

Armes Precision

Employee Policy Handbook



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1 Introduction

This manual is designed to acquaint you with Armes Precision and provide you with information about working conditions, benefits, and policies affecting your employment.

The information contained in this manual applies to all employees of Armes Precision. You must follow the policies described in this manual as a condition of continued employment. However, nothing in this manual alters the employee's "at will" status. The contents of this manual shall not constitute nor be construed as a promise of employment, or as a contract between the company and any of its employees. The manual is a summary of our policies, which are presented here only as a matter of information.

You are responsible for reading, understanding, and complying with the provisions of this manual. Our objective is to provide you with a work environment that is constructive to both personal and professional growth.

2 Changes in Policy

This manual supersedes all previous employee manuals and memos that may have been issued from time to time on subjects covered in this manual.

Armes Precision reserves the right to interpret, change, suspend, cancel, or dispute with or without notice all or any part of our policies, procedures, and benefits at any time. We will notify employees of these changes. Changes will be effective on the dates determined by the company, and after those dates all superseded policies will be null.

No individual, supervisor or manager has the authority to change policies at any time. If you are uncertain about any policy or procedure you should consult with your direct supervisor.

3 Equal Employment Opportunity

Armes Precision is committed to a policy of equal employment opportunity for all applicants and employees.

Employment decisions shall comply with all applicable laws prohibiting discrimination in employment, including Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Immigration Reform & Control Act of 1986, Americans Disabilities Act of 1990, and any applicable state laws. Employees who engage in such unlawful discrimination may be subject to disciplinary action up to and/or including termination.



Employment decisions are based on merit, abilities, and qualifications. Armes Precision does not discriminate in employment opportunities or practices because of race, color, religion, sex, national origin, age or disability. The company may make reasonable accommodations for qualified individuals with known disabilities, unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring those issues to the attention of their direct supervisor, or the personnel manager. Employees can raise concerns without fear of reprisal.

An employee who engages in any type of unlawful discrimination may be subject to disciplinary action up to and/or including termination.

4 Employee Relations

Your employment with Armes Precision is voluntary and you are free to resign at any time for any reason or no reason. Similarly, Armes Precision is free to conclude its relationship with any employee at any time for any reason or no reason.

No individual, supervisor or other representative of the company, other than an Officer, has any authority to enter into an agreement of employment for any specific period of time, or to make any agreement contrary to the foregoing. Further, for such an agreement to be effective, it must be in writing and signed by the appropriate company's representative.

5 Immigration Law Compliance

Armes Precision is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with Armes Precision within the past three (3) years, or if their previous I-9 is no longer retained or valid.

6 Personnel Files

The company maintains a personnel file for each employee. This file includes documents of information such as the employee's job application, resume, and records of training, performance evaluations, salary increases, and other employment records.



Personnel files are the property of Armes Precision. Access to these files are considered confidential in nature and are restricted. Employees who wish to review their file should consult with their direct supervisor. With reasonable advance notice, an employee may review their file in the presence of a member of management and/or a person appointed by the company to maintain the files.

7 Definition of Employee Status

An employee of the company is a person who regularly works for Armes Precision on a wage or salary basis.

Employees may include exempt, non-exempt, regular full-time, part-time and/or temporary persons and others employed with the company who are subject to the control and direction of the company in the performance of their duties and are governed by FLSA (Federal Labor Standards Act.)

- EXEMPT Employees are those whose positions meet specific criteria established by FLSA and who are exempt from overtime pay requirements.
- NON-EXEMPT Employees are those whose positions do not meet FLSA and are entitled to overtime pay.
- REGULAR FULL-TIME Employees are those who are not in a temporary or introductory status and who are regularly scheduled to work on a full-time work schedule consisting of 40 hours or more per week. Regular full-time employees are eligible for some benefits sponsored by the company and are subject to the terms, conditions and limitations of each benefit program.
- PART-TIME/TEMPORARY/OTHER are employees who are hired as interim replacements, to temporarily supplement the work force or to assist in the completion of a specific project.

8 Health Requirements

Employees who become aware of any health-related issues must notify their supervisor immediately. Health-related issues are issues such as pregnancy, AIDS, heart disease, cancer, and any other life altering illness or disease. This policy is to protect the best interest of the employee. Failure to report health-related issues to your supervisor may result in a loss of benefits for that illness. In accordance to HIPPA regulations and your rights as an employee all medical information pertaining to employees shall be treated confidentially and on an as needed basis for work requirements.



Continued employment in your current position is based upon your ability to perform the essential functions of your job. Medical information and approval to return to work, listing any limitations from your health care physician is a requirement for you to return to work. Decisions to allow an employee to continue working with a health-related issue is made in accordance to the American Disabilities Act of 1990.

9 Introductory Period

The ninety (90) day introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets his/her expectations. Armes Precision uses this period to evaluate the new employee's capabilities, work habits, and overall performance. Either the employee or Armes Precision may end the employment relationship at will, at any time, during or after the introductory period, with or without cause or advance notice. During the first ninety (90) days of employment, any significant absence will automatically extend an introductory period. During the ninety (90) day introductory period new employees are eligible for those benefits that are required by law, such as Worker's Compensation Insurance/On the Job Disability and Social Security.

10 Perspective

The most valuable personal qualities are patience, efficiency, loyalty, courtesy, cheerfulness and compassion. These are necessary components of our work. Working for our customers is the central reason we are here. Our customers are to be always given greatest consideration and respect. Employees should do everything possible to contribute toward an atmosphere of politeness and consideration and to courteously always assist customers.

11 Conduct

To ensure orderly operations and provide the best possible work environment, Armes Precision expects employees to follow rules of conduct that will protect the interests and safety of all employees and the company. It is not possible to list all forms of behavior that are considered unacceptable in the workplace.

The following are examples of unacceptable conduct that may result in disciplinary action, up to and/or including termination. Armes Precision reserves the right to modify this list as may be required for safe and efficient operations.

- Any conduct or action which may directly or indirectly injure or harm the reputation of Armes Precision and/or any of its employees.



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- Theft or inappropriate removal, or possession of property belonging to the company, co-workers, customers or guests.
 - Falsifying, altering, and/or removing company records, including personnel records such as employment applications, time-keeping records, etc.
 - Negligence or improper conduct leading to damage of company or customer owned property.
 - Being under the influence of alcohol or illegal drugs while working and/or on company property.
 - Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace.
 - Fighting or threatening violence in the workplace.
 - Unruly or disruptive activity in the workplace.
 - Insubordination or other disrespectful conduct.
 - Violation of safety or health rules.
 - Sexual or other unlawful or unwelcome harassment.
 - Excessive absenteeism or any absence without notice and/or management approval.
 - Unauthorized use of telephones, or other company-owned equipment.
 - Using company equipment for purposes other than business.
 - Violation of the Confidentiality and Intellectual Property Assignment Agreement.
 - Violation of personnel policies; and
 - Unsatisfactory performance or conduct

12 Job Assignments

Whenever practical, employees are assigned to a regular job; however, circumstances may arise that make it necessary to transfer an employee from one job to another. In the event this occurs, the details of the situation will be discussed with you prior to your temporary or permanent transfer. Your cooperation in such a situation is an important factor in evaluating your work performance and the overall operations of our company.



13 Employment Termination

Termination of employment with the company is classified as follows:

- RESIGNATION – voluntary employment termination initiated by an employee.
- TERMINATION – involuntary employment termination initiated by the company.
- LAYOFF – involuntary employment termination initiated by the company for non-disciplinary reasons.

An employee seeking to sever their employment shall give the company a written two (2) week notice. Terminating employees will be notified of the benefits that may be continued and of the terms, conditions and limitations.

Employment with Armes Precision is of mutual consent between employees and the company. Both the employee and Armes Precision have the right to terminate employment at will, with or without cause.

14 Disciplinary Actions

The company is committed to ensuring fair treatment of all employees. The major purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future. In Armes Precision's sole discretion, employee discipline problems may result in a verbal warning with or without pay, up to and/or including termination of employment.

15 Performance Evaluation

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Increases in pay, and promotions are at the discretion of the company and must meet the approval of an Officer of the company.

16 Timekeeping

Accurately recording time worked is the responsibility of every non-exempt employee. Time worked is the time actually spent on a job(s) performing assigned duties. Armes Precision does not pay for extended breaks of time spent on personal matters.

Altering, falsifying, and/or tampering with time records, or recording time on another employee's time record may result in disciplinary action up to and/or including termination. Authorized personnel will review time records each day. Any changes to an employee's time record must be



approved by his/her supervisor. Questions regarding the timekeeping system should be directed to your direct supervisor.

All non-exempt employees are required to clock out when leaving the premises unless it is company business. There are no exceptions. Any Employee who does not clock out will be subject to disciplinary action.

17 Work Schedules and Overtime

Armes Precision uses the following payroll system for the purpose of describing and reviewing policies. Overtime compensation is paid to non-exempt employees in accordance with federal and state wage and hour restrictions.

17.1 Overtime

- Hourly employees are paid an hourly rate and are usually required to work 40 hours per week unless otherwise specified by management.
- Overtime is paid at the rate of one and one-half times your regular rate of pay for all hours worked over 40 in any one week. Should a holiday fall in a regular work week, overtime pay will be paid on hours worked over 40 in that week. In addition, employees must work the shift before and the shift following the holiday to receive such overtime pay. Time off for personal leave or vacation is not considered hours worked when calculating overtime.
- NOTE: All overtime must be approved by management.

17.2 Shift Hours

- The 1st shift operating hours of the plant shall be:
 - Clock in between 7AM and 7:30AM local time.
 - Clock out between 3:30PM and 4PM local time.
- The 2nd shift operating hours of the plant shall be:
 - Clock in between 3PM and 3:30PM local time.
 - Clock out between 11:30PM and 12AM local time.
- There is an additional 3rd shift available in the Machining Department only. Those who wish to be permanently placed on that shift require approval from the General Manager.
 - Clock in between 3:30 AM and 4:00 AM local time.



- Clock out between 12:00 PM and 12:30 PM local time.
- In either shift, the employees are expected to work a minimum of 8 hours with 30 minutes for lunch. Employees who clock in past the latest start time will be calculated to the next quarter hour. Example: (clock in time 7:35 a.m. then your time will be calculated as 7:45 a.m.) Deviation from above hours may be requested depending on company needs.
- Employees are required to be at their work station at the beginning of the work day.
- Each employee is required to clock in when starting work, and to clock out before leaving.
- Employees will be given advance notice of any changes in scheduled working hours whenever possible.

17.3 Make-Up Time

Employees may request to make up lost time due to personal obligations or unforeseen absences. Approval for make-up time is at the discretion of the employee's direct supervisor and is subject to scheduling and business needs.

Make-up time will be **paid** if the following conditions are met:

- The make-up time is pre-approved by the supervisor.
- The hours worked fall within the same **workweek** (Monday–Sunday) as the time that was missed.
- The total number of hours worked in the week **does not exceed 40**. Any hours beyond 40 in a single work week will be paid **overtime**, provided they meet all applicable requirements.

Make-up time that causes the employee to exceed 40 hours in a week will not be approved unless the overtime is also approved by management in advance.

Make-up time is intended as a flexible option and does not apply to PTO or long-term scheduling changes. Any questions about eligibility or scheduling should be directed to your supervisor.

18 Paydays

Employees are paid each Thursday, and on a weekly basis via direct deposit into an employee designated bank account. Pay include earnings for work performed through the end of the



previous period. In the event that a regularly scheduled payday falls on a holiday, employees will normally receive pay prior to the holiday.

19 Administrative Pay Corrections

Armes Precision takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday. In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of their direct supervisor so that corrections can be made. All corrections following a scheduled payday may be processed no later than the following scheduled payday.

20 Pay Deductions

The law requires that Armes Precision make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. In addition, the company is required to deduct social security taxes from each employee's earnings up to the allowable wage base limit. The company matches the amount of social security taxes paid by each employee. Other deductions include orders of court, tax levies, company offered programs or benefits beyond those required by law that you may participate in. You should consult with your direct supervisor with questions or concerns pertaining to pay deductions.

21 Absences and Punctuality

It is essential for the success of the company and for the security of everyone's job that the company meets its production schedules on time. In order to accomplish this objective, regular and prompt attendance at work is required of all employees.

If it becomes necessary for you to be absent, you are required to notify your supervisor in advance. If you are unable to give advance notice you must contact the company at once. Absences are to be reported between the hours of 7:00 a.m. and 9:00 a.m.

You are to talk directly to your supervisor when calling in case he/she has a question about the project you are working on. If your supervisor is not available you may leave a message with a telephone number where you can be reached.

An absence or tardiness is recorded as an excused absence (or tardiness) if employee gives his/her supervisor advance notice. Reasons are deemed excusable at the discretion of your supervisor. Failure to report an absence as described above is reported as an unexcused absence.

If an employee has an illness or situation that requires him/her to be absent three (3) days or more, the employee is required to call on the 3rd day to discuss the status and possible return



date with his/her direct supervisor. An employee who fails to call in for three (3) consecutive days should be deemed to have voluntarily terminated his/her employment with the company.

Unexcused absences may affect eligibility for certain benefits, including paid holidays, as described in Section 39.2.

22 Personal Appearance

Armes Precision strives to present a relaxed professional business image. Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image we present to customers and visitors.

During business hours, employees are expected to present a clean and neat appearance and to dress according to the requirements of their positions. Your personal safety is of prime importance.

Appropriate clothing and shoes should be worn. The following items are considered inappropriate:

- Open toed shoes in the shop area
- Clothing that is revealing
- T-shirts with inappropriate or offensive gestures or advertising
- Jewelry that could get caught in shop machinery

Jeans may be worn in the shop if they are free of tears and holes. Beards must be kept clean and trimmed to a length that ensures safety in the area you are working. Long hair in the shop area must be secured away from the face and must be in accordance with safety rules.

NOTE: Consult your direct supervisor for proper grooming rules in your area, which is in accordance with the safety program, and may be different in areas such as office versus shop area.

23 Tools and Equipment (Company-Furnished and Personally-Owned)

To support safe, high-quality work, Armes Precision requires the use of both company-furnished and personally-owned tools in certain roles. The following policies apply:



23.1 Company-Furnished Tools

Armes Precision may provide certain specialized or perishable tools as needed. These tools remain the property of Armes Precision and are issued under the supervision of management.

- Tools must be checked out through your direct supervisor.
- Employees are responsible for the proper care and return of all company-issued tools.
- Do not attempt to alter, repair, or modify any company-furnished tool; only Quality Control or designated personnel may do so.
- Any damage or defect should be reported immediately.
- Tools must be returned when no longer in use, upon job reassignment, or upon separation from employment.

Failure to return company-furnished tools may result in reimbursement at the **current replacement cost**, subject to depreciation for normal wear and tear. Final reimbursement amounts will be determined by management.

23.2 Personally-Owned Tools

Employees in specific positions may be required to provide their own set of hand tools as part of their role. Your direct supervisor will provide a list of required tools.

- Personal tools must be in safe working condition and must be **permanently marked** with the employee's name or driver's license number.
- Armes Precision assumes **no liability** for loss, damage, or theft of personal tools.
- All personal tools should be securely stored in a locked toolbox when not in use.
- On your first day of employment, your toolbox will be inspected. If any personal tools are found to be identical to Armes Precision-owned tools, you will be required to remove them from the premises.

Employees are expected to maintain their personal tools in good condition. Damaged or unsafe tools must be repaired or replaced at the employee's expense.

24 Change of Name, Address, Phone

It is the responsibility of each employee to promptly notify Armes Precision of any changes in personal data such as name change, mailing address, telephone number, a change in dependent



information, or a change in the name of the person to be notified in case of an accident or emergency, including the contact's telephone number should be accurate at all times. Having correct information about you will aid us in getting important documents such as W-2's and health insurance cards to you without delay.

Report all changes in personal data to your direct supervisor who will report it to personnel.

25 Smoking

To promote a safe, healthy and pleasant environment for employees smoking is allowed in designated areas only. If you are unsure where the designated areas are consult your direct supervisor. Other smoking restrictions may apply depending on the requirements of your job, and the location of the project you are working on. Do not smoke near any area where flammable materials (solvents, fuel, etc.) are being used or near where they are stored.

26 Harassment, Including Sexual Harassment

The company is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated.

If an employee believes he/she has been the victim of harassment, or knows of another employee who has, report it immediately to a supervisor. Employees can raise concerns and make reports without fear of reprisal.

Supervisors who become aware of possible harassment will promptly notify the Personnel Manager of the company who will handle the matter in a timely and confidential manner.

27 Safety

To assist in providing a safe and healthful work environment you are required to observe all company safety rules contained in the forthcoming "Employee Guide to Safety" manual. You are required to participate in the safety effort of this operation by working safely and attending safety sessions when offered. Employee and non employee incidents and accidents are reviewed on a regular basis to identify safety hazards.

28 Reporting Injuries and Accidents

An incident or accident must be reported as soon as possible to your direct supervisor and/or a member of management, but no later than the same day of the incident/accident. An "Employee Injury Report" must be filled out and signed by the employee immediately following the occurrence of the incident/accident. You can obtain these forms from any supervisor. Failure to



report an incident/accident may result in the loss of benefits payable under Worker's Compensation and/or On the Job Disability policy, and may result in a disciplinary action, even if you are not the injured party. This policy is important to the safety and well-being of all our employees in order to insure a continued safe and successful operation. If you are involved in, or you are a witness to an incident/accident, you should provide information for the appropriate report to be completed. Please be aware of the importance of immediate action in recording all details of the accident.

29 Military Leave

Regular full-time employees who are inducted into the U.S. Armed Forces or who serve in a U.S. Military organization or National Guard may take the necessary time off without pay to fulfill this obligation, and will retain all legal rights for continued employment under existing laws afforded by The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) Employees requesting military leave may apply unused personal and/or vacation time to the leave if they wish, but are not required to do so. For additional information regarding leave time and/or elected benefits employees should consult with their direct supervisor.

30 Leave of Absence

The company provides family or medical leaves of absence to eligible employees who are temporarily unable to work due to a serious health condition or disability. Employees may obtain additional information and/or have questions answered by consulting their direct supervisor.

31 Return to Work After Injury or Illness

As a joint protection to the employee and to the company, employees who have been absent from work because of illness or injury are required to obtain a doctors' release specifically stating that the employee is capable of performing his/her essential and normal duties and/or assignments.

Time spent on an unpaid leave of absence consisting of over thirty (30) days, except for military leave, is not counted as time worked in determining an employee's eligibility for benefits.

32 Reinstatement to Position Following Leave of Absence

Armes Precision will make every reasonable effort to reinstate an employee to the same position he/she previously occupied, or to a similar position following a leave of absence.



The company cannot guarantee that the same position or a similar position will be immediately available with leave consisting of two months (60 days) or more. In a case where a position is not available, leave time may be extended until a position is available.

33 Expiration of Approved Leave

If an employee fails to report to work promptly at the expiration of an approved leave period, Armes Precision will assume the employee has resigned.

34 Jury Duty

Armes Precision encourages employees to fulfill their civic responsibilities by serving jury duty when required.

Employees will be granted time off with pay for jury duty, not to exceed forty (40) hours in any one week.

Employees are to give their Jury summons to their direct supervisor as soon as possible so that the supervisor may make arrangements to accommodate the absence. Employees are expected to return to work whenever court schedule permits. (i.e., duty not requiring full-day attendance or; the dismissal of jury duty). Employees are required to remit jury fees collected from the court to their direct supervisor in order to receive their normal and regular full day's pay.

Benefits will continue during an employee's jury duty leave. Either the company or the employee may request an excuse from jury duty if in the company's judgment; the employee's absence would create serious operational difficulties.

35 Voting

The company encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees can find time to vote either before or after their regular work schedule. If an employee is unable to vote in an election during nonworking hours, the company may grant unpaid time off for voting purposes. The amount of time is determined by individual needs and must be approved by the employee's direct supervisor.

36 Confidentiality of Company Information

Please refer to the "Confidentiality and Intellectual Property Assignment Agreement" in Exhibit B of your Employment Agreement.



37 Conflict of Interest

Employees shall not engage in the same or similar line of business or research as that carried on by the company. An employee shall not have a financial interest in a company that is a competitor of; or a supplier to the company without full disclosure and approval.

Financial interests held by immediate family members in such companies are to be disclosed so that a determination can be made as to whether a conflict exists. For the purpose of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

38 Solicitation

The company does not allow solicitation of any nature or distribution of soliciting material to employees during working hours or in working areas.

39 Benefits

Eligible employees at Armes Precision are provided a range of benefits designed to support their health, well-being, and financial security. Several programs—such as Social Security, Workers' Compensation, On-the-Job Disability, State Disability, and Unemployment Insurance—cover all employees in accordance with applicable laws.

Other benefits are available based on **employee classification**. Generally, **full-time employees** (scheduled to work 40 or more hours per week) are eligible for additional company-sponsored benefits after a **waiting period of 60 days**, with coverage beginning on the **first day of the following month**.

The company currently offers the following benefits to eligible full-time employees:

- Health insurance
- Paid Time Off (PTO)
- Paid Holidays
- Bereavement Leave
- Family Leave
- Bonus Incentives
- Access to COBRA continuation coverage (where applicable)



Eligibility and participation requirements for specific benefit programs may vary. Some benefit programs require employee contributions through payroll deductions and are subject to plan provider rules, HIPAA regulations, and all other applicable laws.

This handbook is intended to provide a summary of available benefits. For full details, including enrollment procedures, coverage terms, and exclusions, employees should consult the plan documents or speak with their direct supervisor.

39.1 Paid Time Off

Employees are eligible for a certain number of weeks of paid time off (PTO) during the year. This benefit is for vacation, sick, and personal time. You will accrue PTO time on a pro-rated basis proportional to the number of months worked in a given year.

PTO requests are subject to approval by employee's supervisor and project manager.

Up to 40 hours of PTO may be rolled over each year to the following year (total cumulative limit of 40 hours). Unused PTO will not be paid out at any point, regardless of PTO balance amount. If the employee has a negative PTO balance (due to taking PTO prior to accrual with manager approval) at employment termination, this amount will be deducted from the final paycheck.

The PTO schedule for this offer is as follows:

- Years 1 – 5: 3 weeks of PTO
- Years 6 – 15: 4 weeks of PTO
- Over 16 years: 5 weeks of PTO

39.2 Holidays

The Company offers the following designated company holidays:

- New Year's Day,
- Good Friday,
- Memorial Day,
- Independence Day (4th of July),
- Labor Day,
- Thanksgiving Day,



- Day after Thanksgiving
- Christmas Eve, and
- Christmas Day

The Company may, at the Company Partners discretion, assign additional holidays.

39.2.1 Holiday Pay Eligibility

Paid holidays are a benefit provided to eligible regular full-time employees. To be eligible to receive holiday pay, an employee must work their last regularly scheduled workday immediately preceding the holiday and their first regularly scheduled workday immediately following the holiday.

An employee who is absent on either of these scheduled workdays without approved Paid Time Off (PTO) or prior management approval will not be eligible for holiday pay. Approved PTO will satisfy this requirement.

Holiday pay is not considered hours worked for the purpose of calculating overtime.

Armes Precision reserves the right, in its sole discretion, to approve exceptions to this policy based on business needs or individual circumstances.

39.3 Family Medical Leave Act

As a small company, Armes Precision is not obligated to adhere to FMLA (Family Medical Leave Act). While Armes Precision has not implemented a formal policy adhering to FMLA, the conditions covered under FMLA and resulting unpaid time off will be used by Armes Precision as the policy for providing time off for medical situations of the employee and his/her family members.

39.4 Family Leave

Family leave will be used for the birth or adoption of a child into the employee's household. An additional 2 weeks of PTO will be deposited into the employee's PTO balance for this event. Up to an additional 12 weeks of unpaid time off can be taken, in addition to any normal PTO the employee is entitled to. Any additional time off can be discussed with your supervisor.

39.5 Bereavement

In the event of a death in the employee's immediate family, Armes Precision provides paid bereavement leave to allow time for mourning and attending services.



Immediate Family:

Employees may take up to three (3) working days of paid bereavement leave for the death of an immediate family member, defined as:

- Natural parents
- Adoptive parents
- Foster parents
- Stepmother
- Stepfather
- Wife
- Husband
- Children
- Brother
- Sister
- Father-in-law
- Mother-in-law
- Brother-in-law
- Sister-in-law
- Son-in-law
- Daughter-in-law

Bereavement leave for an immediate family member is intended to be taken on consecutive scheduled workdays beginning on or near the date of death or funeral or memorial service. Requests to take bereavement leave on a non-consecutive basis may be approved when reasonably related to memorial services, travel, or family obligations.

All bereavement leave for an immediate family member must be used within thirty (30) calendar days of the date of death, unless an exception is approved by management.

Employees may request additional time off beyond the paid bereavement leave provided above. Any additional time off may be unpaid or drawn from available accrued PTO, subject to supervisor approval.

For the loss of individuals not listed above (e.g., extended family, close friends), employees may request time off using available PTO or unpaid leave, with prior approval from their supervisor.

Employees should notify their supervisor as soon as possible and may be asked to provide documentation of the need for bereavement leave.



39.6 Bonus Incentive

Armes Precision recognizes and rewards employees for their contributions through a discretionary **bonus incentive program**, offered semi-annually at **mid-year and year-end**.

Bonus eligibility and amount are determined by company management and are based on a combination of **company performance** and **individual employee performance**. The following factors are generally considered:

- **Company Performance Criteria**
 - Achievement of financial goals
 - Overall productivity and profitability
 - Project delivery timelines and quality
 - Customer satisfaction and retention
- **Employee Performance Criteria**
 - Attendance and punctuality
 - Quality and consistency of work
 - Teamwork, attitude, and adherence to company values
 - Safety compliance and participation in safety programs
 - Initiative and contribution to continuous improvement

Bonus amounts are not guaranteed and are awarded at the sole discretion of company management. Employees must be actively employed at the time of the bonus disbursement to receive payment.

39.7 Unemployment Insurance

The company makes payments toward unemployment insurance benefits in accordance with Virginia Employment Commission.

Employees who quit voluntarily or who are terminated for cause will not be eligible for benefits.



39.8 Worker's Compensation Insurance

The company provides a comprehensive Workers' Compensation and/or On the Job Disability insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, the policy provides benefits after a short waiting period.

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

39.9 Social Security and Medicare

The company withholds income tax from all employees' earnings and participates in FICA (Social Security) and Medicare withholding and matching programs required by law.

39.10 COBRA Benefits

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

Under COBRA, the employee or beneficiary pays full cost of coverage at company group rate plus an administration fee. The company provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Armes Precision's health insurance plan. The notice contains important information about the employee's rights and obligations.

40 Parking

The company provides parking facilities adjacent to the building. Employees may select their own parking space on a first come first-serve basis, excluding the reserved spaces.

The company is not responsible for fire, theft, or personal liability for employee's vehicles or their contents.



41 Workplace Violence

The company is committed to providing a safe working environment for its employees. The possession of a weapon, threatened violence and/or assault to other employees and/or company property may result in disciplinary action up to and/or including termination.

42 Substance Abuse

Armes Precision is committed to providing a safe, healthy, and productive workplace for all employees. In order to promote the well-being of our workforce and to maintain the integrity of our operations, the company has adopted the following Substance Abuse Policy:

42.1 Prohibited Conduct

The following conduct is strictly prohibited while on company premises, during work hours, while operating company equipment or vehicles, or while representing the company in any capacity:

- The unauthorized use, possession, sale, distribution, or manufacture of illegal drugs, narcotics, or controlled substances.
- The use of alcohol during working hours or while on company property, including during breaks or lunch periods.
- Reporting to work under the influence of alcohol or illegal drugs.
- The misuse or abuse of prescription or over-the-counter medication.
- **Prescription and Over-the-Counter Medications**

Employees who are taking prescription or over-the-counter medications that may impair their ability to safely perform job duties are required to notify their supervisor prior to beginning work. This information will be treated confidentially and used only to evaluate necessary accommodations or modified duties.

42.2 Testing

In certain circumstances and at the company's discretion, employees may be required to submit to drug or alcohol testing. Such circumstances include, but are not limited to:

- Following a workplace accident or incident involving safety concerns.
- Reasonable suspicion of being under the influence while on duty.
- As a condition of return to work following substance-related discipline or rehabilitation.



Failure to comply with testing requirements may result in disciplinary action up to and including termination.

42.3 Disciplinary Action

Violations of this policy may result in disciplinary action, up to and including immediate termination of employment. Armes Precision may, at its discretion, refer the employee to a substance abuse rehabilitation program as an alternative to termination, depending on the circumstances and the employee's prior record.

42.4 Confidentiality

All information related to substance use or abuse will be treated confidentially and will be shared only with those who need to know in order to administer this policy effectively and in accordance with applicable laws.

42.5 Employee Assistance

Employees are encouraged to voluntarily seek assistance for substance abuse problems before job performance is affected or disciplinary action is necessary. Armes Precision may provide referrals to support services upon request.

43 Company Property

An employee is expected to exercise due care in his/her use of company property and to utilize such property for authorized purposes only. Unauthorized removal of company property from the premises or its conversion to personal use will be considered cause for disciplinary action up to and/or including termination.

44 Grievances

Employees who have a job-related problem or complaint should first discuss the issue with their direct supervisor. If the matter cannot be resolved at that level, the direct supervisor will set-up a scheduled time to discuss the issues with management.

NOTE: Employees with problems or complaints may request an appointment at any time with management staff and an Officer of the company. It is necessary to make this appointment through your supervisor.



45 Telephone Calls

Company telephones are intended for the use of serving our customers and in conducting company business. Personal calls, both incoming and outgoing are discouraged. However, the company recognizes that today when members of a household work, there may occasionally be times when personal calls must be made or received during business hours. Due to the volume of phone calls received daily, unless it is an emergency, messages will be taken and delivered to your supervisor according to the time of day they are received. If they are received in the morning, they will be delivered to your supervisor before noon. If they are received in the afternoon, they will be delivered to your supervisor before 4:00. An emergency is considered as follows:

- A life-threatening event in which a family member is ill or has sustained an injury requiring immediate attention.
- A change in plans regarding an employee's transportation home from work.
- Extreme weather conditions.

46 Cell Phone Use

Cell phone use is to be kept to a minimum. Excessive use or interference with your production will be considered grounds for disciplinary action up to and including dismissal at the discretion of the company.

47 Internet Use

Armes Precision employees may use the internet and e-mail service when appropriate and necessary to conduct company business. Use of the internet must not disrupt operation of the company computer network. Use of the internet must not interfere with an employee's productivity. Employees are responsible for using internet and e-mail service in a manner that is ethical and lawful. Internet messages are public and not private.

Armes Precision reserves the right to access and monitor all files and messages on its systems.

48 General Requirements

Armes Precision does not have scheduled break times. Coffee, beverages, and snacks are permitted on a non-scheduled basis in the work area while working.



NOTE: All employees are to remain in their work area performing assigned duties, unless discussing job related issues with other employees, supervisors, and/or management staff.

49 Visitors in Shop

All visitors, including former employees, friends and/or relatives must first check in with the receptionist in the front office and receive management approval before entering the shop area, and will be escorted to the area they are requesting to enter. Visits by friends and/or relatives are discouraged.

All visitors, including former employees, friends and/or relatives must abide by the safety policies and procedures while on the property of Armes Precision, and/or while in any area of the building(s) on Armes Precision property. You should inform your direct supervisor if you see anyone disregarding safety policy and procedures.

50 Clean Up

Shop employees are responsible for cleaning the machines after use and before going to another machine. There will be a five (5) minute clean-up period at the end of the work shift.