

Table of Contents

SECTION 1. INTRODUCTORY STATEMENTS.....	1
WELCOME TO SDS	1
INTRODUCTION AND PURPOSE	2
EMPLOYMENT AT WILL	2
INTRODUCTORY PERIOD	2
SECTION 2. EQUAL OPPORTUNITY AND MUTUAL RESPECT	5
EQUAL EMPLOYMENT OPPORTUNITY	5
POLICY AGAINST HARASSMENT	6
WORKPLACE BULLYING AND VIOLENCE	8
OPEN DOOR POLICY	9
SOCIAL MEDIA	10
SECTION 3. SCHEDULES, POSITIONS, AND PAY POLICIES	11
EMPLOYEE CLASSIFICATIONS	11
HOURS OF WORK, PAY, AND TIME CARDS.....	11
PAY TRANSPARENCY.....	13
PERSONNEL RECORDS.....	13
MARINE LICENSES & DOCUMENTS.....	13
PROMOTION AND LAYOFF PROCEDURES	14
SECTION 4. STANDARDS OF CONDUCT	15
ATTENDANCE POLICY	15
WORK RULES	16
DRESS AND GROOMING STANDARDS.....	18
NO SOLICITATION POLICY.....	18
PERSONAL RELATIONSHIPS	18
CONFLICTS OF INTEREST	19
EMPLOYEE-OWNED TOOLS AND EQUIPMENT AT THE WORKPLACE	19
SECTION 5. USE OF COMPANY PROPERTY AND INFORMATION.....	21
CONFIDENTIALITY POLICY	21
ELECTRONIC COMMUNICATIONS	22
SECTION 6. HEALTH AND SAFETY	23
SAFETY PROGRAM	23
WORK-RELATED ACCIDENTS AND INJURIES	23
TIME OFF FOR TREATMENT AND RECOVERY	24
EARLY RETURN TO WORK—TRANSITIONAL DUTY	25
SAFETY AND HEALTH RULES.....	26
SMOKING.....	27
VISITOR AND PLANT SECURITY	27
WORK-RELATED SEARCHES AND MONITORING.....	27
INCLEMENT WEATHER	28
RAILROAD CROSSINGS	28

SECTION 7. DRUG AND ALCOHOL POLICY	31
PROHIBITED CONDUCT.....	31
VIOLATION OF DRUG AND ALCOHOL POLICY	32
TESTING.....	33
SEARCH	34
SECTION 8. EMPLOYEE BENEFITS	35
HEALTH INSURANCE, RETIREMENT, AND OTHER BENEFITS.....	35
VACATION TIME OFF POLICY	36
VACATION PAY POLICY	36
PAID HOLIDAYS.....	37
PAID SICK LEAVE	37
PREGNANCY AND LACTATION ACCOMMODATION	39
EMPLOYEE ASSISTANCE PROGRAM.....	40
SECTION 9. LEAVES OF ABSENCE	41
FAMILY AND MEDICAL LEAVE	41
WASHINGTON PAID FAMILY AND MEDICAL LEAVE POLICY.....	44
WASHINGTON FAMILY CARE POLICY	45
MILITARY LEAVE AND MILITARY FAMILY LEAVE	46
CRIME VICTIM LEAVE	46
JURY DUTY.....	47
WITNESS DUTY.....	47
PERSONAL LEAVE	47
EMPLOYEE ACKNOWLEDGMENT	49

SECTION 1. INTRODUCTORY STATEMENTS

Welcome to SDS Lumber LLC.

Congratulations and thank you for accepting our offer of employment. One of the keys to our success is hiring great employees. We have hired you because we believe that you have the skills, the motivation, and the ability to help us continue along a strong path of success. We expect and depend upon you to perform the tasks assigned to you at all times to the best of your abilities and in the safest manner possible.

We are delighted to have you as a member of our team. We sincerely hope that your employment with us will prove mutually satisfying and that you will make an important contribution to our future as well as yours. Every employee has an important role in our operations, and we value the abilities, experience, and background that you bring with you to our organization.

Once again, welcome to SDS Lumber LLC (SDS), we're glad to have you with us.

*Michael Engel
President*

Introduction and Purpose

This employee handbook is intended to provide you with a general understanding of SDS's personnel policies. The information in this handbook should be helpful in familiarizing you with our organization.

This handbook, however, cannot anticipate every situation or answer every question about employment. *It is not an employment contract or a legal document.* In order to retain necessary flexibility in the administration of policies and procedures, SDS reserves the right to revise, add, or eliminate policies, procedures, and benefits described in this handbook, other than the employment-at-will provisions, whenever we determine that such action is warranted.

None of the following policies or standards of conduct are intended, nor shall they have the effect, of interfering with or inhibiting any employee in the exercise of any right guaranteed or protected by law.

Employment at Will

It is our goal to provide a positive work environment and a solid economic foundation upon which all employees may build a future. However, SDS also recognizes that employees and management alike must sometimes initiate change. **In this regard it is expressly understood that your employment is “at will.” Thus, you retain the right to terminate your employment with us at any time for any reason and we retain a corresponding right to end the employment relationship at any time for any reason.**

This handbook is not a formal or exhaustive statement of employee rights and responsibilities or a contract of employment. ***Nothing contained in this handbook is intended to be part of the employment relationship, but rather it conveys company policy.*** This handbook is composed of general statements of our current policies, rules, procedures, and benefits. We feel strongly that we must retain flexibility to meet future economic challenges. Accordingly, we reserve the right to amend, modify, and/or eliminate any of these policies, rules, procedures, and benefits at any time at our sole discretion. On termination for any reason, you are only entitled to those benefits that are offered at the time your separation takes place. Any benefits offered in this handbook apply only so long as the handbook is current. They do not provide vested rights.

This handbook supersedes any previous oral or written provisions, descriptions, or understandings of our policies, rules, procedures, and benefits.

Introductory Period

All new employees are in a training and introductory period during their first 90 days of employment. During the introductory period, we evaluate work performance, including attendance and other work-related factors. SDS is the sole judge in making all evaluations. Once the introductory period is completed, you're expected to perform your job at an acceptable level. We will continue to evaluate the work performance of each employee who completes the introductory period.

You should use this introductory period to learn about your position and understand our company culture. Be sure to ask your supervisor any questions you may have about our expectations or your work performance.

Completion of the introductory period does not modify the “at will” nature of employment.

SECTION 2. EQUAL OPPORTUNITY AND MUTUAL RESPECT

Equal Employment Opportunity

We are committed to giving all qualified individuals an equal opportunity in employment with our company. Our policy is to administer all personnel actions without regard to race/ethnicity, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, protected veteran status, or any other status protected by law. This policy applies to recruiting, hiring, training, and promoting in all job titles, as well as to decisions on compensation, benefits, transfers, layoffs, return from layoff, company-sponsored training, education, tuition assistance, or social and recreation programs. Our policy is to ensure that we base all employment decisions, including promotions, on valid job requirements alone.

If you have a disability that affects your job performance or a religious belief that conflicts with our usual policies or procedures, please tell your supervisor or the HR Department. We will explore reasonable accommodations that will allow you to perform the essential functions of your job, as long as it does not cause an undue hardship on the company or directly threaten health or safety.

Because our company has a contract or subcontract with the federal government, we have an Affirmative Action Program (AAP). The intent of this program is to ensure that we do not discriminate against qualified applicants and employees when considering them for job openings, promotions, training opportunities, pay raises, and other terms and conditions of employment. To monitor our affirmative action efforts, we are required to maintain data on individuals' race/ethnicity, gender, disability status, and protected veteran status. This information is confidential.

The policy sections of our affirmative action programs for protected veterans and for people with disabilities are available for your review during normal business hours in the office of the HR Department, who is in charge of implementing, auditing, and reporting on the effectiveness of our AAP. These AAPs do not contain any personal data. Protected veterans include disabled veterans, active duty wartime or campaign badge veterans, Armed Forces Service Medal veterans, and recently separated veterans.

Every member of management will monitor and enforce our policy of equal employment opportunity. I expect all employees to conduct themselves in a manner that encourages equal employment opportunity without regard to the race/ethnicity, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, protected veteran status, or any other protected status of any of our applicants, employees, customers, or vendors. If you observe any work-related conduct that violates this policy, please immediately report it to your supervisor or the HR Department.

Our company will not tolerate retaliation, harassment, intimidation, threats, coercion, or discrimination against anyone who files a complaint, exercises a right, opposes improper conduct, or assists in an investigation under our Equal Employment Opportunity Policy or our Affirmative Action Program.

Policy Against Harassment

SDS prohibits harassment or offensive conduct in any form, including harassment or offensive conduct directed toward the protected status of an employee, customer, vendor, contractor or their relatives, friends, or associates. "Protected status" includes race/ethnicity, color, religion, creed, national origin, citizenship or immigration status, sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), sexual orientation, gender identity, age, disability, marital status, workers' compensation status, military or veteran status, genetic information, family medical history, and any other status protected by law.

We will actively enforce our policy against harassment. This policy applies to all conduct on company property or company time and to all conduct off the job that affects an employee's work environment. This policy also prohibits harassment or offensive conduct directed toward any employee by third parties, including customers, vendors, contractors, and their relatives, friends, or associates.

All of our employees at every level of our organization, including supervisors and managers, must abide by this policy. SDS considers violation of this policy a serious offense that will lead to discipline, up to and including discharge.

Harassment is any offensive action directed at a person's protected status. Some examples of prohibited conduct, if directed at a person's protected status, include foul language, jokes, slurs, derogatory comments, negative stereotyping, threatening, or intimidating acts, or accessing, obtaining, posting, or circulating offensive written or visual material, including electronic communications. Additional examples of harassment include unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. We prohibit such conduct if:

- The conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment or of unreasonably interfering with an employee's work performance; or
- Submitting to such conduct is made a term or condition of employment; or
- Submitting to or rejecting such conduct is used as the basis for employment decisions affecting that individual; or
- The conduct otherwise adversely affects an individual's employment opportunities.

In noisy work areas, especially where ear protection devices are necessary, an employee may need to get another person's attention. To do so, this policy allows a person to tap another lightly on the shoulder when another means of getting the person's attention is not available. All *other* physical contact other than a handshake is prohibited.

We do *not* tolerate unwanted touching under any circumstances. This includes horseplay, such as joking around by throwing things or poking objects at a coworker to surprise, tease, or embarrass them.

We expect employees to conduct themselves in a manner that other people will not interpret as offensive. We require every person to show sound judgment and respect for

the feelings of all other employees. All management personnel are responsible for enforcing this policy.

If you feel that someone's conduct is harassing or improperly offensive, you should promptly and firmly tell the offender that the behavior is unwelcome. Although not required, doing so places the offender on notice that someone considers his or her conduct inappropriate.

If you are aware of or experiencing harassment or offensive conduct that may violate this policy, you must report the offensive or harassing behavior immediately to your supervisor, the HR Department, or the President. In addition, all employees are encouraged to document any incidents involving discrimination, harassment, and sexual assault, and to share that documentation with the HR Department. If the conduct occurs outside of regular office hours, please leave a message with your supervisor, and provide a phone number where you can be reached.

Any supervisor or other member of management who receives a complaint of misconduct must report the complaint to the HR Department, so we can try to resolve the claim internally. If the HR Department is the subject of the complaint, then supervisors and other members of management should instead report to or our President. Failure of an employee, supervisor, or any member of management to report harassment or offensive conduct may lead to discipline under this policy.

We will keep complaints confidential to the extent possible, while allowing the investigation to proceed (meaning information may be revealed on a "need to know" basis). We will conduct a fair, timely, and thorough investigation that provides all parties with appropriate due process and reaches reasonable conclusions based on the evidence collected.

After investigation, any employee whom we find to have violated this policy will be subject to appropriate sanctions, depending on the circumstances, up to and including termination. If the harasser is a nonemployee, we will take reasonable steps to address the situation. We will design our action to provide redress, to eliminate the harassment or offensive conduct, to prevent retaliation against the person who made the complaint, and to prevent retaliation against any employee for providing information as a witness or participating in the investigation.

Any form of retaliation, including derogatory comments, against people who make harassment complaints, against witnesses, or against any other employees who are involved in complaints, is against our policy. We will strictly enforce this policy and will treat retaliatory action as a violation that is subject to the same disciplinary measures, up to and including termination.

The question of whether a particular action is *prohibited* or merely the result of a personality conflict that produces no discriminatory effect on someone's employment requires a determination based on all the facts. Given the serious nature of harassment and discriminatory offensive conduct, we trust that all employees will act responsibly in order to establish and maintain a pleasant working environment. We encourage you to

raise any questions that you may have about this policy against harassment or about any other matter that relates to equal employment opportunity.

Workplace Bullying and Violence

Zero Tolerance

SDS is committed to establishing a work environment that is free from bullying and violence. It is the intent of this policy to ensure that everyone associated with this business, including employees, customers, vendors, and guests, feels safe in our work environment.

We will not tolerate any act of violence, intimidation, or threatening behavior against any employee, customer, vendor, guest, or other person on company property or on company time. We also will not tolerate off-the-job violence, intimidation, or threatening behavior by our employees that has a negative effect on our work environment, reputation, or business interests.

Examples of Prohibited Conduct

Examples of prohibited conduct that may be considered threats or acts of violence under this policy include, but are not limited to, the following:

- Engaging in or threatening physical or aggressive contact directed toward another individual or engaging in behavior that causes intimidation or reasonable fear of harm.
- Threatening an individual or their family, friends, associates, or property with physical harm or behavior that causes intimidation or reasonable fear of harm.
- Intentional or reckless destruction or threat of destruction of the Company's or another's property.
- Harassing or threatening physical, verbal, written, or electronic communications, including verbal statements, phone calls, texts, emails, letters, social media, pictures, diagrams, drawings, gestures, and any other form of communication that causes intimidation or reasonable fear of harm.
- "Stalking," by engaging in repeated unwelcome contact that directly or indirectly communicates a threat or causes intimidation or reasonable fear of harm. This may include physical presence, telephone calls, texts, emails, social media, and any other type of correspondence sent by any means.
- Veiled threats of harm or intimidating statements, in any form, where the intent or the effect is to cause intimidation or reasonable fear of harm.
- Communicating an endorsement of the inappropriate use of firearms or weapons of any kind.
- Encouraging another person to act or communicate in any manner that is violent, threatening, or intimidating to others. Joking about violence will not be tolerated.

Domestic Violence

If you have reason to believe that a violent situation in your personal life may spill over into our workplace, please notify the HR Department. We will work with you to take reasonable steps to protect you and our workplace against such violence. To help us do

so, please notify us right away if you have filed a restraining order, or if any changes occur to an existing order.

Employee Reporting

If you have any concerns about personal safety in the workplace or at any work-sponsored activity, please inform the HR Department right away.

In addition, you are required to report any concerns or incidents that may involve a violation of company policies to your supervisor or to the HR Department. In the event of an immediate and life-threatening crisis, you should call 9-1-1 to report the incident.

Retaliation against anyone for reporting an actual or suspected violation of this policy in good faith will not be tolerated and will subject the individual engaging in the retaliation to discipline, up to and including termination. Any complaints about retaliation may be reported in the same manner as violations of this policy are to be reported.

Consequences for Violating This Policy

Employees who violate this policy will be subject to discipline up to and including termination. If appropriate, we will file formal criminal charges against employees involved in violent, threatening, or intimidating behavior. Failure to report violations of this policy may also subject you to discipline.

Open Door Policy

We recognize that you may have suggestions for improving the workplace or you may need to bring up work-related concerns. The most effective solution to a job-related problem or concern is usually reached through a prompt discussion with your immediate supervisor. Please feel free to contact your supervisor with any suggestions and/or complaints.

If you don't feel comfortable contacting your supervisor (or if you're not satisfied with your supervisor's response), or if your concerns relate to our organization as a whole, please contact the HR Department. Depending on the circumstances, we may ask you to put your suggestions or concerns in writing.

There may be situations where you have a concern or complaint which you do not feel comfortable sharing with your supervisor or with the HR Department. In such unusual circumstances, you may skip both levels and communicate your concern or complaint directly to any senior member of management, up to and including our President.

We believe that open communication is essential to a successful work environment and that all employees should feel free to raise issues of concern without fear of reprisal.

Social Media

This policy applies to electronic social networking of any kind, including social media or any other service that allows user-generated electronic content. It is important for you to understand that your use of such services can impact your employment, *even if you do so from home or on a personal mobile device using a personal account*.

Anything that you share online, whether information, opinions, photos, videos, or other electronic data, is subject to our normal policies. In particular, your posts (whether on personal or business sites) must comply with our policies (including policies against discrimination, harassment, bullying, and violence). If related to work in any way, your posts must not be knowingly false, and must not result in the disclosure of trade secrets, protected health information, attorney-client privileged material, or information that would violate financial disclosure laws. When posting online, you must be respectful to customers, partners, vendors, and competitors. We also ask that you be respectful to SDS and our employees. If you are a nonmanagement employee, you have the right to communicate regarding your wages, hours, or working conditions, but you cannot post anything that could reasonably be viewed as malicious, obscene, threatening, intimidating, harassing, or bullying. Do not discuss current or former clients, partners, or customers online without their express consent, as well as the approval of your manager.

We recognize that work relationships may develop into personal friendships. During your own personal time outside of work we understand you may choose to participate in online social networks that are primarily personal in nature (e.g., Facebook). As a general rule, we discourage managers and supervisors from following or connecting with individuals they supervise on these personal online social networks. You should not feel obligated to respond or connect with employees of SDS on personal online social networks.

SECTION 3. SCHEDULES, POSITIONS, AND PAY POLICIES

Employee Classifications

Regular Employees

A regular employee is an employee who is regularly scheduled to work 30 or more hours per week.

Part-Time Employees

Part-time employees are regularly scheduled to work less than 30 hours per week. Part-time employees may not be eligible for all benefits; any exclusions are explained in the applicable policies and/or Summary Plan Descriptions.

Temporary or Seasonal Employees

Temporary or seasonal employees are scheduled to work for a predetermined, limited period of time. Temporary or seasonal employees may not be eligible for all benefits; any exclusions are explained in the applicable policies and/or Summary Plan Descriptions.

Hours of Work, Pay, and Time Cards

Workweek and Workday

For purposes of the Fair Labor Standards Act, the workweek consists of seven days beginning immediately after 12:01 am on Monday and ending at 12:00 midnight the following Sunday. The workday is the 24-hour period beginning immediately after 12:00 midnight and ending the following 12:00 midnight.

Basic Wage

A base wage is established for all positions within the company.

Wage Adjustments

We make periodic reviews of our wage rates and make appropriate adjustments to keep our wages in line on an overall basis with prevailing wage levels for our industry in this region. We may also make individual wage adjustments from time to time to reflect changes in job content and responsibility, or to attain, reward or retain individuals with special skills or proficiency.

Rate of Pay During Temporary and Permanent Transfer

1. *Day Basis (up to 2 weeks)*

You will receive the higher pay rate for a job you are temporarily working if you work at least three hours on the higher paying job and you have completed the required documented training. The rate of pay under these circumstances is subject to training and management discretion. Talk to your supervisor if you have any questions about the rate of pay for the work you will be performing.

2. *Extended Basis*

You will receive the regular rate of pay for a new or temporary job if the transfer exceeds two weeks. The rate of pay under these circumstances is also subject to

training and management discretion. Talk to your supervisor if you have any questions about the rate of pay for the work you will be performing.

Payday Policy

Paydays are on the 4th working day after the end of the pay period, excluding holidays and weekends. The Company is on bi-weekly pay period. Thus, payday is normally every other Thursday.

Paychecks may be distributed by management representatives, the Business Office or direct deposited to the employee's bank account. Employees should contact the Business office if they wish to have paychecks direct deposited. No early paychecks will be given. If employment terminates, whether by layoff, quit or discharge, payday is on the next regular payday. If you have questions regarding your pay, please feel free to direct them to your supervisor or the payroll department.

Regular Work Schedule

Your supervisor will communicate your regular work schedule to you, as well as any changes to that schedule. Your schedule may be modified occasionally due to operational needs.

Meal and Rest Periods for Nonexempt Staff

Nonexempt (overtime-eligible) employees will receive meal and rest periods consistent with state law. For an employee who works 8 hours, this normally means you will have one 30-minute unpaid meal period and two 10-minute paid rest periods during the course of a regular workday. Your supervisor will instruct you when your meal and rest periods will occur.

Overtime Work for Nonexempt Staff

We will determine when overtime is necessary and who will work overtime. You will be paid at the rate of one and one-half times (1 ½) your regular straight-time rate of pay for all hours you actually work in excess of 40 hours in a workweek.

Assigned overtime is mandatory. Late arrival or failure to report for mandatory overtime is treated as a tardy or absence under our attendance policy.

For employees in river operations, overtime is treated differently. Marine crew schedules are based on eighty hours in a two-week pay period. Work hours that exceed eighty hours in a two-week pay period are considered overtime. Overtime is calculated at time and a half (1 ½).

Tracking Work Time for Nonexempt Staff

An electronic time card will be issued to you at the time of hire. It is your responsibility to make sure that you record accurately the hours you worked. Record both the beginning and ending time of your shift. Your supervisor will sign hours and any other changes. If you have a change that has not been specified or if you detect an error in your record, let your supervisor know. Do not take your timecard out of the box, unless asked to do so. You must never punch in or punch out, with another employee's timecard. Altering, falsifying, tampering with time and attendance records, or completing another employee's record is strictly prohibited and is grounds for discipline, up to and including

termination. It is your responsibility to make sure that you record accurately the hours you worked.

Employees are neither permitted on company premises nor permitted to punch in no more than 15 minutes before the start of their shift or punch out no more than 15 minutes after the end of their shift. This short time period before and after the shift is for your personal use only and not for work. All overtime work must be preauthorized by your supervisor. Violations of this rule will be subject to disciplinary action.

Pay Transparency Nondiscrimination Provision

We will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with the contractor's legal duty to furnish information. This notice is required by federal regulations at 41 CFR 60-1.35(c).

Personnel Records

The accuracy of each employee's personnel records is essential for the proper handling of many issues of importance to you as well as to us. It is your responsibility to promptly notify the HR Department of any of the following personal data changes:

- Mailing address
- Phone number where you can be reached
- Person and phone number to call in the event of an emergency
- Any official name change
- Marital status change (marriage, divorce, or separation)
- Any change in dependent status (birth, marriage, death, or loss of legal custody)
- Beneficiaries for your 401(k), life insurance, or other company benefits

To update your personnel records, please direct changes to the HR Department.

Marine Licenses/Documents

In accordance with U.S. Coast Guard regulations and company requirements, each maritime crew member is required to possess and maintain a valid Merchant Mariner's Document while on any assigned vessel. Please ensure that your supervisor receives a copy of all current Merchant Mariner's Documents.

Promotion and Layoff Procedures

We all have a desire to feel secure in our jobs and have reasonable assurance of fair and equitable treatment. The promotion policies of SDS are designed to give you that assurance.

Promoting “From Within”

The Company will make every reasonable effort to fill skilled job vacancies, as they occur, from among current employees. Our Policy is to promote “from within” employees who have the ability and experience to fill available positions of greater challenge and responsibility. You are encouraged and urged to become an expert in your job. If you wish to be considered for a different job, ask your supervisor for suggestions on how to prepare yourself for a preferred position. You will then be considered when training opportunities or an opening occurs. When arranging promotions, consideration will be given to past performance, experience and qualification for the job to be filled. When these factors are reasonably equal between employees, length of service in the department will become the deciding factor.

Hiring “From Outside”

We must recognize, of course, that there will be job openings of a nature that require special experience and qualifications not available within our operation. In such cases, the job will be filled through any source available.

Date of Hire

Your “date of hire” is your first day of employment with SDS. This date is used for benefit purposes. If employment ceases due to quit or discharge, accrual of benefits and all other rights with SDS, terminate. If you return to work after either of these circumstances, you begin a new “date of hire,” which is the first day of return. If you are laid off and are subsequently called back within three (3) months, your “date of hire” remains unchanged.

Layoff Procedures

If an employee is on layoff status for more than three (3) months, the employment relationship, accrual of benefits and all other rights with SDS will cease. If a layoff becomes necessary due to curtailment, the Company will retain employees with job skills or demonstrated abilities essential to the operation of the plant. When skills and abilities are equal, length of service will be considered. If you accept alternate work from SDS instead of being laid off, you will receive the pay rate for the alternate job.

Recall Procedure

If you are recalled from a layoff, you will return to duties in accordance with your qualifications and ability to perform available work. When skills are equal, the most senior employees will be recalled first. In a recall to work, it is your responsibility to return to work quickly or make satisfactory arrangements with SDS if any delay is anticipated. Failure to return to work promptly could result in forfeiture of your job because the Company may need to fill the position with another person. If you are recalled more than three (3) months after your layoff, you will begin a new “date of hire.”

SECTION 4. STANDARDS OF CONDUCT

Attendance Policy

Our Expectations

SDS expects all employees to be on time and ready to work when your shift begins. Absenteeism (including early departures and late arrivals) burdens your fellow employees and disrupts operations. Regular attendance and promptness are considered part of each employee's essential job functions.

While we recognize that it may be necessary for you to be absent occasionally, it is important to keep absences to a minimum and schedule time off in advance to the extent possible. You are expected to take care of personal affairs and obligations at a time other than during working hours. However, if it is necessary to be off for personal convenience, prior approval must be received from your immediate supervisor.

Call-in Requirements

You must personally notify us of an absence (except in emergencies) at least 1 hour prior to start of your shift in accordance with the following procedures.

Before your shift:

Attempt to contact your supervisor at least 1 hour before the start of your shift, but if you are unable to personally speak with your supervisor, you must also call the "automated call-in answering machine" at (509)493-2155. Leave your name, reason for absence and a number where you can be reached. Your supervisor will call you back.

Sending a text message to an account designated by your supervisor may also be permitted, PROVIDED that you and your supervisor mutually agree to this process ahead of time. Your text must state the reason you will be absent and for how long. Sometimes delays may occur in delivery of text and email messages. If you do not receive a reply before the start of your shift, you should contact your supervisor by phone instead.

After 8:00 a.m. when the office is open

Call the main office at (509)493-2155 and leave your name, a brief explanation for your absence and a number where you can be reached with the receptionist. Your supervisor will call you back.

Emergency

In the event of an emergency, an agent of the employee (such as a spouse) can call in for the employee. The employee is still required to call in before the end of the shift, or when the emergency situation has passed, and personally speak to his/her supervisor.

Notifying us of an absence does not automatically excuse the time away from work. We may require documentation to determine whether to excuse your absence. Any employee who knowingly falsifies information relating to an absence will be disciplined. Being arrested or in jail is *not* a valid excuse for violating this call-in policy.

Failure to call in violates the call-in policy and will lead to disciplinary action up to and including discharge. If you fail to either call in or report to work for 2 consecutive workdays, you will be terminated for job abandonment.

Status Reports and Return to Work

During an absence of more than 3 days when your return-to-work date is unknown, we may work with you to agree on an alternative call-in schedule rather than requiring you to call in every day.

We may require medical documentation of your ability to return to work after an illness or injury.

Discipline

Failure to comply with our call-in policy and excessive absenteeism, including continuing patterns of absences, may lead to disciplinary action, up to and including termination of employment. However, any absences that are protected by state or federal law will not count against your attendance record.

Work Rules

Violation of any work rule may result in discipline, up to and including discharge. The list of rules below does not contain every rule or possible standard of conduct expected from our employees, but it states many of the more fundamental rules. If you are unsure about what is expected of you in a certain circumstance, please ask your supervisor.

Nothing in this listing of work rules is intended to conflict with the "Employment at Will" policy in this Handbook. Examples of prohibited conduct include:

1. Falsifying employment records, employment information, records, logs or documents, etc.
2. Removing, mishandling, or borrowing our property or the property of any employee, customer, or vendor without prior authorization.
3. Posting, altering, or removing any matter on bulletin boards on company property unless specifically authorized.
4. Causing damage to products or property through carelessness, inattention, or deliberate act.
5. Unauthorized use of our equipment, time, materials, or facilities.
6. Unauthorized use of cell phones or headphones while on duty.
7. Provoking or participating in a fight on our premises or during work hours.
8. Provoking or participating in horseplay, practical jokes, or throwing things on our premises or during work hours.
9. Possessing dangerous weapons, at any time, on our premises or during work hours.
10. Engaging in illegal conduct that is detrimental to our business or reputation, even if such conduct is not specifically related to job performance.

11. Causing, creating, or participating in a disruption or slowdown of any kind during work hours or on our premises.
12. Insubordination, including, but not limited to, failure or refusal to obey the reasonable directions or instructions of any member of management, the use of abusive or threatening language toward any member of management, or refusal to fully disclose information in the course of a workplace investigation.
13. Being disrespectful or using profane or abusive language at any time during work hours or while on our premises.
14. Threatening, intimidating, coercing, or interfering with fellow employees on company property or on company business.
15. Failing to obtain permission from a supervisor prior to leaving work for any reason during normal work hours.
16. Abusing paid leave or being dishonest about the need or reason for an absence.
17. Neglect of duty, loafing or sleeping on the job.
18. Working overtime without authorization or refusing to work assigned overtime when required.
19. Contributing to the creation of an unsafe or unsanitary work condition.
20. Violating any safety, health, or security policy, rule, or procedure.
21. Recklessly driving or exceeding safe driving rules while on company property.
22. Committing a fraudulent act, dishonest act, breach of trust, or violating the duty of loyalty to our organization in any circumstances.
23. Violating any company policy, rule, or procedure.
24. Recording the work time of another employee, allowing any other employee to record your work time or allowing falsification of any time card, whether your own or another employee's.
25. Failing to immediately and accurately report an on-the-job injury.
26. Being tardy or absent without authorization or notification.
27. Missing 2 consecutive scheduled workdays without notifying us.
28. Having a prohibited level of alcohol or controlled substances in your system, or otherwise violating our drug and alcohol policy.
29. Failing to personally notify the appropriate manager when unable to report to work.
30. Failing to report to work without notice or failing to return to work upon expiration of an approved leave of absence.
31. Failing to properly maintain confidential or proprietary information or our trade secrets.
32. Violating our policy against harassment.
33. Smoking in unauthorized areas.
34. Vandalizing another employee's personal property.

35. Leaving an assigned vessel before being properly relieved at the end of the voyage.

Misconduct or violation of company policies, rules, or procedures may result in a verbal or written warning, a suspension without pay, or termination. We will base the type of discipline we administer upon the facts of each particular case as determined by us.

None of the above standards of conduct or work rules are intended, nor shall they have the effect, of interfering or inhibiting any employee in the exercise of any right guaranteed or protected by law.

Dress and Grooming Standards

Employees must comply with safety standards for clothing and footwear. They cannot wear loose clothing, necklaces, chains, bracelets, or other jewelry, which could become caught in the equipment. Likewise, long hair must be protected by a cap or hair tie to prevent it from becoming caught in equipment. Footwear of heavy leather must fully enclose the foot, have a solid support sole that will minimize penetration and be of the lace type or engineer boot. Shirts and full-length pants are required.

No Solicitation Policy

We have established a *no solicitation* rule to maintain and promote efficient operations and security.

You cannot solicit or promote support for any cause or organization during your working time. In addition, you cannot solicit a coworker during their working time. Working time is defined as all time an employee is required to be on company premises, on duty, or at a prescribed workplace, including preparation time, opening and closing times, and required meetings. This policy does not restrict your activity during meal or rest periods or before or after working time.

Distribution of literature relating to any cause or organization is not permitted in working areas at any time. Such literature may be shared in non-work areas such as the break room or the parking lot. Nonemployees are not allowed to solicit or distribute written material for any purpose on company property, including parking areas.

Personal Relationships

SDS does not allow any employee to hold a job position where a consensual romantic relationship or a family relationship could cause a conflict of interest, a breach of confidentiality, or disclosure of proprietary information or trade secrets.

Employees are cautioned that a consensual romantic relationship with a coworker must not interfere with either employee's job performance. If a romantic relationship ends, both employees should be aware of and follow our non-harassment policy.

Any employee who feels there may be a circumstance where a violation of this personal relationship policy could occur, should report the situation to the HR Department or the President. If properly reported, we will endeavor to reassign the employee to an available position the employee is qualified to perform that avoids the violation of the policy. In situations where a supervisor and coworker's relationship violates this policy, the supervisor, coworker, and the company can mutually agree which person will be

reassigned. If reassignment is not possible, the supervisor, coworker, and company can mutually agree which person is subject to termination.

Any person who has not reported the situation prior to discovery of a violation is subject to discipline up to and including discharge.

Conflicts of Interest

It's important to SDS that we all conduct ourselves in an ethical and honest manner. You should not engage in any activity if it will:

- Adversely affect on-the-job work performance,
- Create a conflict with our business interests and purposes; or
- Have a negative impact on our business or reputation, our product, or other company employees.

However, this policy is not intended to interfere with any employees' rights that are protected by law. If you have any questions or concerns, please talk with the HR Department.

Employee-Owned Tools and Equipment at the Workplace

SDS requires employee-furnished tools and personal protective equipment to be maintained in a safe condition at all times. SDS reserves the right to inspect these items to verify compliance with applicable federal and state safety and health regulations. You must keep your tools and personal protective equipment secured when these articles are not in use. Should any articles be lost due to theft or deteriorate to the point where replacement is necessary, you will be responsible for paying for them.

SECTION 5. USE OF COMPANY PROPERTY AND INFORMATION

Confidentiality Policy

All employees share the responsibility to ensure that proper security and reasonable confidentiality are maintained. Report any breach promptly to your supervisor or the HR Department. Anyone who violates this policy will be subject to disciplinary action and possible legal recourse.

SDS property includes not only tangible property such as desks and computer terminals, but also intangible property such as information and data that is sent, received, created, viewed, or stored on the equipment, networks, websites, databases, cloud space, or other communication or storage mediums that we own or use. Of particular importance are proprietary information and confidential information.

Proprietary information includes all information exclusively owned or controlled by us. Confidential information is any company information that is not generally known to the public or our industry. Customer lists and files, production information, personnel files, employee medical information, business strategy, financial and marketing data, formulas, and trade secrets are examples of confidential information.

We do not consider information about wages to be confidential, unless you have access to such information because of your official job duties (such as payroll, HR, etc.).

General Policies

You may not access, download, disclose, or use proprietary or confidential information, except as your job requires. You should never disclose or use any proprietary or confidential information that you obtained during the course of your employment with any previous employer.

You are not allowed to take photos, record videos, or make audio recordings unless authorized or required by the job.

Outside Requests for Information About our Employees

Please direct all written requests, telephone calls, or other inquiries regarding information about a current or former employee to the HR Department. The HR Department is the only entity authorized to release information.

Information about our Business Operations

In managing the operations of our business, certain staff members become privy to sensitive information about the business, our customers, and our employees. This information must remain confidential both internally (within the company) and externally (outside the company, including family and friends). Do not discuss it with others beyond what is required to perform your job unless you are given specific authority to do so.

Medical Information

All medical information regarding our employees is strictly confidential. This includes but is not limited to workers' compensation claims and treatments, enrollments and claims for health and welfare benefits, and results of drug and alcohol tests. No release is

permitted without specific authorization from the person who is the subject of the medical information.

Supervisors and managers who have information regarding an employee's medical restrictions and limitations as a result of a return-to-work program must maintain the confidentiality of the medical information. They must use the information only to accommodate the employee's work assignment and duties or to administer first aid or emergency treatment.

Confidentiality is an important part of our job. Please feel free to talk to your supervisor or the HR Department if you have confidentiality concerns.

Electronic Communications

Business Use

During work hours, you may use our electronic equipment only for business related purposes. Our "Policy Against Harassment" and our "Confidentiality Policy" apply to electronic communications. ***SDS always strictly prohibits any information that could be considered obscene, discriminatory, or harassing and any material that could violate our policy against harassment or that could create a hostile or intimidating work environment.*** Personal use of our electronic equipment is restricted to outside of regular work hours and must not interfere or conflict with business use. You should not expect that *any* information on company equipment is private. Deleting information from electronic equipment usually does not mean that it has been permanently destroyed. Information that you would be embarrassed revealing to coworkers, a jury, or family members should never be sent, stored, created, viewed, or received on the company's electronic equipment.

SECTION 6. HEALTH AND SAFETY

Safety Program

We hold the safety, health, and welfare of our employees in high regard. We constantly strive to maintain a safe and healthy work environment. We accomplish this by adhering to safe operating practices and complying with all federal, state and company safety standards. In conjunction with regular job and safety training, you will receive training on emergency procedures, hearing conservation, hazardous chemicals and other matters required by Company Policy and Federal and State regulations.

All levels of this company, including top management, department heads, supervisors, and hourly workers, are given specific safety responsibilities. You must learn the safety requirements of your position and work safely at all times. You should report any unsafe conditions or potential hazard to your supervisor and/or the Safety Manager *immediately*, even if you believe you have corrected the problem. If you suspect a concealed danger is present on the Company's premises, or in a product, facility, piece of equipment, process, or business practice for which the Company is responsible, bring it to the attention of your supervisor and/or the Safety Manager *immediately*. The supervisor should arrange for the correction of any unsafe condition or concealed danger immediately and should contact the Safety Manager regarding the problem.

Each employee at time of hire and as needed thereafter is provided general and job-specific safety and health training. Personal protective equipment such as safety glasses, hearing protection, and respiratory protection must be worn as required.

SDS has an active safety committee with representatives from our entire operation. The safety committee schedules inspections, reviews accident investigation reports, and in general makes recommendations to management for changes in the safety program. If you are interested in learning more about the safety committee, please contact the Safety Manager.

Work-Related Accidents and Injuries

Reporting Your Own Injuries and Illnesses

Washington law and SDS require that a worker immediately report any on-the-job injury to their employer (RCW 51.28.010 "Whenever any accident occurs to any worker, it shall be the duty of such worker or someone on his or her behalf to forthwith report such accident to his or her employer, supervisor or Safety Manager. The following policy is in accordance with State law (WAC 296-24-025) and SDS Policy "Employees shall make an immediate report to their supervisor of each industrial injury or occupational illness, regardless of the degree of severity." Industrial insurance payments related to an injury are the responsibility of the Department of Labor & Industries. Your failure to follow this procedure may subject you to disciplinary action.

If you become injured or ill at work, we will provide assistance and ensure that you get proper care. We will assist in arranging for first aid treatment or needed transportation. In the event of a serious injury, we will assist in notifying emergency medical services.

If you suffer a work-related injury or illness and the symptoms did not appear until after work hours and you sought medical treatment, you must report the injury as soon as possible but no later than the next business day following the treatment. Your failure to follow this procedure may subject you to disciplinary action.

If you are unable to complete your shift because of a work-related injury or illness, only a supervisor or the safety manager can excuse you to leave work.

All employees returning to work following treatment for a work-related injury or illness must present a release for work, signed by the treatment provider. If you are released to work immediately, please report to your supervisor after your medical visit. You will start work at your usual time on your next regularly scheduled work day. Give the completed release form to your supervisor or the safety manager, so that proper work can be assigned. If you forget to bring your signed release, you may be instructed to wait at work while the treatment provider sends the release.

Reporting All Other Accidents

In order that we can respond accordingly, you must report all accidents and near misses to your supervisor or the safety manager immediately or no later than the end of your shift. You must report:

- Personal injuries to coworkers, contractors, temporary service workers, or vendors.
- Property damage.
- Product damage.
- Any accident or near miss that you have observed or experienced.

Your failure to follow this procedure may subject you to disciplinary action.

Time Off for Treatment and Recovery

If you are injured on the job, the time you spend waiting for and receiving medical attention on the premises or at our direction during your normal working hours on days when you are working is counted as hours worked. If your treatment provider does not allow you to return to work on the day of your injury, we do not pay your wages during the remainder of the day of injury. We may elect to pay wages for a finite period of time after the onset of treatment if you are certified to be off work; however, we will first attempt to provide transitional duty (see below) if available."

If you are not released immediately to work, tell your supervisor or the Safety Manager of your work release date in person or by phone at (509)427-8413 during normal work hours on the next business day. We require all employees excused from work as the result of a work-related injury or illness to maintain regular contact by phone and in person as arranged with the safety manager. You must follow our call-in policy if you will be unexpectedly absent from work. If you have provided us with medical documentation that you will be off work for more than one week due to an injury or illness, you are required to contact your supervisor or the safety manager once each week to report the status of your ailment and anticipated return-to-work date, unless another schedule is arranged. Failure to follow this procedure may subject you to disciplinary action.

All employees off work as the result of a work-related injury or illness must supply their supervisor or the Safety Manager with a current phone number and an address where you can be reached.

If you are eligible for leave under the federal Family and Medical Leave Act (FMLA), then your time off may count as FMLA. See the "Leaves of Absence" section in this handbook and see our separate FMLA leave policy for more information.

Early Return To Work—Transitional Duty

Whenever possible, we will provide transitional (temporary) work to qualified employees who have sustained a work-related injury or illness and are temporarily unable to perform their regular jobs. At appropriate intervals, we will reevaluate the temporary tasks assigned as the medical condition moves toward resolution.

If you are released to transitional work, *you must notify your supervisor and Safety Manager and report to work for your next regularly scheduled shift.* In addition, you must provide your supervisor or Safety Manager with your transitional duty release forms, including detailed work restrictions. Once the physician releases you to an available position within your restrictions, you must abide by the physician's restrictions and follow through on recommended medical treatment.

You must notify your supervisor or Safety Manager if you notice an increase in pain or disability or if you have any problems performing your job. We encourage you to schedule any needed follow-up medical care during non-work hours. You must give adequate notice to your supervisor or the Safety Manager to be relieved from work for doctors' appointments. When an absence has been approved for a necessary medical appointment and the appointment is not kept, disciplinary action may occur.

Safety and Health Rules

As an employee of SDS, you are responsible to work safely and follow all safety rules and requirements, including:

1. Follow lock out tag out procedures.
2. Follow fall protection policy which includes using a safety harness when working at unprotected heights in excess of four (4) feet, and other personal protective equipment as required by the company and state.
3. Follow procedures regarding non entry of electrical enclosures, this includes resetting of MCCs. This work must be done by a company electrician.
4. Observe all company safety and health rules and apply the principles of accident prevention to your daily duties.
5. Wear appropriate footwear, shirts and long pants at all times. Footwear of heavy leather must fully enclose the foot, have a solid support sole that will minimize penetration and be of the lace type or engineer boot. Shirts and full-length pants are required.
6. Wear chaps while operating a chainsaw.
7. Wear appropriate eye protection in the mills at all times.
8. Wear hearing protection in the mills and wherever specified.
9. Smoke only in designated area and observe all "No Smoking" signs.
10. Ride as a passenger on a vehicle only if it is equipped with a rider's seat and prohibit riders on yard equipment.
11. Secure long hair and jewelry to prevent entanglement in machinery.
12. Report hazardous conditions immediately, unsafe acts, unsafe areas, unsafe procedures, machines and near miss incidents to your supervisor.
13. Report any job-related injury, illness or property damage to your supervisor and, if injured, seek treatment promptly.
14. Know the location of fire and safety exits and evacuation procedures.
15. Keep all emergency equipment, such as fire extinguishers, fire alarms, fire hoses, exit doors and stairways, clear of obstacles.
16. Keep aisles, walkways and working areas clear of slipping and tripping hazards.
17. Abide by SDS's established Drug and Alcohol Policy.
18. Refrain from any physical confrontation or aggressive altercations including distracting fellow workers.
19. Operate only equipment for which SDS has authorized you.
20. Follow proper lifting procedures at all times.
21. Ensure that all guards and protective devices are in their proper place prior to operating equipment.
22. Actively support and participate in SDS's efforts to provide an effective safety and health program.
23. Wear high visibility vests where required.

Severe Safety Violation

Any violation of the first three Safety and Health Rules listed above is considered a severe safety violation.

- #1: Lock Out Tag Out
- #2 : Fall Protection
- #3: Unauthorized entry of electrical enclosures

A severe safety violation will result in a one week suspension without pay for the 1st violation.

A 2nd violation within a 12 month period will result in termination.

Smoking

SDS does not allow employees, customers, vendors and other guests to smoke, vape, or use e-cigarettes in our company facilities at any time, except for designated smoking areas. This includes restrooms and company-owned vehicles. "No smoking" signs are posted in our facility.

Fire Prevention

Notices on what to do in case of fire are posted throughout the operation. Familiarize yourself with the Company Fire Prevention Policy and, if necessary, act in strict accordance with that policy.

Visitors and Plant Security

To provide for the safety and security of our employees and our facility, SDS, only allows authorized visitors in the workplace. All visitors are to enter the facility at main office, obtain the proper authorization, and receive direction or be escorted to their destination.

Prohibited Behavior

We will not tolerate physical aggression, harassment, intimidation, threatening behavior, threatening communications, or any other type of violence against employees, visitors, guests, or any other person on company premises or during work time or company-sponsored events.

While on our premises, no one is allowed to have in their possession: dangerous weapons, explosives and/or hazardous materials, illegal drugs or other controlled substances, drug-related paraphernalia, alcoholic beverages, or any company property they are not authorized to possess.

You are not to be on company premises outside of your shift unless you are conducting company business or have proper authorization.

Employee Responsibilities

You are responsible for the conduct and safety of your visitors. If an unauthorized individual is observed to be on company premises, you should immediately notify your supervisor or, if necessary, direct the individual back to the main office.

If you feel you have been subjected to any violent, threatening, or intimidating behavior, you must immediately report the event to your supervisor or any other management representative with whom you feel comfortable.

Work-Related Searches and Monitoring

In order to enforce SDS's drug and alcohol policy, stop theft, prevent workplace violence, prevent harassment, and otherwise protect the interests of our organization,

our customers, and our employees, we may use searches, video, or other surveillance if necessary.

It is in your best interest not to bring items on company property that you do not wish someone else to discover. We reserve the right to make an unannounced search of company property or of personal property that you bring onto company premises. Company property may include, but is not limited to, desks, file cabinets, computer files, e-mail, text messages, instant messages, online postings, telephones, lockers, work areas, toolboxes, and work vehicles. Personal property subject to search may include, but is not limited to, jackets, backpacks, purses, lunch boxes, packages, and personal vehicles.

To the extent permitted by law, we reserve the right to monitor telephone conversations that occur using company phones. We also reserve the right to retrieve e-mails, electronic data, voice mails, and other information created, sent, received, accessed or stored on company equipment. Any business and/or personal use of the Internet using business resources, whether during or outside of work hours, is subject to monitoring and inspection. If you visit sites or post messages containing content that would violate our policies, you will be subject to discipline, up to and including termination.

To the extent possible, we will conduct searches in a manner that respects your dignity and privacy. We will not force you to consent to a physical search of your personal property; however, not consenting to a search may result in disciplinary action up to and including discharge. If you have concerns about the manner in which a search or surveillance was conducted, you should immediately contact the HR Department or the President.

Inclement Weather

There will be times when the weather or loss of power will prevent you from safely getting to work or will cause us to shut down. This policy applies when weather conditions such as severe rain, snow, ice, or wind make it hazardous to travel, cause extended loss of power, prevent employees from getting to work, or prevent the company from operating.

In the event that heavy snow or other disabling weather causes us to close temporarily, your supervisor will contact you or you will receive a text message with company closure information. It is your responsibility to make sure that your contact information is up to date.

In the event we are open but you are unable to come to work as a result of severe weather, you must contact your supervisor with your status, the reason you are absent, and when you expect to be able to come to work. If you are absent for two (2) consecutive days without any communication, we may assume that you have resigned.

Railroad Crossing

Designated Railroad Crossings

All SDS property is accessed by approved crossing points of the private property owned by the Burlington Northern Santa Fe (BNSF) Railway. Vehicle or pedestrian crossing at

any point other than approved crossings is not allowed by BNSF. Crossing safety is of highest priority to the BNSF Railway Company and SDS LLC. Maple Street (East end of SDS property) with lights and gates, and the Walnut Street crossing with lights only are the only pedestrian crossings available for accessing SDS LLC property. Crossing the tracks outside of one of these designated crossings is strictly prohibited and will be subject to company discipline policy, including a mandatory suspension for any offense and possible termination for severe offenses.

Crossings Signals

Lights, Arms and gates all indicate **CLOSED CROSSING**. This means the moment the lights start flashing, you are not allowed to enter the crossing. All crossing lights, signals and gates must be obeyed. Violation of any crossing signal is a violation of Federal Rail Safety Act and a violation of SDS LLC employment policy, subject to discipline policy.

Section 7. Drug and Alcohol Policy

We have a commitment to the safety and wellbeing of our employees, customers and the community to provide a drug and alcohol-free working environment. We expect employees to be in a suitable mental and physical condition to perform their assigned job duties satisfactorily at all times. In addition, we have an obligation to our employees to ensure safe working conditions. To meet that obligation and to further our commitment to promote high standards of employee performance, productivity, health, safety and reliability, we have established this policy.

We encourage any employee or their family member who may have a substance abuse problem to seek treatment and rehabilitation through the Employee Assistance Program (EAP) before their health, family and job are impacted.

Scope

This policy covers all applicants for employment and all hourly and salaried employees for the company. Truck drivers, Marine Division and other covered personnel are **also** covered under a separate DOT required drug and alcohol policy.

Prohibited conduct

We strictly prohibit the following by employees while on company property, or while engaged in SDS business on or off our premises (including during meal and rest periods):

- The manufacture, use, transfer, sale, distribution, dispensation, and/or possession of alcohol, controlled substances, or any drug-related paraphernalia;
- Having a detectable level of alcohol or controlled substances in the employee's system, intoxicant or illegal drug in their system or
- Refusing to cooperate with the testing process, failing to promptly report for testing as directed, or otherwise interfering with the test.

There is one exception to the prohibitions above: The responsible, moderate use of alcohol is permitted in work-related social settings such as a business dinner or company-sponsored event, provided you do not drive while impaired, and you do not engage in inappropriate behavior (e.g., harassment) as a result of drinking. Even in these social settings, you are still expected to remain responsible and respectful at all times.

Definitions

- Detectable level:** Any presence of alcohol or drugs in an employee's physical sample (such as urine, saliva, breath, and/or blood) as determined by the testing agency and company.
- Controlled substances:** All forms of narcotics, depressants, stimulants, hallucinogens and cannabis, whose sale, purchase, transfer, use, or possession is regulated or prohibited by state or federal law. It also includes medically authorized (prescription) or over-the-counter drugs that are used, possessed, transferred, or distributed in a manner that is inconsistent with the directions and/or labeling for the medication. (For example, taking someone else's prescription medication violates this policy.) **The use of medical marijuana, recreational marijuana, psychedelic**

mushrooms, or other controlled substance does not excuse a positive test or other violation of this policy, even if such substance is legal under state law.

- Drug Paraphernalia:** are any items used for administering or storing of prohibited drugs.

Over-the-counter and prescription drugs

You are responsible for asking your health care provider whether over-the-counter or prescribed drugs may impair your job performance. If so, you must notify your supervisor or the HR Department of your work limitations and provide a note from your health care provider (however, you do not need to identify the medical condition or the name of the medication).

Getting help for substance abuse issues

We encourage employees who need help resolving substance abuse issues to seek treatment and rehabilitation before their health, family, or job are impacted. We will grant a reasonable period of time off (including intermittent leave) to anyone who voluntarily seeks certified drug or alcohol treatment. To be considered voluntary, you must make the request for a leave of absence for treatment before being notified that you have been selected for testing or before engaging in misconduct for which you would be terminated.

Our Employee Assistance Program (EAP) is a counseling and referral program to help employees deal with a variety of personal problems, including but not limited to drug and alcohol problems. We encourage employees who need help to contact the HR Department or the EAP directly before drug or alcohol problems jeopardize their employment. We will keep all inquiries confidential.

Consequences for violating this policy

Any violation of this policy, including but not limited to failure to consent to, or cooperate with, testing or a search, will result in discipline, up to and including termination. Having a detectable level of alcohol or controlled substances in your system will result in termination, unless you can prove that the positive result was caused by an authorized dose of a prescription medication, that was prescribed for you, and is valid under federal law. In such cases you must have confirmed with your health care provider in advance that the medication was safe to use while working.

However, if you have been employed with us for 12 months or more and have not engaged in other misconduct (such as a serious safety violation) that would result in termination, we may offer a one-time opportunity for you to keep your job. Only one Last Chance agreement is allowed per employee. You will be required to sign a last-chance agreement, in which you agree to be evaluated by a Substance Abuse Professional (SAP), comply with the education and/or treatment program they establish, submit to random testing as directed by the SAP, and authorize information on your compliance to be shared with us.

Testing

To enforce this policy, we may require an employee to submit to any of the following drug and/or alcohol testing, as appropriate, to determine if this policy has been violated.

- Suspicion:** An employee's performance, appearance, behavior, speech, mood, odors, etc., can provide reasonable suspicion to require a drug and/or alcohol test. The basis for reasonable suspicion can include, but is not limited to, the following:

- A pattern of absenteeism or tardiness.
- Unexplained poor work performance.
- Physical indicators (for example, pinpoint pupils, dilated pupils, change in skin coloration, bloodshot eyes, excessive perspiration, etc.).
- Behavioral indicators (for example, stumbling, slurred speech, incoherent speech, rapid speech, apparent confusion, moodiness, weariness, fatigue, unusual energy, lack of focus, lack of concentration, disorientation, emotional outburst, hostility, unexplained changes in behavior, inability to do normal job tasks, the unsafe handling of equipment or tools, behaviors such as drinking alcohol or using drugs, etc.).
- The smell of alcohol or drugs.
- The presence of drugs, alcohol, empty containers, or paraphernalia in an employee's work area.

If you are asked to take a reasonable suspicion test, you will be sent home until we receive the confirmed test results. We will pay for the straight time lost from work if the test results are negative, unless there are other reasons supporting an unpaid suspension or termination.

- Post-accident:** We will conduct post-accident testing in any situations where we have reason to believe an employee's impairment could have contributed to property damage, personal injury, or a near miss.
- Return from Layoff or Leave:** If you are recalled from a layoff or you return from a leave of absence, and you have been off work for more than 3 months you must take a drug test before returning to work. This rule applies to all time off from work (both paid and unpaid).

Dangers of drug abuse in the workplace

The Substance Abuse and Mental Health Services Administration (SAMHSA) provides the following information about the dangers of drug abuse in the workplace (<https://www.samhsa.gov/adult-drug-use>):

- Drug use can lead to dependence and addiction, injury and accidents, health problems, sleep issues, and more. Drug use affects you and those close to you.
- Over time, the regular or habitual use of drugs becomes a crutch and only adds to the stress. Drugs can also cause other harms, including:
 - Cocaine:** Highly addictive, cocaine is involved in nearly one in five overdose deaths; its health effects include asthma, bowel decay, and increased risk of HIV.

- ✓ **Methamphetamine (Meth):** Meth causes devastating health effects, and sometimes death, even on the first try. Meth speeds up the body's systems to dangerous levels. Chronic users experience anxiety, confusion, insomnia, paranoia, aggression, and more.
- ✓ **Prescription and illicit opioids:** Highly addictive, the substances are the top cause of overdose deaths; health effects include confusion, nausea, constipation, coma, and brain damage.
- ✓ **Marijuana:** Even though it is legal in many states, studies link marijuana use to various negative outcomes.

Work covered by Federal Drug-Free Workplace Act

If you are assigned to work on a federal contract covered by the Federal Drug-Free Workplace Act, then you must comply with this policy as a condition of employment on the covered federal contract. In addition, if you are convicted of a criminal drug violation that occurred in our workplace, you must notify the HR Department within 5 calendar days after the conviction. We are required to notify the federal contracting agency within 10 days of learning of such a criminal drug conviction. Any conduct that results in a conviction is considered a violation of this policy.

Search

Employees are subject to search, including any personal belongings, while on our property. For employees working in Washington, your personal vehicle parked on our facility will be subject to search only in limited situations, such as when law enforcement requests a search, if you're using the vehicle for work duties and we need to inspect it for suitability purposes, if we have a reasonable belief that accessing your vehicle will prevent an immediate health or safety threat, or if you consent to a search because we have probable cause to believe that you have unlawful possession of our property or a controlled substance in violation of our Drug and Alcohol Policy. However, it is not a violation of this policy for employees working in Washington to have in their personal vehicles any substance/device that is lawful for them to possess.

SECTION 8. EMPLOYEE BENEFITS

Health Insurance, Retirement, and Other Benefits

Group Health Insurance

SDS insurance programs available include Hospitalization, Medical, Dental, Vision and Prescription. SDS employees are eligible to enroll in employer provided group insurance the first of the month following 60 days of continuous employment. Eligibility requires 30 work hours per week. Medical, dental, vision & prescription premiums are shared by the Company and the employees. The employee contribution is determined by the number of covered dependents, for example, employee only, employee/spouse, employee/family or employee/children.

If you do not work continuous employment, or your eligibility hours in any given month, you will lose coverage for the next month unless you self-pay the premium through COBRA continuation coverage.

A Summary Plan Description will be provided at the time of eligibility and enrollment. An Insurance Card to present to service providers will be mailed to you. Be sure to notify Human Resources within 30 days of loss of other coverage, marriage or birth of a dependent.

Retirement Plan

SDS sponsors a 401(k) retirement program for eligible employees. Eligibility requirements are as follows: An employee must be 18 years of age and must have worked for SDS for 3 consecutive months. The entire plan will be explained to employees upon meeting eligibility requirements. If you have questions regarding the 401k plan, please direct them to Human Resources.

Other Benefits

SDS offers the following additional company-paid benefit to eligible employees:

- Life Insurance/AD&D coverage

Where to Find Details on These Benefits

You should refer to your copy of the Summary Plan Descriptions (SPDs) for details on all of the benefits described here, including eligibility, enrollment, plan benefits, and how to access the benefits. You can obtain a copy of the SPD for each program from and direct benefit questions to the HR Department.

SDS reserves the right to interpret, change, modify or terminate any or all of the terms and conditions of the benefits described here. In the event that there is any discrepancy between the terms set forth in this handbook and the relevant SPD, the SPD will control.

Vacation Time Off Policy

Vacation Time Off provides time away from work for leisure time activities and recreation. SDS Lumber LLC's vacation program has simple requirements by which all full-time employees can qualify.

You will be eligible for the following vacation time off depending on your length of continuous employment as a full-time employee. The vacation year is defined as the calendar year/12 month period beginning on January 1st of each year.

<u>Years of Continuous Employment</u>	<u>Vacation time off each year</u>
2 through 7 years	5 Days
8 through 14 years	10 Days
15 + years	15 Days

- a) How to Qualify for Vacation time off: Eligibility for Vacation time off is determined by your hire date. This date is considered your anniversary date.
- b) Scheduling of Vacation Time: You are eligible to schedule vacation time off equal to the number of days based on your years of continuous employment. Please be aware that your vacation time off is taken without pay, as Vacation Pay is paid out each December. (See Vacation Pay policy below) Vacation time off must be taken in whole day increments.
- c) Approval for Vacation Time Off: Vacation time off must be coordinated and approved by your supervisor. Requesting vacation time must be given to your supervisor in writing at least two weeks in advance. Your supervisor will determine how many employees are allowed to be absent on vacation at any given time and limit vacations accordingly. Your supervisor will make every effort to accommodate your vacation request. Vacation scheduling priority will be on a first notice basis.

Maximum Schedulable Hours: Vacation time off is capped at a maximum of two weeks (10 days) per vacation. You may not take more than 10 days of vacation in a rolling 60 day period.

Vacation Pay Policy

The Vacation Pay base year is December 15th through December 14th. You become eligible to receive Vacation Pay after having been continuously employed per your hire date, for at least two years during the vacation base year, provided that you remain an active employee on the December 14th anniversary date.

You will be eligible for the following Vacation Pay depending on your length of continuous employment as a full-time employee.

<u>Years of Continuous Employment</u>	<u>Vacation Pay</u>
2 through 7 years	40 Hours
8 through 14 years	80 Hours
15 + years	120 Hours

The Vacation Pay Policy provides for a lump sum annual payment of your Vacation Pay benefit whether you schedule vacation time off or not. Vacation Pay is paid out the third week in December at your straight time hourly rate.

Paid Holidays

SDS grants the following (8) holidays as paid holidays to qualified employees:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Eve
- Christmas Day

Holiday pay is calculated at eight (8) hours at your regular straight time pay rate. If you are eligible to receive holiday pay and in fact work the paid holiday, you will receive holiday pay in addition to regular pay. Hours paid for holidays are not considered worked hours when determining hours worked in a week for overtime.

You are eligible for holiday pay if you meet all the following conditions:

- You have worked for SDS for at least 30 days prior to the paid holiday; and
- You worked the last regularly scheduled workday before and the first regularly scheduled workday after the holiday unless excused by the HR Department; and
- You are a regular full-time, regular part-time and seasonal employee.

Paid Sick Leave

SDS is providing this paid sick leave policy in accordance with Washington paid sick leave.

Eligibility

This policy applies to all hourly employees whether full-time, part-time or seasonal.

Accrual and Carryover

Paid sick leave accrues at the rate of 1 hour per 40 hours worked. The leave year is defined as January 1 to December 31. You may carry over up to 40 hours of unused paid sick leave from one leave year to the next. SDS will cash out any accrued unused sick leave in excess of 40 hours in January. This payout will be in a separate check at your straight time hourly rate.

Employees begin accruing paid sick leave on their date of hire, and may begin using their accrued leave on their 91st calendar day of employment. Paid sick leave does not accrue during any period of paid or unpaid leave. For non-exempt employees, hours that count for calculating leave accrual include straight-time and overtime hours worked.

Paid Sick Leave Balance and Information

Your current paid sick leave balance will be shown on your pay stub along with the amount of paid sick leave you accrued that pay period and the amount of leave that you used. *Accrued* but unused paid sick leave is not paid for upon separation from employment unless you give a 2 week written notice of resignation. However, if you leave employment and are reemployed with us within 12 months, we will restore your paid sick leave balance in accordance with applicable law(s), as long as it was not previously paid out.

Using Paid Sick Leave

You may only use paid sick leave for the number of hours you were scheduled to work on the day(s) of your absence. Paid sick leave may be used for any of the following reasons:

- Your own health condition:* Your own mental or physical illness, injury, or health condition; to receive medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or for preventative medical care such as regular check-ups.
- Family member's health condition:* For care of your family member with a mental or physical illness, injury, or health condition; care for a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventative medical care. For purposes of this policy, "family member" includes an employee's child (any age), parent, spouse, registered domestic partner, grandparent, grandchild, and sibling.
- Domestic violence, harassment, sexual assault, or stalking:* Time off to address issues arising from domestic violence, sexual assault, or stalking of you or your family member, including, but not limited to, preparing for or participating in any civil or criminal proceeding related to or derived from domestic violence, sexual assault, or stalking; obtaining, or assisting family members in obtaining, services from a domestic violence shelter, rape crisis center, or other social services program for relief from domestic violence, sexual assault, or stalking; and participating in safety planning, temporarily or permanently relocating, or taking other actions to increase the safety of you or your family members from future domestic violence, sexual assault, or stalking.

Eligible employees may use paid sick leave in increment of a quarter-hour (15-minute).

Paid Sick Leave during Leave of Absence

Where applicable under our policy and where permitted by law, employees may be allowed to, and may benefit from, using paid sick leave during a leave of absence. When allowed by law, paid sick leave, federal leaves of absence, and state leaves of absence run concurrently.

Notification and Verification Requirements

Employees missing work for reasons covered by paid sick leave are still required to give notice and comply with the usual call-in procedures for the scheduled work location.

When the need for paid sick leave is foreseeable, a leave request form is available from your supervisor and must be submitted at least 10 days prior to the start of the leave, or as soon as possible if you do not know of the need for leave 10 days in advance. The leave request must also state the length of the leave needed, if known.

For paid sick leave that is not foreseeable, you must provide notice of the need to use paid sick leave as soon as practical, and must generally comply with the normal notification policies and/or procedures for unscheduled absences for the scheduled work location. If it is impracticable for you to provide timely notice of your need for leave, someone else may provide the initial notice on your behalf. In that case, you are expected to follow up with your supervisor yourself as soon as possible.

Although extenuating circumstances will be considered, generally “as soon as practical” will mean providing notice of an unforeseen absence at least 1 hours before the start of your work day. In the case of an unforeseen absence related to domestic violence, notice needs to be provided no later than the end of the first work day of such unforeseen absence.

Employee or family member illness, injury, disability, diagnosis, or treatment that leads to more than 3 consecutive days of absence from scheduled work must be confirmed by written documentation upon the Company's request. When paid sick leave is used for more than 3 consecutive days of absence due to domestic violence, reasonable documentation may be requested from the employee, such as a police report, court order, or the employee's written statement. If you believe that providing this required documentation will result in an unreasonable burden or expense for you, please contact Human Resources to discuss alternatives.

Employees who use paid sick leave in compliance with this policy will not be disciplined, have any adverse action taken against them, or be retaliated against in any way for their request or use of paid sick leave.

Sick Leave Applied to FMLA or State Leave

SDS complies with federal and state leave laws to the extent required by law. Sick leave may only be applied as required by law. SDS's sick leave, federal leaves, and state leaves run concurrently when applicable. Check with your supervisor or the HR Department if you have any questions about your leave rights.

Pregnancy and Lactation Accommodation

We are happy to provide reasonable accommodation to employees who are pregnant or lactating. If you need an accommodation due to pregnancy, childbirth, or related medical conditions or if you need an accommodation or private space for expressing breast milk, please contact the HR Department.

Employee Assistance Program

SDS recognizes that personal problems can affect an employee's attendance, job performance or behavior at work. Accordingly, we provide an employee assistance program (EAP) to help employees and immediate family of employee to deal with personal problems.

It provides confidential and professional counseling and, when appropriate, referral to other services to deal with personal problems, such as chemical dependency, marital or family conflict, emotional upsets, or financial problems.

The EAP brochure that describes the program in detail is available from your supervisor, the HR Department or located by each time clock.

SECTION 9. LEAVES OF ABSENCE

Federal Family and Medical Leave Policy

This policy summarizes your rights and responsibilities under the federal Family and Medical Leave Act (FMLA). Please help us process your leave request by complying with our leave procedures. If you have any questions, please contact the HR Department. Be aware that state law or other company policies may also apply.

Eligibility

You are eligible for FMLA leave if:

- At least 50 employees are employed by us within 75 miles of your work site;
- You have worked at least 12 months for us;
- You have worked at least 1,250 hours for us in the 12-month period before the date your leave starts; and
- You have FMLA leave time remaining.

Reasons for FMLA Leave

The FMLA covers leave for the following reasons:

- Birth and care of your newborn child within 12 months after the date of birth;
- Placement of a child with you for adoption or foster care within 12 months after the date of placement;
- To care for your spouse, child or parent with a serious health condition;
- When your own serious health condition prevents you from performing one or more of the essential functions of your job;
- Qualifying exigency:* When your spouse, child or parent who is in the Armed Forces (including the National Guard or Reserve) is deployed to a foreign country and has an urgent need for you to take time off from work for a reason related to their covered active duty or impending call to covered active duty; or
- Military caregiver:* To care for a military service member with a serious injury or illness incurred or aggravated in the line of duty on active duty, when you are the spouse, child, parent or next of kin of the servicemember. The servicemember may be currently serving in the Armed Forces or may be a veteran who was discharged or released within the past five years before you first take FMLA military caregiver leave to care for the veteran.

Length of FMLA Leave

For most types of leave, an eligible employee may take up to 12 workweeks of unpaid FMLA leave in a 12-month period. If you need military caregiver leave, the maximum period of total FMLA leave is 26 weeks in a single 12-month period beginning on the first day the employee takes leave for this reason. Unlike other types of FMLA leave, you are eligible for military caregiver leave only once per servicemember, per-injury, except that military caregiver leave for a veteran can be for the same person you previously cared for when he/she was a current military member. You cannot take more than 26 weeks of FMLA leave in a single 12-month period.

For all types of FMLA leave other than military caregiver leave, the 12-month period is measured by looking forward from the date the employee first uses FMLA leave. If you are also entitled to leave under state law and/or company policy, your FMLA leave will run at the same time as these other leaves.

In general, if you and your spouse both work for the company, you are eligible for a combined total of 12 workweeks of FMLA leave for the birth or placement of a child, or to care for a parent with a serious health condition. Your maximum combined total is 26 weeks of leave in situations where you and your spouse are caring for a military service member with a serious injury or illness.

Notice of Leave Required

If you know in advance that you will need leave, you must complete a written “Request for Leave” form at least 30 days before leave begins, stating why you need leave. This form is available from your supervisor who will forward it to the HR Department.

If 30 days’ notice is not possible, you must tell us why you need leave as soon as you can. For emergency leave, you must comply with our call-in policy. If you are unable to give us notice yourself, a responsible person, such as your spouse or a family member, must call and speak with the HR Department. It is essential that you explain where you can be reached. As soon as possible, you must complete a “Request for Leave” form and other forms the company sends to you so we can process your leave request.

If you need to extend your leave, you must request an extension in writing before your FMLA leave is scheduled to end. Please submit your request to extend leave to the HR Department.

Leave Certification

If you need FMLA leave because of your own or a family member’s serious health condition, or because of a military service member’s serious injury or illness, we may require medical certification from a health care provider. We may also require a nonmedical certification if you are taking leave because of an urgent need due to a family member’s call to covered active duty in the Armed Forces. After you request leave, we will inform you whether a certification will be required.

We will give you a certification form for the health care provider or other necessary party to complete. If you don’t have a form, you may obtain a copy from the HR Department.

Please return the completed certification form as soon as possible but *no later than 15 calendar days* after we ask you for it. If you need more time, you must contact the HR Department. Extensions will be given only when circumstances prevent you from providing the certification within 15 days.

If you fail to return the certification on time, you may lose your protections under the FMLA and could be subject to discipline, up to and including termination, for any unexcused absences.

Before you can return from FMLA leave taken for your own serious health condition and which required an absence of 10 or more consecutive work days, you must bring a

fitness-for-duty report from your health care provider unless you are already certified for intermittent or reduced-schedule leave for this condition. If reasonable safety concerns exist regarding your return from intermittent or reduced-schedule leave, we may require a fitness-for-duty report up to once every 30 days. If you fail to provide a required fitness-for-duty report at the end of your FMLA leave, this will either delay your return to work or cause you to lose your right to reinstatement after FMLA leave.

Intermittent or Reduced-Schedule Leave

We will grant intermittent or reduced-schedule FMLA leave if a health care provider certifies that it is medically necessary, or if you have an urgent need for leave due to a family member's call to covered active duty in the Armed Forces.

Use of Paid Leave or Accrued Vacation

If you are eligible for paid leave or paid vacation under company policy, you must use it at the same time as your unpaid FMLA leave. If you choose to not to use paid leave or accrued vacation, you mark the box on the leave form or put in writing and submit to the HR Department. If you are already receiving workers' compensation time-loss payments or payments under a temporary disability plan, you *cannot* use paid vacation or other company-paid leave to supplement payments being received. Unless we receive other instructions from you at least 10 days before payday, we will designate the order in which you use different types of paid leave.

Continuation of Group Health Plan Coverage

We will continue to provide group health plan coverage during FMLA leave on the same basis as if you were working, if you and your dependents are enrolled in the company's group health plan on the day before your FMLA leave starts.

If you normally pay a portion of the medical premium for yourself and/or your dependents, we will continue to pay our portion during FMLA leave as long as you continue to pay your portion. Information on your specific payment schedule and the amount you must pay while on FMLA leave will be provided to you. You have the option of prepaying your portion of the premium before your FMLA leave. If you choose not to prepay, then your payment will be due on regular paydays, or on a mutually agreeable schedule.

If you fail to pay your portion of the health insurance premium, you may lose coverage. If you do not promptly return to work at the end of your FMLA leave, you and your dependents may be eligible for extended coverage by self-paying the full COBRA premium as explained in the Summary Plan Description for your medical plan.

If you do not return from FMLA leave, you may have to reimburse us for the payments we made to continue your group health plan coverage during your FMLA leave, unless your reason for not returning was due to circumstances beyond your control.

Status of Other Employee Benefits

The status of your other benefits (other than group health plan benefits) depends on whether your FMLA leave is paid or unpaid. Our normal benefit policies for the type of leave you are taking (i.e., paid or unpaid) will apply.

Call-In Policy

Our call-in policy applies to FMLA leave. If you need unforeseeable leave, you must follow the call-in policy. While you are on leave, you must periodically contact your supervisor about your status, including your intent to return to work. A call-in schedule will be arranged after you tell us you need leave. Failure to call in under company policy will result in discipline, up to and including termination.

Reinstatement

When you return from FMLA leave, in most cases you will be reinstated to your same job or to a job with equivalent pay, benefits and working conditions. Please note, however, that you have no greater right to a job when you return than if you had continued to work during the leave period. We may deny you reinstatement if you are considered a key employee; you will be notified at the time you request leave whether you are considered a key employee.

Other Policies

You may not work for another employer or be self-employed during your FMLA leave. We will cancel your leave and take disciplinary action if you violate this policy.

You should not engage in activities during your leave that are inconsistent with your need for leave as stated in the leave certification. If your activities are inconsistent with the leave certification, we will take appropriate steps to reevaluate your need for FMLA leave. If we determine that you have abused your FMLA leave, you will be subject to disciplinary action up to and including loss of job reinstatement and termination of employment.

We will continue to apply our usual company policies and procedures to your FMLA leave, except where they conflict with the FMLA. If you have any questions about your leave of absence, please contact the HR Department.

Washington Paid Family and Medical Leave Policy

Washington Paid Family and Medical Leave (WPFML) is administered by the Washington Employment Security Department (ESD). It entitles eligible employees to take up to 12 weeks of partially paid leave benefits within a 12-month period for these reasons:

- ✓ For your own serious health condition;
- ✓ To care for the serious health condition of your child, grandchild, spouse, registered domestic partner, parent, parent-in-law, grandparent, grandparent-in-law, or sibling;
- ✓ To bond with your minor child during the first year after birth or placement; or
- ✓ Because of any military family member's qualifying emergency as permitted under the federal Family and Medical Leave Act (FMLA).

Paid leave benefits may be extended to a total of 16 weeks in the 12-month period if you have multiple needs to use family leave and/or medical leave in the same claim year, or up to 18 weeks if you are disabled due to pregnancy or childbirth.

All employees in Washington are required to pay WPFML premiums through payroll deduction, and are eligible for WPFML partial-pay leave benefits if they have worked 820 hours for any Washington employer(s) in the qualifying period. To qualify for WPFML, you must apply and be approved for leave benefits by ESD. WPFML has a one-week waiting period before you will be eligible to receive partial-pay benefits, unless the reason for your leave is to bond with a new child. The waiting period counts toward the maximum number of weeks of leave you're entitled to take during a 12-month period. WPFML is not available to any employee receiving state or federal disability insurance, workers' compensation, or unemployment benefits.

WPFML will run at the same time as leave under the FMLA for all qualified employees to the extent allowed by law. Employees taking FMLA are encouraged to apply for WPFML immediately to receive partial-pay benefits.

WPFML may provide continuation of health care insurance benefits if you are also taking FMLA leave at the same time. If you are eligible for continued insurance benefits, you are still responsible for paying your share of the insurance premiums while on leave, and must make arrangements with Human Resources to pay your share. If you fail to pay your share of the premiums on the same basis as if you were working, then our normal procedures for cancellation of your company-sponsored health care insurance will apply. If you are not eligible for health insurance continuation and your time off causes you to drop below the required number of work hours to maintain coverage under our insurance plan, you will receive information and paperwork to continue insurance for a limited time by self-paying under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA).

WPFML only requires job reinstatement if you have worked here for at least 12 months and at least 1,250 hours in the last 12 months. If you do not qualify for reinstatement, we will evaluate your request to return to work on a case-by-case basis in accordance with our other policies and practices, as well as business needs. If you are returning from medical leave, you will be required to provide a release from your health care provider before you will be allowed to return to work.

You are required to provide at least 30 days' written notice in advance of your need for leave if the need for leave is foreseeable. If the need for leave is unforeseeable, you must notify Human Resources in writing as soon as practicable. You must also comply with our usual call-in requirements per our attendance policy.

We may allow you to use accrued paid sick leave while you are on approved WPFML, in order to supplement the partial-pay benefits you receive from ESD. Please see Human Resources for more information.

Washington Family Care Policy

Under the state of Washington's family care law, an employee may use any or all accrued paid leave, including Washington Paid Sick leave to care for a child with a health condition that requires treatment or supervision, or to care for a spouse, parent, grandparent, or parent-in-law with a serious health condition or an emergency condition. The child must be less than 18 years of age, unless he or she is incapable of self-care because of a mental or physical disability.

You may not take leave until it is earned. If the reason for leave is also covered by the federal Family and Medical Leave Act (FMLA) and/or the Washington Paid Family and Medical Leave law (WPFML), your family care leave may run at the same time as leave under those laws. If you have any questions about whether a family member's condition is covered under this policy, contact the HR department.

Military Leave and Military Family Leave

Employees who serve in the United States military will be granted a protected leave of absence in accordance with federal law (the Uniformed Services Employment and Reemployment Rights Act, or USERRA). You or your commanding officer must promptly inform your supervisor or the HR Department as soon as you know the scheduled dates of your military service. We ask that you provide us with a copy of your orders.

For military leaves that are 31 days or longer, you may have the opportunity to continue medical insurance coverage. You will receive a notice describing both your USERRA and COBRA medical continuation rights to continue coverage for a limited time by self-paying. To elect continuation coverage, follow the instructions in the notice.

When you are discharged from military service, you will be granted job reinstatement rights in accordance with federal law. If you have any questions or want information on military leave, contact the HR Department.

Crime Victim Leave

SDS does not discriminate in hiring and employment decisions against applicants or employees who are victims (or perceived as victims) of domestic violence, sexual assault or stalking. Employees who are experiencing actual or threatened domestic violence, sexual assault or stalking may request reasonable safety accommodations, such as reassignment, modified schedule, changed work telephone number or email address, changed workstation, installed lock, or other safety procedures for their protection. The Company will provide necessary safety accommodations to the extent that doing so does not impose an undue hardship on the business.

SDS will provide an employee who has been a victim of domestic violence, sexual assault or stalking, or whose family member has been the victim of domestic violence, sexual assault or stalking, a reasonable leave of absence for the following reasons:

- To seek legal or law enforcement assistance or remedies to ensure the health and safety of the employee or the employee's family member.
- To seek medical treatment for or to recover from physical or mental injuries caused by domestic violence, sexual assault or stalking of the employee or the employee's family member.
- To obtain, or assist a family member in obtaining, counseling from a licensed mental health professional related to an experience of domestic violence, sexual assault or stalking.

- To obtain services from a victim services provider for the employee or the employee's family member.
- To participate in safety planning or relocation to ensure the health and safety of the employee or the employee's family member.

Employees must notify their supervisor as far in advance as possible of a need for leave, discuss the approximate length of the leave with the supervisor and provide copies of scheduling notices upon request. If advance notice cannot be given due to an emergency or unforeseeable circumstance, employees must notify their supervisor no later than the end of the first day leave is taken.

A "family member" means the employee's child, spouse, registered domestic partner, parent, parent-in-law, registered domestic partner's parent, grandparent, or person with whom the employee has a dating relationship.

Employees may use any unused accrued paid sick leave, or personal time to receive compensation during the victim leave. Documentation such as a police report, a copy of a protective order or other evidence from the court or documentation from an attorney, law enforcement officer, health care professional, mental health professional, member of the clergy or victim services provider may also be provided to substantiate a request for leave or safety accommodation under this policy.

If you or a family member are the victim of a crime, you may be entitled to time off to address the impacts or to participate in legal proceedings. Please contact the HR Department for information.

Other Leave of Absence

Jury Duty

The Company encourages employees to serve on jury or witness duty when called. You must notify your supervisor of the need for time off for jury or witness duty as soon as a notice or summons from the court or a subpoena is received. Verification from the court clerk showing the date and time you were required to report and the time you were released from jury duty may be required. Depending on your work schedule, you may be expected to report or return to work for the remainder of your work schedule on any day you are dismissed from jury or witness duty, as required by your supervisor. For nonexempt employees and for exempt employees who do not work during the week, jury duty is unpaid. However, employees may use their accrued PTO.

Witness Duty

You must promptly inform your supervisor if you are subpoenaed to appear as a witness in legal proceedings during work hours. The time off will be unpaid, employees may use their accrued PTO. If we subpoena you to appear on our behalf at a legal proceeding, the time will be counted as hours worked.

Personal Leave of Absence

Requests for unpaid personal leaves of absence under company policy will be evaluated on a case-by-case basis and generally will not extend longer than 30 calendar days.

Employee Acknowledgment

I have received a copy of the SDS Lumber LLC. Employee Handbook. I understand that it is my obligation to understand all of the rules, policies, terms, and conditions and to abide by them. If I have any questions regarding these policies, I will ask my supervisor or the manager of the HR Department. I understand and agree that employment at SDS. is "at will." I also understand and agree that any provision of this handbook may be amended or revised at any time by SDS.

Name (please print): _____

Signed: _____

Date: _____