



# Precision Optical Employee Handbook

July 2015



# WELCOME

Precision Optical is excited to have you as part of our team. The success of Precision Optical is determined by our success in operating as a unified and supportive team, always helping each other to do the best we can. You were hired because we believe you can contribute to the achievement of the goals of Precision Optical and the success of the individual members of our team. We ask that you "own" your various job tasks and do your very best to ensure a positive and productive outcome of which you can be proud.

On a daily basis, we have to continue to earn the trust and respect of our customers so that they continue to make the decision to use us as their source for custom optics.

This employee handbook contains the key policies, goals, benefits, and expectations of Precision Optical as well as other information you will need as part of our team. You should use this handbook as your ready reference anytime. Additionally, adhering to the handbook policies will assure good management and fair treatment of all employees.

Welcome aboard! We look forward to working with you.

Sincerely,

Alan M. Lambert  
Chairman & CEO



# TABLE OF CONTENTS

<b>TABLE OF CONTENTS.....</b>	<b>i</b>
<b>INTRODUCTORY POLICIES .....</b>	<b>1</b>
THIS HANDBOOK .....	1
<b>GENERAL EMPLOYMENT INFORMATION.....</b>	<b>1</b>
“AT-WILL” EMPLOYMENT .....	1
EQUAL OPPORTUNITY & NON DISCRIMINATION .....	1
POLICY FOR DISABILITY ACCOMMODATIONS (ADA).....	2
LEGAL RIGHT TO WORK IN THE U.S. ....	2
POLICY AGAINST HARASSMENT AND DISCRIMINATION .....	2
Complaint Procedure .....	3
DRUG AND ALCOHOL POLICY .....	3
<b>INFORMATION FOR NEW EMPLOYEES.....</b>	<b>4</b>
EMPLOYMENT CLASSIFICATIONS .....	4
Regular Full-time.....	4
Regular Part-time .....	4
Temporary .....	4
WAGE AND HOUR CLASSIFICATIONS .....	4
Exempt Classification .....	4
Non-Exempt Classification.....	4
EMPLOYEE RECORDS.....	4
EMPLOYMENT APPLICATIONS & VERIFICATION.....	5
REQUESTS FOR INFORMATION REGARDING CURRENT OR FORMER EMPLOYEES .....	5
TALK TO US (CONFLICT RESOLUTION POLICY) .....	5
<b>WORK SCHEDULES AND PAYROLL INFORMATION .....</b>	<b>5</b>
MEAL PERIODS & REST BREAKS (FOR NON-EXEMPT EMPLOYEES) .....	6
TIMEKEEPING .....	6
Non-Exempt Employees .....	6
Exempt Employees .....	6
PAY FOR MANDATORY MEETINGS/TRAININGS.....	7
ATTENDANCE AND PUNCTUALITY.....	7
OVERTIME (FOR NON-EXEMPT EMPLOYEES) .....	7
Off-the-Clock Work.....	8
WORKWEEK / WORKDAY .....	8
PAY PERIODS AND PAYDAYS .....	8
PAYROLL DEDUCTIONS.....	8
GIFTS.....	8
EMERGENCY CLOSINGS.....	8
<b>YOUR BENEFITS .....</b>	<b>10</b>
HEALTH AND DENTAL INSURANCE .....	10
LIFE INSURANCE AND AD&D .....	10
WORKERS’ COMPENSATION INSURANCE.....	10
STATE DISABILITY INSURANCE (SDI) .....	11
PAID FAMILY LEAVE (PFL).....	11
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA).....	11
<b>TIME OFF POLICIES .....</b>	<b>12</b>
HOLIDAYS.....	12
PAID TIME OFF AND PAID SICK LEAVE .....	12

JURY AND WITNESS DUTY.....	12
ORGAN & BONE MARROW DONATION LEAVE .....	13
BEREAVEMENT LEAVE.....	13
MILITARY SERVICE LEAVE .....	14
MILITARY SPOUSE LEAVE.....	14
VICTIMS OF CRIMES LEAVE.....	14
SCHOOL CONFERENCE OR ACTIVITIES LEAVE.....	14
PREGNANCY DISABILITY LEAVE (PDL) .....	15
LACTATION ACCOMMODATION.....	15
FAMILY AND MEDICAL LEAVE (FMLA/CFRA) .....	15
Employee Eligibility.....	15
Conditions Triggering Leave.....	16
Duration of Leave.....	16
Benefits During Leave.....	17
Maintenance of Health Benefits .....	17
Job Restoration .....	17
Notice and Medical Certification.....	17
Failure to Return After FMLA/ CFRA Leave .....	17
Limited Nature of This Policy.....	18
MEDICAL LEAVE (FOR EMPLOYEES NOT ELIGIBLE FOR FMLA/CFRA LEAVE) .....	18
PERSONAL LEAVE OF ABSENCE .....	18
<b>PERFORMANCE AND DEVELOPMENT.....</b>	<b>20</b>
PERFORMANCE EVALUATION .....	20
WAGE AND SALARY REVIEWS.....	20
PROMOTIONS .....	20
EDUCATION ASSISTANCE .....	20
<b>EMPLOYEE RESPONSIBILITY AND CONDUCT .....</b>	<b>21</b>
TELEPHONE USE.....	21
ATTIRE AND PERSONAL APPEARANCE .....	21
BULLETIN BOARDS .....	21
USE OF COMPUTERS AND OTHER ELECTRONIC TOOLS AND SERVICES.....	21
PRIVACY AND PROPERTY.....	21
EXPENSE REIMBURSEMENT .....	22
DRIVING ON COMPANY BUSINESS.....	22
CONFIDENTIAL INFORMATION .....	22
MEDIA CONTACTS.....	23
CONFLICTS OF INTEREST .....	23
OUTSIDE EMPLOYMENT .....	23
ETHICAL BEHAVIOR .....	23
SOLICITATION AND DISTRIBUTION .....	24
DISCIPLINARY ACTION .....	24
RECORD RETENTION AND DESTRUCTION POLICY .....	24
VISITORS .....	24
SMOKING.....	25
SOCIAL, RECREATIONAL, AND ATHLETIC ACTIVITIES.....	25
<b>SAFETY, SECURITY, AND FACILITIES .....</b>	<b>25</b>
SAFETY AND SECURITY .....	25
Safety.....	25
Security .....	25
Facility Access and Security.....	26
HAZARD COMMUNICATION PROGRAM .....	26
WORKPLACE VIOLENCE.....	26

**TERMINATING YOUR EMPLOYMENT ..... 27**  
RESIGNATION .....27  
TERMINATION DUE TO REORGANIZATIONS, ECONOMICS OR LACK OF WORK.....27  
DISMISSAL .....27  
JOB ABANDONMENT.....27  
HEALTH INSURANCE CONTINUATION .....27  
EMPLOYMENT REFERENCES.....27





# INTRODUCTORY POLICIES

## **THIS HANDBOOK**

---

This handbook summarizes the basic policies and practices of Precision Optical that affect you, though it is not all-inclusive.

Precision Optical reserves the right to modify the contents of this handbook in any way at any time. Whenever possible, we will attempt to notify you in advance of any changes. Precision Optical policies may not be changed or modified without the express written consent of the President.

This handbook supersedes and replaces all previously issued handbooks, and any policy or benefit statements or memoranda that are inconsistent with the policies described herein are void. Your Human Resources Director will be happy to answer any questions you may have.

## **GENERAL EMPLOYMENT INFORMATION**

### **"AT-WILL" EMPLOYMENT**

---

Our employment relationship is on an "at-will" basis. This means that neither you nor Precision Optical is committed to continuing the employment relationship for any specific term. Rather, employment may be terminated by you or Precision Optical at any time, with or without cause and with or without advance notice. Nothing in this handbook or other document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment, or for continued or indefinite employment in a specific position or at a specific rate of pay. In deciding to work for us, or continuing to work for us, you must understand and accept these terms of employment.

Further, Precision Optical can demote, transfer, suspend, or otherwise discipline an employee in its sole and absolute discretion. Statements of specific grounds for termination set forth in this handbook or in any other Precision Optical documents are examples only, not all-inclusive lists, and are not intended to restrict Precision Optical's right to terminate at-will.

Only Precision Optical's President, pursuant to a duly-adopted resolution of the Board of Directors, has the authority to alter the at-will nature of the employment relationship. Any verbal or written modification to the at-will policy, other than in a document signed by both you and Precision Optical's President, is invalid. No statements made in pre-hire interviews or discussions, or in recruiting materials of any kind, are to alter the at-will nature of employment or imply that discharge will occur only for cause.

### **EQUAL OPPORTUNITY & NON DISCRIMINATION**

---

We are committed to granting equal employment opportunity to all qualified persons without regard to race, color, religion, creed, ancestry, national origin, gender, gender identity or expression, sexual orientation, registered domestic partnership status, age (over 40), uniform service member status, marital status, pregnancy, physical or mental disability, protected medical condition including AIDS/HIV and genetic characteristics, or any other category protected by federal, State, or local law, ordinance or regulation.

It is our intent and desire to make employment decisions on the basis of merit, qualifications, and competence. Equal opportunity will be provided in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, promotion, transfer, discipline, layoff, and termination.

If you believe you have been discriminated against, you must report the facts, including the names of individuals involved and names of any witnesses, to the Human Resources Director. Precision Optical will immediately undertake an effective, thorough, and objective investigation and attempt to resolve the situation. Any employee found to have engaged in any form of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment. Appropriate action will also be taken to deter any future discrimination. Confidentiality will be maintained to the extent possible consistent with an effective investigation of the complaint.

No retaliatory action will be taken against any employee in any manner for reporting or opposing any form of unlawful discrimination or harassment.

Employees should be aware that the U.S. Equal Employment Opportunity Commission (EEOC) and the California Department of Fair Employment and Housing investigate complaints of discrimination in employment. Additional information is available on the agencies' websites at [www.EEOC.gov](http://www.EEOC.gov) and [www.DFEH.ca.gov](http://www.DFEH.ca.gov).

### **POLICY FOR DISABILITY ACCOMMODATIONS (ADA)**

---

We will make reasonable accommodations for the known physical or mental disabilities of an otherwise qualified applicant or employee, unless undue business hardship would result. If you require accommodation in order to perform the essential functions of your job, you should advise your supervisor. We will begin an interactive process to determine if accommodation is feasible.

### **LEGAL RIGHT TO WORK IN THE U.S.**

---

In compliance with federal immigration laws, we only hire employees who are and continue to be eligible to work in the United States. You are required, as a condition of employment, to document your identity and authorization to work as detailed on the DHS Form I-9. Any employee who fails to provide required documentation, who provides false documentation, or who makes any false statement in connection with obtaining or continuing employment will be subject to immediate termination of employment. We may re-verify the right to work of existing employees at any time for any reason.

### **POLICY AGAINST HARASSMENT AND DISCRIMINATION**

---

We are committed to providing a work environment free of harassment or discrimination. All harassment is prohibited by our organization. Precision Optical prohibits sexual harassment, and harassment or discrimination based on race, color, religion, creed, sex, gender identity, sexual orientation, registered domestic partnership status, age (over 40), national origin, ancestry, uniform service member status, marital status, pregnancy, physical or mental disability, protected medical condition including AIDS/HIV and genetic characteristics, or any other category protected by federal, State, or local law, ordinance or regulation. Also prohibited is any harassment of an individual who is perceived to have any of these characteristics, or who is associated with a person who has or is perceived as having any of those characteristics. All such harassment or discrimination is unlawful.

Our anti-harassment and anti-discrimination policy applies to all persons involved in the operation of the organization and prohibits unlawful harassment by any employee of Precision Optical, including supervisors and coworkers, and extends to independent contractors, vendors or other non-employees with whom the organization has a business relationship. Precision Optical also strictly prohibits retaliation against any employee who has complained of illegal harassment or supported such a complaint.

Prohibited unlawful harassment includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations, or comments, obscenities, or vulgar language;
- Visual displays such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings, or gestures;
- Physical conduct including assault, unwanted touching, intentionally blocking normal movement or interfering with work because of sex, race, or any other protected basis;

- Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- Retaliation for having reported unlawful harassment.

Such conduct constitutes harassment when:

- Such conduct interferes with an individual's work performance or creates an intimidating, hostile, or offensive working environment, or
- Submission to such conduct is made explicitly or implicitly as a condition of an individual's employment and/or advancement, or
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting that individual.

### **Complaint Procedure**

If you believe you have been unlawfully harassed or discriminated against, you should contact your supervisor, the Human Resources Director, or any other manager as soon as possible after the incident. Supervisors should refer all harassment complaints to the Human Resources Director. Precision Optical takes all complaints of illegal harassment or discrimination seriously, and we will undertake a prompt and thorough investigation of any such complaint.

If we determine that unlawful harassment discrimination has occurred, appropriate action will be taken. Any employee determined by Precision Optical to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including immediate termination of employment.

A representative of the organization will advise all parties concerned of the results of the investigation. Precision Optical will not retaliate against you or any person who registers a complaint of illegal harassment or supports a co-worker's complaint.

### **DRUG AND ALCOHOL POLICY**

---

It is our policy that no employee will be allowed to work who possesses, distributes, sells, offers to sell a controlled substance; or who reports to work impaired by any drug, controlled substance or alcohol; or who misuses prescription drugs. Any employee who violates this policy is subject to discipline, up to and including immediate termination of employment.

Additionally, any employee who is taking medication, whether or not prescribed by the employee's physician, that adversely affects his or her ability to perform work in a safe or productive manner, is required to report such use of medication to his or her supervisor. This includes drugs that are known or advertised as possibly affecting judgment, coordination, or other senses, including those that may cause drowsiness or dizziness. We may require the employee to provide a doctor's statement outlining any work restrictions and/or recommending accommodations to allow the employee to perform the essential functions of his/her job. Management will then determine whether the employee can remain at work and if reasonable accommodations can be made.

Where management has any reason to believe an employee is violating any aspect of this policy, you may be asked to submit immediately to a search of your person and/or your work area, personal belongings, desk, vehicles, or any other receptacle you use or to which you have access. Entry onto Precision Optical premises constitutes consent to searches and inspections. If there is reasonable suspicion of a violation of this policy, you may also be asked to submit to a medical examination and/or blood, urine, or other medical tests, and to agree in writing to allow the results of those tests to be furnished to and used by Precision Optical. Refusal to consent to a search, inspection, or test when requested by management constitutes insubordination.

# INFORMATION FOR NEW EMPLOYEES

## EMPLOYMENT CLASSIFICATIONS

---

### **Regular Full-time**

You are in this job classification if you are regularly scheduled to work 40 hours per week. Regular full-time employees are eligible for benefits as described in this handbook.

### **Regular Part-time**

You are in this job classification if you are regularly scheduled to work less than 40 hours but at least 30 hours per week. Regular part-time employees are eligible for benefits on a prorated basis as described in this handbook.

### **Part-time / Temporary**

You are in this job classification if you are regularly scheduled to work less than 30 hours per week or if you are employed as an interim replacement to temporarily supplement the workforce or to assist in the completion of specific projects. These employees are not eligible for benefits other than those required by law.

## WAGE AND HOUR CLASSIFICATIONS

---

"Exempt" employees are not eligible for the overtime premium, while "non-exempt" employees are eligible for the overtime premium. These classifications are determined by the job functions of each position at Precision Optical. You will be advised of your status when you are hired and of any change that may occur during your employment. This handbook applies to both Exempt and Non-Exempt employees.

### **Exempt Classification**

Exempt employees (e.g., certain administrative, professional, and executive personnel whose positions meet federal and California State definitions and criteria for exemption) are paid a fixed salary that is intended to cover all of the compensation to which they are entitled.

Employees who are regarded by Precision Optical as exempt employees are not entitled to overtime compensation or for time off in lieu of additional compensation.

Neither extra compensation nor compensatory time off will, under any circumstances, be owed or payable to an exempt employee upon termination of employment for any reason.

### **Non-Exempt Classification**

Non-exempt employees are entitled to overtime pay whenever they perform overtime work. You may not take time off in lieu of receiving overtime pay. No individual, including your supervisor, has the authority to grant compensatory time off in lieu of overtime compensation.

## EMPLOYEE RECORDS

---

Your employment record begins with your application for employment. The application and the cumulative file of your employment history are maintained in your personnel file. This file is available for you to see by arranging an appointment with Human Resources. Authorized members of the management staff on a need-to-know basis may examine the file. Please notify us promptly of any change in your status, including:

- Your legal name
- Your home address and telephone number

- Your Social Security number and number of exemptions claimed for tax purposes (W-4)
- Your legal status to work in the U.S. (I-9)
- The person (or persons) to be notified in case of an emergency
- A change in the status of your dependents (for insurance and tax purposes)
- Changes to your beneficiary designations for insurance and/or retirement plan(s)
- Your marital status (for insurance and retirement plan purposes)
- Creation or dissolution of a registered domestic partnership
- A change in driving privileges or DMV actions

A separate confidential file is maintained which contains any accident or injury reports or any work-related medical information you have submitted during your employment.

## **EMPLOYMENT APPLICATIONS & VERIFICATION**

---

Every candidate for employment is required to complete our application for employment. All applicants are asked to certify that the information on the employment application is accurate, complete, and subject to verification. Falsification or willful omission of information from the application will be grounds for termination of employment.

## **REQUESTS FOR INFORMATION REGARDING CURRENT OR FORMER EMPLOYEES**

---

We are very concerned about the accuracy of information provided to individuals outside of our organization regarding current or former employees. Consequently, you may not provide any information regarding current or former employees to any outside agencies, organizations, institutions, or persons who are not employed at Precision Optical. If you receive a request for any information or references concerning a past or present employee, you must refer the person making the request to Human Resources without engaging in any "on-" or "off-the-record" conversation about the individual. Strict observance of this policy is required.

We will respond to salary verifications and other inquiries of governmental agencies such as, but not necessarily limited to, Social Service agencies, Social Security offices, Internal Revenue Service, Franchise Tax Board, District Attorney Offices, or any law enforcement agency. We will also provide employment history and salary verification to credit institutions if you provide us with your authorizing signature.

## **TALK TO US (CONFLICT RESOLUTION POLICY)**

---

Despite everyone's best effort, we know that misunderstandings or conflicts can arise in any work place. To ensure effective working relations, it is important that such matters be resolved before serious problems develop. Most incidents will resolve themselves naturally; however, should a situation persist that you believe is detrimental to you or our organization, free discussion with management is strongly encouraged as the first step. Together, we will endeavor to work out a satisfactory solution to the problem. If not satisfied with the resolution, a written description of the problem can be submitted for the Human Resources Director for review. Submitting a complaint for resolution pursuant to this policy does not relieve the employee of the duty to follow directions from supervisors while a complaint is pending.

## **WORK SCHEDULES AND PAYROLL INFORMATION**

Our standard workweek for full-time employees is 40 hours. Our normal front office hours are 8:00 a.m. to 5:00 p.m. Schedules for non-office employees will vary based on our needs. Department supervisors determine employees' schedules, including meal periods and rest break(s). You will be informed of any changes in your schedule as far in advance as possible. You should not deviate from your hours of work, unless your supervisor specifically approves a change in your schedule. It is understood that employees may be required to work extra hours to accommodate certain deadlines.

All absences, as well as all overtime work, must be scheduled and approved in advance by your supervisor. If you must miss work due to accident or illness, you are required to notify your supervisor as soon as possible.

## **MEAL PERIODS & REST BREAKS (FOR NON-EXEMPT EMPLOYEES)**

---

Full-time non-exempt employees are provided an unpaid off-duty meal period of not less than thirty (30) minutes in every shift longer than five hours. The meal period must begin no later than the end of the fifth hour of work. When six (6) hours will complete the entire work shift, the meal period may be waived by mutual written consent of management and the employee. Otherwise, meal periods may not be waived. It is our policy that you should not work during your meal period; therefore, we strongly encourage you to use this time to get away from your work and relax. Please let your supervisor know immediately if you have not had an opportunity to take your meal break.

In addition to an off-duty meal period, a paid 10-15 minute rest break is provided during every four-hour work period. To the extent possible, the rest break should be taken in the middle of each four-hour block of hours worked. Employees are expected to take rest breaks without being directed to do so; if you fail to take a rest break when there is an opportunity to do so, the rest break is considered waived. If you are in a non-exempt position, please let your supervisor know immediately if you have not had an opportunity to take your break. Do not skip this valuable time out.

Employees may not "save" rest breaks or meal periods for later, or "combine" meal periods and rest breaks in order to take a longer break or leave work early. Accurate timekeeping is required at all times, and falsification of time records is grounds for termination.

Any employee who does not receive a required meal period or rest break should report the problem to the Human Resources Director.

## **TIMEKEEPING**

---

### **Non-Exempt Employees**

Non-exempt employees must use the time clock provided to accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any departure from work for personal reasons.

Overtime work must always be approved by the supervisor before it is performed. However, unauthorized overtime must be paid in all cases and, while an employee who works unauthorized overtime may be subject to discipline, the discipline may not be in the form of failure to pay the overtime.

### **Exempt Employees**

Exempt employees are not required to track the hours that they work, but they are required to report leave time taken. Accrued paid time off should normally be taken and reported in full or half day increments. Supervisors must approve use of accrued paid time off in order to ensure appropriate staffing levels.

Exempt employees are required to submit documentation for the purpose of recording time off.

Exempt employees are expected to work as many hours as are necessary to accomplish their duties and no less than five full, 8-hour days per week or the equivalent.

If absences occur where accrued vacation has been exhausted or not yet earned, they may be treated under our attendance policy as absenteeism and subject to disciplinary action up to and including termination of employment.

## PAY FOR MANDATORY MEETINGS/TRAININGS

Precision Optical will pay employees for their attendance at meetings, lectures, and training programs in accordance with standard pay procedures and under the following conditions:

- Attendance is mandatory; and
- The meeting, course, or lecture is directly related to the employee's job; and
- The employee who is required to attend such meetings, lectures, or training programs is notified in advance of the necessity for such attendance by his or her supervisor.

## ATTENDANCE AND PUNCTUALITY

A basic requirement of your employment is regular, timely attendance. Punctuality and regular attendance are important to the smooth operation of the organization. If you are consistently late or excessively absent, our ability to perform work is affected, and an unfair burden is placed on other employees.

When you cannot come to work for any reason or expect that you will be more than a few minutes late, you must call in and speak directly with your supervisor or the Human Resources Director, preferably in advance of lateness and no later than fifteen (15) minutes after the start of your work shift. If you know in advance that you are going to be absent or late, you should inform your supervisor or the Human Resources Director at your earliest opportunity so that arrangements can be made to cover your duties.

Regular or excessive tardiness will lead to disciplinary action, up to and including termination of employment. Tardiness is excessive if you are frequently or unnecessarily late, or if you demonstrate a pattern of tardiness. If you need to take time off to care for the illness of a child, parent, spouse, or registered domestic partner, please bring this to the attention of your supervisor as soon as possible.

If you fail to report to work for (3) three consecutive scheduled workdays without proper notification ("no call/no show"), you will be considered to have "abandoned" your job, and your employment may be terminated.

## OVERTIME (FOR NON-EXEMPT EMPLOYEES)

We all need to do what it takes to get the work done and obligations fulfilled. Sometimes, this means working overtime; however, **you should only work overtime if you are authorized to do so.**

Employees in non-exempt positions will be paid:

1. One and one-half times their regular rate of pay for all hours worked in excess of eight (8) hours up to and including twelve (12) hours in any workday, and for the first eight (8) hours worked on the seventh consecutive day of work in a workweek.
2. Double their regular rate of pay for all hours worked in excess of twelve (12) hours in any workday and for all hours worked in excess of eight (8) on the seventh consecutive day of work in a workweek.

<b>If you worked...</b>	<b>In...</b>	<b>You should be paid...</b>
More than 40 hours	One workweek	1½ times regular rate of pay
More than 8 hours	One workday	1½ times regular rate of pay
More than 12 hours	One workday	2 times regular rate of pay
Less than 8 hours on the 7th consecutive day worked	One workweek	1½ times regular rate of pay

More than 8 hours on the 7th consecutive day worked	One workweek	2 times regular rate of pay
---	--------------	-----------------------------

Holiday pay or personal time off will not be counted as hours worked in computing overtime compensation. All overtime provisions will comply with the current Industrial Welfare Commission regulations. Your supervisor must approve overtime work in advance. Unauthorized overtime is against Precision Optical's policy and subject to disciplinary action.

**Off-the-Clock Work (Non-Exempt Employees)**

You should in all circumstances record all of the time that you work. You should not be working other than your assigned scheduled without authorization by your supervisor. We do not permit off-the-clock work. You are not expected to check and respond to emails when you are away on leave and should not do so without authorization by your supervisor.

**WORKWEEK / WORKDAY**

---

For payroll purposes, our seven-day workweek runs 12:00 a.m. Sunday to 11:59 p.m. the following Saturday. This is the workweek used to calculate overtime. A workday is from 12:00 midnight one day to 11:59 p.m. the same day.

**PAY PERIODS AND PAYDAYS**

---

All employees are paid semi-monthly on the 5<sup>th</sup> and 20<sup>th</sup>. Each paycheck will include earnings for all work performed through the end of the previous payroll period, which ends either on the 15<sup>th</sup> or the last day of the month. If a payday falls on a holiday, you will normally be paid on the last working day before the holiday. If a payday falls on a Saturday or Sunday, you will normally be paid on the preceding Friday.

**PAYROLL DEDUCTIONS**

---

Certain payroll deductions are required by law. For example, we are required to withhold federal and State income tax, Social Security, Medicare, and State Disability Insurance from your paycheck. Federal and State income tax deductions are based on your marital status and the number of dependents you claim on your W-4 form. Making false statements on your W-4 form is illegal under federal law. Please notify us if you wish to change your deductions or the number of dependents you claim for tax purposes.

If we receive a wage garnishment order on your wages, you will be notified immediately. We are required by law to withhold the wages specified by the garnishment order. Other deductions are optional and are made only with your written authorization. These may include, but are not limited to, your contributions for insurance premiums for you and/or your dependents or retirement contributions.

If your marital status changes while you are employed here, you are required by federal law to submit a new W-4 form within 10 days. Please contact Human Resources to obtain this form. You are also required to submit a new W-4 form within 10 days if you change your address. Each time you complete a new W-4 form, you must check your pay stub after the change takes effect to make sure that the changes agree with your requested changes.

**GIFTS**

---

Employees may not accept non-de minimus gratuities from vendors or customers. Solicitation from vendors or customers by an employee for money, gifts, loans, etc., is not permitted.

**EMERGENCY CLOSINGS**

---

Our operations may occasionally be disrupted by emergencies such as severe weather, power failures, fires or earthquakes. In such rare cases, these emergencies may require closing our facilities or selected work units. When operations are officially closed due to emergency conditions, you may elect to use



accrued vacation to augment lost pay. Should we experience an emergency closing after you have reported to work, you will be paid for time worked, but not less than four hours of work.

## **YOUR BENEFITS**

While the descriptions in this handbook are meant to be accurate statements about our benefits, particulars about our insurance plans are explicitly defined in such legal documents as contracts and official plan documents. If there is any conflict in the wording between this handbook and the more detailed statements in the official documents, the official documents control. All of these documents are available to you; the Human Resources Director can assist you in obtaining copies. We will also periodically distribute descriptive summaries, instructions, and benefits information.

Precision Optical retains the sole discretion to determine issues of eligibility or interpretation of the terms and provisions of the organization's benefit programs, as well as the right to cancel or change the benefits.

### **HEALTH AND DENTAL INSURANCE**

---

Employees assigned to work at least 30 hours per week are eligible for health and dental insurance benefits on the first day of the month following thirty (30) days of continuous employment. Eligible employees will be provided with plan information, premium costs, and Precision Optical contribution rates prior to enrollment eligibility. Please read this information carefully.

### **LIFE INSURANCE AND AD&D**

---

Regular full-time and regular part-time employees assigned to work at least thirty hour per week become eligible for our life insurance on the first of the month following thirty (30) days of continuous employment. This life insurance provides financial protection to your beneficiary by paying a benefit in the event of your death, or for you in the event of any other covered losses. Precision Optical pays your premium for life insurance. Employees are responsible for paying their Accidental Death and Dismemberment (AD&D) insurance premiums should they opt for this coverage. Eligible employees will be provided with plan information prior to enrollment eligibility. Please read this information carefully.

### **WORKERS' COMPENSATION INSURANCE**

---

Precision Optical pays the entire cost for Workers' Compensation insurance coverage in the event that you are injured on the job or suffer a work-related illness. Workers' Compensation insurance pays for medical care, partial income replacement in case you are disabled and cannot work, necessary rehabilitation services or supplemental job displacement benefits, or death benefits to your dependents where required by law.

If your doctor says you cannot work, you may receive disability payments in accordance with a formula set by law. You must keep your supervisor informed of your progress during your recovery. You must obtain a medical release from your doctor that states when you can return to work. If your injury or illness prevents you from returning to your same kind of work, you may be eligible for vocational rehabilitation or supplemental job displacement benefits.

Always report any work-related injury to your supervisor and Human Resources immediately regardless of its severity. You will be given a form entitled "Employee's Claim for Workers' Compensation Benefits" which you must complete and return within 24 hours. Human Resources will refer you to a local doctor or medical clinic to determine what medical care you might need.

Knowingly giving false statements or information for the purpose of obtaining Workers' Compensation benefits or payments is considered fraud and is grounds for immediate dismissal and, in some cases, criminal prosecution.

Your illness or injury may qualify as a serious illness under federal and State family leave laws. If so, your Workers' Compensation absence will run concurrently with these family/medical leave laws.

## **STATE DISABILITY INSURANCE (SDI)**

---

Precision Optical participates in the California State Disability Insurance (SDI) programs. Premiums are deducted from paychecks according to the law. You can find descriptions of SDI benefits at [www.edd.ca.gov](http://www.edd.ca.gov). This State program provides disability compensation for a temporary period of time and requires a doctor's verification of disability. This program is for non-job-related disabilities. For more information, please contact Human Resources.

## **PAID FAMILY LEAVE (PFL)**

---

This California program is funded through State Disability Insurance (SDI). If you are unable to work due to your need to care for an ill or injured family member or for the birth, adoption, or foster care placement of a new child, you may receive partial compensation for lost wages. You may use your accrued vacation prior to the start of your PFL. You can find descriptions of PFL benefits at [www.edd.ca.gov](http://www.edd.ca.gov). For more information, please contact Human Resources. Please note that the Paid Family Leave benefit does not require the employer to grant a leave of absence, but only provides that employees who are able to secure a leave of absence may be eligible for PFL benefits in certain circumstances.

## **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

---

HIPAA restricts group health plans from imposing certain pre-existing condition limitations on new employees and their dependents. The goal of this program is to improve portability and continuity of health care coverage. If your employment terminates and you are covered under our insurance plan, you will receive a Certificate of Coverage from our health insurance carrier upon request, giving you credit for prior coverage under our policy.

Comprehensive privacy laws protect your medical information records. You should know that in the event we are provided with medical information about you, we have established procedures to ensure the confidentiality and protection from unauthorized use and disclosure of that information. Information can only be released with a signed authorization from you. If you have any questions about HIPAA, please contact Human Resources.

## TIME OFF POLICIES

We ask that you make every effort to plan your time off in advance, with consideration for our ability to meet our workflow and customer needs. Paid time off benefits may vary from year to year based on financial conditions. We will strive to offer these benefits as described in this section.

### HOLIDAYS

---

New Year's Day	Labor Day
President's Day	Thanksgiving Day
Memorial Day	Day After Thanksgiving
Independence Day	Christmas

The holiday schedule may vary from year to year, and is subject to change at any time with reasonable notice. Please refer to the posted schedule to confirm the dates.

All regular full-time and part-time employees assigned to work at least thirty (30) hours per week will be paid straight time holiday pay for the above listed holidays. You must work your last scheduled workday before the holiday and your first scheduled workday after the holiday in order to receive holiday pay. If you are out sick on your first scheduled workday after the holiday, you must provide Human Resources with a doctor's note to be paid for the holiday. If a holiday occurs during your Paid Time Off ("PTO"), you will be paid for the holiday, and you will not be charged with a PTO day.

Non-exempt employees who work on a recognized holiday will receive straight time holiday pay PLUS their regular straight time wages for the hours worked on the holiday. Any overtime worked on the holiday will be paid at time and a half the employee's regular straight time wage for hours worked over eight (8) in the day, or double the employee's regular straight time wage for hours worked over twelve (12) in the day.

If one of the holidays listed above falls on a Saturday, it will be observed on the Friday prior to the holiday. If it falls on a Sunday, it will be observed on the following Monday.

You will be allowed to make up time or take time off without pay if you wish to observe special religious holidays not listed above; however, this time off must be approved in advance by your supervisor, and any make-up time must be worked in the same workweek.

Holiday pay does not constitute hours worked for purposes of accruing overtime.

### PAID TIME OFF AND PAID SICK LEAVE

---

#### **PAID TIME OFF**

All employees regularly scheduled to work 40 hours per week will accrue 2 weeks (10 days/80 hours) of paid time off (PTO) per year.

You are eligible to take this accrued PTO as it is earned. Each pay period you accrue 3.33 hours of PTO. Employees with existing PTO will have that time added to this accrued time. If you have drawn down your PTO so that you owe the company time, your accrual will be applied to this first.

Maximum accrued PTO cannot exceed 160 hours.

PTO may be used for vacation or for sick time. No one will be allowed to use more PTO than they have earned, unless due to illness. The company will advance you PTO (max. 24 hours) if you must miss work due to illness, but only if you provide a doctor's note.

Vacations still need to be approved at least 2 weeks in advance. There will be no additional sick time given.

## **PAID SICK LEAVE**

In addition to PTO, all employees who work for at least 30 days within a year for Precision Optical, including part-time employees, are entitled to 24 hours per year of paid sick leave.

Employees of the company as of July 1, 2015 were allotted 24 hours of paid sick leave on that date. The amount of paid sick leave available to those employees will reset to 24 hours on July 1, 2016.

Any Employee hired after July 1, 2015 will be allotted 24 hours of paid sick leave upon his or her date of hire. The amount of paid sick leave available to an Employee hired after July 1, 2015 will reset to 24 hours upon the first anniversary of his or her date of hire.

Unused Paid Sick Leave is not payable upon termination, and it does not carry over from year to year.

You can take paid leave for you or a family member for preventive care or care of an existing health condition or for specified purposes if you are a victim of domestic violence, sexual assault or stalking. Family members include the employee's parent, child, spouse, registered domestic partner, grandparent, grandchild, and sibling. Preventive care would include annual physicals or flu shots.

## **JURY AND WITNESS DUTY**

---

If you are summoned for jury duty or witness testimony, you will be allowed the necessary time off from work to perform this civic responsibility. Please notify us as soon as you receive your jury summons notice or subpoena. You will be expected to report to work during all regular hours you are not required in a jury room or court. We require that you supply documentation from the court confirming your service. This is an unpaid leave, but PTO benefits, if available, may be used.

## **ORGAN & BONE MARROW DONATION LEAVE**

---

**Organ donation:** You are entitled to up to 30 work days of paid leave in any one-year period for the purpose of donating an organ. You will be required to use up to two weeks of paid sick or vacation leave for this purpose. Such leave does not run concurrently with any federal or state family leave to which you might be entitled.

**Bone marrow donation:** You are entitled to up to 5 days of paid leave in any one-year period for the purpose of donating bone marrow. You will be required to use up to five days of accrued paid time off for this purpose. Such leave does not run concurrently with any federal or state family leave to which you might be entitled.

You will be required to provide written verification that you are an organ or bone marrow donor and that the donation is medically necessary. You will not be terminated, discriminated against, or retaliated against for taking time off that is protected by California law. Your benefits, including group health insurance will continue for the duration of the leave.

## **BEREAVEMENT LEAVE**

---

We recognize that no predetermined amount of time off can compensate for the loss of a loved one. When a death occurs in your family, we will provide up to three (3) days of paid leave for regular full-time and part-time employees assigned to work 30 or more hours per week. Additional days off may be granted, as individual circumstances require, at the discretion of management without pay, but PTO, if available, may be used. Proof of death and proof of the deceased's familial relationship to you may be required.

For the purpose of this policy, family members include a current spouse, registered domestic partner and their children, parent, stepparent or legal guardian, child or stepchild, sibling or stepsibling, parent-in-law, aunt or uncle, and grandparent or grandchild.

## MILITARY SERVICE LEAVE

---

Employees who are members of any reserve component of the Armed Forces of the United States or of the National Guard or U.S. Coast Guard may be granted up to two (2) weeks of unpaid leave of absence annually to attend required military training. You may use your accrued PTO for this leave if you wish. With regard to other types of military leave, we will comply with applicable State and federal laws.

## MILITARY SPOUSE LEAVE

---

If you have a spouse serving in the Armed Forces, National Guard, or Reserves, you may take up to ten (10) days of unpaid leave when your spouse is home on leave. You may use accrued PTO. You are qualified for Military Spouse Leave if you work an average of twenty (20) or more hours per week and are the spouse or registered domestic partner of a member of the armed forces who has been deployed to an area of military conflict. You must provide notice of your intent to take leave within two (2) business days of receiving official notice that the military spouse will be on leave from deployment.

You may be eligible for Exigency Leave and/or Caregiver Leave, Please see the Human Resources Director for more information.

## VICTIMS OF CRIMES LEAVE

---

If you or your child is a victim of **domestic violence or sexual abuse**, you may take unpaid time off from work or use your accrued PTO leave for the purpose of obtaining a restraining order or other court assistance. You may also take time off for the purposes of:

- Seeking medical attention for injuries caused by domestic violence;
- Obtaining services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence;
- Obtaining psychological counseling related to an experience of domestic violence;
- Participating in safety planning and other actions to increase safety from future domestic violence, including temporary or permanent relocation;
- Obtaining other court assistance to help ensure your health, safety, or welfare, or that of your child.

If you or an immediate family member is the victim of a **felony crime**, you may take unpaid time off from work or use any of your accrued PTO to attend judicial hearings.

You will not be terminated, discriminated against, or retaliated against for taking time off that is protected by California law.

We would like to have advance notice of your intended absences. Certification may be required. Certification includes a police report indicating that the employee was a victim of domestic violence or sexual assault; a court's restraining order for a domestic-violence or sexual-assault situation; documentation from a medical professional or counselor that you or an immediate family member are undergoing treatment for their victimization; or notice of judicial proceedings in the case of felony crimes.

We will maintain the confidentiality of an employee who requests time off because of being the victim of a crime, to the extent allowed by law.

## SCHOOL CONFERENCE OR ACTIVITIES LEAVE

---

In accordance with California law, we provide time off for parents to participate in school activities and/or to attend a school conference for a suspended child. You may use your accrued PTO or take time off without pay for necessary school conferences and school visits.

We request advance notice of your need to take school activities leave, and we may require documentation as proof of your participation.

## **PREGNANCY DISABILITY LEAVE (PDL)**

---

Employees who are unable to work due to disability caused by pregnancy, childbirth, or a related medical condition, are entitled to take up to four (4) months of unpaid Pregnancy Disability Leave (PDL) according to California law.

Typically, your pregnancy disability will also constitute a "serious health condition" that will qualify as a Medical Leave under the Federal Family and Medical Leave Act (the "FMLA"). In addition, assuming eligibility, you may still be entitled to up to twelve (12) additional workweeks off under the California Family Rights Act (CFRA) for the purpose of bonding with your new child. CFRA baby-bonding leave does not run concurrent with Pregnancy Disability Leave.

If you and/or your family participate in our group health plan, we will maintain coverage under the plan during the first four months of your PDL on the same terms as if you had continued to work. Your share of the premium payments for yourself and your dependents (if applicable) may be made prior to your leave or no later than the first of each month during your leave. Failure to pay premiums in a timely manner may result in lapse of coverage.

You will be required to provide us with written notice of when your leave is expected to start and end. You will also be asked to provide medical certification from your physician.

You will be required to use your accrued PTO if you wish to be paid during your pregnancy leave. If you return to work within the four (4) months allowed, you normally will be reinstated to your original job or to a similar position. If you do not return to work within four (4) months, the right to return to your position granted by the Pregnancy Disability Leave Act expires.

Prior to returning to work from a Pregnancy Disability Leave, you will be required to provide a physician's written authorization and release to work, listing restrictions if applicable.

Failure to return as scheduled at the end of your pregnancy disability leave constitutes abandonment of your job and will result in termination of your employment.

Employees on Pregnancy Disability Leave retain their seniority but do not continue to earn Paid Time Off or holiday pay during their absence.

## **LACTATION ACCOMMODATION**

---

We will provide a reasonable amount of break time and a secure environment to any female employee desiring to express breast milk for her infant child. Wherever possible, the break time must run concurrently with any meal period or rest break time already provided to the employee. Please notify your supervisor if you need this accommodation. We prohibit discrimination based upon breastfeeding or medical conditions related to breastfeeding.

## **FAMILY AND MEDICAL LEAVE (FMLA/CFRA)**

---

Two laws regulate family and medical leave: The Federal Family and Medical Leave Act of 1993 (FMLA) and the California Family Rights Act (CFRA). Depending on the circumstances, either or both of these laws may apply to a particular leave. Also, either or both of these laws may apply at a particular time during a leave. When both laws apply, the leave provided by each must be taken concurrently, except for any leave taken under the FMLA for disability due to pregnancy, childbirth, or related medical condition. This policy will be interpreted and will comply with both federal and state law, as each law applies to a specific leave.

Eligible employees may take up to twelve (12) workweeks of unpaid, job-protected leave under the Family and Medical Leave Act and the California Family Rights Act ("FMLA/ CFRA") in a rolling 12-month period for specified family and medical reasons.

### **Employee Eligibility**

To be eligible for FMLA/ CFRA leave, you *must*:

- Have worked at least 12 months for Precision Optical;
- Have worked at least 1,250 hours during the 12 months immediately preceding the date leave will commence; and
- Work at a location where there are at least 50 employees within 75 miles.

### **Conditions Triggering Leave**

FMLA/ CFRA leave may generally be taken for the following reasons:

- Birth of a child of an employee or the employee’s registered domestic partner, or to care for a newly-born child; (FMLA)
- Placement of a child with the employee and/or the employee’s registered domestic partner for adoption or foster care; (FMLA)
- To bond with a newly-born, adopted, or foster child (CFRA)
- To care for an immediate family member (spouse, registered domestic partner, child, registered domestic partner’s child, or employee’s parent) with a serious health condition; (FMLA/CFRA)
- Because of the employee’s serious health condition which makes the employee unable to perform the essential functions of the employee’s job (FMLA/CFRA)
- If you have a spouse, parent or child who is on or who has been called to active military duty in a foreign country when that person experiences a “qualifying exigency” as defined by the U.S. Department of Labor, which are defined to include: (FMLA)
  - Issues that arise out of short notice deployment
  - Military events and related activities
  - Childcare and school activities
  - Financial and legal arrangements
  - Counseling
  - Military member’s rest and recuperation time
  - Post deployment military and related activities
  - Any other event that the employee and employer agree should be a qualifying exigency and agree as to the timing of the leave for that event.
- FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period if they are a spouse, son, daughter, parent, or next of kin (military caregiver leave). A covered service member is:
  - a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness;
  - or (2) a veteran who was discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible employee takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.

If you are eligible for FMLA/CFRA leave, the first twelve (12) weeks of any Workers’ Compensation leave will generally run concurrently with this leave.

### **Duration of Leave**

Eligible employees may receive up to twelve (12) workweeks of *unpaid* leave during any “rolling” 12-month period, measured backward from the date any FMLA/ CFRA leave would commence. FMLA/ CFRA leave for the birth or placement of a child for adoption or foster care must be concluded within 12 months of the birth or placement.



If you are the spouse, parent, child or next of kin (defined as the closest blood relative) of a current or former member of the military who has incurred a serious injury or illness while on active duty or there is another "qualifying exigency," you may take up to 26 weeks of leave in a single 12-month period (including your regular FMLA leave) for the care of the service member.

Additional leave for female employees for disabilities associated with pregnancy or childbirth is also available, as described in the Pregnancy Disability Leave Policy. We encourage employees to see the Human Resources Director regarding FMLA/CFRA leave related to pregnancy or childbirth, as special rules apply.

### **Benefits During Leave**

Whenever permissible, we will allow you to use accrued paid leave, if available, concurrently with some or all of the FMLA/CFRA leave. In addition, you will not be eligible to accrue seniority or benefits, including Paid Time Off and holidays, during any period of an unpaid FMLA/CFRA leave.

### **Maintenance of Health Benefits**

If you and/or your family participate in our group health plan, we will maintain coverage under the plan during the first twelve (12) weeks of your FMLA/CFRA leave on the same terms as if you had continued to work. You must make arrangements to pay your share of health plan premiums while on leave. Failure to pay your portion, if any, of the premium may result in loss of coverage.

In the event your leave is longer than twelve (12) weeks, you will generally be required to pay the full premiums if you wish to keep your health insurance as dictated by the Plan itself. You will be notified of your COBRA options. It is important that you respond promptly to this COBRA letter in order that your health insurance may continue without interruption.

### **Job Restoration**

Upon returning from FMLA/CFRA leave, you will normally be restored to your original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions.

### **Notice and Medical Certification**

When seeking FMLA/CFRA leave, you must provide:

- Thirty (30) days' advance notice of the need to take FMLA/CFRA leave, if the need is foreseeable, or notice as soon as practicable in the case of unforeseeable leave (written notice is preferable, but not required);
- Medical certification supporting the need for leave due to a serious health condition affecting you or an immediate family member must be returned before your leave begins, or if not possible, within 15 days of our request to provide the certification. If you fail to do so, we may delay the commencement of your leave or withdraw any designation of FMLA/CFRA leave, in which case your leave of absence would be unauthorized, subjecting you to discipline up to and including termination. Additional medical opinions and periodic recertification may also be required;
- Periodic reports as deemed appropriate during the leave regarding your status and intent to return to work; and
- Medical certification of fitness for duty before returning to work, if the leave was due to your serious health condition.

Failure to comply with the foregoing requirements may result in delay or denial of leave.

### **Failure to Return After FMLA/ CFRA Leave**

Any employee who fails to return to work as scheduled after FMLA/ CFRA leave or exceeds the 12-week FMLA/CFRA entitlement may be subject to termination of employment.

## **Limited Nature of This Policy**

This policy is intended to provide only those leave benefits and protections required by FMLA/ CFRA.

### **MEDICAL LEAVE (FOR EMPLOYEES NOT ELIGIBLE FOR FMLA/CFRA LEAVE)**

For employees not eligible for FMLA/CFRA leave (due to having less than 12 months of service, due to working less than 1250 hours in a 12-month period preceding the leave, or due to being employed at a worksite with less than 50 employees within a 75 mile radius) and who have not taken another medical leave of absence during the past twelve (12) months, a medical leave of absence may be granted for temporary medical disabilities (other than pregnancy, childbirth, and related medical conditions) for up to twelve (12) weeks with a doctor's written certificate of disability. Employees should request any leave in writing as far in advance as possible. If you are granted a medical leave, you will be required to use your accrued Paid Time Off during your medical leave. While you are on a medical leave, your health insurance coverage will continue as though you were at work for up to twelve (12) weeks. You will continue to be responsible for your/and or your dependents' insurance premiums, if applicable. At the end of the 12-week period and continuing until you return to work, all premium payments are at your expense. Your share of the premium payments may be made prior to your leave or no later than the first of each month during your leave. Failure to pay premiums in a timely manner may result in lapse of coverage.

A medical leave begins on the first day your doctor certifies that you are unable to work, and ends when your doctor certifies that you are able to return to work, or after a total of twelve (12) weeks of leave, whichever occurs first. We will require a note from your treating physician showing the date you were disabled and the estimated date you will be able to return to work. We will also require periodic reports as deemed appropriate during the leave regarding your status and intent to return to work. An employee returning from a medical disability leave must present a doctor's certificate declaring fitness to return to work, listing work restrictions if applicable.

This leave may not be combined with other leaves of absence.

When returning from a medical leave, we will make a good faith attempt to return you to your former position. However, we cannot guarantee such placement. Except as otherwise required by law, there is no guarantee that your position will be available upon your return to work from a medical leave of absence.

Any employee who fails to return to work as scheduled after a medical leave or who exceeds the 12-week leave entitlement may be subject to termination of employment.

California Workers' Compensation laws govern work-related injuries and illnesses. California Pregnancy Disability Leave laws govern leaves taken because of pregnancy, childbirth, and related medical conditions.

### **PERSONAL LEAVE OF ABSENCE**

After one (1) year of continuous and satisfactory employment, regular full-time and regular part-time employees assigned to work thirty (30) or more hours per week who find it necessary to be absent from work for an extended period of time due to compelling non-medical circumstances, may apply for an unpaid Personal Leave of Absence. It is within Precision Optical's discretion whether to grant or deny requests for personal leaves of absence based upon operational needs. Management may deny a personal leave of absence for any reason, in its sole discretion.

While you're on personal leave, all insurance premium payments are at your expense. Your premium payments may be made prior to your leave or no later than the first of each month during your leave. Failure to pay premiums in a timely manner may result in lapse of coverage.

You will be expected to use all of your accrued paid time off before taking unpaid leave.

A personal leave of absence does not provide job protection or job reinstatement rights. There is no guarantee that your position will be available upon your return to work from a personal leave of absence.

Employees who fail to return to work at the conclusion of the approved leave will be deemed to have voluntarily terminated employment through job abandonment.

# PERFORMANCE AND DEVELOPMENT

## PERFORMANCE EVALUATION

---

Your performance will be reviewed from time to time at the discretion of Management.

Reviews will focus on job-related strengths and weaknesses as well as your overall fit with our organization. Goals and improvement plans may be mapped out each review period. Progress will be measured at each review. A copy of each performance evaluation will be placed in your personnel file.

Evaluations are meant as a communication tool to discuss goals, objectives, and employee development; to review performance issues, duties and responsibilities; and to further enhance our understanding of each other's expectations. Please feel free to express any concerns you have during this time.

A satisfactory performance evaluation does not guarantee a salary increase. **Neither a satisfactory performance evaluation nor a salary increase alters, modifies, or amends the at-will employment relationship between you and Precision Optical.**

## WAGE AND SALARY REVIEWS

---

Individual salary decisions will be based on recent performance evaluations and tied to a system that emphasizes the following elements:

- **Merit** – the quality and quantity of work produced, creativity, and improved effectiveness.
- **New skills acquired** – the number and level of new skills acquired during the performance period.
- **Seniority** – demonstrated commitment over time.
- **Overall Contribution** – your overall impact on our success and your initiative in always trying to improve your work performance.

Wage increases are not guaranteed. They are awarded periodically on the basis of the criteria listed above and at the discretion of management. Your overall performance will be a significant factor in determining any pay increase.

Any and all salary adjustments are determined at the sole discretion of the management of Precision Optical.

## PROMOTIONS

---

We attempt to promote from within whenever possible. Promotions and transfers will be based on your ability, qualifications, prior performance, and potential.

## EDUCATION ASSISTANCE

---

Employees are encouraged to keep their skills and knowledge up-to-date. During your performance review, you and your supervisor should identify areas where continuing education would benefit both you and our organization. We may elect to contribute toward selected education classes or training events. Please contact Human Resources for additional information. Requests for education assistance should be submitted in writing to your supervisor.

If you request time off to attend a class that may be related to your employment, but is not required, it will not be considered paid time off. However, if your supervisor approves your absence, you may charge your absence to your accrued PTO or you may request time off without pay.

# EMPLOYEE RESPONSIBILITY AND CONDUCT

## TELEPHONE USE

---

Telephones are provided to enable employees to carry out work assignments in an efficient manner. Personal telephone calls should be kept to a minimum.

Please keep personal cell phones turned off or on silent mode while you are at work to respect your coworkers. Please refrain from texting friends while you are working. If your cell phone has a camera, do not use it in the workplace without permission.

## ATTIRE AND PERSONAL APPEARANCE

---

Our appearance should always reflect what is appropriate for our job, work setting and personal safety. Work settings vary across the Company. Individual departments may establish a more formal business dress policy if appropriate. All employees are required to wear acceptable work attire that is clean, neat, tasteful, and appropriate for the work environment. Please respect others' sensitivities to strong perfumes, lotions, and deodorants.

## BULLETIN BOARDS

---

Information posted on or in the vicinity of our bulletin boards contains required legal notices. Periodically, other information of importance to you is posted on the bulletin board. Please make it a habit to read information that is posted. We are happy to cooperate with our employees in permitting posting of appropriate personal notices on the bulletin boards. However, all such materials must be approved in advance by the Management.

## USE OF COMPUTERS AND OTHER ELECTRONIC TOOLS AND SERVICES

---

**Policy statements:** It is our policy to encourage the use of computers and electronic information, tools and services to support our business and provide service to our customers while maintaining information authenticity, privacy, and security. Such systems are the sole property of our organization. Employees and other authorized persons ("users") may be granted access to our technology resources in order to perform their job duties. Such access is discretionary on the part of the company and may be revoked at any time.

By using a company workstation or electronic service, employees expressly consent to monitoring by Precision Optical, and agree to comply with all limitations on the use of company equipment and electronic services, and understand that such equipment and services are **not** private.

The provisions of our use policies, including any monitoring or inspection, may be implemented without further warning or notice.

All data, information, work, product and correspondence created on a workstation are the property of the company. All data sent, received or stored on the company's computer equipment shall be and remain the property of the company.

## PRIVACY AND PROPERTY

---

We do not make it a practice to randomly search and inspect Precision Optical property, but we must at all times reserve the right to do so at our discretion without prior notice. Our property includes but is not limited to desks, storage areas, work areas, lockers, file cabinets, office furniture and equipment, and vehicles. Protect your privacy by not storing personal property or information on the premises. Also, please respect the privacy of others by not using their computers or work areas without their permission.

## EXPENSE REIMBURSEMENT

---

We will reimburse employees for reasonable pre-approved business expenses. Reasonable expenses while traveling on Precision Optical business include travel fares, mileage, accommodations, meals, telephone and fax charges, and purchases on behalf of the organization.

All purchases and expenses must be approved by your supervisor prior to submission for reimbursement. Appropriate receipts must accompany requests for reimbursement. Whenever possible and in situations where the employee may question the reasonableness of an expense, the employee should secure approval in advance of incurring the expense. Unreasonable or excessive expenses will not be reimbursed.

## DRIVING ON COMPANY BUSINESS

---

Employees who are required to drive their own vehicles on Precision Optical business will be required to show proof of a current, valid driver's license; current effective insurance coverage; and a good driving record prior to driving on Precision Optical business.

Using, possessing or being under the influence of alcohol or illegal drugs or misusing prescription drugs while driving on Precision Optical business is prohibited. Violations of the above practices will result in immediate discipline, possible suspension or, depending upon the severity of the violation, termination of employment.

**Do not use your cell phone while you are driving in the course of business**, whether it is your own car or an organization-owned or leased vehicle, unless that telephone is designed and configured to allow hands-free listening and talking operation and is used in that manner while driving in compliance with applicable laws. If you do not have hands-free equipment and your phone rings, you must either pull over safely and answer it, or let voice mail take a message and return the call when it is safe to do so. We are concerned about your safety and the safety of others. This does not apply if you are using your cell phone to contact a law enforcement agency or other public safety entity for emergency purposes.

Do not use an electronic wireless communications device to write, send, or read a text message while driving. This covers any use of an electronic wireless communications device to manually communicate with any person using a text-based communication, such as text messages, instant messages, or e-mail including but not limited to BlackBerries, iPhones, iPod Touch devices, pagers, cell phones, laptop computers, and the like.

California law prohibits drivers under the age of 18 to use a wireless telephone, pager, laptop, or any other such device, *even a hands-free device*, to speak or text while operating a motor vehicle.

Reimbursement for the business use of a personal car is based on the IRS standard rate per mile currently in effect. You must complete a vehicle mileage reimbursement form to receive reimbursement.

## CONFIDENTIAL INFORMATION

---

As an employee of Precision Optical, you have an obligation to maintain the confidentiality of information entrusted to you by the organization, and by our suppliers, clients or others related to our business. Confidential information is all oral and written communications relating to Precision Optical, its suppliers, clients or others that you acquire during your employment, and which is not otherwise available to the general public. You may use confidential information only in conjunction with Precision Optical's business, and for the purpose intended. Confidential information may be shared only with those within Precision Optical who have a legitimate need to know the information unless you are required by law or internal policy to disclose the information.

It is also your duty to take all practical steps to prevent the improper or inadvertent disclosure of confidential materials or information. Such steps include:

- Making sure that all confidential papers and files are locked away at night;
- Limiting the confidential materials you remove from the office;

- Taking care not to discuss confidential information in public places where you may be overheard;
- Making sure that you do not leave confidential documents unattended;
- Following all established guidelines for data security.

Although you should not disclose organization documents outside Precision Optical, please keep in mind that anything you write could become public through disclosure by others or in an investigation or litigation. Inaccurate or incomplete statements can be taken out of context and create embarrassment or liability. Accordingly, you should treat all your statements on Precision Optical's behalf, including e-mails, as serious business communications that should accurately reflect the facts and compliance with the organization's policies.

## **MEDIA CONTACTS**

---

To ensure that Precision Optical provides members of the press with all appropriate information in a consistent, complete and factual manner, only the President or his designee may speak on behalf of the organization. If a member of the media (including radio, television, newspaper, and publications) asks about our organization, an employee or a program, an incident, or an accident, please do the following:

- Get the person's name, telephone number, and affiliation (if possible).
- Immediately refer the person to the CFO or the President, including this information.
- Under no circumstances should you answer any questions or engage in conversation with the person.

## **CONFLICTS OF INTEREST**

---

Employees may not request or grant favors or conduct business for personal gain. You are required to disclose all conflicts of interest to your supervisor. Failure to do so may result in disciplinary action, up to and including termination.

It is recognized that the potential does exist for an employee to misuse privileged information for private gain to the detriment of the organization. As a result, it is important that all employees adhere to the highest standards of honesty, integrity, and professional single-mindedness. Failure to adhere to this policy may result in immediate termination without notice.

## **OUTSIDE EMPLOYMENT**

---

Employees may hold an outside job as long as they meet the performance standards of their job at Precision Optical. Any such employee will be held to and judged by the same performance expectations and standards as other employees and will be subject to management's scheduling demands, regardless of any existing outside work requirements.

If Precision Optical determines that an employee's outside work interferes with their job performance or their ability to meet our requirements, they may be asked to terminate the outside employment if they wish to continue to be employed by Precision Optical.

Outside employment that constitutes a conflict of interest or an embarrassment to our organization is prohibited.

## **ETHICAL BEHAVIOR**

---

Precision Optical expects all employees to conduct themselves in a professional and ethical manner. Employees should not conduct business that is unethical in any way, nor should any employee influence other employees to act unethically. Further, employees should report any dishonest activities or damaging conduct to an appropriate manager or to the Human Resources Director.

In the event that you become aware of another employee's behavior or actions that you believe are inappropriate, illegal, problematic, or in any way inhibit or affect your job performance at the company, you should discuss such behavior or actions with an appropriate manager or Human Resources Director.

All reasonable concerns will be promptly, thoroughly, and confidentially investigated and, where necessary, appropriate corrective action will be taken. You should not discuss such actions or behavior with other employees. Your discussion of such matters with other employees may – in and of itself – create an unacceptable work environment for which you will be held responsible and for which you may be subject to discipline, up to and including termination of employment.

## **SOLICITATION AND DISTRIBUTION**

---

We feel very strongly that working time is for work and that employees are not to be disturbed or distracted from the performance of their duties. Solicitation by employees on our premises is prohibited when the person soliciting or the person being solicited is on working time. Working time is a time when employees are expected to be performing their job duties; this does not include meal periods or time before and after work. Employees are prohibited from distributing literature or soliciting by any means during work time; this includes but is not limited to solicitations by telephone, voicemail, e-mail, etc. Employees are prohibited from distributing literature in visitor areas at all times. Solicitation distribution activities by persons who are not employees of the organization are prohibited on our property.

## **DISCIPLINARY ACTION**

---

If disciplinary action is necessary, it will be determined in light of the facts and circumstances of each individual case. We reserve the sole right to make this determination. Again, you are urged to make every effort to familiarize yourself with our policies, to know and understand what is expected of you on the job, to make constructive contributions and suggestions, and to cooperate in promoting a safe, productive and harmonious work environment.

## **RECORD RETENTION AND DESTRUCTION POLICY**

---

Precision Optical's policy is to ensure that necessary records and documents are protected and maintained and to ensure that records that are no longer needed by the organization are destroyed – including e-mail, web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files. Records include personnel files, customer information, financial records, and general correspondence.

Employees with responsibilities requiring them to create, revise, handle, or maintain financial, personnel, and data, are responsible to perform these functions confidentially, safely, diligently, and with respect for these records' importance and confidentiality.

In the event Precision Optical is served with any subpoena or request for documents, or any employee becomes aware of a governmental investigation or audit concerning Precision Optical or the commencement of any litigation against or concerning our organization, inform the President or General Counsel immediately, and any further disposal of documents shall be suspended until such time as the President, with the advice of counsel, determines otherwise. The President or General Counsel shall take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

Only the President or General Counsel may decide and direct employees about when, how, and what financial, personnel, and records will be destroyed. This direction will be in writing. Employees are subject to immediate discipline, up to and including termination of employment, for destroying or failing to preserve and maintain any Precision Optical records without prior written notice from the President.

## **VISITORS**

---

Visitors are required to sign in and to don a badge showing their identifying information if they are to enter the manufacturing areas of the facility. Non-citizen/non-permanent resident visitors are not allowed in the manufacturing areas of the facility without the express consent of the President or General Counsel. Please see the General Counsel with any questions about this requirement.



## SMOKING

---

If you choose to smoke, please do so outside, at least 20 feet away from any doorways or windows, and dispose of ashes and cigarette butts in the appropriate containers and in a safe manner.

## SOCIAL, RECREATIONAL, AND ATHLETIC ACTIVITIES

---

You may from time to time choose to participate in non-work-related social, recreational, or athletic activities with other Precision Optical employees. On these occasions, our organization is released from Workers' Compensation liability, and you may be asked to sign a waiver to this effect.

# SAFETY, SECURITY, AND FACILITIES

## SAFETY AND SECURITY

---

We will make every attempt to provide you with a safe and healthy work environment. If you believe your work environment is hazardous or unhealthy, please report it immediately to your Supervisor. Safety is everyone's responsibility.

### **Safety**

In order to prevent accidents and to protect all our employees and visitors, your help is necessary. Below are some basic expectations:

- Think "safety" at all times; be alert, careful and aware. Report all unsafe conditions and practices immediately.
- If you are in doubt as to the safe method of carrying out your work, ask your supervisor; do not guess.
- Report every injury, no matter how minor, to your supervisor.
- Observe and obey all safety signs posted throughout the workplace, including where the exits are located.
- Do not block aisles, exits, fire extinguishers, electrical panels, or other emergency equipment.
- Report any broken or defective equipment.
- Maintain good housekeeping; keep your work area neat and uncluttered; put away equipment and tools, and clean up spills.
- Know where the nearest first aid kit and fire extinguisher are located.
- In the event of a fire, leave the building and assemble in a safe area nearby. Safety comes first - get out of the building and stay away from danger.
- In case of earthquake, duck or drop down on the floor. Take cover under a sturdy desk, table or other furniture. If that is not possible, seek cover against an interior wall and protect your head and neck with your arms. Avoid danger spots near windows, hanging objects, mirrors, or tall furniture. If you take cover under a sturdy piece of furniture, hold on to it and be prepared to move with it. Hold the position until the ground stops shaking and it is safe to move.

### **Security**

- Be alert and aware of your surroundings.
- Report any suspicious person or incident to your supervisor.
- Leave valuables at home. We cannot be responsible for loss of personal property.
- Don't be on the premises at times other than your scheduled work hours without authorization.

## **Facility Access and Security**

If you are provided with keys or access to our premises, it is expected that you will be responsible, keep track of your keys, and not loan keys to others. Should your keys become lost or stolen, report it immediately to your Supervisor.

We recognize and appreciate your efforts when you occasionally work after hours or on weekends. Since work demands may require working other than normal business hours, some employees are allowed 24-hour access to our facilities. Along with this advantage comes the responsibility for making sure that the facilities are secured when you leave.

If we entrust you with the safety and lockup of our facilities, we will expect you to take this responsibility seriously. You may never give your door key to anyone who is not an employee.

## **HAZARD COMMUNICATION PROGRAM**

---

We provide information to employees about chemical hazards and other hazardous substances and the control of hazards, which includes container labeling, material safety data sheets, and training.

## **WORKPLACE VIOLENCE**

---

We are committed to providing a work environment free from violence. We take threats of violence extremely seriously. Any acts or threatened acts of violence, including hostile behavior, physical or verbal abuse, or possession or use of weapons of any kind on our property is expressly prohibited.

This policy applies to all employees and includes not only conduct in interacting with other employees but also conduct directed toward independent contractors, consultants, customers, vendors or other persons visiting or present in the workplace.

Any use or possession of weapons, whether legal or illegal, is prohibited on our property or while on Precision Optical business. This includes knives, guns, martial arts weapons or any other object that is used as a weapon.

Anyone engaging in such acts will be subject to disciplinary action, up to and including immediate termination of employment. The person(s) may also be subject to other civil or criminal liability.

If you feel you have been subjected to behavior prohibited by this policy or if you witness or have knowledge of any actions that could be perceived as violent, you should immediately report the incident to management. Complaints will be promptly investigated, and appropriate action will be taken. You may also contact the appropriate law enforcement authorities when you have reason to believe there is an immediate threat to your safety or that of others.

No employee will be retaliated against for reporting, in good faith, any conduct prohibited by this policy.

In connection with this policy, we may conduct searches of the property, including desks, computer files, cabinets, and file drawers. Under certain circumstances, we may also need to inspect personal items that have been brought onto the premises, including lunch containers, briefcases, purses, backpacks, bags, and other packages or containers. Employees should have no expectation of privacy with respect to such items. Any illegal items discovered may be turned over to law enforcement authorities.

We require all employees to cooperate with any search or investigation in connection with the enforcement of this policy. If you refuse to cooperate, or otherwise violate this policy, you will be subject to disciplinary action, up to and including immediate termination of employment.

## **TERMINATING YOUR EMPLOYMENT**

We hope that you enjoy working with us and that you will stay, but we recognize that this is not always possible. We may conduct an exit interview with you before you leave to see what suggestions you have that can make our organization an even better place to work.

All wages due will be paid upon termination, including accrued but unused Paid Time Off. We will ask you to return all property belonging to Precision Optical. Property includes, but is not limited to, equipment, documents, credit cards, office keys, books, manuals, files, and other items provided during your employment. All items must be returned prior to your last day of work.

### **RESIGNATION**

---

If you choose to resign, please notify your supervisor in writing. It will be very helpful if you give at least two (2) weeks' notice in advance of your termination date. Specify your termination date and your reason for leaving. The more notice you give, the more time your supervisor will have to plan for covering your duties.

### **TERMINATION DUE TO REORGANIZATIONS, ECONOMICS OR LACK OF WORK**

---

From time to time Precision Optical may need to terminate an employee as a consequence of reorganization, job eliminations and economic downturns in business or lack of work. Should we consider such termination necessary, we will attempt to provide all affected employees with advance notice when practical. Such notice is not guaranteed. Layoff benefits associated with such terminations, if any, will be specified in the notice. Precision Optical has the right to terminate the employment relationship at any time, with or without cause or notice.

### **DISMISSAL**

---

The decision to dismiss an employee is one that is reached only after careful deliberation, because it is often a difficult and unfortunate situation for everyone involved. You are urged to make every effort to understand what is expected of you in terms of your performance and your cooperation and commitment to our objectives. Do not hesitate to seek any assistance you need in meeting these expectations. Termination decisions will be documented and included in your personnel file.

### **JOB ABANDONMENT**

---

Employees who are absent for three (3) days without notifying a supervisor or the Human Resources Director ("no call/no show"), are considered to have voluntarily abandoned their employment with us. The effective date of termination will be the last day the employee reported for work.

### **HEALTH INSURANCE CONTINUATION**

---

If you are enrolled in our health insurance program, we stop paying for your insurance premiums when your employment terminates. However, you will be notified of your rights regarding voluntary continuation under COBRA regulations, including instructions on how to apply. Under COBRA laws, the employee pays the full cost of coverage at our group rate plus an administrative fee.

Please examine your options carefully before declining this coverage.

### **EMPLOYMENT REFERENCES**

---

Due to confidentiality and legal considerations, we do not provide employment references for former employees. We will provide only dates of employment and positions held.