

Highlight Industries, Inc.

Employee Handbook of Policies and Procedures

Effective July 24, 2017

1. Welcome	
Letter from the President	.....4
Company Formula for Success	.....5
2. About Highlight Industries, Inc.	
Company History	.....6
Mission Statement	.....7
3. About this Handbook	
Purpose	.....8
Modifications	.....8
4. About your employment	
Orientation Period	.....9
Your Benefits	.....9
Definition of “Part Time” and “Full Time”	.....10
5. Time – Off Policies	
Compensated Time Off (CTO)	.....11
Paid Time Off (PTO)	.....11
Attendance and Uncompensated Time Off (UTO)	.....13
ETO	.....15
RTO	.....15
VTO	.....15
Holiday Pay	.....15
Bereavement Pay	.....16
Jury Duty	.....16
6. Wage and Benefit Policies	
Working Hours	.....17
Breaks	.....17
Lunch Breaks	.....17
Overtime	.....17
Pay Period	.....18
Direct Deposit	.....18
Employee Reviews	.....19
Quarterly and Annual Bonuses	.....19
Childcare Flex	.....20
Tuition Reimbursement	.....21
401(K)	.....22
Flexible Cafeteria Plan	.....23
Medical Insurance and Health Savings Accounts.....	23
Health Challenge Programs	.....24

7.	General Policies	
	Alcohol and Drug Testing	.....25
	Americans with Disabilities Act	.....28
	At Will Employment	.....28
	Business Travel	.....28
	Gifts From Vendors/Customers	.....29
	Confidential Information	.....30
	Discipline	.....30
	Discriminatory Harassment	.....31
	Employment Records	.....33
	Equal Employment Opportunity	.....33
	Exit Interview	.....34
	Family Medical Leave Act	.....34
	Leave of Absence not covered under FMLA	.....35
	Ideas and Suggestions	.....35
	Personal Phone Calls	.....36
	Personal Projects Using Company Equipment	.....36
	Policies on Internet Usage	.....36
	Quality	.....37
	Resignation and departure from employment	.....37
	Safety and Health	.....37
	Solicitations and Distributions	.....41
	Time Clock	.....41
	Violations of Policies	.....42
8.	About Arbitration of Disputes	.....43
9.	Receipt and Acknowledgment	
	Receipt of Handbook	.....46
	Employee Acknowledgment	.....47

Welcome to Highlight Industries, Inc.

Welcome to Highlight Industries, Inc. We are glad that you have joined our team. We trust that you will enjoy your work here and that our association will be mutually beneficial.

You have joined an organization that strives for an outstanding reputation for quality manufactured products. We hope that you too will find satisfaction and take pride in your work here.

Compensation and personal satisfaction gained from a job well done are some of the reasons that people work. Health benefits, career development and pleasant working relationships and working conditions may be other factors to consider. Highlight Industries is committed to doing its part to extend to you a satisfying work experience.

In this handbook we will explain what you can expect from Highlight Industries and what we expect from you. We ask that you read this manual thoroughly. We have tried to use simple and clear language in order to avoid misunderstandings. If any part of this handbook is unclear, please ask your Supervisor or the Human Resource Administrator to explain it.

Upon receipt of the Highlight Industries, Inc. Employee Handbook, you will be asked to acknowledge your receipt and to review the Handbook carefully.

Kurt Riemenschneider

Company Formula for Success

The success of the Company and success of the employees go hand in hand.

Happy, satisfied employees produce better products.

We want you to enjoy your working hours at Highlight.

It is our intent to work together to develop this formula for success.

About Highlight Industries, Inc.

In the basement of Kurt and Karen Riemenschneider's Grandville home, a small idea was beginning to grow. This idea was to create a unique and superior line of stretch wrap equipment. At the age of 31, Kurt received his first patent for his invention called the "Highlight Handwrapper". With patent in hand, Kurt decided to enter the industrial packaging machinery field.

Highlight's modest goal at this time was to produce and sell 20 Handwrappers a week. Soon, with the added help of four employees, Highlight began to blossom. The spring of 1981 gave birth to the company we know today as Highlight Industries, Inc.

The company quickly outgrew the Riemenschneider's basement. 1983 saw the expansion of Highlight out of the basement and into a rented building in Wyoming. With the additional room and six more employees, Highlight expanded its production to include a line of powered machines, namely the Synergy and Revolver.

In 1986 Highlight Ind. built its first building at 2949 Remico in Grandville. The first Freedom was introduced to the world of packaging in 1987. An addition to the Grandville property in 1991 doubled its size. Highlight was quickly becoming the world's leader in stretch wrap equipment.

Highlight was recognized as "One of the Top 100 Fastest Growing Privately Held Companies in the State of Michigan in 1989, 1990, 1991 and 1992". However, to maintain this level of production Highlight needed more room. In the summer of 1997 Highlight built a new 57,000 square foot building at 2694 Prairie Street in Wyoming. The plant is equipped with state-of-the-art manufacturing machinery and 75 of the best people in Michigan. In 2012, Highlight more than doubled its manufacturing, warehousing and office capacity with the purchase of a 61,000 square foot building next door.

Growth in technology and specialization has enabled Highlight to stay ahead of its competitors. The company produces the most technically advanced stretch wrap equipment in the world, and it is recognized as the leader in quality control equipment for stretch film and resin producers. Highlight offers the largest selection of stretch wrap equipment on earth, with over 2,000 distributors worldwide. With the concept of building the highest quality, highest value and highest technology products, Highlight has taken a small idea and stretched it to become the industry leader.

Mission Statement

Highlight's mission is to provide the highest quality, highest value and highest technological products, to our customers, by encouraging everyone at Highlight to use and improve their abilities to achieve their highest potential.

About This Handbook

Purpose of This Handbook

The purpose of this handbook is to provide information regarding your employment with Highlight Industries, Inc. You will be expected to abide by all policies that are contained herein. For its part, the Company will strive to be consistent in its application of these policies.

Modifications

All policies, including benefit policies, as explained in this handbook may be changed or deleted from time to time as employment legislation and business conditions dictate. No such change will be made unless it is in writing and signed by the President. If any changes or deletions are made, the Company will make every reasonable effort to notify all employees.

About Your Employment

Orientation Period

The first 90 days of your employment is a period of adjustment for you and the Company. This period is a time for you to learn about the tasks involved with your job, getting to know your fellow employees and the policies and procedures of the company. For all new employees, the first 90 days are to be considered an orientation period. This initial period should give ample time to become acquainted with your work and give your supervisor an opportunity to properly evaluate your progress.

At this time you may become a regular employee, have your orientation period extended or your employment terminated.

Upon successful completion of the orientation period, you will be classified as a regular employee. At this time, if you are a full time regular employee you will be eligible for company paid benefits.

Your Various Benefits With Highlight Industries

In addition to the wages or salary you earn, Highlight Industries provides a variety of benefit programs. These are just some of the benefits that are available to eligible employees.

- Dental Insurance
- Direct Deposit
- Tuition Reimbursement
- Flexible Cafeteria Plan
- Group Term Life Insurance
- Health Care/Hospitalization Insurance combined with Health Savings Accounts (HSAs)
- Long Term Disability Insurance

Definitions of Employees

Definition of “Part Time” and “Full Time” Employees

For purposes of remunerated time off (e.g., PTO, CTO and Holiday) and benefits associated with the medical insurance plan and flexible cafeteria plan, “full time” is defined as being employed by the Company on a regular basis for at least 36 hours per one week pay period based on a 3 month look back period and their position, requiring over 30 hours per one week pay period for at least an additional 6 months. In order to receive “full time” benefits, an employee must work during the hours Highlight Industries is open for business with the public.

An employee working in a “part time” position as classified by Highlight Industries will not receive full time benefits.

Definition of “Non Exempt” and “Exempt” Employees

The provisions of the Fair Labor Standards Act determine which employees are subject to the overtime pay requirements of the law and which are exempt from those requirements. It is common to refer to employees who are subject to overtime as “non exempt” (hourly) and those employees that are not subject to the overtime provision as “exempt” (salaried), based upon legal requirements.

Time - Off Policies

Compensated Time Off (CTO)

Highlight Industries, Inc. will give all eligible full time non-exempt employees and full time exempt employees paid personal time off. This time will be referred to as “Compensated Time Off” or CTO. This time bank will renew on your anniversary date. In no anniversary year may more than a total of 16 unused CTO hours be carried over from all previous years.

In order to use CTO as a full sick day, you must call in within two hours of the start of your shift. An employee may leave a message in the voice mailbox of his or her supervisor, or they may leave a message in the general Highlight mailbox, and it will be transferred to their supervisor. Highlight’s phone number is 616-531-2464. CTO must be used in one (1) hour increments. CTO can be used for any purpose BUT you are encouraged to use this time bank for sick days.

Normally there will be no PTO or CTO time for part time employees. For employees converting from part time to full time status, length of service is measured from the point of conversion to full time status, not from the point of hire.

The schedule of CTO time earned upon full time employment for non-exempt employees is as follows:

Up to 3 months	0 hours
After 3 months	20 hours
Every anniversary thereafter	20 hours

The schedule of CTO time earned upon full time employment for exempt employees is as follows:

Up to 3 months	0 hours
After 3 months	28 hours
Every anniversary thereafter	28 hours

Paid Time Off (PTO)

Highlight Industries, Inc. will give all eligible full-time, non- exempt and exempt employees paid time off (PTO) after the employee has completed six (6) months of continuous employment. Your PTO year is measured from your date of hire. For proper scheduling of PTO of more than two (2) consecutive days, you must notify your supervisor five (5) workdays in advance. For two (2) days or less PTO will be excused only if you have a signed PTO form 24 hours in advance of the requested PTO time off. You must have your PTO form signed by your supervisor and then submitted to the

Human Resource Department for record keeping purposes. These forms are located in the Human Resource Department.

Paid time off will be granted on the basis of seniority and production requirements.

Highlight Industries, Inc. believes that all employees need their allocated PTO time off. To encourage the use of this time, you must use your time in the year earned. If you do not use all of your PTO, you cannot carry the time over into the following year, nor will you be paid for that time that you do not take.

Employees earning more than 100 hours of PTO in a year may request to have the hours over 100 to be paid to them in lieu of taking the time off. The request must be approved by their supervisor and, if approved, the hours will be paid out with the paycheck following the completion of their anniversary year. (For example, if an employee has accrued 116 hours PTO as of February 2, 2012 (anniversary date) he/she may request, and, if approved, have 16 hours PTO paid out rather than take the 16 hours as time off. The hours approved would be paid out on the first paycheck following February 2, 2013.)

PTO may be used as vacation time, sick time (if the above mentioned policies are followed), personal time or for whatever purpose you would like. Remember, if PTO time is used for an illness over five (5) days, we must have documentation on file that you are able to return to work.

PTO time is allocated in hours. You may not take PTO time in less than half-day (4 hour) increments. Once per year any remaining PTO hours can be taken to use up allocated PTO time.

Each anniversary date PTO is accrued and remains to be used until the next anniversary date. For employees converting from part time to full time status, length of service is measured from the point of conversion to full time status, not from the point of hire.

The schedule of PTO time earned based upon eligible full-time employment is as follows:

Up to 6 months	0 hours
After 6 months	20 hours
After 1 year	52 hours
After 3 years	80 hours
After 5 years	96 hours
After 8 years	116 hours
After 10 years	136 hours
12 years and over	140 hours

Attendance and Uncompensated Time Off (UTO)

You are expected to be at your workstation and ready to work at the beginning of your scheduled shift. Absenteeism and tardiness result in both lost productivity and additional costs to the Company. Directly related to absenteeism and tardiness are the costs of additional staff, additional overtime and production problems due to constant shifting of employees to maintain production.

From time to time, absences, tardiness and leaving early are unavoidable. Highlight Industries, Inc. is aware that emergencies, illness or pressing personal business which cannot be scheduled outside your work hours may arise. These absences or tardiness fall into two categories:

1. Excused
2. Unexcused

Absences for the following reasons are excused:

1. Jury Duty
2. Bereavement Leave
3. Family Medical Leave
4. Paid Time Off (PTO)
5. Compensated Time Off (CTO)
6. Excused Time Off (ETO)
7. Required Time Off (RTO)
8. Voluntary Time Off (VTO)
9. Leaves of Absence – pre-approved at least 60 days in advance

Any absence or tardiness, which is not excused for the above-mentioned reasons, is considered unexcused. To accommodate those circumstances that are not excused, each non-exempt employee is permitted 24 hours of Unpaid Time Off (UTO). This 24-hour UTO bank is accrued at date of hire and renews each anniversary date thereafter. There is no carry over of unused UTO. Unexcused absences or tardiness will be deducted from this UTO bank.

1. Unexcused tardiness or leaving early will be deducted from UTO in 1/2-hour (30 minute) increments.
2. Absence for more than 4 hours in a day will be deducted from UTO as 8 hours.
3. If an employee does not punch in at the beginning of the shift, or punch out at the end of a shift, the employee will be assessed a minimum of .5 hours of UTO (for an employee that has used up his/her bank of UTO hours, this translates into a minimum of one (1) point in the assessment of points).
4. Absences not covered by PTO/CTO/ETO/RTO/VTO will be subject to UTO and discipline points even if you have a physician's excuse from work, except in the case of FMLA.

Any absence, tardy or leaving early in excess of your UTO, PTO, RTO, VTO, ETO or CTO will result in the assessment of points:

1. Tardiness or leaving early of one hour or less - one (1) point
2. Tardiness or leaving early of more than one hour but less than 4 hours – two (2) points
3. Absent for four hours or more in one day - four (4) points

The discipline points accumulated within any 12-month period will be assessed in the following manner:

0 points	Written Warning by Supervisor
10 points	Written Warning by Supervisor and one day off without pay
14 points	Written Warning by Supervisor and three days off without pay
20 points	Termination

An employee that falls under the disciplinary action of the point system will not receive the same disciplinary action in the same quarter.

Periodically the Company needs more or less labor inputs than the normal 40-hour work week provides, depending on factors such as customer requirements and production deadlines. Mandatory work hours will be posted each week for non-exempt employees. Non-exempt employees are expected to work the mandatory hours unless notified otherwise by an employee's supervisor. If mandatory hours are not worked in a week, violation of the mandatory hours policy will have a negative effect in the calculation of an employee's quarterly bonus, if there is a quarterly bonus for the quarter. Such Overtime Time Off (OTO) is accordingly tracked for quarterly bonus purposes, but it will not affect UTO and discipline points. For each ****whole day**** (8 hours) that an employee is off through use of PTO, RTO or CTO or Company-designated holiday, the mandatory work hours for the work week is reduced by 20% of the week's mandatory work hours. There is no reduction in mandatory work hours for partial days (anything less than 8 hours) taken off through use of PTO, RTO, CTO or Company-designated holiday. For example, if the mandatory work hours in a week are 45 hours, and an employee takes off two whole days (16 hours) with PTO in the week, then the employee must work 27 hours (= 45 hours minus (2 times 20% times 45 hours)) in the week in order to be in compliance with the Company policy.

If you have any questions about how to calculate the hours you need to work, you may ask the Human Resources Department.

Excused Time Off (ETO)

There are 2 types of ETO. The first is for court appearances required by subpoena. The second is during severe weather-related conditions which can be called at the discretion of the President of the Company. On days when the President permits unpaid, excused time off for severe weather-related conditions, employees can decide whether they come into work and how much time they work during that day. Employees that will be taking ETO time off should inform their supervisor and turn in a time-off form to the Human Resources Administrator. Employees taking ETO time off on a day preceding or following a holiday will still be paid for Holiday time. ETO time off is unpaid, so hourly and salaried employees wanting to be paid for ETO time off must use PTO or CTO time. In such cases, the advance notice policy for PTO time will be waived. In order to find out if there is ETO permitted, employees should call into the Company's voice mail system to extension 611. There will be a recorded message indicating whether ETO is permitted.

Required Time Off (RTO)

At certain times it may be necessary for the Company to declare required time off (RTO) days, generally due to economic slow-down. RTO will be unpaid time off, unless an employee applies available PTO or CTO to the RTO days.

Voluntary Time Off (VTO)

The Company may at its discretion allow voluntary time off (VTO) according to department-specific guidelines. VTO is unpaid time off, in which an employee volunteers to take time off, but is not required to do so.

Holiday Pay

Paid Holidays

1/2 day before New Years
New Years Day
Memorial Day
Independence Day
Labor Day

Thanksgiving Day
Thanksgiving Friday
1/2 day before Christmas
Christmas Day

A holiday "day" is defined as 8 hours for all Highlight Industries, Inc. employees.

To qualify for holiday pay you must meet the following requirements:

1. Complete 90 working days at the company as a full time employee prior to the holiday
2. Work the regular workday before and after the holiday unless you submit a doctor's statement stating that you were unable to work, or obtain pre-approved PTO, RTO or CTO time off subject to the manager's discretion. We recommend that employees turn in their request one week in advance of their requested day

off but this is not required. You will not be paid for the holiday itself if you fail to follow these guidelines.

3. Be no more than 1 hour late for work the business day after the holiday unless pre-approved PTO, RTO or CTO time off, subject to the manager's discretion
4. Be a full time regular employee
5. Absences on the day before or after the holiday due to FMLA certified illness or ETO will not affect holiday pay

Bereavement Pay

When a death occurs in your immediate family, full time employees may, on request, be excused and paid for up to three (3) working days following the death, within the five (5) calendar day period. The immediate family is defined as spouse, birth or adopted children, parents, parents-in-law, brothers or sisters.

When a death occurs to your grandparent or grandparent-in-law, you may request time off. The company does not pay this time. You may take this as excused, unpaid time off or PTO time. This practice will also apply to grandchildren, nieces or nephews, and brothers-in law or sisters-in-law.

Jury Duty

A full time employee (who has successfully completed the orientation period) who is summoned and reports for jury selection or duty, as prescribed by law, may receive pay from the Company.

This payment will be an amount equal to the difference between the wages you would have earned by working the scheduled shift and the jury pay received from the court. Any amount the court pays for travel or other expenses will not be considered as being part of the court fee.

If you are not required to spend a full day in court, you are expected to return to work within one hour after being dismissed from duty, unless special arrangements have been made with your supervisor. The one-hour travel time will be counted for pay purposes.

The hours allocated to jury duty will be credited towards overtime pay on hours actually worked.

In order to receive payment, you must give your supervisor prior notice that you have been summoned for jury duty on the days for which you request payment. The court clerk will furnish, upon your request, a statement verifying the days on which you have served and the amount paid by the court for this service.

The Company's payment will be calculated and paid only for those days on which the employee would otherwise have been scheduled to work.

Wage and Benefit Policies

Working Hours

Highlight Industries is generally open for business from 8:00 a.m. until 5:00 p.m. Monday through Friday. Non- production personnel are expected to work during the hours Highlight Industries offices are open for business with the general public.

Production personnel hours are presently 7:00 a.m. until 3:30 p.m. If you are an hourly employee and you punch in prior to the start of your shift, your time will commence at 7:00 a.m. *unless* approved by your supervisor.

Breaks

There are two Company paid work breaks per day. Breaks are scheduled from 9:00 a.m. until 9:10 a.m. and from 2:00 p.m. until 2:10 p.m.

Lunch Breaks

Hourly associates must punch in and out on their time cards. If you leave the premises during your lunch period you must punch out when leaving and punch in upon returning. You must return to work on time at the end of your lunch period. Presently lunch starts at 11:30 a.m. until 12:00 noon.

Overtime

The provisions of the Fair Labor Standards Act determine which employees are subject to the overtime pay requirements of the law and which are exempt from those requirements. It is common to refer to employees who are subject to overtime as “non exempt” and those employees that are not subject to the overtime provision as “exempt” based upon legal requirements.

Periodically, the company needs extra labor inputs due to customer requirements and production deadlines. At these times, you may be required to work overtime. All hours over 40 hours per week are considered overtime for non-exempt personnel. All overtime is subject to approval by your supervisor. Overtime must always be approved by your supervisor. Failure to gain such approval may result in disciplinary action. All non-exempt overtime rates are at one and one half times the base hourly rate for the individual employee.

Highlight Industries, Inc. has established a policy for the discretionary payment of overtime for exempt employees. Approved hours over 45 hours per week for salaried employees will be paid at the rate of \$15.00 per hour.

For other provisions relating to required overtime refer to the section “Attendance and Uncompensated Time Off (UTO).”

Pay Period

Paychecks are issued biweekly on Thursdays. Checks will be available for pick up *after* 2:00 p.m. on Thursdays.

If you believe a mistake has been made in your wages or deductions, report it immediately to the Human Resource Administrator. Any corrections will be made on your *next* paycheck. Your paycheck and wage rate is an important part of working at Highlight Industries, Inc. If you have questions please ask your supervisor.

Example of pay cycle:

SUN	MON	TUES	WED	THURS	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

Paychecks issued on the 19th will include the hours worked the 1st through the 14th. Likewise, paychecks issued on the 2nd will include the hours worked the 15th through the 28th.

Direct Deposit

As a convenience to all Highlight Industries, Inc. employees, you will have the opportunity to have your paycheck deposited into your checking and/or savings account. Please contact the Human Resource Administrator for the necessary form.

Employee Reviews

Your performance is reviewed on six performance criteria:

- Quality of work/Accuracy & Thoroughness
- Productivity: Quantity of Work
- Job Knowledge
- Interpersonal Skills:
Organization/Initiative/Proactive/Teamwork/Dependability/Problem Solving
- Attendance

You are evaluated based upon your ability to meet or exceed these requirements.

All performance/compensation reviews are based on merit, time of service, current economic conditions, and your performance criteria.

Quarterly and Annual Bonuses

On a discretionary basis, employees are paid quarterly and annual bonuses. Full time and part time employees are qualified for the quarterly bonus if they have been employed at the Company during the entirety of the quarter of the bonus. To be considered eligible for the annual bonus, an employee must be employed for at least the entire fourth quarter of the fiscal year. The quarter and annum are based on the Company's fiscal year ending April 30, not the calendar year.

Personal performance factors that affect bonus levels include the same performance criteria as employee reviews. Company performance factors that affect bonus levels include profitability and sales levels.

Childcare Flex

Highlight is interested in providing opportunities for our employees but at the same time must weigh these opportunities against the requirements of good business in serving our customers.

We offer the following option to our salaried employees. There is a significant list of stipulations attached, but we feel this is necessary to keep this option workable.

Highlight will allow salaried employees the option of flexing their schedule up to 1 hour per day for the specific purpose of taking care of their child or their children. The following stipulations and rules apply:

- You must be a salaried employee
- Maximum 1 hour flex per day.
- Minimum of 7 hours of work per day unless PTO, CTO etc. are used.
- Minimum of 1/2-hour lunch period per day.
- Minimum of 40 hours work per week.
- The hours of work missed due to flex must be made up during the week of its occurrence.
- The flex schedule should have 1-week advance notice when possible.
- Flex work hours will be between 7:00 am and 6:00pm, Monday through Friday.
- The specific purpose of this flex time is for taking care of your child or your children.
- Employees participating in the flex time will be required to punch in and out on a time clock to verify their working hours.
- Employees requesting to participate in this program must fill out a flex request form. This form must be approved by your supervisor and by the president of the company. The request will be valid for a 6 month time period. Renewal of the program is available upon approval by your supervisor and the president of the company.
- This program can be cancelled by either party with a one-week notice. Should your on-the-job performance be affected negatively, your participation in this program will be reviewed.

Several program requirements follow:

- Employees may have a maximum of 2 In/Out's into the program in a 1-year period.
- Punching In/Out on the time clock will be done on your own PC using special time clock software. This information will be reviewed on a weekly basis for adherence to the rules set forth.
- Habitual missed punches (more than 5 infractions per 6 month term) will result in termination of participation in this program.
- Participation in the program may be limited due to staffing needs, as determined by your supervisor and the president of the company.

Tuition Reimbursement

This tuition reimbursement program is a non-taxable benefit to employees that utilize it. The maximum annual calendar year reimbursement for this program is \$2,500. It is available for full time Highlight employees, as “full time” is defined in Highlight’s Employee Handbook. In order to issue educational benefits in an equitable manner, we have developed the following criteria as policy:

1. All classes must be approved by review before judgment can be made as to relevance of a particular course.
2. For review, you must submit a copy of educational benefits requisition with a copy of course catalog description for the course.
3. The cap on educational benefits is \$2,500 per year per employee based on a calendar year.
4. Upon approval, employee must present a paid receipt.
5. Highlight Industries will reimburse 25% of receipt (includes tuition and direct course reading material), subject to the \$500 monthly maximum pay-out cap rule (see 10).
6. Upon completion of course employees wishing further reimbursement must present a report of grade.
7. Based on report of grade at completion, this additional amount will be reimbursed, subject to the \$500 maximum monthly pay-out cap rule (see 10):

Course Grade	Additional % of total	Initial	Percentage of total approved
A	75%	25%	100%
B	50%	25%	75%
C	25%	25%	50%

8. Lower than a “C” grade = no additional reimbursement
9. Judgment used for approval, relevance of course to company direction, job function and individual development.
10. In any particular month of the calendar year a maximum of \$500 will be paid to an employee under this program, and in no month will any amounts be paid under this program to a person that is not a full time employee of Highlight during the month to be paid. Any unused amounts owing to the \$500 monthly pay-out cap may be carried forward for use to the next month *within* the same calendar year, but may not be carried forward to the next calendar year.
11. The course must be in compliance with IRS guidelines for such a non-taxable reimbursement program.

While higher education is expected to enhance employee’s performance and professional abilities, the Company cannot guarantee that participation in formal education will entitle the employee to automatic advancement, a different job assignment or a pay increase.

401(K)

All regular employees who have worked a minimum of one thousand (1,000) hours per year and are at least 21 years of age are eligible to participate in the Highlight Industries, Inc. 401(k) Investment/Retirement plan, once you have completed six months of service.

Highlight Industries, Inc will, on a discretionary basis, match every dollar that you invest with \$.25, up to a percentage designated by management of your annual fiscal wage.

The 401(k) plan offers a variety of investment options. You will receive more information when you become eligible.

Any contributions made by you and interest accrued on these contributions are always 100% vested. Simply put, vesting means ownership. Employer contributions and earnings are subject to a seven (7) year vesting schedule. The following is the vesting schedule:

Year 1: 0%	Year 2: 0%	Year 3: 20%
Year 4: 40%	Year 5: 60%	Year 6: 80%
Year 7: 100%		

Your vesting begin date is your date of hire. If you leave the Company's employ before you are fully vested, your account will be credited with the portion that you have earned via vesting. The rest will be redistributed to all active Highlight Industries, Inc. employee accounts.

Loans are available from your 401(k) account based upon the requirements of the master plan document.

Note: This is a summary of the Highlight Industries, Inc. 401(k) Investment/Retirement plan and not intended to replace the master plan document. To the extent that there is any conflict between the language of this handbook and the language of the plan, the plan document will control.

Flexible Cafeteria Plan

Company employees eligible under the Medical Insurance Plan (see “Medical Insurance Plan” section) are eligible to participate in the Company’s Flexible Cafeteria Plan.

The Company’s Flexible Cafeteria Plan allows an eligible employee (as defined above) to have the option to receive a cash benefit substitute, if and only if, they show proof of insurance from another source and do not choose to participate in the Company’s Medical Insurance plan. This cash benefit will be paid quarterly *with the first payroll date following the end of the quarter*. The schedule of benefits will be decided at the discretion of the management on July 1 of each medical insurance plan year. The cash benefit substitute will not be paid for the 90-day orientation period. If you become eligible for this benefit or terminate employment with the company in the middle of a quarter, the cash benefit amount will be prorated for the month(s) eligible.

The Company Flexible Cafeteria Plan also allows eligible employees to set aside funds on a “pre tax” basis to cover child care and-reimbursed dental and vision expenses.

If you leave employment at the Company, then you lose the benefits paid under the Company’s Flexible Cafeteria Plan, except those provided under COBRA.

Medical Insurance and Health Savings Accounts

The Company provides to its employees meeting certain eligibility requirements, a medical insurance plan covering medical, dental, and vision expenses. Upon eligibility, all Company employees should receive and carefully review the “Summary Plan Description for Highlight Industries, Inc. Employee Benefit Plan,” detailing the Company’s medical insurance plan. All employees are required to sign an acknowledgment of receipt of this Summary Plan Description. All employees who are eligible to participate in the Company’s Medical Insurance Plan have the option to receive a cash benefit substitute if, and only if, they can show proof of insurance from another source and do not choose to participate in the Company’s medical insurance plan (see “Flexible Cafeteria Plan” section).

The medical insurance plan year is from July 1 to June 30 of the following year. Each plan year, Management determines a schedule of employee co-pays to be deducted from the employee’s weekly paycheck for those employees participating in the medical insurance plan.

Employees eligible for the medical insurance plan are also eligible to participate in the Company’s Health Savings Account (HSA) program. Eligible employees may contribute to their individual HSA, and on a discretionary basis the Company may either seed this

account or provide matching contributions. Funds in the individual HSA follow the employee even if the employee leaves employment at the Company.

When the employee becomes eligible

Persons eligible under this Plan shall include only employees working an average of at least 30 hours per week.

Employees shall be eligible for medical, dental and vision coverage following ninety (90) days of full time employment.

An employee who does not apply for coverage within thirty-one (31) days of the date he becomes eligible for coverage may only be able to enroll during the open enrollment/election period and will be subject to the pre-existing condition requirements of this Plan.

To the extent that there is any conflict between the language of this handbook and the plan document, the plan document will control.

Health Challenge Programs

The Company, on a discretionary basis, offers various health challenge programs to encourage good health. Employees may participate on a voluntary basis.

General Policies

Alcohol and Drug Testing

The Company has a vital interest in maintaining safe, healthful and efficient working conditions for its employees. Being under the influence of a drug or alcohol on the job poses serious safety and health risks not only to the user but also to all those that work with the user. The possession, use or sale of an illegal drug or alcohol in the workplace also poses unacceptable risks for safe, healthful and efficient operations.

The Company recognizes that its own health and future are dependent upon the physical and psychological health of its employees. Accordingly, it is the right, obligation and intent of the Company to maintain a safe, healthful and efficient working environment for all of its employees and to protect Company property, equipment and operations.

The Company also attempts to assist and to provide help to employees who seek assistance for alcohol or drug abuse and other personal/emotional problems.

With these basic objectives in mind, the Company has established the following policy with regard to use, possession or sale of alcohol or drugs:

- ◆ Pre-employment screening. The Company will maintain pre-employment screening practices designed to prevent hiring individuals who use illegal drugs or individuals whose use of legal drugs or alcohol indicates a potential for impaired or unsafe job performance.
- ◆ On the job possession or sale of drugs and alcohol. Being under the influence* of alcohol by any employee while performing Company business or while in a Company facility is prohibited. The use, sale, purchase, transfer or possession of alcohol by any employee while in a Company facility or while performing Company business is prohibited.
- ◆ If an employee is out of work for five or more days, and this lost time involves a “serious health condition” as defined by the Family Medical Leave Act, the employee will obtain from the Occupational Physician a return to work exam. This exam will also include a hair collection drug test and will be performed at Spectrum Immediate Care Center located at 3500 28th Street SE. When an employee has been authorized to return to work by his personal physician, they will contact the Human Resource Department, and she will set up this appointment for them. The drug screen results will not be available for at least 24 hours, and, if the Occupational Physician releases the employee to return to work, they may do so with the understanding that continued employment may be contingent upon the results of the test. If drug results are positive, disciplinary action will be taken, up to and including discharge.

Except as provided below, the use of, or being under the influence of, any legally obtained drug by any employee while performing Company business or while in a Company facility is prohibited to the extent that such use or influence may affect the safety of co-workers or members of the public, the employee's job performance, or the safe or efficient operation of Company equipment and/or facility. An employee may continue to work, even though under the influence of a legal drug ** if Management has determined, after consulting with the appropriate medical professionals, that the employee does not pose a threat to his or her own safety or the safety of co-workers and that the employee's job performance is not significantly affected by the legal drug. Otherwise, the employee may be required to take a leave of absence or comply with other appropriate action determined by Management.

For certain job positions, an employee's use of a legal drug can pose a significant risk to the safety of the employee or others. Employees who feel, or have been informed, that the use of a legal drug may present a safety risk, are to report such drug use to Management to determine job related consequences. Supervisors who are aware of such a situation are to instruct the employee to report to the Human Resource Administrator.

The use, sale, purchase, transfer or possession of an illegal drug*** by any employee while in a Company facility or while performing Company business is prohibited. The presence in any detectable amount of any illegal drug in an employee while performing Company business or while in a Company facility is prohibited.

For the safety of all of our employees, the Company will test its employees for controlled substances and alcohol when circumstances give the Company's representatives reasonable suspicion to believe that the employee's faculties are impaired. The Company may require a blood test, urinalysis, or other drug and/or alcohol screening of those persons suspected of using or being under the influence of a drug or alcohol or where circumstances or workplace conditions justify it. A test for controlled substances and alcohol will be performed on any employee sustaining a work-related injury that requires outside medical attention or time away from work. An employee's consent to submit to such a test is required as a condition of employment. The failure to consent to such a test will result in the presumption of the person being under the influence of a drug or alcohol.

Any time an employee is involved in an injury requiring medical attention, he/she may be required to take a test for controlled substances and alcohol.

On a monthly basis there is a random drawing from the employee pool of an employee or employees to be tested for illegal drugs***.

All test samples will be analyzed by an approved laboratory in accordance with generally accepted procedures, and all results will be held in strict confidence.

When a test is conducted and the results indicate that the employee is under the influence of alcohol or a controlled substance or indicate the presence of alcohol or a controlled substance, a second confirming test will be conducted on the original sample.

Each employee shall be accorded a reasonable opportunity to rebut or explain the results of a drug test. If the employee wishes he/she may request a re-test of the same sample at their own expense.

The first time an employee's drug test indicates the presence of alcohol or a controlled substance, Highlight Industries, Inc. may provide for a substance abuse evaluation and treatment, if recommended by the evaluation, with the cost being considered under the normal terms of the health insurance. Alternatively, the employee may be required to undergo a series of random drug tests for a period of 6 months, to be administered by the Company. Should the employee not pass all of these tests, further action will be required.

The employee's decision to seek prior assistance of counseling will not be used as the basis for disciplinary action.

If an employee is evaluated as drug or alcohol dependent and fails to undergo substance abuse evaluation when required under the results of a drug test, or fails to successfully complete substance abuse treatment when recommended by an evaluation, the employee will be disciplined up to and including discharge.

Violation of this policy can result in disciplinary action, up to and including termination, even for a first offense.

The Company may conduct unannounced searches for illegal drugs or alcohol in Company facilities. Employees are expected to cooperate in these searches.

Searches of employees and their personal property may be conducted when there is reasonable suspicion to believe that the employee or employees are in violation of this policy.

Searches of employees and their personal property may otherwise be conducted when circumstances or workplace conditions justify them.

An employee's consent to search is required as a condition of employment, and the employee's refusal to consent may result in disciplinary action, including termination, even for a first refusal.

Searches of Company facilities and property can be conducted at any time and do not have to be based on reasonable suspicion.

* "Under the influence" means, for the purposes of this policy, that the employee is affected by drug or alcohol or the combination of a drug and alcohol in any detectable manner. The symptoms of influence are not confined to those consistent with

misbehavior, nor to obvious impairment of physical or mental ability, such as slurred speech or difficulty in maintaining balance. A determination of influence can be established by a professional opinion, a scientifically valid test, and in some cases, as with alcohol, by a lay person's opinion.

** "Legal drug" includes prescribed drugs and over the counter drugs which have been legally obtained and are being used for the purpose for which they were prescribed or manufactured.

*** "Illegal drug" means: any drug which (a) is not legally obtainable, or (b) is legally obtainable but has not been legally obtained, including prescribed drugs not legally obtained and prescribed drugs that are not be used for the prescribed purposes; (c) it also includes marijuana.

Americans with Disabilities Act

The Company fully complies with all provisions of the Americans with Disabilities Act. The Company requires all of its employees to comply with the provisions of the ADA. See the Equal Employment Opportunity policy listed below.

At Will Employment

Except as otherwise provided under the Veteran's Re-employment Rights Act or similar act, all employment and compensation with Highlight Industries, Inc. is "at will" in that they can be modified or terminated with or without cause and with or without notice, at any time, at the option of either the Company or the employee. None of the policies set forth in this Handbook are intended to modify the at-will relationship in any way.

Business Travel

It is very important that every dollar invested in travel and entertainment is used wisely. All we ask is that you spend the Company's money with the same care that you would spend on your own personal money.

Employees will be reimbursed for ordinary and necessary expenses incurred for travel while on Company business. Reimbursement will be made based on the submission of an expense report completed in a form acceptable to the accounting/human resources department and approved by your supervisor. All expense reports should be turned in to the Company's Payroll Coordinator for review.

Employees will be reimbursed mileage for use of their personal vehicle, providing such use has prior approval of their supervisor. Travel must exceed 30 miles in town in order

to be reimbursed. The mileage reimbursement rate will be set at the discretion of management.

The cost for lodging will vary but an average room rate of \$60 to \$80 should be adequate for reasonable accommodations in most cities. Typical AAA 3 Diamond hotels such as The Best Western, Comfort Inn, La Quinta, and Hampton Hotels deliver good quality lodging at a reasonable rate.

Meal expenses will be reimbursed at a maximum of \$40 per day (i.e.: \$8.00 breakfast, \$12.00 lunch and \$20.00 dinner) except when approved prior to travel or at the discretion of management. Receipts are appreciated but not required for employee meals. IRS requires that you must stay overnight to be allowed to claim your meal expense unless you are with customers and the customer is noted on the back of the receipt. Meal allowances may be pro-rated according to the time of day of departure and/or return. In order to receive a meal allowance for breakfast when departing from the Grand Rapids area, departure must be before 7:00 am. In order to receive a meal allowance for dinner when returning to the Grand Rapids area, arrival must be after 6:00 PM.

All receipts for entertainment expenses must include the names of guests, the business purposes, and the business relationship.

When an employee is traveling alone he or she should reserve an intermediate size rental car, if applicable. **Rental car upgrades beyond intermediate size will not be reimbursed.**

Travel advances must be reimbursed to the Company within 30 days. Employees are also requested to call and to check in with Highlight at least once per day when traveling.

For purposes of determining hours worked while on business travel, the actual time spent by the Company employee at the client site, trade shows arena, vendor, etc. will be included. In addition, the time spent in transit to the client site, trade show arena, vendor, etc. will be included, if this site is more than 20 miles from the employee's personal residence or the employee departs from the Company premises to the site.

All travel arrangements will be made through the Human Resource Administrator.

Gifts from Vendors/Customers

As a general policy Highlight employees should not keep gifts from vendors or customers for their own personal use. Such gifts should be forwarded to the management of Highlight so that management can make sure all Highlight employees get to benefit from such gifts. Furthermore, it is important that such gifts not inappropriately bias employees in purchasing and other business decisions affecting Highlight.

In more specific terms, if an employee receives a gift or gifts totaling more than \$50 in value in a given year from a customer or vendor, the employee should forward the gift to the Human Resources Department. The Human Resources Department will notify the President of such gifts so that he can decide how they should be dispersed.

If an employee wins a gift on a chance basis (e.g., a raffle) from a customer or vendor, it is not subject to this Company policy on gifts. Also, meals out with a customer or vendor are not subject to this Company policy on gifts.

Confidential Information

All information acquired by you during the course of your employment with Highlight Industries, Inc. concerning the Company or its business, and your personal compensation package is confidential. This includes, without limitation, all trade secrets and other information concerning the Company's employees, customers, suppliers, benefits, wages, salaries and personnel policies. You are required to maintain the confidentiality of any such information at all time during your employment.

Discussion of personal compensation package among employees is strictly prohibited. Employees participating in such discussion will be subject to the following disciplinary procedures:

1st Offense	Written Warning and One Day Suspension Without Pay
2nd Offense	Written Warning and Three Day Suspension Without Pay
3rd Offense	Termination

Warnings terminate one (1) year after the last registered offense.

Discipline

How you behave at work can determine how productive and professional your work atmosphere is. The Company has always had a commitment to excellence as an employer. To protect the welfare and the rights of the entire group and each individual within that group, some rules and regulations are necessary. Good behavior is a matter of common sense. Generally speaking, each employee should act in a mature and responsible way at all times. However, to avoid any possible confusion, some of the more obvious rules are stated here so that you will know what is expected of you. ***These rules are to be used only as guidelines and are not intended to cover all of the offenses for which disciplinary action could result.***

The following are examples of unacceptable conduct:

1. Possession or use of liquor, intoxicants, or illegal drugs on Company property or introducing them into the plant, or reporting to work under the influence of alcoholic beverages or illegal drugs.

2. Fighting, striking, threatening individuals, other violent actions, horseplay, or throwing things while on Company premises.
3. Insubordination or refusal to carry out the instructions of a supervisor.
4. Destruction, defacement, removal, theft, misuse or waste of Company or employee property, tools, or equipment.
5. Falsification of any records, including but not limited to employment application, time card, production or personnel records.
6. Storage or possession of any weapon, firearm, explosive or other destructive or harmful material or substance on Company property or in Company vehicles at any time.
7. Excessive absenteeism or tardiness, leaving work early without permission, failure to return to work as scheduled following vacation, medical or other leave of absence or layoff without prior approval from your supervisor, work slow down, or unsatisfactory performance, including incompetence, low productivity, poor performance or improper job performance (after basic training in specific job functions).
8. Use of profane, insulting, abusive or obscene language or conduct, or any discourtesy directed toward any supervisor, management representative, fellow employee, Company customer, supplier or visitor.

Whenever the Company determines that an employee has committed a disciplinary offense, the Company will determine an appropriate disciplinary action. The range of disciplinary action may include warning, suspension or discharge. The appropriateness of the penalty in each case will be determined by the Company depending on its judgment as to the seriousness of the offense, the employee's prior disciplinary actions and other relevant circumstances. No decision in any one case shall have any effect in another case. Nothing contained herein will limit the Company's right to terminate the employment of any person at any time, with or without cause, and with or without notice.

When disciplinary action is taken against an employee, a record of that disciplinary action will be made by the Company and placed in the employee's personnel file. When a record of discipline is made, the employee is required to acknowledge receipt of the disciplinary action. Acknowledgment of the disciplinary action does not necessarily mean that the employee agrees or disagrees with the action taken. It simply records the fact that disciplinary action was taken.

Discriminatory Harassment

Highlight Industries, Inc. supports a culturally diverse employment community and is committed to maintaining an environment which fosters respect among its employees. The policy of the Company is to provide a workplace environment free from acts of harassment on the basis of a person's sex, race, color, national origin, age, marital status, non-disqualifying disability, religion, height, weight, or veteran status. Such harassment does harm to those who experience it and destroys the environment of mutual respect and tolerance that must prevail if the Company is to fulfill its mission. Therefore, harassment will not be tolerated at this Company.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct or communication of a sexual nature. However, sexual harassment is not limited to harassment that is only sexual in nature, but also includes harassment that is non-sexual in nature but is gender based. Such conduct is prohibited when: (a) submission to such conduct is made a term or condition of employment; (b) submission to or rejection of such conduct is the basis for employment related decisions such as hiring, promotion, performance evaluation, pay adjustment, discipline, work assignments, etc.; or (c) such conduct creates an intimidating, hostile or offensive work environment so that it unreasonably interferes with the individual's work performance. Examples of such conduct might include: off color language, jokes, cartoons, nicknames; propositions; repeated unwanted social invitations; crude gestures; inappropriate touching or pinching; sexually suggestive objects or pictures, suggestive or insulting sounds, verbal or physical abuse of a particular gender group.

Other discriminatory harassment constitutes any behavior or pattern of behavior, malicious or benign, intended or unintended, physical or verbal, that creates an intimidating, hostile or offensive work environment, creates an unreasonable interference with an individual's work performance, or otherwise adversely affects employment opportunities.

Discriminatory harassment includes, but is not limited to, epithets, slurs, negative stereotyping, or threatening, intimidating, or hostile acts that relate to race, color, religion, gender, national origin, age or disability; and written or graphic material that denigrates or shows hostility or aversion toward an individual or group because of a protected classification that is placed on walls, bulletin boards or elsewhere, on Company premises or circulated in the workplace.

Reporting Procedure: If you believe you are a victim of harassment, you should report it immediately to the Human Resource Administrator. This person will assist you in pursuing effective resolution to the complaint. This may involve assistance in the preparation of a written complaint and intervention or mediation with the appropriate parties on the employee's behalf. Complaints must be signed and clearly state the nature of the alleged offense, the name of the alleged offender and the specifics (including time, date and location) of the offending incident. Whether a specific act violates a policy will be determined on a case-by-case basis, with proper regard for all circumstances.

Disciplinary Action: If you make a good faith complaint or take part in an investigation of a complaint of harassment, you will not suffer any adverse employment consequences. The Company will conduct a prompt and thorough investigation of all reports of unlawful harassment. Information you report to us will be kept confidential and disclosed only on a need-to-know basis. Any employee found to have committed harassment will be disciplined, up to and including discharge. Additionally, harassing conduct may result in individual liability to the harasser. False, bad-faith accusations of harassment which are made to purposefully harm the reputation of the accused may subject the false accuser to discipline, up to and including discharge.

Employment Records

For your own benefit and protection, it is extremely important that your personnel records are up to date at all times. Therefore, please advise Human Resources of any changes in the following areas as soon as possible:

1. Legal name
2. Home address
3. Home telephone number
4. Person to call in case of emergency
5. Number of dependents (for insurance and tax purposes)
6. Marital status (for insurance, tax and 401(k) purposes)

Coverage or benefits that you and your family may receive under the Company benefits package could be negatively affected if the information in your personnel records is incorrect.

Your employment records include your personnel file, your medical records, if any, your pay and review records, and other records relating to your employment.

All employment records are considered to be confidential. Generally speaking, only you and management personnel who have a need to know may review these records. Other individuals and organizations will generally not be allowed to review such records, unless authorized by you in writing or pursuant to legal process.

If you wish to review any of your personnel records, you may do so at reasonable intervals (generally not more than two times in a calendar year), provided that you present a written request to Human Resources identifying the record that you wish to review. Human Resources has a “reasonable amount of time” to respond to such requests. After reviewing any personnel record as provided in this policy, an associate may obtain a copy. The Company can charge a reasonable fee for such copying.

Equal Employment Opportunity

Highlight Industries, Inc. provides equal employment opportunity for all employees and applicants for employment regardless of religion, race, color, national origin, age, sex, non-disqualifying disability, height, weight, marital status, veteran status, or any other protected status. This policy applies to all Company practices and policies, including hiring, training, promotion, transfer, lay off, discharge, compensation and benefits.

Exit Interview

In instances where an employee voluntarily leaves our employ, the Company would like to discuss your reasons for leaving and any other impressions that you have about Highlight Industries, Inc. If you decide to leave, you will be asked to grant us the privilege of an exit interview. These interviews will be conducted by the Human Resource Administrator and by your immediate Supervisor. During the interview, you can express yourself freely. It is hoped that this exit interview will help us to part amicably, as well as provide insights into possible improvements.

Family Medical Leave Act

You are eligible for a leave of absence for up to 12 weeks in any calendar year under the Family Medical Leave Act (FMLA) after you have been employed at the Company for 12 months and have worked 1,250 hours for the 12 months preceding the leave request. Highlight Industries, Inc. designates the “rolling backward” method for determining the 12 months of FMLA leave entitlement. The “rolling backward” method is a snapshot of the 12 month period that changes daily (*i.e.*, as each new day is added to the 12 month period, one day from 12 months ago is eliminated).

You may request FMLA leave for any of the following reasons:

- The birth and newborn care of your child,
- The placement of a child with you for adoption or foster care,
- To care for your spouse, child, or parent who has a serious health condition,
- Because a serious health condition leaves you unable to perform one or more of the essential functions of your job. “Serious health condition” means an illness, injury, impairment, or physical or mental condition that involves inpatient care at a medical facility, incapacity for a health condition that requires continuing treatment by a licensed health care provider, or a chronic serious health condition, such as epilepsy.

FMLA leave is unpaid, but your coverage under the Company’s Health and Dental Plans continues during the leave. If applicable, you continue to pay the same portion of the cost of this coverage. If you fail to return from leave under this policy, the Company reserves the right to recover health care premiums paid during the leave.

A request for FMLA must be made in writing 30 days in advance *if the leave is foreseeable*. If the leave is not foreseeable, the request must be made as soon as practicable. All such requests must be made to the employee's supervisor and/or the Human Resource Administrator. Human Resources will respond to the employee's request for FMLA leave, indicating the reason for the leave, the beginning date of the leave, the anticipated ending date of the leave, whether the employee is eligible for the leave and inform the employee of the requirement of medical certification and other pertinent information.

If an employee is absent from work for reasons that may qualify as FMLA, the employee may request that such absence be treated as FMLA leave, provided that the request is made during the absence or within two (2) days of returning to work from such absence. If FMLA is not requested or is not granted, the absence will be treated as non-family and medical leave and will be dealt with accordingly under the Company's general policies on attendance.

This policy is not intended to lengthen any other leave available to employees. Any leave given to an employee under any other policy for one of the reasons stated under this policy will be considered a leave under this policy which will run concurrently with the leave taken under the other leave policy.

The Company will require employees taking leave under this policy to use other paid leave as part of the leave taken under the FMLA policy. Employees will be required to deplete any accrued UTO, PTO or CTO hours with the exception of the last 8 hours of UTO, the last 40 hours of PTO, and the last 8 hours of CTO.

Leave of Absence not covered by FMLA

The policy relating to leaves of absence not covered by FMLA and not taken as PTO, CTO or UTO time are covered in this section. All such leaves of absence may only be taken at the discretion of management. Leaves of absences are intended to be short term not to exceed 60 days. Such factors as production workload, production backlog, seniority, etc. will effect whether management approves such requested leaves of absence. In order for requested leaves of absence to be eligible for management consideration, they must be submitted to management and/or the Human Resource Administrator at least 60 days prior to the beginning of the requested leave.

Ideas and Suggestions

Highlight Industries, Inc. welcomes your ideas and suggestions. These could be ideas regarding communications, safety, ways to reduce costs, losses and/or waste or other improvements as you may see a need. Please give us the benefit of your experience, thoughts and ideas. Make sure to document your idea, or suggestion, in writing and place it in the suggestion box that is located in the plant lunch room.

Personal Phone Calls

Personal phone calls, text messages and emails- including on personally owned cell phones and other devices- are not to be made on Company time. Personal phone calls within the local area may be made during your breaks. Employees should make this policy known to their family and friends so that they will not be called to the phone during work hours.

Personal Projects Using Company Equipment

Each employee that wishes to use Company facilities and equipment must obtain the written approval of the Production Manager, Plant Manager or the President on an authorized form and submit it to the Human Resources Department. Failure to promptly return the equipment the following production day will be grounds for disciplinary action. The employee returning the equipment should notify the approving supervisor. Equipment and vehicles borrowed should be used only by the employee. Failure to clean up after completing your personal project will be grounds for disciplinary action. All personal projects must be performed after hours and not during normal work hours, lunch or break periods.

Policies on Internet Usage

Highlight Industries is dedicated to utilizing the latest in computer technology to improve the efficiency, productivity, and effectiveness of our work. While the availability of Internet access has the potential to improve work performance, it also makes possible avenues to violate Company policies and hinder work performance. Therefore, it is necessary to define the nature of Internet usage at Highlight.

1. Absolutely no material should be downloaded from the Internet on the premises of Highlight that is of a pornographic nature or could violate Highlight's policy to create an environment free of sexual or other forms of harassment. Violation of this policy is grounds for warning and even termination, depending upon the nature and extent of violation.
2. During work hours there should be no use of the Internet (sending e-mail, visiting web sites) for non-business related purposes.
3. Files downloaded from the internet (or other sources) and stored on one's computer or network drive should be reviewed periodically to determine whether they can be

deleted or stored on a backup storage device, and thus free up drive space. It is important that drive space not be cluttered by files that are rarely used.

Quality

One of the Company's primary objectives is to provide its' customers with quality products on time. All of our employees are aware that this is the best possible job security that anyone can offer. Every employee is responsible to assure that the products that are produced meet the highest quality standards possible. Always check your own work. Avoid the major causes of poor workmanship by always:

1. Knowing the requirements of the job(s) that you are performing
2. Operating all equipment properly and safely
3. Reading and understanding all work orders, blueprints and manufacturing procedures

Quality always reflects in our work environment. Remember that good workmanship is vital to all of us. After proper instructions, you are expected to produce acceptable quality work. *Failure to do so could lead to dismissal.*

Resignation and Departure from Employment

While we hope that you and the Company will mutually benefit from your continued employment, we realize that it may become necessary for you to resign from your job at Highlight Industries, Inc. If you anticipate having to resign your position, the Company will appreciate a two (2) week notice in advance of the date that you must leave.

Any employee must arrange to have their personal belongings picked up from Highlight Inc. premises within 30 days, or the Company will dispose of it.

Safety and Health

We have made, and are continuing to make, every effort to have a plant that is safe and healthy for everyone. We must all do our part to keep the plant clean and free from hazards. With your cooperation we can accomplish this goal. Employees are asked to follow these rules:

- A. Before starting a new job, be sure that you understand it. Don't be afraid to ask questions.

B. Before starting and/or operating a machine, check to make sure safety devices and guards are in place and in proper working order.

C. Never put your hand or any other part of your body in a moving machine.

D. Use safety or protective equipment that may be prescribed for your job.

E. Proper fitting (not loose) clothing and accessories should be worn to avoid interfering with machinery. Unbuttoned or untucked shirts, ties, unbuttoned coats, long hair, or anything which can become entangled in machinery, is a safety hazard and should be corrected. Wearing open toed shoes, such as sandals, is not permitted. Long pants are required and short pants are prohibited for all Highlight employees working in the plant.

F. Because of insurance demands, Highlight plant employees must wear steel-toe shoes. Your safety is very important to us! Highlight Industries, Inc. will reimburse you for 70% of the cost of your steel-toed shoes, up to \$60.00 annually. All employees must comply within 45 days of the hire date.

G. Any employee who does not have a welding department job classification *will not* use welding equipment or grinding equipment without first obtaining the supervisor's approval. Appropriate UV eye protection must be used at all times when welding or tacking. **Protective leathers, safety glasses, and face shield must be worn when grinding!**

- 1) The Company will furnish leather welding/grinding gloves to welding employees
- 2) The Company will require all welding employees to have full length leather arm and chest jacket, and split leg apron for use during grinding.
- 3) The Company will cover 50% of the cost of purchase as needed on a reimbursement program.
- 4) Leathers must be worn as necessary during grinding processes, etc.

H. Safety glasses must be worn by all Highlight Industries, Inc. employees and visitors when in the plant during plant operation hours.

Kent Optical has given us a special safety prescription price list. These prices include industrial safety lenses, solid color plastic frame, measuring, fitting, and adjusting. Options are available at an additional cost. Based on these prices, Highlight Industries, Inc. will reimburse up to \$30.00 per year when you present a receipt for safety prescription glasses. You may pick up Kent Optical forms in the Human Resource Department.

I. Do not engage in horseplay or cause distractions to other employees since these are the major causes of accidents.

- J. Five minutes is provided before the end of your shift for your work area clean up time. **This five minutes is to be used for clean up.** All employees are expected to clean off the machines when finished using them, as well as take care of tools. Failure to do so may result in disciplinary action.
- K. No spitting on the floors.
- L. Report any unsafe or defective condition that you have observed to your supervisor so this condition can be corrected.
- M. Highlight Industries, Inc. is a smoke-free environment. Observe all “NO SMOKING” signs at all times.
- a. Smoking will be permitted only during first break, second break and lunch break. (NOTE: The time set aside for clean up is not an authorized smoke break).
 - b. Smoking is prohibited on the premises of Highlight EXCEPT in employee’s vehicles. If anyone is caught smoking in an unauthorized area of Highlight’s premises the following disciplinary procedures will apply:
 - c.
First Offense – Warning report
Second Offense within the last 12 months – warning report and a day off without pay
Third offense within the last 12 months – warning report and 3 days off without pay
Fourth time offense with the last 12 months – termination
 - d. Employees will smoke in private vehicles only. All material associated with smoking: cigarette butts, wrappers, etc., will remain inside the private vehicle.
- N. Know the location of the fire extinguishers and report any fires or suspicions of fires immediately to your supervisor. Know the nearest Fire Exit.
- O. No animals are to be housed on the Company premises. This includes in fish tanks and other enclosed structures.
- P. Report all accidents and injuries to your supervisor at once. Such accidents and injuries must be reported immediately on the day of the accident. If your immediate supervisor is not available, then notify a supervisor higher up the chain of command or notify the Human Resource Administrator. In such incidents it is the Company policy to send employees to any of the seven (7) Blodgett Memorial Medical Center facilities for evaluation and testing. As

part of this evaluation and testing **IN ALL CASES** a drug test will be performed by the Clinic. As soon as possible after an incident, the Human Resource Administrator should be informed by the Supervisor in order to insure compliance with worker's compensation and OSHA guidelines.

Failure to follow the above mentioned guidelines may result in a loss of benefit from the Workers Compensation Insurance Carrier.

Approved Med Centers

Concentra Medical Centers:

436 44th Street SE

Suite A

Grand Rapids

24 hour facility, closes at 4PM Saturday, reopens 7AM Monday

The Spectrum Health Occupational Services facilities are as follows:

- ◆ 1840 Wealthy Street SE (inside the former Blodgett Hospital).
Hours: 8 am – 5 pm Mon-Fri
- ◆ 3350 E. Broadmoor SE
Hours: 7 am – 8 pm Mon-Fri
- ◆ 4245 44th Street SE (west of Patterson)
Hours: 8am – 5 pm Mon-Fri
- ◆ 551 36th Street SE (at Roger B Chaffee Blvd)
Hours: 7 am – 8 pm Mon-Fri
- ◆ 973 Ottawa Avenue NW (south of Leonard)
Hours: 7 am – 11 pm Mon – Fri; 7 am – 3 pm Sat
- ◆ Georgetown Medical Center
670 Baldwin
Jenison
Hours: 8 am – 9 pm Mon – Thur; 8 am – 4 pm Fri; 9 am – 2 pm Sat

P. Lunch Room Policy

Lunchroom and all vending machines are off limits during work hours

No eating of food is permitted at workstations during on the job hours

The refrigerator must be emptied of personal contents before 4:30 p.m. every Friday;
All dishes and eating and drinking utensils must be cleaned from the sink and counter areas; and
No smoking in the lunch room.

Q. For safety reasons, no one will be allowed to work alone. Two people must be present in the building at all times when operating machinery and power equipment.

R. No audible radios are permitted in the Company during work hours. Walkman style personal radios are permitted provided the user exercises good judgment with regard to the safety of loose wires and the heeding of danger warnings, etc.

S. Keep your work stations neat, orderly and professional.

T. All prospective hires are required to take a physical evaluation and drug test to insure that they meet the on the job requirements.

U. In the event of a severe weather alert (e.g., tornado warning) all employees will be required to congregate in the first floor stairwell area not exposed to windows. The President of the Company will normally determine whether such precautionary procedures are implemented.

V. No children under the age of 16 are allowed on the production floor during normal work hours, without the prior approval of the President of the Company. The only exception is the designated lunchtime for production employees. All visitors should be escorted by an employee of the Company.

Solicitations and Distributions

In order to prevent disruptions in operations, interference with work, and inconvenience and discomfort of other employees, no solicitation of any kind is permitted during working time. Distribution of any literature that is not necessary to the performance of your work is prohibited during working time and prohibited in all working areas.

Time Clock

By law, we are obligated to keep accurate records of the time worked by hourly employees. This is done by time clock badges.

Your time badge is the only way that Human Resources knows how many hours that you worked and how much to pay you. Your time badge indicates when you arrived and when you departed. You are to punch in and out for lunch and for other brief absences such as non-work related appointments.

You are required to punch for the following reasons:

- start of each shift
- when you go to lunch/dinner break
- when you return for work
- when you finish your shift
- when leaving the premises for non-work related reasons

You are responsible for your badge. Racks have been installed next to each time clock. You can leave your card there or take it with you. If you lose your badge, there is a \$5.00 replacement charge.

If you forget to punch in or make an error on your card, inform your supervisor or the Human Resource Administrator so that a correction can be made.

No one may record hours worked on another employee's badge. Tampering with another employee's time badge is cause for disciplinary action.

Violations of Policies

You are expected to abide by the policies in this Handbook. Failure to do so will lead to appropriate disciplinary action. A written record of all policy violations is maintained in each employee's personnel file.

Arbitration

In order to provide for prompt and efficient resolution of employee complaints, the Company has established an arbitration procedure. It is the Company's hope that complaints can be resolved without the need to involve a neutral third part, but for those times when they cannot, arbitration may be beneficial. Arbitration will be used for the specified types of dispute rather than a court or jury trial

Arbitration is available to resolve complaints concerning termination of employment and alleged statutory violations, including but not limited to claims that an employee was terminated for unlawful reasons (e.g. because of race, religion, color, etc.), alleged unlawful harassment, and other alleged statutory violations. An employee who claims that he or she was terminated in violation of Company policy may not require the Company to arbitrate such a claim. If an employee wishes to arbitrate any complain for which arbitration is available, he or she is expected to notify the Company's Human Resource Director in writing within ninety (90) calendar days of learning of the disputed decision. However, the Company will honor any request for arbitration which is timely made under the applicable statute of limitations. It is the employee's responsibility to ensure that his or her request for arbitration is timely made.

The decision of the arbitrator will be final and binding on all parties. Except as provided in this procedure, the arbitration will proceed in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association. The arbitration will take place in the Grand Rapids, Michigan area unless otherwise agreed.

Selection of Arbitrator

When the Company receives a demand for arbitration, it will promptly request a list of proposed arbitrators from the American Arbitration Association. To be placed on the list, an arbitrator must be licensed to practice law in the state in which the dispute arose, and must be familiar with the applicable state and federal employment law. The list of arbitrators will be sent by AAA to both the Company and the employee (or the employee's attorney or other representative) for selection of a single arbitrator. If, for whatever reason, an arbitrator cannot be selected from the first list, AAA will submit a second list to the parties: and, the same procedure will be followed.

Date of Arbitration Hearing

The date of the arbitration hearing will be set by the arbitrator, after consultation with the parties, and consistent with the discovery schedule set forth in this Agreement. Whenever possible, a hearing, once begun, will be held on consecutive business days until completed.

Representation

Either party may be represented by an attorney, representative, or other agent selected by the party. Except as may be ordered by the Arbitrator, each party will be responsible for compensating his or her respective attorneys, representatives, or agents.

Discovery

Each party will have the right to engage in limited but reasonable discovery of facts before the hearing, as approved and ordered by the Arbitrator. If reasonable, depositions will be limited to the key witness for each party. However, each party will have the right to take the deposition of any lay or expert witness designated by another party. Disputes regarding the reasonableness or scope of requested discovery will be resolved by the Arbitrator.

Designation of Witnesses and Exhibits

Within fourteen (14) calendar days following the date an arbitrator is selected, the parties must exchange their lists of witnesses and expert witnesses, without prejudice to either party's right to later designate rebuttal witnesses. Copies of all exhibits intended to be used at arbitration hearing must be exchanged no later than fourteen (14) calendar days prior to the scheduled arbitration date.

Subpoenas

The Arbitrator will have the authority to issue subpoenas to witnesses, requiring them to appear for a deposition and/or the arbitration hearing, and requiring witnesses to produce relevant documents in their possession or control.

Authority of Arbitrator

The Arbitrator will have the authority to decide all timely and properly processed complaints in which the employee's complaint concerns termination of employment or alleged statutory violations, as described above. The Arbitrator will apply the substantive law of the state of Michigan, or federal law, or both, as applicable to the asserted claims. The rules of evidence for the state of Michigan will apply as guidance to the arbitrator. The Arbitrator, and not any federal, state, or local court or agency, will have the exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The Arbitrator will have jurisdiction to hear and rule on pre-hearing disputes, and is authorized to hold pre-hearing conferences by telephone or in person, as the arbitrator deems necessary. The Arbitrator will have the authority to entertain a motion to dismiss for summary judgment by any party and will apply the standards governing such motions under the laws for the state of Michigan, or federal law, or both, as applicable to the asserted claims.

Judicial Review

The Arbitrator's decision and award will be final and binding on all parties, provided, however, that a court of competent jurisdiction may, in accordance with established statutory and common law principles, review any decision by an arbitrator and when appropriate, vacate the decision, modify it to conform to the applicable legal requirements, or enforce it by entering judgment thereon.

Court Reporter

Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings, either with respect to depositions or with

respect to the hearing. The parties may agree to share the cost of a court reporter for the hearing. If agreed, the stenographic record will be the official record of the hearing.

Post Hearing Briefs

Either party, upon request at the close of hearing, will be given leave to file a post-hearing brief. The time for filing such a brief will be set by the arbitrator.

Compelling Arbitration and Enforcing Awards

Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement, and to enforce an arbitration award upon which judgment has been entered.

Arbitrator's Decision and Award

The Arbitrator will render an award and opinion explaining his or her conclusions of fact and applying the applicable law to those facts. The arbitrator will have thirty (30) calendar days from the close of the hearing, or the date post-hearing briefs are due, whichever is later, to render his or her award and a written opinion setting forth the basis for the award. The arbitrator will have the authority to award all relief and damages permitted by law in the jurisdiction in which the dispute is heard.

Arbitration Fees and Costs

The parties will equally share the fees and costs of the arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator. Each party will pay for its own costs and attorney fees, if any. However, if any party prevails on a statutory claim which affords the prevailing party costs and attorney's fees, the Arbitrator may award reasonable costs and attorney fees to the prevailing party.

Right to Modify

Highlight Industries reserves the right to unilaterally modify, amend, add to, delete from, or terminate this Arbitration policy, provided it does so in a writing signed by the President. Any such modifications to this procedure will apply only to complaints or disputes arising out of facts and circumstances occurring after the date of any such modification.

Acknowledgment of Receipt of Employee Handbook

As a condition of employment all employees will be required to sign an acknowledgment of receipt with respect to this handbook. This updated handbook is also available on Highlight Industries website – [**www.highlightindustries.com**](http://www.highlightindustries.com). As a condition of continued employment all employees will be required to sign an acknowledgment with respect to any amendments to this manual.

EMPLOYEE ACKNOWLEDGMENT

I have received a copy of Highlight Industries Employee Handbook, revised effective February 22, 2013. The Employee Handbook is also available on Highlight Industries' website – www.highlightindustries.com. I acknowledge that it is my responsibility to read and understand this Handbook. I understand that this Handbook, including arbitration of the specified types of disputes, is an agreement binding on both the Company and me. I further understand that this handbook does not change my at-will employment status with the Company.

Employee Name

Date

Employee's Signature