned vacation time.

All (exempt and non-exempt) employees whose employment is voluntarily or involuntarily terminated will be paid any accrued vacation time at time of employment separation.

302 Personal Leave

Personal leave is an all-purpose time-off policy for eligible employees to use for vacation, illness or injury, and personal business. Employees in the following employment classification(s) are eligible to earn and use personal leave as described in this policy:

- * Regular full-time employees
- ** Part-time employees

Once employees enter an eligible employment classification, they begin to earn personal leave according to the schedule below. However, before personal leave can be used, a waiting period of 60 calendar days must be completed. After that time, employees can request use of earned personal leave including that accrued during the waiting period.

The amount of personal leave full-time employees receives increases with the length of their employment as shown in the following schedule:

- * Upon initial eligibility the employee is entitled to 3 personal days (24 hours).
- * After 1 year of eligible service the employee is entitled to 4 personal days (32 hours) each year.
- * After 5 years of eligible service the employee is entitled to 5 personal days (40 hours) each year.

Part-time employees earn 1 hour of personal leave for every 30 hours worked. The maximum amount of personal leave to be earned increases with the length of their employment as shown in the following schedule:

- ** Upon initial eligibility the employee earns 1 hour of personal leave for every 30 hours worked up to 24 hours.
- ** After 1 year of eligible service the employee earns 1 hour of personal leave for every 30 hours worked up to 32 hours each year.
- ** After 5 years of eligible service the employee earns 1 hour of personal leave for every 30 hours worked up to 40 hours each year.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when the employee starts to earn personal leave. An employee's benefit year may be extended for any significant leave of absence except military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Personal leave can be requested in one-hour increments. Employees who have an unexpected need to be absent from work should notify their direct supervisor before the scheduled start of

their workday, if possible. The direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned personal leave, employees should request advance approval from their supervisors. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

Personal leave is paid at the employee's base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

In the event that available personal leave is not used by the end of the benefit year, employees will forfeit the unused personal days. Personal leave will not accumulate from year to year unless the employee lives in a state in which it is mandated by law.

Upon termination of employment, employees will not be paid for unused personal hours that have been earned through the last day of work.

303 Long-term Sick Leave

For the benefit of retaining and rewarding long term employees for their dedication, in the event a qualified sick leave event occurs time may be utilized. Employees in the following employment classification(s) are eligible to earn and use long-term sick leave as described in this policy:

- * Regular full-time employees

The amount of sick leave employees receive increases with the length of their employment as shown in the following schedule:

- * After 4 years of eligible service the employee is entitled to 10 days (80 hours).
- * After 9 years of eligible service the employee is entitled to 10 additional days (80 hours).
- * After 14 years of eligible service the employee is entitled to 10 additional days (80 hours).
- * After 19 years of eligible service the employee is entitled to 10 additional days (80 hours).
- * For each 5 years of eligible service thereafter the employee is entitled to 10 additional days (80 hours).

Any unused long-term sick leave time may be banked up to a maximum of 40 days (320 hours) cumulative total.

Borrowing or creation of any negative days or hours is not permissible.

The long-term illness bank shall be used only for missed scheduled work time of three (3) consecutive days or more as mandated by a physician for the employee only due to extended

illness, hospitalization, surgery or recovery. Long-term illness leave cannot be used for services performed solely for cosmetic reasons, for physician/follow-up visits, for non-physician-mandated absences or for any absence of less than three consecutive days.

The Manager/Supervisor shall be kept informed of the employee's condition and shall be advised of the employee's expected date of return to work. Employees who have been absent for three (3) days or more for medical reasons are required to provide the Company with a physician's letter indicating the medical necessity for the specific dates the employee must be absent from work.

Credited long-term sick time shall not be paid or utilized after notification of separation from Company. All accrued long-term sick time shall be relinquished upon termination of employment.

304 Holidays

AAP will grant holiday time off to all employees on the holidays listed below:

- * New Year's Day (January 1)
- * Memorial Day (last Monday in May)
- * Independence Day (July 4)
- * Labor Day (first Monday in September)
- * Thanksgiving (fourth Thursday in November)
- ** Day after Thanksgiving or Floating Holiday
- ** Christmas Eve (December 24) or Floating Holiday
- * Christmas (December 25)

**Subject to the staffing needs of individual departments, employees may or may not be required to work on a designated holiday. Employees who are asked to work on a designated holiday will receive a floating holiday to be used within 90 days after the holiday. Employees who receive a floating holiday will receive straight time pay for working on the designated holiday. Floating holidays may be taken at the discretion of the employee with the prior approval of his/her supervisor.

AAP will grant paid holiday time off to all eligible employees who have completed 60 calendar days of service in an eligible employment classification. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. Eligible employee classification(s):

- * Regular full-time employees

To be eligible for holiday pay, employees must work the last scheduled day immediately preceding and the first scheduled day immediately following the holiday.

A recognized holiday that falls on a Saturday will generally be observed on the preceding Friday. A recognized holiday that falls on a Sunday will generally be observed on the following Monday. Subject to the staffing needs of individual departments, employees may or may not be required to work on an observed holiday. Employees who work on observed holidays will receive a floating holiday to be used within 90 days after the holiday. Floating holidays may be taken at the discretion of the employee with the approval of his/her supervisor.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or personal leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

305 Time Off to Vote

AAP encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are encouraged to find time to vote either before or after their regular work schedule. If employees are unable to vote in an election during their nonworking hours, employees may receive reasonable time off to vote in accordance with the law in the state in which the election is being held.

Employees should request time off to vote from their supervisor at least two working days prior to the election day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule.

306 Bereavement Leave

Employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

Paid bereavement leave will be provided to eligible employees in the following classification(s):

- * Regular full-time employees

Up to 5 days of paid bereavement leave will be paid.

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary.

AAP defines "immediate family" as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.

307 Jury Duty

Employees may request up to 2 weeks of paid jury duty leave over any 1-year period.

Jury duty pay will be calculated on the employee's base pay rate times the number of hours the employee would otherwise have worked on the day of absence. Employee classifications that qualify for paid jury duty leave are:

- * All employees

If employees are required to serve jury duty beyond the period of paid jury duty leave, they may use any available paid time off (for example, vacation benefits) or may request an unpaid jury duty leave of absence.

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Employees are expected to report for work whenever the court schedule permits.

Either AAP or the employee may request an excuse from jury duty if, in AAP's judgment, the employee's absence would create serious operational difficulties.

AAP will continue to provide health insurance benefits for the full term of the jury duty absence.

Vacation, sick leave, and holiday benefits will continue to accrue during unpaid jury duty leave.

308 Witness Duty

If employees have been subpoenaed or otherwise requested to testify as witnesses by AAP, they will receive paid time off for the entire period of witness duty.

Employees will be granted unpaid time off to appear in court as a witness when requested by a party other than AAP. Employees are free to use any available paid leave benefit (such as vacation leave) to receive compensation for the period of this absence.

The subpoena should be shown to the employee's supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence. The employee is expected to report for work whenever the court schedule permits.

309 Health Insurance

AAP's health insurance plan provides employees and their dependents access to medical and dental insurance benefits. Employees in the following employment classifications are eligible to participate in the health insurance plan:

- * Regular full-time employees or employees who work on average 30 or more hours per week

Eligible employees may participate in the health insurance plan subject to all terms and conditions of the agreement between AAP and the insurance carrier.

A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefits Continuation (COBRA) policy for more information.

Details of the health insurance plan are described in the Summary Plan Description (SPD). An SPD and information on cost of coverage will be provided in advance of enrollment to eligible employees. Contact the HR department for more information about health insurance benefits.

310 Life Insurance

Life insurance offers you and your family important financial protection. AAP provides a basic life insurance plan for eligible employees.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage is provided as part of the basic life insurance plan.

Employees in the following employment classifications are eligible to participate in the life insurance plan:

- * Regular full-time employees

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between AAP and the insurance carrier.

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Contact the HR department for more information about life insurance benefits.

311 401(k) Savings Plan

An employee contribution pension plan (401k) is available on the first of the month following 60 days of continuous full-time employment. Company will contribute 100% of first 3% deferred by employee and 50% of the next 2% deferred by the employee. Company match is 100% vested immediately. Please refer to the 401(k)-plan handbook for complete plan information.

312 Benefits Continuation (COBRA)

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under AAP's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

AAP provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under AAP's health insurance plan. The notice contains important information about the employee's rights and obligations.

313 Workers' Compensation Insurance

AAP provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither AAP nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by AAP.

TIMEKEEPING / PAYROLL

401 Timekeeping

Accurately recording time worked is the responsibility of every nonexempt employee. Federal and state laws require AAP to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

Nonexempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

402 Employment Termination

Since employment with AAP is based on mutual consent, both the employee and AAP have the right to terminate employment at will, with or without cause, at any time.

403 Pay Advances

AAP does not provide pay advances on wages to employees.

404 Pay Deductions and Setoffs

The law requires that AAP make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. AAP also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." AAP matches the amount of Social Security taxes paid by each employee.

AAP offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their pay checks to cover the costs of participation in these programs.

Pay setoffs are pay deductions taken by AAP, usually to help pay off a debt or obligation to AAP or others.

If you have questions concerning why deductions were made from your pay check or how they were calculated, your supervisor can assist in having your questions answered.

WORK CONDITIONS & HOURS

501 Safety

AAP has established a workplace safety program. The Vice President of Human Resources has responsibility for implementing, administering, monitoring, and evaluating the safety program.

regular internal communication channels such as supervisor-employee meetings, bulletin board postings, memos, or other written communications.

Employees and supervisors receive periodic workplace safety training. The training covers potential safety and health hazards and safe work practices and procedures to eliminate or minimize hazards.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the HR department or the appropriate supervisor. All work-related accidents will require immediate alcohol and drug testing of those involved.

502 Work Schedules

Work schedules for employees vary throughout our organization. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.

503 Use of Phone and Mail Systems

For the company's policy regarding use of phone and mail systems, all employees should refer to the company's Electronic Communication Policy.

504 Smoking

Smoking in the workplace is prohibited except in those locations that have been specifically designated as smoking areas. In situations where the preferences of smokers and nonsmokers are in direct conflict, the preferences of nonsmokers will prevail.

Employees should only leave their workstations to smoke during their scheduled rest periods and lunch break.

This policy applies equally to all employees, customers, and visitors.

505 Rest Periods

Each workday, full-time nonexempt employees are provided with 2 rest periods of 15 minutes in length. To the extent possible, rest periods will be provided in the middle of work periods. Since this time is counted and paid as time worked, employees must not be absent from their work stations beyond the allotted rest period time.

506 Overtime

When operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. When possible, advance notification of these mandatory assignments will be provided. All overtime work must receive the supervisor's prior authorization.

Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time off on personal leave, vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

Failure to work scheduled overtime or overtime worked without prior authorization from the supervisor may result in disciplinary action, up to and including possible termination of employment.

507 Use of Equipment and Vehicles

When using company property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines. Please notify the supervisor if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment.

For the company's full policy regarding use of equipment and vehicles, all employees should refer to the company's Travel Policy and the Vehicle Use and Maintenance Policy.

508 Emergency Closings

At times, emergencies such as severe weather, fires, power failures, or earthquakes, can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility. In the event that such an emergency occurs during nonworking hours, a staff alert text notification of the closing will be sent.

When the decision to close is made AFTER the workday has begun, employees will receive official notification from their immediate supervisor. In these situations, non-exempt employees will receive a minimum of four hours' worth of compensation for that day (exempt employees will be compensated for the entire workday). When the decision to close is made BEFORE the workday has begun, time off from scheduled work will be unpaid for non-exempt employees (exempt employees will be compensated for the entire workday). With supervisory

approval, non-exempt employees may use available paid leave time, such as unused vacation benefits.

In cases where an emergency closing is not authorized, employees who fail to report for work will not be paid for the time off. Employees may request available paid leave time such as unused vacation benefits. All employees are urged to use their good judgment based upon traveling conditions for their area. Employees will not be penalized for staying home pursuant to AAP's Attendance and Punctuality policy when their personal travel conditions warrant an absence, tardy or leaving early.

509 Business Travel Expenses

AAP will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. Employees should contact their supervisor for guidance and assistance on procedures related to travel arrangements, expense reports, reimbursement for specific expenses, or any other business travel issues.

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased, or rented by AAP may not be used for personal use without prior approval.

Abuse of this business travel expenses policy, including falsifying expense reports to reflect costs not incurred by the employee, will be grounds for disciplinary action, up to and including termination of employment.

For the company's full policy regarding business travel expenses, all employees should refer to the company's Business Travel Expense Policy and Expense Reporting Procedures.

510 Visitors in the Workplace

To provide for the safety and security of employees and the facilities at AAP, only authorized visitors are allowed in the workplace.

All visitors should enter AAP at the reception area. Authorized visitors will be escorted to their destination. Employees are responsible for the conduct and safety of their visitors.

If an unauthorized individual is observed on AAP's premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the reception area.

511 Computer and E-mail Usage

Computers, computer files, the e-mail system, and software furnished to employees are AAP property intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and e-mail usage may be monitored.

AAP strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, AAP prohibits the use of computers and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

AAP purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation. Unless authorized by the software developer, AAP does not have the right to reproduce such software for use on more than one computer.

Employees may only use software on local area networks or on multiple machines according to the software license agreement. AAP prohibits the illegal duplication of software and its related documentation.

A detailed electronic communications policy will be provided for all employees. Compliance with this policy of computer and e-mail usage and the associated electronic communications policy is the responsibility of every AAP employee. Employees should notify their immediate supervisor, or any member of management upon learning of violations of these policies. Employees who violate this policy and the associated electronic communications policy will be subject to disciplinary action, up to and including termination of employment.

512 Workplace Monitoring

Workplace monitoring may be conducted by AAP to ensure quality control, employee safety, security, and customer satisfaction.

Employees may have their telephone conversations monitored or recorded. Telephone monitoring is used to identify and correct performance problems through targeted training. Improved job performance enhances our customers' image of AAP as well as their satisfaction with our service.

Computers furnished to employees are the property of AAP. As such, computer usage and files may be monitored or accessed.

AAP may conduct video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

513 Workplace Violence Prevention

AAP does not tolerate workplace violence. We define workplace violence as actions or words that endanger or harm another employee or result in other employees having a reasonable belief that they are in danger. Such actions include but are not limited to:

- Verbal or physical harassment
- Verbal or physical threats
- Assaults or other violence
- Any other behavior that causes others to feel unsafe (e.g. bullying, sexual harassment, etc.)

Company policy requires an immediate response to all reports of violence. All threatening incidents will be investigated and documented by Human Resources and disciplinary actions may be taken.

It's the responsibility of all employees to report all threatening behavior to management immediately. All incidents are to be reported within the first 24 hours.

514 Telecommuting

Telecommuting entails a remote-access arrangement that may be appropriate for some employees and some jobs. In certain cases, telecommuting may be a requirement of the position, and employees will be notified at the time of hire. Supervisors and/or department heads have the authority to approve telecommuting arrangements. A telecommuting agreement will be completed and signed prior to the start of telecommuting. The supervisor and/or department heads reserves the right to suspend immediately the arrangement in case of unanticipated circumstances regarding employee performance or operational needs.

Contact the HR department for more information or questions about telecommuting.

LEAVES OF ABSENCE

601 Family and Medical Leave

AAP provides a leave under the Family and Medical Leave Act (FMLA) for eligible employees. FMLA is intended to allow employees to balance their work and family life by taking reasonable unpaid leave for a serious health condition, for the birth or adoption of a child, and for the care of a child, spouse, or parent who has a serious health condition. A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice, or residential medical care facility, or a condition that requires continuing care by a licensed health care provider as defined in the federal Family and Medical Leave Act of 1993.

Employees in the following employment classifications are eligible to request medical leave as described in this policy:

* Regular full-time employees

Eligible employees may request medical leave only after having completed 365 calendar days of service. Exceptions to the service requirement will be considered to accommodate disabilities.

Eligible employees should make requests for medical leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events. AAP may ask for certification of the serious health condition of the employee or employee's family member.

Eligible employees are normally granted leave for the period of the disability, up to a maximum of 12 weeks within any 12-month period.

Amendments to the FMLA by the National Defense Authorization Act expanded the FMLA to allow eligible employees to take up to 12 weeks of job-protected leave in the applicable 12-month period for any "qualifying exigency" arising out of the fact that a covered military member is on active duty or has been notified of an impending call or order to active duty, in support of a contingency operation. The NDAA also amended the FMLA to allow eligible employees to take up to 26 weeks of job-protected leave in a "single 12-month period" to care for a covered service member with a serious injury or illness.

Subject to the terms, conditions, and limitations of the applicable plans, AAP will continue to provide health insurance benefits for the full period of the approved leave. Benefit accruals, such as vacation, personal, and holiday benefits, will continue during the approved leave period.

So that an employee's return to work can be properly scheduled, an employee on medical leave is requested to provide AAP with at least two weeks advance notice of the date the employee intends to return to work. When the leave ends, the employee will be reinstated to the same position, if it is available, or to an equivalent position for which the employee is qualified.

If an employee fails to return to work on the agreed upon return date, AAP will assume that the employee has resigned.

EMPLOYEE CONDUCT & DISCIPLINARY ACTION

701 Employee Conduct and Work Rules

To ensure orderly operations and provide the best possible work environment, AAP expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization. All employees will be expected to review and sign an associated code of conduct.

702 Drug and Alcohol Use

It is AAP's policy to have a drug and alcohol-free environment, and for employees at work to be drug free and not under the influence of alcohol, drugs, or any other intoxicating substances. Employees may be subject to random drug testing at any time in accordance with the law.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Employees with questions or concerns about substance dependency or abuse are encouraged to use the resources of the Employee Assistance Program. They may also wish to discuss these matters with their supervisor or the HR department to receive assistance or referrals to appropriate resources in the community.

Employees with questions on this policy or issues related to drug or alcohol use in the workplace should raise their concerns with their supervisor or the HR department without fear of reprisal.

703 Sexual and Other Unlawful Harassment

AAP is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated. As an example, sexual harassment (both overt and subtle) is a form of employee misconduct that is demeaning to another person, undermines the integrity of the employment relationship, and is strictly prohibited.

AAP prohibits any form of sexual harassment of its employees in any form. Incidents of sexual harassment will be investigated, and violators of the policy will be appropriately disciplined.

What is Sexual Harassment? Sexual harassment can take many forms, including offensive comments or jokes, sexual advances, unnecessary touching, comments about a person's body, showing sexually suggestive pictures or objects, and implied promises or threats that participation in sexual conduct might affect a person's job in some way. This conduct has no place here and will not be tolerated.

Responding to Sexual Harassment. AAP will thoroughly investigate and remedy any instances of sexual harassment that come to our attention. If you believe that you or any other employee has been sexually harassed in any way, you should take one or more of the following steps:

- A. If you feel comfortable doing so, you should tell the offender that his or her conduct is offensive and should stop. In many cases, the offender is not aware that his or her conduct is offensive and would be willing to change if told to stop in a calm but firm manner.

- B. If for any reason you do not wish to talk to the person whose conduct is offensive, or if the offender ignores your request to stop you should tell your immediate supervisor or HR department. He or she will see that the problem is immediately investigated and properly handled.
- C. To the extent possible, a sexual harassment complaint will be treated as confidential. However, the company has a responsibility to all employees to investigate sexual harassment charges, which may include interviewing the offenders and any witnesses.
- D. If you feel that you have been sexually harassed by a supervisor, or if you feel that your complaint of sexual harassment has not been adequately handled, you should contact the Vice President of Human Resources.

No Retaliation. Under no circumstances will anyone be retaliated against for complaining in good faith about sexual harassment.

Discipline. Any employee who has been found to have committed an act of sexual harassment will be subject to disciplinary action, which may include discharge from employment.

704 Attendance and Punctuality

AAP is committed to maintaining a fair and consistent Attendance Management Program that allows reasonable flexibility. The intent of this program is to give employees a clear direction as to what acceptable attendance is and to prevent the necessity of corrective action. Not all situations can be covered in this program; certain situations may need to be covered on a case-by-case basis. AAP reserves the right to interpret and apply this policy in its sole and absolute discretion.

In order to remove subjective judgment from the process, absences will be considered on a "no-fault" basis. Generally, a no-fault system simply means that absences will be considered without regard to the reason. The following absences are excluded under this program:

1. Approved Family and Medical Leave Act (FMLA) leaves
2. Personal leaves of absences approved in advance of the leave
3. Bereavement leave per our Bereavement Leave Policy
4. Jury duty
5. Witness duty
6. Pre-approved vacation days
7. Personal days
8. Holidays
9. Long-term sick leave
10. Early leave determined and approved in advance by Supervisor
11. Short-term disability leave
12. Leave for employees who encounter unsafe travel conditions, as set forth in AAP's Emergency Closings policy

Tardiness is defined as not being at your place of work, ready to work, at the start of the workday and/or after each break. Leaving early is defined as leaving the job before the scheduled quitting time.

Points are given to effectively control the absences of all non-exempt employees. As points are acquired, steps are taken to reverse the trend of unsatisfactory attendance. The point value will be as follows:

<u>Reason</u>	<u>Points</u>
- Tardy up to 5 minutes (grace period)	0
- Tardy or early leave (less than 4 hours)	½
- Full shift absence, tardy or early leave (4 hours or more)	1
- Absence (no report, or call 15 minutes after start of workday)	1 ½

Consecutive absences due to employee illness will be counted as a single absence (total of 1 point). If the employee is sick, a doctor's excuse for their own illness will be required for each illness greater than one (1) day up to a maximum of three (3) consecutive days to prevent accumulating additional points for this instance. The doctor's excuse must include the date(s) off and the return to work day.

Any abuse, patterned tardies or absences shall be just and sufficient cause for disciplinary action, including up to immediate termination, in the sole and absolute discretion of AAP.

A probationary employee shall not exceed two (2) points during the probationary period. Management's decision to retain a probationary employee is determined by performance and attendance in Management's sole and absolute discretion.

If an employee is absent two (2) consecutive days, without reporting in, the employee will be considered to have voluntarily quit without notice.

Attendance records as maintained by AAP shall be binding and conclusive. Generally speaking, corrective action for attendance problems may be administered according to the following guidelines:

<u>Number of points</u>	<u>Action to be taken</u>
- Five (5) points within a consecutive twelve (12) month period	Coaching Session
- Six (6) points within a consecutive twelve (12) month period	Verbal Warning
- Seven (7) points within a consecutive twelve (12) month period	Written Warning
- Eight (8) points within a consecutive twelve (12) month period	Termination

Notwithstanding the foregoing, AAP reserves the right, in its sole discretion, to follow, to ignore, or to unilaterally add to or change the corrective action guidelines set forth above.

Employees with an absence record may have one (1) point removed if they have perfect attendance (i.e., no absence, tardy, or early leave) for two (2) consecutive calendar months. Employees with perfect attendance for three (3) consecutive calendar months will have \$75.00 added to the first pay check they receive after the three (3) month period (note: this is a one-time only payment for perfect attendance for three (3) consecutive calendar months; it is not a raise in the employee's rate of compensation). For purposes of receiving the \$75.00 payment, no month within any three (3) consecutive months of perfect attendance for which the employee has already received a \$75.00 payment can be counted twice. In other words, if an employee has perfect attendance for four (4) consecutive months, the employee will not be given another \$75.00 payment at the end of the fourth month for perfect attendance for the three (3) previous months. Rather, the employee will not receive a second \$75.00 payment unless and until the employee works an additional three (3) consecutive months with perfect attendance (i.e., after six (6) months).

Nothing in this policy shall limit a Supervisor's discretion in determining a satisfactory level of attendance for the safe and efficient operation of the department, nor shall anything in this policy create or constitute an expressed or implied contract or guarantee of employment for a definite or indefinite term. Any abuse or patterned absences shall be just and sufficient cause for disciplinary action, including up to immediate termination, in the sole and absolute discretion of AAP. Employees subject to this policy understand that their employment with AAP is at-will, and AAP may terminate their employment at any time for any or no reason with or without notice, including, but not limited to, for any violation of this policy.

705 Personal Appearance

The Company dress will vary depending on the department in which you work. Each department will have their own dress requirements based on their area of work.

These personal appearance rules always apply:

- A neat, clean, and well-groomed appearance is a requirement for all employees.
- All clothes must be work-appropriate, clothes that are too revealing or inappropriate are not allowed.
- Employees must avoid clothes with stamps that are offensive or inappropriate.
- Due to the close proximity in which we work and the potential for allergy and asthma symptoms which affect many of our staff, work is not the place for offensive odors, perfume, or perfume scented products.

It is every supervisor's responsibility to monitor and enforce the dress code for their staff. Any comments or questions regarding compliance of personnel outside of your department should be directed to your supervisor who will then address the issue with that person's immediate supervisor or, if the supervisors are not available, to the HR department.

A person deemed to be out of compliance with the dress code will be asked by their supervisor to immediately clock out, leave the premises and return to work when dressed in compliance with the dress code.

706 Return of Property

Employees are responsible for all AAP property, materials, or written information issued to them or in their possession or control. Employees must return all AAP property immediately upon request or upon termination of employment. Where permitted by applicable laws, AAP may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. AAP may also take all action deemed appropriate to recover or protect its property.

707 Resignation

Resignation is a voluntary act initiated by the employee to terminate employment with AAP. Although advance notice is not required, AAP requests at least 2 weeks' written notice of resignation from nonexempt employees and 4 weeks' notice from exempt employees.

Prior to an employee's departure, an exit interview will be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits.

708 Security Inspections

AAP wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, AAP prohibits the possession, transfer, sale, or use of such materials on its premises. AAP requires the cooperation of all employees in administering this policy.

Desks, lockers, and other storage devices may be provided for the convenience of employees but remains the sole property of AAP. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of AAP at any time, either with or without prior notice.

AAP likewise wishes to discourage theft or unauthorized possession of the property of employees, AAP, visitors, and customers. To facilitate enforcement of this policy, AAP or its representative may inspect not only desks and lockers but also persons entering and/or leaving the premises and any packages or other belongings. Any employee who wishes to avoid inspection of any articles or materials should not bring such items onto AAP's premises.

709 Solicitation and Distribution

The purpose of this policy is to establish AAP's intent to have a work environment that is free from solicitation efforts that do not relate to AAP's business or interest. AAP recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during working

time (working time does not include lunch periods, work breaks, or any other periods in which employees are not on duty). Solicitation and distribution of literature should not interfere with working time of either the employee making the solicitation or distribution, or the targeted employee.

AAP provides designated bulletin boards for employees as a means to exchange, sell or give away personal items only. Examples include such things as property for sale, pet giveaways, furniture sale, items wanted or services available, etc. However, advertisements for commercial products and services are not acceptable. Employees utilizing the bulletin board must provide his or her name, telephone number and where he or she can be reached after work. Employees may not use a work telephone number or work email address regarding the posting.

Persons not employed by AAP may not solicit or distribute literature in the workplace at any time for any purpose.

710 Drug Testing

Using or being under the influence of drugs or alcohol on the job is prohibited. Job applicants and employees may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. Current employees will be subject to random drug testing. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

Copies of the drug testing policy will be provided to all employees. Employees will be asked to sign an acknowledgement form indicating that they have received a copy of the drug testing policy. Questions concerning this policy or its administration should be directed to the HR department.

711 Disciplinary Actions

Disciplinary action may be taken as an attempt to correct or improve an employee's job performance; as discipline for unsatisfactory conduct in the workplace; to penalize an employee for violation of Company policies and/or procedures as may be amended from time to time.

Disciplinary actions may include a verbal or written warning, suspension with or without pay, demotion, termination of employment, or any other appropriate actions affecting the current pay status or tenure of the employee.

The Company is not required to undertake disciplinary action prior to terminating an employee.

712 Problem Resolution

AAP encourages an open and fair atmosphere for the resolution of employee work-related problems or complaints.

If an employee disagrees with established policies or practices they may express their concern through this problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint with AAP that is presented in a reasonable, polite, businesslike manner in accordance with this procedure.

If an employee believes that a condition of employment, the employee policies, or a decision affecting them is unjust or inequitable they may express their concern according to the following steps:

Employee presents the concern to their immediate supervisor after an incident occurs. If employee's supervisor is unavailable or the employee believes that it would be inappropriate to contact their supervisor, the employee may present their concern to the HR department. If employee believes that it would not be appropriate to contact the HR department, then they may contact any member of the senior management team. (Vice Presidents, Presidents, Chief Executive Officer)

1. The supervisor (or the management individual contacted as described in step#1) will interview the employee. The supervisor will respond to the concern either during the discussion or following consultation with any employee involved in the concern and/or any member of the management team. The supervisor will document the discussion and recommended action steps as appropriate.
2. If the employee believes that their concern is unresolved they may present their concern to a higher level of the management team.
Vice President
President
Chief Executive Officer
3. If the concern remains unresolved the employee may present the concern to the Chief Executive Officer in writing. The Chief Executive Officer may contact any of the supervisors or management staff regarding the concerns.
4. The Chief Executive Officer will review the employee concerns and all resolution options presented prior to making a decision on a final resolution. The Chief Executive Officer will inform the employee and HR department of the decision; a written copy of which will be filed in the employee's personnel file. The Chief Executive Officer has full authority to make any adjustments deemed appropriate to address the concern.
5. If the Chief Executive Officer is unable to resolve the employee's concern, it may be presented to the Board of Directors for consideration. The Board may, but is not required to, convene a meeting with the employee, Vice President of Human Resources and the Chief Executive Officer to review the concern.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other.

MISCELLANEOUS

801 Suggestion Program

As employees of AAP, you have the opportunity to contribute to our future success and growth by submitting suggestions for practical work-improvement or cost-savings ideas.

All regular employees are eligible to participate in the suggestion program.

A suggestion is an idea that will benefit AAP by solving a problem, reducing costs, improving operations or procedures, enhancing customer service, eliminating waste or spoilage, or making AAP a better or safer place to work. Statements of problems without accompanying solutions, or recommendations concerning co-workers and management are not appropriate suggestions.

All suggestions must be submitted on a suggestion form and should contain a description of the problem or condition to be improved, a detailed explanation of the solution or improvement, and the reasons why it should be implemented. If you have questions or need advice about your idea, contact your supervisor for help.

Submit suggestions to the HR department and, after review, they will be forwarded for management review. As soon as possible, you will be notified of the adoption or rejection of your suggestion.

AAP EMPLOYEE HANDBOOK ACKNOWLEDGEMENT

The employee handbook describes important information about AAP, and I understand that I should consult the HR department regarding any questions not answered in the handbook. I have entered into my employment relationship with AAP voluntarily and acknowledge that there is no specified length of employment. Accordingly, either I or AAP can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described here are necessarily subject to change, I acknowledge that revisions to the handbook may occur, except to AAP's policy of employment-at-will. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the Chief Executive Officer of AAP has the ability to adopt any revisions to the policies in this handbook.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

EMPLOYEE'S NAME (printed): _____

EMPLOYEE'S SIGNATURE: _____