

KE&G Construction, Inc.

Employee Information Guide

Revised April 2023



-KE&G is a respected 100% employee owned company committed to delivering safe, high quality projects that exceed the expectations of our clients.

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If you need assistance in reading or understanding this guide, please contact your Supervisor or the Human Resources Department.

This information guide and its contents supersede any representations made prior to its issuance, whether such were verbal or written, implied or expressed, or otherwise stated or given, even if such prior representations covered areas that are not addressed in this guide.

This information guide is not the only source of information about policies and procedures of the Company. Other directives and procedures exist that are specific to our business functions and construction requirements.

Where there may be a conflict between other directives and this Employee Information Guide, employees are expected to contact their Supervisor and their assigned business office for clarification about proper use or action with respect to any policy or procedure.

Employment with KE&G is at-will. That is, either the Company or the employee can terminate the relationship at any time, if either chooses, at its will, to do so. This guide and its contents are not intended to create contractual obligations and no contract is implied in the guide.

WELCOME!

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

Our reputation reflects a consistent ability as a company to deliver quality workmanship and materials at a fair market price. We stand behind our work and our word – they are the bonds that form a solid foundation of customer satisfaction and loyalty.

Each employee is selected based on their ability to contribute directly to KE&G's growth. As a 100% employee owned company, our employees can take pride in work done well by effectively completing assignments timely and accurately, while contributing to **YOUR** Company.

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

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

Sincerely,

Christopher Albright President

OUR MISSION STATEMENT

Our mission is to continuously improve KE&G Construction, Inc. to be a sustainable company with fortitude, integrity and trust. We accomplish this by delivering safe, high quality, and cost-effective projects on or ahead of schedule to the public and private sectors. Our talented team is dedicated to building strong relationships with our clients, vendors, and fellow employee owners.

OUR VALUE STATEMENT

INTEGRITY

KE&G will treat our employees and business partners fairly and with honesty.

DEVELOPMENT

We will develop strong leaders and foster a highly-motivated workforce through employee empowerment, ownership, training, and growth opportunities.

EXCELLENCE

Skillfully execute our work, utilizing innovation and ingenuity, so that we provide a high-quality finished product and excellent customer service.

ATTITUDE

A “can-do” attitude and willingness to go the extra mile for our customers and our fellow employee owners is essential to our company’s success.

SAFETY

Our safety culture strives for zero incidents for our employees, clients and public, with a constant desire to improve every day.

INTRODUCTION & NATURE OF EMPLOYMENT

This guide provides some key information about working conditions and responsibilities, employee benefits, and some of the policies affecting your employment. Important programs and policies of the company are highlighted in this guide. Supervisors and management staff will also provide other direction about working safely and effectively to perform job duties.

This guide provides a general understanding of company policies, but it cannot anticipate every situation or answer every question about employment. It is not an employment contract and is not intended to create contractual obligations of any kind. Neither the employee, nor KE&G is bound to continue the employment relationship if either chooses, at its will, to end the relationship at any time.

As KE&G continues to grow and change, we reserve the sole and absolute right to revise, supplement, or rescind programs and/or policies from time to time as we determine appropriate. Employees will, of course, be notified of such changes to the guide as they occur.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

DATE: July 31, 2020
TO: All Employees
FROM: Christopher Albright, President

As a reminder to all our employees, job applicants, referral agencies and authorized representatives from agencies of jurisdiction, KE&G has, at its core of management philosophy and practice, a policy of equal employment opportunity for all. KE&G does not discriminate against any job applicant, or employee, on the basis of race, color, religion, national origin, disability, age or sex.

It is the policy of KE&G Construction, Inc to assure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, color, national origin, age or disability. Such action shall include employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship, pre-apprenticeship, and /or on-the-job training.

We will continue to take affirmative action to ensure that this policy is enforced consistently with regard to employment, upgrading, transfer, demotion, recruitment and recruitment advertising, layoff and termination, compensation, training and working conditions.

As an example of our enforcement efforts, KE&G summarizes our equal employment opportunity policy in our Employee Information Guide and other published information. KE&G refers to our equal employment opportunity policy in our recruitment advertising, job notices and bid submissions when and to the extent this reference is applicable and appropriate.

KE&G continues to make it understood by the employment entities with whom we deal, and in our employment opportunity announcements that the foregoing is our policy, and that job applicants and employees will continue to be compensated, trained, advanced, demoted, terminated, hired and transferred solely on the basis of their skill, devotion, loyalty, honesty, reliability and integrity; particularly, as these factors relate to the employee's ability to meet reasonable and expected job standards.

All employees of KE&G are requested to encourage minorities, women, Veterans of the Vietnam Era and qualified disabled persons to make application for employment with the company or to apply for training in an approved On-the-Job Training or Apprenticeship program. KE&G continues to publish in its Employee Information Guide and in other publications our company's commitment to providing reasonable accommodations for qualified individuals with a known disability.

It is the policy of KE&G that all facilities, property and company activities are non-segregated, except where toilet, bathroom and necessary changing facilities are appropriately provided to assure privacy between the sexes.

KE&G continues to enforce its policy against sexual or other illegal, harassment or discrimination at work. This policy is also enforced in work-related activity or capacity. It is our company's policy to maintain a work environment free of harassment, intimidation and coercion in all areas, locations, and condition of employment and work assignment. KE&G takes this policy seriously, and all complaints, concerns or inquiries are taken seriously and investigated. Any complaint, concern, issue or inquiry pertaining to this policy, its violation, or enforcement, should be immediately called to the attention of the supervisor, the Project Manager, or the EEO Officer, as may be appropriate.

For further information, or to make a complaint, raise an issue, or voice a concern, please contact one of KE&G's designated Equal Employment Opportunity Officers:

Controller
3949 East Irvington Road
Tucson, AZ 85714
phone (520) 748-0188
fax (520) 748-8975

SEXUAL AND OTHER UNLAWFUL HARASSMENT

DATE: July 31, 2020
TO: All Employees
FROM: Christopher Albright, President

KE&G is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, works, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, or any other legally protected characteristic will not be tolerated.

As a unique form of discrimination, sexual harassment is defined as unwanted sexual advances, visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is partial list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or blocking movements. Unwelcome sexual advances (either verbal or physical), request for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or, (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact the person, you should immediately contact the Human Resource Department or the Office of the Controller or any other member of executive management. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discretely investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the Human Resources Department or the Office of the Controller or any member of the management so it can be investigated in a timely and confidential manner. Anyone engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

Other Unlawful Harassment

As discussed above, any illegal discrimination is prohibited at KE&G. All complaints or concerns about illegal discrimination, including activity or events involved with illegal discrimination, shall be investigated confidentially. Reports or complaints will be taken seriously and investigated. The accuser and the accused shall be treated with respect and provided confidentiality to the degree reasonable and possible within the investigation. Records of any investigation shall also be kept separate and not shared.

EMPLOYMENT

101 EMPLOYEE RELATIONS

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

Our experience has shown that when employees deal openly and directly with supervisors in a respectful and honest manner, the work environment can be optimal, communications clear, and attitudes positive. We believe that KE&G amply demonstrates its commitment to employees by responding effectively to employee concerns.

102 PAY TRANSPARENCY NON-DISCRIMINATION PROVISION

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

103 BUSINESS ETHICS AND CONDUCT

The successful business operation and reputation of KE&G is built upon the principles of fair dealing and the ethical conduct of our employees. Our reputation for integrity and excellence is reflected in our continual efforts to maintain compliance with applicable laws and regulations, as well as a high regard for standards of conduct and personal morality (honesty).

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

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

In general, the use of good judgment, based on ethical principles, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with your immediate supervisor. If necessary, contact the Human Resources Department or the Office of the Controller for advice and consultation.

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

104 PERSONAL RELATIONSHIPS IN THE WORKPLACE

Historically, some employees of the Company are related to one another by blood or marriage. In many cases the relationships have enhanced company productivity and customer service.

Yet, the Company recognizes that, on occasion, employment of relatives or individuals involved in a relationship or other similar, personal and intimate relationships, in the same area of a company can cause conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage. A relationship is defined as a relationship that is or may be reasonably expected to lead to the formation of a consensual “romantic” or intimate relationship, including shared financial or familial obligations.

Effective October 1, 1999, relatives of current employees who occupy a position that will be working directly for or supervising their relative must have management **approval to continue reporting relationship**. Individuals involved in a dating relationship with a current employee are not to work directly for or supervise the employee with whom they are dating.

Existing reporting relationships (prior to October 1, 1999) among employees who are related or are dating will be accepted unless management decides, in its sole discretion, that the relationship is interfering with business practice or business interests.

If a relative relationship or dating relationship is established after employment between employees who are in a reporting situation described above, it is the responsibility and obligation of the supervisor involved in the relationship to disclose the existence of the relationship to management. The individuals concerned will be given the opportunity to request a transfer to another available position or discuss other alternatives with management. If the individuals do not discuss the alternatives with management within 30 calendar days, management will decide who is to be transferred, reassigned or, if necessary, terminated from employment.

In other cases where a conflict or the potential for conflict arises because of the relations between employees, even if there is no line of authority or reporting involved, the employees may be separated by reassignment or terminated from employment. Employees in a close personal relationship should refrain from public workplace displays of affection or excessive personal conversation.

105 EMPLOYEE MEDICAL EXAMINATIONS

To help ensure that employees are able to perform their duties safely, medical examinations may be required.

After an offer has been made to an applicant entering a designated job category, a medical examination for the presence of drugs and alcohol, and in some cases fitness for duty, will be performed at the employer’s expense. The offer of employment and assignment to duties is contingent upon satisfactory completion of the exam. Satisfactory completion includes a negative result for the presence of drugs, alcohol, or other factors that could medically interfere with the person’s ability to perform the essential functions of the job with or without a reasonable accommodation.

Generally, KE&G pays for all drug and alcohol tests. Employees who receive a positive test result will be responsible for costs of any attending retest fees. These costs shall be recouped directly from the employee’s pay as an agreed condition of employment.

Current employees may be required to take medical examinations to determine fitness for duty, and/or test for the presence of drugs or alcohol. Such examinations will be scheduled at reasonable times and intervals.

Information on an employee’s medical condition or history will be kept separate from other employee information and maintained confidentially. Access to this information will be limited to those who have a legitimate need to know. See also related Drug & Alcohol testing policies in this Guide.

106 IMMIGRATION LAW COMPLIANCE

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

The I-9 and E-Verification Policy applies to all employees. To comply with federal laws, the Immigration Reform and Control Act of 1986, Immigration Act of 1990, and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, employers must verify the identity and employment authorization of each person hired. Employers are required to complete and retain a Form I-9, Employment Eligibility Verification form, for each employee hired after November 6, 1986, and refrain from discriminating against individuals on the basis of national origin or citizenship.

Effective September 8, 2009, federal contractors are required to use the U.S. Citizenship and Immigration Services' E-Verify system. This change is reflected in the Federal Acquisition Regulation (FAR) that implements executive order 12989, as amended by President George W. Bush on June 6, 2008, directing federal agencies to require that federal contractors agree to verify electronically the employment eligibility of their employees. As a federal contractor, KE&G is required to E-Verify all newly hired employees, rehired employees and all current employees who were hired after November 6, 1986, and who work under a federal contract.

E-Verify is an internet-based employment verification system operated by the Department of Homeland Security (DHS) in conjunction with the Social Security Administration (SSA). The system allows employers to search and compare the information provided by an employee on the Form I-9 against records in DHS and SSA databases to confirm the employee is eligible to work in the United States.

As an employer who participates in the federal E-Verify program, KE&G will provide the Social Security Administration (SSA) and, if necessary, the Department of Homeland Security (DHS), with information from each employee's Form I-9 to confirm work authorization. If the Government cannot confirm that you are authorized to work, KE&G Construction is required to provide you written instructions and an opportunity to contact SSA and/or DHS, so that you can resolve any discrepancies directly with the federal agency.

As a Federal contractor, KE&G must post the English and Spanish notices provided by DHS indicating our participation in the E-Verify program, and the Right to Work Poster issued by the Office of Special Counsel for Immigration-Related Unfair Employment Practices (OSC). Both notices must be clearly displayed at the hiring site(s) to inform prospective employees that KE&G participates in E-Verify.

The employee must complete Section 1 of the Form I-9 on or before the first day of work for pay. The KE&G designated I-9 user must complete Section 2 of the Form I-9 within three (3) business days of the first day of work for pay. However, if the employee is going to work three (3) or fewer days, Sections 1 and 2 must be completed on or before the first day of work for pay.

The E-verification process must be initiated within three (3) business days of the first day of work for pay. E-Verify cannot be:

- Used to pre-screen applicants for employment
- Used to discriminate against a job applicant or employee on the basis of national origin, citizenship or immigration status
- Administered selectively
- Used to inquire about the employment eligibility of an employee once the employee's employment authorization has been E-verified.
- The anti-discrimination provision of the Immigration and Nationality Act, as amended, prohibits the following:
 1. Citizenship or immigration status discrimination
 2. National origin discrimination
 3. Unfair documentary practices during Form I-9
 4. Retaliation

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Human Resources Department or the Office of the Controller.

107 CONFLICTS OF INTEREST

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which KE&G wishes the business to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject or acceptable standards of operation. Employees should contact the Human Resources Department or the Office of the Controller for more information about this and related topics.

Transactions with outside firms must be conducted within a framework established and controlled by the executive level of KE&G. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain (outside KE&G's interests) for that employee or for a relative as a result of KE&G's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts or leases, it is imperative that they disclose to an officer of KE&G, as soon as possible, the existence of actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result in cases where an employee or relative has a significant ownership in a firm with which KE&G does business or when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving KE&G.

108 ACCEPTANCE OF GIFTS

KE&G recognizes that instances may arise where an employee may receive or give a gift, award or other benefit from time to time as an outgrowth of their work or services and in connection with a business interest. In some cases, the receipt of a gift, award or other benefit may occur without being asked or without solicitation. In the interest of good faith and to allow the giving and receipt of such gifts, awards or other benefits, the Company places controls over such acceptance in order that abuse of such a practice does not occur and to avoid embarrassment for any party, including KE&G.

Employees are required to report to their supervisor all gifts, awards or other benefits received as an outgrowth or consequence of their job or work for KE&G. The receipt or acceptance of any gift, award or other benefit with an approximate value exceeding \$100.00 must have specific approval from a Project Manager, the Controller or the President. Likewise, such approval must occur if more than four (4) gifts, awards or other benefits derive from the same person, business, or group, within any twelve (12) consecutive month period of time.

Any gift, award or other benefit given or accepted within the guidelines of this policy must also have a value within the ability of the receiver to reciprocate on a personal basis or with a legitimate claim for reimbursement from the Company. Employees may contact the Office of the Controller for more information or clarification about any gifts.

Gifts received with a value of at least \$250 in a 12-month period from the same source or through the same entity shall be recorded and the record kept by the Human Resources Department. Such reports and records shall be provided by the appropriate supervisor or project authority.

KE&G values its business reputation and integrity above individual interests where possible infringement upon its own reputation or interests may occur. Failure to adhere to the policy previously set forth may result in disciplinary review and action, to include termination of employment. See also Conflicts or Interest Policy in this guide.

109 OUTSIDE EMPLOYMENT

As a condition of employment with KE&G, all jobs are considered primary work. That is, work for KE&G is the primary job, and other work or enterprise is secondary. Generally, employees may hold outside jobs as long as they meet the performance standards of their job with KE&G. All employees will be judged by the same performance standards and will be subject to KE&G's scheduling demands, regardless of any existing outside work requirements.

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

Outside employment that constitutes a conflict of interest is prohibited. Employees may not receive any income or material gain from individuals outside KE&G for materials produced or services rendered while performing their jobs.

110 CONFIDENTIAL INFORMATION

The protection of confidential business information and trade secrets is vital to the interests and the success of KE&G. Such confidential information includes, but is not limited to, the following examples:

- Technical and other information in a bidding process, until the bid job is determined.
- Computer processes involving software and database information about our businesses.
- Computer programs and codes including secret passwords, and other confidential data.
- Customer and vendor lists including residential customers and vendor names, unless required to conduct business.
- Financial information.
- Marketing strategies.
- New materials research.
- Pending projects and proposals; particularly bidding strategies.
- Proprietary production processes.
- Research and development strategies.
- Scientific prototypes.
- Technological prototypes.

Employees who are exposed to confidential information may be required to sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, even if they do not actually benefit from the disclosed information.

111 AMERICANS WITH DISABILITIES ACT (ADA) POLICY

Employees are expected to meet the minimum qualifications and established requirements for their positions as established by the Company. There may be times when a change in work assignment or duty(s) is (are) necessary in order to continue employment in a safe and fit-for-duty condition. KE&G can modify work assignments, change work schedules and otherwise assign light duty and/or change temporary work conditions to help employees continue or return to work when they are otherwise medically able and available to do so.

KE&G Construction Inc. is committed to equal opportunity in all aspects of employment for qualified individuals with a disability. In accordance with the Americans with Disabilities Act (ADA) and state law, and consistent with the Company's Equal Employment Opportunity and Harassment-Free Workplace Policies, it is KE&G Construction's policy to provide reasonable accommodations in employment to qualified individuals with disabilities unless the accommodation would impose an undue hardship on the operation of the Company's business or would change the essential functions of the position. Retaliation against an individual with a disability for utilizing this policy is prohibited.

KE&G Construction Inc. complies with the ADA and applicable state laws intended to protect those with disabilities. In addition, KE&G Construction Inc. is committed to the health, safety and well-being of its employees and will take a collaborative, team approach to support employees' return-to-work and stay-at-work efforts. This commitment includes helping employees to facilitate their return to work from medical leave and to enable an employee with medical restrictions to perform the essential functions of his or her job.

If you believe that you have a medical condition that affects your ability to perform your job, you should work with your health care provider to complete and submit a Job Accommodation Request Form directly to Human Resources at 520-458-9594.

Following receipt of the completed Job Accommodation Request Form, KE&G Construction, Inc. will discuss your job accommodation request with you. Through these discussions, consistent with applicable laws, the Company may ultimately approve the requested accommodation as presented, suggest one or more alternative accommodation designed to permit you to perform the essential functions of your job, or deny the requested accommodation in appropriate circumstances. If KE&G Construction Inc. approves a job accommodation for you, the Company reserves the right to request that your health care provider re-certify the need for the job accommodation at reasonable intervals.

Job accommodations are meant to enable you to be successful in performing the essential functions of your job. For that reason, essential functions of your job cannot be eliminated as part of an accommodation. Once a job accommodation is offered and made, your manager will work with you to make sure that it is enabling you to perform your job within standards.

If KE&G Construction Inc. approves a job accommodation for you, the Company has not made any determination that you are disabled as defined by the Americans with Disabilities Act or other laws.

112 JOB OPENINGS AND EMPLOYEE REFERRALS

KE&G provides employees an opportunity to indicate their interest in open positions and advancement within the organization according to their skills and experience.

KE&G recognizes the benefit of developmental experiences and encourages employees to talk with their supervisors about their career plans. Supervisors are encouraged to support employees' effort to gain experience and advance within the organization. An applicant's supervisor may be contacted to verify performances, skills, and attendance. Any staffing limitation or other circumstances that might affect a prospective transfer may also be discussed.

KE&G also encourages employees to identify friends or acquaintances who are interested in employment opportunities and refer qualified outside applicants for posted jobs. Employees should obtain permission from the individual before making a referral, share their knowledge of the organization, and not make commitments or oral promises of employment. KE&G encourages employees to refer women and minorities to apply for all open positions within the company.

KE&G has implemented a referral bonus program to recognize and reward employee owners for recommending others with similar goals to become part of the KE&G family. If you refer someone to KE&G who is hired and they have no accidents during the first 6 months of employment, you may be eligible for the following bonus:

- You receive a \$250 bonus after the first 3 months of your referral's continuous accident-free employment.
- You receive an additional \$250 after the next 3 months of your referral's continuous accident-free employment.

The following employees are exempt from getting the bonus: President, Vice President, Controller, General Superintendents, and Shop Equipment Managers.

EMPLOYMENT STATUS AND REPORTS

201 EMPLOYMENT CATEGORIES

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

Each employee is designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. NONEXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employee's EXEMPT or NONEXEMPT classification may be changed only upon written notification by KE&G management. In addition to the above categories, each employee will belong to one other employment category:

Regular Full-Time employees are those who are not in a temporary or introductory status and who are regularly scheduled to work KE&G's full-time schedule. Generally, they are eligible for KE&G's benefit package, subject to the terms, conditions, and limitations of each benefit program.

Part-Time employees are those who are not assigned to a temporary or introductory status and who are regularly scheduled to work less than 30 hours per week. While they do receive all legally mandated benefits (such as Social Security, paid sick time in the form of PTO and Workers' Compensation insurance), they are ineligible for all of KE&G's other benefit programs except for 401(k) savings plan.

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

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

202 ACCESS TO PERSONNEL FILES

KE&G maintains a personnel file on each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increase, and other employment records. Personnel files are the property of KE&G, and access to the information they contain is restricted. Generally, only supervisors and management personnel of KE&G who have legitimate reason to review information in a file are allowed to do so.

Employees who wish to review their own file should contact the Human Resources Department or the Office of the Controller. With reasonable advance notice, employees may review their own personnel files in KE&G's offices and in the presence of an individual appointed by KE&G to maintain the files.

203 EMPLOYMENT REFERENCE CHECKS

The Human Resources Department or the Office of the Controller will respond to all reference check inquiries from other employers. Responses to such inquiries will confirm only dates of employment, wage rates, and position(s) held. No employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

204 PERSONNEL DATA CHANGES

It is the responsibility of each employee to promptly notify KE&G of any changes in personnel data. Personal mailing address, personal email address, telephone numbers, number and names of dependents, individuals to be contacted in the event of emergency, educational accomplishments, and other personnel data should be accurate and current at all times. If any personnel data has changed, notify the Human Resources Department or the Office of the Controller.

205 INTRODUCTORY PERIOD

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

All new and rehired employees work on an introductory basis for the first 180 calendar days after their date of hire. Any significant absence will automatically extend an introductory period by the length of the absence. An exception exists for identified military personnel on approved military leave. If KE&G determines that the designated introductory period does not allow enough time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specified period. Upon satisfactory completion of the introductory period, employees enter the "regular" employment classification.

206 EMPLOYMENT APPLICATIONS

KE&G relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information of data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

207 PERFORMANCE EVALUATION

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Additional formal performance evaluations are conducted to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

BASIC BENEFITS

301 EMPLOYEE BENEFITS

Eligible employees at KE&G are provided a wide range of benefits. Several of the programs (such as Social Security, paid sick time in the form of PTO, Workers' Compensation and Unemployment Insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors, including employee classification and specific terms and conditions found in Plan descriptions provided by the Plan Administrator (i.e., medical insurance policies). Please check with the Human Resources Department or the Office of the Controller for more information about the programs for which you are eligible. Details of many of these programs can be found elsewhere in the Employee Guide.

The following benefit programs are available to eligible employees:

- 401(k) Savings Plan
- Use of Company-Owned Trucks/Vehicles
- Benefit Continuation (COBRA)
- Bereavement Leave
- Dental Insurance
- Employee Stock Ownership Plan (ESOP)
- Family Leave
- Holidays
- Life Insurance
- Medical Insurance
- Medical Leave
- Military Leave
- Personal Time Off (PTO)
- Short and Long-Term Disability
- Witness Duty Leave

Some benefits have no cash value to the employee, but only provide job protection and security while working for the Company. Other benefit programs can require some or full contribution from the employee. Many of the benefit costs provided for the employee are fully paid by KE&G as described in more detail in section 311.

Details of many of these programs can be found elsewhere in this employee guide. Please check with the Human Resources Department or the Office of the Controller for the benefit programs available to you.

302 PAID TIME OFF (PTO)

Our PTO policy allows employees to begin accruing PTO upon their hire date. You will accrue a minimum of 1.08 hour for every week worked up to the maximum accrual during each 12-month period shown in the tables below. The amount you accrue will be based on the number of years you are with the company. Our PTO policy is generous and allows employees to take time off for rest, relaxation, sickness or other personal reasons and still receive pay up to your accrued balance with some limitation. Unused PTO will carryover each year subject to limitations on usage as explained later.

Employees will accrue hours based on the tables below up to the Maximum Yearly PTO Accrual shown for your years of service with the company. During the first 90 days of employment, employees will accrue hours but not be eligible to use them until **after** completing 90 days of employment with the company. During the 1st year of employment, if employment terminates for any reason, any unused accrued PTO will be forfeited in accordance with the law and will not be paid out at termination. After completing 1 year of service, **upon termination only**, any unused PTO time can be cashed out within limits as explained later.

Arizona Industrial Commission requires employers to provide all employees "earned paid sick time" at a rate of 1 hour for every 30 hours worked up to 40 hours per year. KE&G's policy accrues at 1.08 hours per week, 56 hours per year at a minimum. If at any time, due to working extra hours your accrual should be



higher, please contact the Controller and your “earned paid sick time” will be adjusted accordingly the annual caps will still apply.

Full time Hourly Field Employees

Years of Service	Maximum Yearly PTO Accrual (days)	Maximum Annual Usage (days)
0-5	7	14
6-10	10	20
11-19	15	30
20+	18	36

Full time Salaried Employees/Administrative (Non-Exempt)

Years of Service	Maximum Yearly PTO Accrual (days)	Maximum Annual Usage (days)
0-5	12	24
6-10	15	30
11-19	18	36
20+	20	40

For employees who move from Full-time Hourly Field category to Full-time Salaried or Administrative (Non-Exempt), accrued hours will carry over and new accrual rates will be based on employee’s date of hire.

PTO pay will be calculated based upon the employee’s straight time pay rate in effect when benefits are used multiplied by the number of hours the employee would otherwise have worked on the day(s) absence up to a total of forty hours straight time compensation per week. **Use of PTO will be allowed up to 40 hours of total hours for the week. For example, if an employee’s work hours total 35 for the week, the maximum amount of PTO the employee can use for that week is 5 hours.**

PTO pay does not include incentive pay, bonuses, or other special forms of compensation. To take PTO, whenever possible, employees should request advance approval from their supervisors utilizing the PTO request form. Requests will be reviewed based on a number of factors, including business needs and staffing requirements. **In order to be included in your paycheck, requests for PTO will also need to be included in time sheets that are submitted and it is the employee’s responsibility to make certain accurate time sheets including PTO are submitted timely.**

LIMITATIONS ON USAGE

Employees are eligible to utilize a maximum amount equal to 2 years of accrual in any 12-month period as shown in the tables above. This maximum includes the total amount of paid time off taken during your most recent 12 months of employment plus amounts cashed out upon termination of employment. Any amounts above and beyond this limitation will be forfeited upon termination of employment within the limitations imposed by statute.

REPORTING ABSENCE FROM WORK

Employees who are unable to report to work due to illness or injury should notify their direct supervisor before the scheduled start of their workday if possible. The direct supervisor must also be contacted on each additional day of absence.

If an employee is absent for three (3) or more consecutive days due to illness or injury, a physician’s statement must be provided verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving PTO benefits.

Before returning to work from a sick leave absence of 5 calendar days or more, an employee must provide a physician’s verification that he or she may safely return to work.



303 HOLIDAY BENEFITS

KE&G will grant holiday time off to all employees on the holidays listed below:

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

If a recognized holiday falls on a Saturday, KE&G will observe the holiday on the immediately preceding Friday. When a holiday falls on a Sunday, it will be observed on the next day, Monday.

KE&G will grant holiday pay to full-time, administrative, NON-EXEMPT employees after 90 days of continuous employment. Full-time, EXEMPT employees continue to receive their regular salary and receive time off during recognized company holidays.

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

304 401(K) SAVINGS PLAN

KE&G has established a 401(k) savings plan to provide employees the potential for future financial security for retirement.

To be eligible to join the 401(k) savings plan, you must have been continuously employed for 2 months, and be 18 years of age or older (waiting period). You may join the plan on the first of the month after meeting the eligibility requirements. Once you have met the waiting period, you can begin participation as long as you continue to meet the requirements under the plan. Eligible employees may participate in the 401(k) plan subject to all terms and conditions of the plan.

The 401(k) savings plan allows you to elect how much salary you want to contribute so you can tailor your own retirement package to meet your individual needs. We offer a flexible plan where you can elect to have your contribution deducted from your pay either before tax (traditional 401(k) or after tax (Roth 401(k)). We recommend speaking to your investment and tax advisor to determine which is best for your needs.

All employees hired after December 31, 2018 will automatically be enrolled in the traditional 401(k) plan on the first of the month after completing 2 months of service with the company. The rate you will be enrolled is 4% of compensation. In addition, there is an automatic increase provision where employees who do not elect otherwise will automatically have their deferral rate increased by 1% annually. The default investment will be target date funds based on employees age. All employees can elect out of these provisions and customize these default elections based on provisions contained in the plan document and more fully explained in the Summary Plan Description.

Complete details of the 401(k) savings plan are described in the Summary Plan Description provided to eligible employees. The Summary Plan Description along with other important documents and notices are available at any time from our online portal or contact the Human Resources Department or the Office of the Controller for more information about the 401(k) plan.

305 WORKERS' COMPENSATION INSURANCE

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

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. The



Company is committed to providing prompt attention, action and applicable investigation with respect to any accident or injury, as part of our on-going commitment to a safe work environment. Daily, it is the responsibility of the employee to sign off on their field logs as to whether an on the job injury occurred that day.

To provide for a safe work environment, employees who sustain work-related injuries or illnesses can be offered alternative work, including (but not limited to) light-duty, or reduced hours, subject to applicable medical review and release.

Under the terms and conditions of our Drug & Alcohol Testing Program (See related policy in this Guide), employees who are involved in work-related accidents may be subject to drug and alcohol testing. Employees who test positive for the presence of drugs or alcohol may have their claims denied, and will be subject to disciplinary review, including termination.

In accordance with other applicable policy in this guide, KE&G may make inquiry of medical records, seek other medical services and require second medical opinions whenever it deems it appropriate, in its sole discretion, to direct and control the work force, ensure safe working conditions and return our employees back to gainful employment.

As part of our alternate (light) duty policy, and in accordance with properly documented medical information, it is KE&G policy to place injured or disabled workers back to work as soon as practicable. This includes, but is not limited to, making changes in job assignments, restructuring work duties, and even changing job descriptions in order to offer reasonable accommodation for employees to retain their jobs.

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

306 TIME OFF TO VOTE

KE&G encourages employees to fulfill their civic responsibilities by voting. The Company would prefer that employees vote while not scheduled to work. If that is not possible and the employee wishes to leave work to vote, those employees should request time off from their supervisor at least two working days prior to Election Day. This is so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule.

307 BENEFITS CONTINUATION (COBRA)

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

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

308 BEREAVEMENT LEAVE

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

Up to 2 days of paid bereavement leave will be provided to eligible employees in the following classification(s):

- Full-time, EXEMPT employees
- Full-time, administrative, NON-EXEMPT employees

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

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Management may, at its sole discretion, extend bereavement leave when unusual conditions or circumstances warrant, so long as business needs and work requirements can be otherwise met. Unusual circumstances can include travel demands, family legal obligations, and matters beyond the control of the employee.

Employees may, with their supervisors' approval, use any available PTO for additional time off as necessary. KE&G defines "immediate family" as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren.

309 JURY DUTY

KE&G encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees may request unpaid jury duty leave for the length of absence or use available PTO in order to be paid for time served.

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

Employees on jury duty are expected to contact their supervisor before responding to any summons for jury duty. This will allow supervisors to make arrangements with employees for jury duty and establish the frequency and manner with which employees are to keep in contact with the supervisor while on jury duty leave.

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

KE&G will continue to provide health insurance benefits up to the first fifteen (15) days of jury duty leave and may be extended for an additional fifteen days upon approval of management.

310 WITNESS DUTY

KE&G encourages employees to appear in court for witness duty when subpoenaed to do so.

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

Employees will be granted unpaid time off to appear in court as a witness when requested by a party other than KE&G.

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

311 EMPLOYEE INSURANCE BENEFITS

KE&G offers a very comprehensive benefits package, and as a full-time employee you will become eligible to participate on the first of the month following 60 days of full-time employment. **To enroll in the plans, you must complete your online enrollment within 30 days of your hire date.**

Our benefit structure is different than most companies and offers you, the employee the opportunity to tailor the benefits that meet your needs. You will have the option to pick and choose from a variety of benefits that will be available to you at our online portal. Once there, you will update your account by creating a password and complete the enrollment process to enroll in benefits.

The portal contains valuable resources that will help you get the most of your benefits by providing explanations and details of the insurance products offered under the exchange. **The site contains all required notices as well as a copy of our employee manual, summary plan descriptions for our ESOP and 401k plans as well as other valuable information.** It is recommended that you visit the site often as the information available will continue to be updated and it will help you and your eligible dependents gain a better understanding of the valuable products offered to you.

KE&G makes your insurance choices affordable by providing a variety of plans and options to suit you and your family with very generous contributions to help offset costs to you depending on the coverage you select. How much you may have to pay is dependent on the choices you make and the products you elect to buy. The website tries to make it as simple as possible to enroll and provides everyone many options to choose from.

The employee cost is dependent on the level of Health Insurance you select for the needs of you and your family. Changes in costs and/or plan options will be provided during open enrollment annually.

Premiums will be deducted from the employee's paycheck on a pre-tax basis when appropriate. Due to the complexities of the income tax law, there are times where it is beneficial to deduct the premiums on a pre-tax basis and other times where it is not. Benefits that have to do with medical issues are deducted on a pre-tax basis while most other insurance plans such as short- and long-term disability and life insurance are deducted on a post-tax basis.

The benefits, terms and conditions of the group insurance plans are described and controlled by the provisions contained in the written policy and summary plan description(s) provided by the insurance carrier or provider. Eligible employees may elect coverage without evidence of insurability if such coverage is elected and properly documented as to plan enrollment within thirty (30) days of eligibility in the plan, or in other open enrollment periods as may apply. Certain rules as governed by the plan apply to when you can apply without evidence of insurance and the plan document.

The terms, conditions, coverages and limitations of all the benefits offered through the Company's group insurance plan shall be governed and controlled by the insurance policies and plans in force and specific to the application of any benefit for an employee.

Upon eligibility, each employee will be given access to policy and coverage information, published by the plan administrator or insurance company or available at our online portal. If employees have questions about plan coverage, they should contact the Human Resources Department or the Office of the Controller.

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

312 MEDICAL INSURANCE

Group health insurance plans are available to eligible employees. The premiums are deducted from the employee's paycheck on a pre-tax basis.

313 DENTAL AND VISION INSURANCE

Group dental and vision insurance plans are available to eligible employees. The premiums are deducted from the employee's paycheck on a pre-tax basis.

The benefits, coverage, and other terms and limitations through the Company's sponsored dental and vision plans are governed and controlled by the respective policies and plans.

Changes in costs and/or plan options will be provided during open enrollment annually.

314 HEALTH SAVINGS ACCOUNT

A Health Savings Account (HSA) is a tax favored savings account to be used for medical related costs for you and eligible dependents. The money contributed by the Company is free from Federal, State, Social



Security and Medicare taxes and any amounts contributed by you, will be deducted from your paycheck on a pre-tax basis. Money withdrawn from these accounts **that is used for eligible medical expenses** is also free from the above taxes. If you select one of the HSA Eligible health insurance plans in the exchange the Company will contribute weekly into your account which is over and above the contribution made by KE&G towards the health insurance premiums. The weekly contribution amount will be communicated during annual open enrollment. In addition, you are eligible to contribute amounts into these accounts subject to limits imposed by the IRS. These accounts come with restrictions and rules imposed by the IRS and it is important you understand how the accounts work and what your responsibilities are. **For example, money withdrawn from these accounts that is not used for eligible medical expenses are subject to a penalty, currently 20%, plus Federal and State income taxes.** Consult your tax advisor on how best to utilize these accounts.

315 FLEXIBLE SPENDING ACCOUNT

A Flexible Spending Account (FSA) is a tax favored savings account to be used for medical related costs for you and eligible dependents. The money contributed by the Company or you is free from Federal, State, Social Security and Medicare taxes and, will be deducted on a pre-tax basis. Money can only be spent from these accounts for eligible medical expenses and is also free from the above taxes. This program is administered by WageWorks and you must comply with the rules imposed by WageWorks and the IRS. If you select the PPO plan in the exchange you can make pre-tax contributions, within eligible limits, to these accounts and the funds in these accounts may be used for Medical, Dental, and Vision related eligible expenses. These accounts come with restrictions and rules imposed by the IRS and it is important you understand how the accounts work and what your responsibilities are. The money contributed to these accounts come with a use it or lose it rule where if you elect to contribute to these accounts and do not spend the money on eligible expenses, you may forfeit (lose) some or all of the money set aside in these accounts. See the summary plan description and the Ease exchange for more information on how to use these accounts. You will need to provide proof that the expense meets the rules in order to be reimbursed for your or your eligible dependents' expenses.

316 LIFE INSURANCE

Term life insurance benefits are available to eligible full-time employees. All full-time employees have a \$25,000 benefit upon meeting the eligibility requirements. Voluntary additional employee and dependent coverage is available through KE&G to be paid by the employee through payroll deductions. A policy may be converted to a private policy at the time of separation between the employee and KE&G.

317 SHORT TERM DISABILITY INSURANCE

As stated elsewhere in the Employee Information Guide, workers compensation benefits are provided to all employees who sustain work-related injury or illness. In addition, short term disability coverage is available to all eligible employees. The purpose of the benefit is to provide the employee with some financial security and stability in the event of a disability which would otherwise have the effect of personal financial difficulty. Employees who wish to apply for short term disability must meet certain eligibility requirements. These are explained and controlled in policy statements and other written documents published by the insurance company and plan administration.

Disability payments are limited and are fixed based on the terms of the plan. The premium cost for short term disability insurance is paid by the Employee and deducted on a post-tax basis.

To apply for short term disability benefits, employees must obtain proper medical and other written proof of eligibility in order that benefits are paid. Upon eligibility for policy coverage, employees will be provided information from the insurance company or plan administrator. While KE&G sponsors short term disability insurance, the benefits and other terms are controlled by the underwriting insurance company and the applicable plan administrator.

318 LONG TERM DISABILITY INSURANCE

Long term disability insurance benefits are available for eligible full-time employees upon satisfying the eligibility requirements. The purpose of the benefit is to provide the employee with some financial security and stability in the event of long-term disability which would otherwise have the effect of personal financial difficulty. Available benefits include monthly payments up to certain limits based on the employee's salary, and up to specified maximum limits after a waiting period defined by the policy. Benefits and other conditions are provided and published in the terms and conditions contained in the written policy by the insurance carrier or provider.

Disability payments are limited and are based on the pay rate as determined under the conditions of the plan. The premium cost for long term disability insurance is paid by the employee through post-tax payroll withholding.

The above is a summary of many of the insurance programs offered by KE&G. For a more detailed list of current benefits offered, see our online portal. **KE&G sponsors the insurance programs, but the Company is not the insurer. The terms, conditions, coverage's and limitations of all the benefits offered through the Company's group insurance plans shall be governed and controlled by the insurance policy and plan in force at the time of coverage. KE&G reserves the right to amend, cancel or change available coverage at any time.**

Application for these benefits, or the receipt of such, does not constitute a contract for employment. Subject to any lawful restriction, employment with KE&G is not for any specified period. Either the Company or the employee may sever the employment relationship at any time with or without cause or with or without notice. The benefits described above are what are currently offered by KE&G. KE&G reserves the right to change the benefits offered under the plans.

319 EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

KE&G established an Employee Stock Ownership Plan (ESOP) to assist employees in their plans for future financial security for retirement. In 2006 the owners of KE&G elected to transition the Company to an Employee Owned structure under an Employee Stock Ownership Plan.

Eligibility is based on the plan document which generally requires you to be employed for one year (as defined in the plan document), complete 1000 hours of service and be 18 years of age or older. Generally, participation and stock values in the ESOP are determined for each employee at December 31 each year. Eligible employees participate in the ESOP subject to all terms and conditions of the plan.

The ESOP allows the Company to determine (based on company profitability and available funds) how much to invest in the Plan each year on behalf of eligible employees and shareholders.

Contributions made to the ESOP are not immediately subject to federal and state tax. Distribution amounts from an ESOP are generally taxed in the year they are received; often, favorable tax rules may apply to ESOP distributions such as the potential to roll over distributions to an eligible retirement account.

Because contributions to the ESOP are not deducted from your pay, employees do not make a personal direct contribution to the ESOP. Distributions of funds from the ESOP to employees are made based on several conditions and criteria, including separation and retirement. Distributions typically have specific rules and limitations and are generally subject to taxation and reporting.

Complete details of the ESOP are described in the Summary Plan Description available in the online portal or contact the Office of the Controller for more information about the ESOP.

PAYROLL AND TERMINATION

401 JOB TIMEKEEPING

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require KE&G to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time spent on the job performing assigned duties.

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

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

Non-exempt employees should report to work no more than ten minutes prior to their scheduled starting time nor stay more than ten minutes after their scheduled stop time without expressed, prior authorization from their supervisor.

It is the employee's responsibility to initial/sign their time record to certify the accuracy of all time recorded. The supervisor will review and then electronically submit the time record for further approval and for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing them on the time record.

402 PAYDAYS

All employees are paid weekly on every Friday. All employees are required to sign up for direct deposit for payroll. You may elect to choose your own financial institution, or the company has partnered with NetSpend to offer a no cost option for direct deposit of your weekly payroll. In order to receive your weekly paystub, you need to provide an email address, or it will be your responsibility to stop by one of the offices to pick up a copy of your paystub. Each "paycheck" will include earnings for all work performed through the end of the previous payroll period. Pay periods end on Saturday at 11:59pm.

If a regularly scheduled payday falls on a bank holiday, employees will receive pay on the day before the holiday. If a regular payday falls during an employee's vacation, the employee's pay will be direct deposited on the regular payday.

403 EMPLOYMENT TERMINATION

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- Resignation – voluntary employment termination initiated by an employee.
- Discharge – involuntary employment termination initiated by the organization.
- Layoff – involuntary employment termination initiated by the organization for non-disciplinary reasons.

KE&G will generally schedule exit interviews at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to KE&G, or return of KE&G owned property. Suggestions, complaints, and questions can also be voiced.

Since employment with KE&G is based on mutual consent, both the employee and KE&G have the right to terminate employment at will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law.

Employee benefits will be affected by employment termination in the following manner; all accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.

404 EFFECTS ON BENEFITS FROM DRUG OR ALCOHOL VIOLATIONS

It is KE&G's desire to provide a healthful and safe workplace, as a work environment benefit to employees.

No employee may be under the influence of any illicit drug or alcohol while in the workplace, while on duty, or while operating a vehicle or equipment owned or leased by KE&G.

Violations of the Drug & Alcohol Testing Policy and Drug & Alcohol Testing Procedures will lead to disciplinary action, up to and including immediate termination of employment.

Employees who incur a work-related injury directly because, or on account of illegal drug use, abuse of prescription drugs, or alcohol consumption, risk a challenge to any attending workers compensation claims. KE&G reserves the right to contest workers compensation claims when the proximate cause of any injury was a violation of our drug or alcohol policies,

Employees who are terminated from employment because of the use of illegal drugs, abuse of prescription drugs, or alcohol consumption, risk a challenge to any unemployment insurance claim filed on account of that separation. KE&G reserves the right to contest unemployment claims and benefits arising out of a drug or alcohol policy violation on the grounds of employee misconduct.

Employees discharged for violations of the Company's drug and alcohol policies will not be eligible for re-hire for a period of up to 2 years. Eligibility can be established, if the former employee agrees to comply with the terms and conditions of employment, including drug and alcohol testing and related policies. (See Drug & Alcohol policies in this guide.)

405 PAY ADVANCES

KE&G does not provide pay advances on unearned wages to employees. We believe employees are responsible individuals capable of handling their own needs. The Company expects each employee to manage his or her own finances in such a way so that unnecessary or unwarranted interference with their work is avoided.

406 ADMINISTRATIVE PAY CORRECTIONS

KE&G takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of his or her Supervisor who will then contact the Payroll Department so that corrections can be made as quickly as possible.

Generally, corrections will be made within the next two (2) paydays following the report of a discrepancy.

407 PAY DEDUCTIONS AND SETOFFS

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

KE&G offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. Pay setoffs are pay deductions taken by KE&G, usually to help pay off a debt or obligation to KE&G or others.

If you have any questions concerning why deductions were made from your paycheck or how they were calculated, contact the Payroll Department and they can assist you with your questions.

SAFETY

501 SAFETY

This Safety Guide is provided to you by KE&G Construction and you are required to read it in its entirety. This Guide provides the core principles of our Safety Program and you are expected to adhere to every identified topic. It is also up to you to champion our Safety Program and to assist us in our continuous improvement of our safety culture.

This broad information encompasses most of our worksites, however, there may be some unidentified daily hazards that will intermittently arise. With our Supervisors and Foreman completing daily Job Hazard Analysis' and relaying the information to you, the employee, with the goal of proactively identifying hazards and not reacting after an incident or injury occurs.

KE&G adheres to all Federal, State, Local and MSHA Safety Standards. In the event a standard supersedes another, the more stringent standard will apply.

502 GENERAL SAFETY

Accidents/incidents do not happen because of chance or bad luck. They are caused by bad habits, bad attitudes, and unsafe behaviors on the job. We ask you to please conform to the highest safety standards required to prevent accidents/incidents and to cultivate a safe work environment for everyone at KE&G.

The following general rules are guidelines of conduct that every safe worker must follow:

- Observe and obey all warning signs.
- Unauthorized personnel are not permitted on the job site.
- Fighting or horseplay will not be tolerated.
- No intoxicating beverages of any kind are permitted on the job site.
- No one under the influence of intoxicating beverages or illegal or unauthorized drugs will be permitted on the job site.
- Fire protection equipment is to be used for putting out fires in their insipient stage only.
- ALL INJURIES, no matter how slight, must be reported to your supervisor immediately. Do not wait to report an injury.

503 HOUSEKEEPING

- Effective housekeeping can help control or eliminate workplace hazards. It is not just cleanliness, it includes keeping work areas neat and orderly and free from slip, trip and fall hazards, fire hazards and any other type of recognizable hazard. Pick up tools and cords and remove your trash and rubbish daily from the job site.
- Special attention must be given to the hazard of protruding nails. All stripped lumber shall be safely stacked after nails have been removed or bent down.
- Trash receptacles shall be located at all water coolers for disposal of used paper cups.
- All stairways, ladders, ramps, platforms, walkways, and work areas shall be kept clear and clean of rough and loose material and trash.
- All materials shall be kept at a minimum of 6 feet back from the outer edge of a building.
- Common foot traffic areas on work sites shall be kept clear of obstruction or trip/fall hazards.

504 TRENCHING AND EXCAVATION

- An inspection shall be conducted by a Competent Person prior to the start of work and as needed throughout the shift. Inspection shall also be made after every rainstorm, or other hazard increasing occurrence.
- At KE&G, we categorize all soil a "C" soil. This needs to be kept in mind when you are determining what trench protection you are going to use.



- Excavations and trenches more than 5' deep will be protected. Protection depends on the Competent Person determination. However, since all soil is "C", we never bench as a means of protection. If an excavation or trench is less than 5', protection is not required unless the Competent Person deems protection is required due to instability of the ground.
- Proper protection includes Trench Boxes, hydraulic shoring, sloping (1 ½ to 1 for C soil) and any excavation or trench 20' or deeper must be an engineered protection.
- All trench shields must extend at least to ground surface and a trench shield must be within 2' of the bottom of the trench.
- Ladders or ramps are required for trenches or excavation 4' or more in depth. 25' is the maximum distance a person can be from a ladder or ramp and the ladders must be tied off.
- Spoil piles and all material shall be at least 2' from the edge of the trench or excavation.
- A daily trench log is required for every excavation.
- Blue stake must always be called before digging. If there are no visible marks and you are unsure where the markings are, let your supervisor know immediately.

505 FIRE PROTECTION

- Gasoline and other flammable liquids shall be stored in approved containers and properly labeled.
- Fire Extinguishers shall be inspected monthly and documented on the inspection tag. Additionally, Fire extinguishers are required to be annually inspected by a certified inspector.
- Hot work permits are required where brush or flammables can ignite when using powered equipment causing sparks.

506 MOBILE AND HEAVY EQUIPMENT

- Do not ride on running boards or stand up on moving equipment.
- Do not get on or off equipment while it is in motion.
- Stay clear of moving equipment whenever there is danger from swinging booms, crane cabs, suspended loads, etc.
- Always make eye contact with the operator! Use a spotter when needed.
- NEVER walk or work under a suspended load or hoisting operations.
- Use a tag line to guide a suspended load.
- All hooks must have a built-in safety latch.
- Heavy equipment, cranes and boom trucks must be operated with extreme caution when within reach of power lines. Assume all wires are hot.
- All overhead power lines must be identified by signage reading "overhead power line hazard" when there is danger of contact by mobile equipment.
- Never operate equipment closer than 10 feet to a power line.
- No equipment is to work over the top of power lines.
- Only an appointed signalman may give signals to the operator.
- Use only standard hand signals to direct equipment operations.
- Only certified crane operators will operate cranes.
- Only authorized operators can operate heavy equipment.

507 MATERIAL HANDLING AND STORAGE

- Ensure material is correctly blocked and placed in such a way that it will not fall from the stack.
- Ensure that material is unloaded and stored according to plan and that there is safe, easy access to material handling equipment.
- Be especially careful when unloading trucks with circular material, i.e. pipes, casing, etc. Ensure that material is properly secured to the truck until it is ready to be moved. Provide stakes or bins on the ground to safely confine material until utilized.
- When stacking bags, step back the layers and cross key the bags at least every 10 bags high when stacking.

- Used lumber will have all nails withdrawn before stacking, and stacked on level solidly supported sills, and will be self-sufficient.
- Use a pry bar or spud wrench rather than your hands when separating or spreading material.
- Do not pile material in aisles or passageways.
- Do not leave blocking, chains, cable hose or tools lying between piles of material.
- No one is permitted on the bed of trucks while a load is being lifted by mechanical equipment.
- Always position cables and hooks so that loads are equally distributed.
- Only one person shall signal the crane operator during a lift.
- Always stay clear of the load so that if it swings, slips, slides or spills you will not be injured.
- Report to your supervisor any equipment that appears unsafe, and do not use it until it is repaired or replaced.

508 POWER TOOLS

- Provisions shall be made for the grounding of all fixed and portable electrical tools and equipment. This is also referred to the Assured Grounding Program.
- All portable and fixed power saws shall be equipped with guards over the blades. Radial saws shall be set up so that the saw drifts toward the column of the machines when the handle is released.
- Bench grinders shall be secured at their base.
- All employees will need to be trained on each power tool they use.
- All power tools, both portable and fixed, shall be checked daily before use to insure proper operating conditions.

509 POWDER ACTUATED TOOLS

- Powder actuated tools shall be used, operated, repaired, serviced, and handled only by authorized personnel.
- All operators of Powder Actuated Tools will be trained prior to use.
- The operator shall wear safety goggles or other approved face and eye protection as recommended by the manufacturer.

510 TEMPORARY WIRING

- Using extension cords properly is critical to your safety. With continuous use over time, an extension cord can rapidly deteriorate, creating a potentially dangerous electric shock or fire hazard. ... Do not substitute extension cords for permanent wiring. Do not run through walls, doorways, ceilings, or floors. All electrical circuits shall be grounded in accordance with the requirement of the national electrical code. GFCI's will be used where temporary wiring is utilized.
- Temporary wiring shall be guarded or isolated by elevation to prevent accidental contact by worker or equipment.
- Extension cords shall be of a type listed by the Underwriters Laboratories for the purpose in which they are being used and equipped with a ground prong.

511 LADDERS

- All ladders in use shall be inspected at least daily. Inspection will look for damaged equipment, missing labels, and the right type of ladder for the job.
- Broken or damaged ladders shall be removed from service immediately and destroyed.
- Ladders shall be long enough for the job and, if reaching to a walkway or platform, they shall project at least 36 inches beyond the top landing.
- All ladders shall be secured in place.
- Portable ladders shall be used at 4 to 1 rule and equipped with safety feet.

- Gang ladders shall conform to OSHA standards.
- Portable metal ladders shall not be used for electrical work or where they may be contact electrical conductors.
- Double cleat ladders over 24 feet in length shall not be used.

512 ROPES, CABLES, WEB STRAPS AND RIGGING

- All workers handling wire rope shall wear gloves.
- Wire rope and web straps shall be inspected before each use and shall be removed from service upon evidence of excessive wear, cuts, tears, broken wires, kinking, corrosion, heat damage or suspicion of electrical damage. They will also be removed when the label is not legible.
- Wire rope and web straps shall be cut up when they are removed from service due to defects.
- Cable clamps of the “Crosby” type should be applied only with the U-bolt over the dead end of the cable. Alternating clips are not safe. Follow manufacturer’s directions for other types of fittings.
- Wire rope shall be lubricated regularly and kept out of abrasive dirt which otherwise cause excessive wear.
- Wire rope shall not be used in such a way as to cause sharp bends or continual reverse bending.
- Keep out from under suspended loads. Use tag lines for controlling loads.
- Riding a load, hook or buckets is prohibited.
- All hooks on hoisting equipment shall be equipped with safety latches or moused.
- When a hook has been bent from overloading, it will be destroyed. A new hook shall be used.

513 CONCRETE FORMING, REINFORCING AND POURING

- All workers tying reinforcing bars in walls, piers, columns, etc., will wear and secure a safety harness when working 6 feet or more above the ground.
- Before climbing reinforcing steel, ensure that it is properly guyed or supported to prevent collapse.
- Prior to installing structural members (i.e. studs, walls, ties, etc.) in the forming process, visually inspect each to ensure that only good quality material is erected.
- Lumber and material from stripped formwork will have nails pulled and hardware removed before it is stacked.
- A worker must be identified who shall be responsible for directing the location of the ready-mix truck. He must be able to be clearly seen by the truck driver and have a clear view of the entire area where the truck is backing.
- Wash concrete spots off exposed skin as soon as practical.
- Never lay tools on the outside edges of scaffolding or anywhere they are likely to be kicked or knocked off the edge.
- Always maneuver wheelbarrows or power buggies where intended and make sure that traffic patterns are maintained free of obstruction or cross traffic.
- Never sweep or throw debris off upper level edges or down floor openings.
- Always use caps to protect exposed rebar and form pins.

514 PERSONAL PROTECTIVE EQUIPMENT (PPE)

Protective equipment furnished to the employees shall be determined by the advance assessment of the job requirements and work conditions that occur as work progresses. However, on all projects, the following shall be the minimum:

- Safety glasses, gloves and full-face shield shall be worn by workers who are engaged in shipping, grinding, or performing any operations where they are exposed to eye, hand, and face injury hazards.
- During welding, cutting and brazing operations, approved goggles, face masks, gloves, shields, and helmet suitable to the type of work will be worn by workers engaged in or watching the work.
- Protective screens will be placed around welding operations to protect others from eye injury.

- Hard hats, safety toed shoes and safety glasses shall be worn on all jobs by all employees, subcontractors, and visitors.
- The supervisor shall enforce the wearing of safety toed shoes.
- Foot protection shall be worn by operators of hand operated mechanical compacting devices.
- The supervisor shall be responsible for enforcing the use of personal protective equipment and determining, with guidance from the Safety Director, when special equipment, such as harnesses and respirators are needed.

515 FLOOR OPENINGS AND STAIRWAYS

- At all unprotected floor openings, elevator shafts and stairways, provision shall be made for barriers and toe boards. These shall remain in place until the openings have been closed or permanent stairs installed. When contractors must remove such barriers in the performance of their work, they are responsible for replacing barriers to provide maximum protection at all times.
- Floor holes into which persons may accidentally fall shall be guarded by either a standard railing with a standard toe board on all exposed sides, or a floor hole cover of standard strength and construction that is secured against accidental displacement. When the cover is not in place, the floor hole shall be protected by standard railing and toe board.
- All permanent metal stair treads shall have all depressions filled with secure blocking to eliminate tripping hazards.
- Temporary handrails shall be installed on all stairs during initial stair erection.

516 LIFTING

- If the load is too heavy, get help.
- Wear gloves to protect your hands.
- Be sure you have good footing.
- Keep feet parted with one foot alongside and one foot behind the object.
- Bend your knees and crouch down to the load. Keep your body close to the load.
- Get a good grip with the whole hand.
- Keep your back straight, nearly vertical, and lift with your legs.
- Avoid twisting your body. Shift your feet.
- Be sure you can see where you are going.
- To lower the load, reverse the above steps.

517 FIRST AID

- Prevent loss of blood – Most external bleeding can be controlled by applying pressure directly over the wound. The use of a tourniquet in case of severe bleeding from a limb shall be authorized by medical personnel only.
- Maintain or restore breathing – Seconds count! Start CPR immediately.
- Prevent further injury – If the victim is injured in a hazardous area, try to move them out of danger. In cases of electrical shock, shut off the electrical current before moving the victim. DO NOT move a person unless it is necessary.
- Prevent shock – The signs of shock are cold and clammy skin, perspiration on the forehead, chills, nausea, and shallow breathing. Keep the victim quiet and lying down with the feet elevated except in case of head injuries or broken bones.

518 TOOLS AND EQUIPMENT

- Use the right tool for the job. Never use hand tools for any other purpose than that for which the tools were intended. Never use any makeshift devices.
- Damaged tools frayed or defective electric cords and unguarded machinery shall not be used.



- Before starting power equipment, be sure that no one will be endangered by gears, belts, or other moving parts of the machinery and that all guards are secured in place. Do not wear gloves or loose, torn clothing around moving parts or machinery.
- Shut down machinery and use extreme caution when cleaning or adjusting. (see supervisor for Lock-out, Tag-out instructions)
- All gasoline engines must be shut down before refueling.
- The use of gasoline as a cleaning solvent is strictly forbidden. An approved cleaning solvent must be used to clean tools, machinery, and similar equipment.
- Be sure the machine is locked out and tagged-out before removing safety guards when making repairs or adjustments.
- Prevent others from starting equipment on which you are working by posting warning signs and padlocking switch boxes.
- Only authorized personnel are permitted to repair or operate power equipment.
- When using any electrically operated power equipment, be sure that it is properly grounded.
- Never use power equipment beyond its rated capacity. This also pertains to ropes, cables, chains, hooks, etc.
- Never use wire rope, which is frayed, has broken strands or other defects. Notify your supervisor of any defects.
- Before doing any hot work on any vessel, disconnect and block all connecting pipelines. The atmosphere inside the tank must be tested by a qualified person before entry.
- Remedy or report all unsafe conditions and equipment to your supervisor.

519 ON-THE-JOB INJURIES

- You will immediately report the injury or incident to your supervisor. The supervisor is responsible for notifying the Safety Director or the General Superintendent(s).
- If the injury can be treated as a First Aid in the field, evaluation will be made by the supervisor, Safety Director, and/or the General Superintendent(s).
- If medical treatment is necessary, you will be accompanied by your supervisor or someone from the Safety Department to one of our contracted clinics for treatment. If it is a life-threatening injury 911 will be utilized and you will be taken immediately to the nearest emergency room for treatment.
- If a First Aid, Medical Treatment or Emergency Room treatment, your supervisor will be responsible for reporting the injury through HCSS. The claim will then be reported to Creative Risk Solutions, KE&G's Third-Party Administrator, who will assign a claim number and an adjuster who will handle the claim (if medical treatment at a facility has been provided).
- The Safety Director will work closely with your claims adjuster to manage your claim including any prescriptions, medical services, physical therapy, or any other medical requirements prescribed by the treating physician. Once treatment has been established, it will be the injured workers responsibility to notify the Supervisor, Safety Director and/or General Superintendents of any PT appointments or any type of follow-up appointment they have scheduled. Additionally, any status reports or any type of report related to your work injury will need to be forwarded to the Safety Director via your Supervisor. If your injury results in modified duty or lost time, KE&G's Return to work Program will be initiated.
- KE&G has a rigorous Return to Work Program. What is a **Return to Work Program**? A **Return to Work (RTW) program**, simply put, means allowing workers, who are unable to perform their usual and customary job duties due to an injury or illness, to **return to work** in a temporary, limited, or light duty capacity while they recover. This program will be managed by the KE&G Safety Department.
- The KE&G Safety Department, Creative Risk Solutions and your medical treatment plan will help guide you through the claim process. Recovery after an injury can be depleting and we are here to ensure you are fully stationary before returning you to the workforce.

GENERAL POLICIES

601 WORK SCHEDULES

Work schedules for employees vary throughout our organization. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may require variations in work schedules. In many cases, the very nature of our work requires employees to be flexible enough to work long or extended hours, and/or to work schedules that vary in length as well as the number of workdays in a week.

Employees are required to work when scheduled and dedicate all scheduled work time to the completion of work duties. Leaving early, taking long breaks, tardiness and absenteeism without supervisory permission or management's knowledge are grounds for immediate discharge.

Employees who fail to call and fail to show for work without reasonable attempt to contact their supervisor, except in a true medical emergency, will be considered as abandoning their job. In that event, company records will show the employee quit without notice. See also Attendance, Overtime and Medical Leave policies in the guide.

602 USE OF PHONE AND MAIL SYSTEMS

To ensure effective telephone communications, employees should always use the approved greeting and speak in a courteous and professional manner. Please confirm information received from the caller and hang up only after the caller has done so.

COMPANY AND PERSONAL CELL PHONES: KE&G provides mobile phones to designated employees for business use. The company reserves the right to limit personal use of cellular phones. While on duty and on project work, employees are not to use cell phones to make/receive personal calls; and/or send/receive personal text messages.

During non-work times, such as breaks, employees may use cell phones for short personal calls or texting within reasonable limits. When using cell phones, employees need to keep their conversations private.

Cell phone use and text messaging without the use of a hands-free device, is not permissible while driving. Cell phone use while driving is a known distraction to safe and alert driving. Pull over and stop or ignore cell phone incoming calls or text messages while behind the wheel.

Downloads to company cell phones are prohibited unless work related or prior permission is given.

PERSONAL PHONE CALLS: KE&G recognizes that employees may need to make and receive personal calls from time to time while at work. While the Company allows limited personal calls to and from work, it is our practice to discourage unnecessary and/or excessive use of the business phones and other electronic communications systems for personal use. To maintain a safe working environment, no cellphones may be used while operating equipment.

To assist employees and still maintain an otherwise smooth flow of business, KE&G expects employees to notify their supervisor if they have a personal emergency, and/or need to make or receive personal calls in connection with a personal emergency. Please ensure that all calls for personal emergencies are routed through the office and your immediate supervisor will be contacted.

Supervisors are to provide reasonable assistance so that an employee can take care of personal emergencies and ensure privacy. The Company will do what it can to provide a place and reasonable accommodation to ensure privacy and confidentiality appropriate to the need.

Unnecessary, excessive and/or unwarranted use of the business phone and other company electronic communications is not acceptable and can lead to disciplinary action up to and including termination. Additionally, employees may be required to reimburse KE&G for long distance personal calls, texts and data usage.

MAIL SYSTEMS: The mail system is reserved for business purposes only. Employees should refrain from sending or receiving personal mail at the workplace. Exceptions may be granted in the sole discretion of management, and upon specific request in advance.

The postage meters, stamps, envelopes, and other packaging materials are the business property of the Company. They are not for personal use. In the rare case that an exception may be granted in the sole discretion of management, and upon specific request in advance, management reserves the right to required reimbursement of postage, packaging other costs associated with the use of the Company's mail system.

603 SMOKING

In keeping with KE&G's intent to provide a safe and healthful work environment, smoking in the workplace is prohibited except in those locations that have been specifically designated as smoking areas. In situations where the preferences of smokers and nonsmokers are in direct conflict, the preference of nonsmokers will prevail.

604 MEAL PERIODS

All full-time employees are provided with one unpaid meal period each workday that they are required to take. Supervisors will schedule meal periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.

If an unpaid meal period is interrupted, supervisors will be responsible to provide the interrupted employee the full unpaid meal period at another time during the workday.

As required by Department of Transportation rules and regulations, all CDL drivers are required to take a minimum 30-minute break if working more than 8 hours in a day.

In addition to meal breaks, depending on the working conditions and circumstances, short, paid rest breaks maybe taken as scheduled (one in the morning and one in the afternoon) by supervisors. KE&G cannot always guarantee specific, short rest breaks. Paid rest breaks shall be limited to no more than 15 minutes in length.

605 OVERTIME

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

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

Failure to work scheduled overtime or overtime worked without prior authorization from the supervisor may result in disciplinary action, up to and including termination of employment. See also Timekeeping and Work Schedules policies in this guide.

606 USE OF EQUIPMENT AND VEHICLES

Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify the supervisor immediately if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for maintenance or repairs could prevent deterioration of equipment and possible injury to employees or others. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

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

607 MOTOR VEHICLE RECORD POLICY

MVR's will be examined prior to the start of employment and at least annually thereafter. Any job offer made to an employee-candidate for a position with driving duties shall be contingent upon an MVR meeting the required standards. Continued employment in a position with driving duties also requires an MVR meeting company standards.

608 VEHICLE POLICY

All corporate owned or leased vehicles assigned to an employee may not and shall not be used by the employee for personal use except for commuting to and from work, as a security measure for the protection of company equipment.

The personal use for commuting to and from work is a taxable income item to the employee and will be included in the employee's gross earnings and taxes will be withheld accordingly.

It will be the responsibility of the employee to assure the vehicle is properly services and maintained.

609 EMERGENCY CLOSINGS

At times, emergencies such as severe weather, pandemics, fires, power failures, or earthquakes, can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility. When a work facility or site is closed down, supervisors and management will arrange direct communications or another method of notification that operations are closed. When operations are officially closed due to emergency conditions, the time off from scheduled work will be unpaid.

610 BUSINESS TRAVEL EXPENSES

KE&G will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by the Office of Controller.

Employees whose travel plans have been approved are responsible for making their own travel arrangements. Where common carrier is not used and the employee is approved for use of their personal vehicle, mileage at the rate determined by the IRS is reimbursed to the employee for personal vehicle expense incurred.

When approved, the actual costs of travel, meals, lodging, and other expense directly related to accomplishing business travel objectives will be reimbursed by KE&G. Employees are expected to limit expenses to reasonable amounts. Expenses that generally will be reimbursed include the following:

- Airfare or train fare for travel in coach or economy class or the lowest available fare.
- Car rental fees, only for compact or mid-sized cars.
- Fares for shuttle or airport bus service, where available; costs of public transportation for other ground travel.
- Taxi or other ride-share services.
- Mileage costs for use of personal cars, only when less expensive transportation is not available.
- Cost of standard accommodations in low to mid-priced hotels, motels, or similar lodgings.
- Cost of meals, no more lavish than would be eaten at the employee's own expense.
- Tips not exceeding 15% of the total cost of the meal or 10% of a taxi fare.
- Charges for telephone calls, fax, and similar services required for business purposes.
- Charges for laundry and valet services, only on trips of five or more days. (Personal entertainment and personal care items are not reimbursed.)

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

When travel is completed, employees should submit completed travel expense reports within 30 days. Reports should be accompanied by receipts for all individual expenses. Employees should contact their supervisor for guidance and assistance on procedures related to travel arrangements, expense reports, reimbursement for specific expenses, or any other business travel issues.

PER DIEM EXPENSE REIMBURSEMENT: KE&G will reimburse employees a per diem for out of town work at a rate of \$30 per day to cover the cost of meals and incidental expenses. Also, if needed, hotels will be provided, by KE&G with double occupancy.

Conditions requiring per diem are based on numerous factors and at management's discretion. Factors include working hours, project schedule, distance from home office, etc. Receipts are not required for per diem allowances and they will be reimbursed the following week with payroll.

It is anticipated that work in Tucson or Sierra Vista by crews that have traveled to a different location will not receive per diem, unless project schedule or working hours are extensive and necessitate the staying overnight.

Any overnight and per diem request must be preauthorized by the Project Manager.

Employees traveling to jobsites will not be paid to drive to the jobsites, unless the distance is extensive, and employees receive approval of ahead of time.

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

611 VISITORS IN THE WORKPLACE

To provide for the safety and security of employees and the facilities at KE&G, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

Because of safety and security reasons, family and friends of employees are discouraged from visiting at external work sites under construction. Due to safety requirements, no one except authorized personnel is permitted in most areas of construction projects or locations. Where offices exist with reception and intake areas, family and friends of employees can identify themselves and wait for either the employee or an escort to the appropriate area.

In cases of emergency, employees will be called to meet any visitor outside their work area.

All visitors should enter KE&G at designated field sites or offices. While in our office locations, visitors should enter through our lobby or reception areas. Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors. If an unauthorized individual is observed on KE&G premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the appropriate field office or reception area.

612 COMPUTER AND E-MAIL USAGE

Computers, computer files, the e-mail system, and software furnished to employees are KE&G property intended for business use. Employees should not use or create passwords, access files, or send/retrieve any stored communication outside their scope of work and authority. To ensure compliance with this policy, computer and e-mail usage may be monitored.

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

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

Email may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters.

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

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

Employees should notify their immediate supervisor, the Human Resources Department, or the Office of the Controller or any member of management upon learning of violations of this policy. Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

613 INTERNET USAGE

Internet access to global electronic information resources on the World Wide Web may be provided by KE&G to assist employees in obtaining work-related data and technology. The following guidelines have been established to help ensure responsible and productive internet usage. While internet usage is intended for job-related activities, incidental and occasional brief personal use is permitted within reasonable limits.

All internet data that is composed, transmitted, or received via our computer communication systems is considered to be part of the official records of KE&G and, as such, is subject to disclosure to law enforcement or other third parties. Consequently, employees should always ensure that the business information contained in internet e-mail messages and other transmissions is accurate, appropriate, ethical, and lawful.

The equipment, services, and technology provided to access the internet always remain the property of KE&G. As such, KE&G reserves the right to monitor internet traffic, and retrieve and read any data composed, sent, or received through our online connections and stored in our computer systems.

Data that is composed, transmitted, accessed, or received via the internet must not contain content that could be considered discriminatory, offensive, obscene, threatening, harassing, intimidating, or disruptive to any employee or other person. Examples of unacceptable content may include, but not limited to, sexual comments or images, racial slurs, gender-specific comments, or any other comments or images that could reasonably offend someone on the basis of race, age, sex, religion, political beliefs, national origin, disability, sexual orientation, or any other characteristic protected by law.

The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the internet is expressly prohibited. Generally, if an employee did not create the material, does not own the rights to it, or has not gotten authorization for its use, it should not be put on the internet. Employees are also responsible for ensuring that the person sending any material over the internet has the appropriate distribution rights. To ensure a virus-free environment, no files may be downloaded from the internet without prior authorization.

Abuse of the internet access provided by KE&G in violation of KE&G policies will result in disciplinary action, up to and including termination of employment. Employees may also be held personally liable for any violations of this policy. The following behaviors are examples of previously stated or additional actions and activities that are prohibited and can result in disciplinary action:

- Sending or posting discriminatory, harassing, or threatening messages or images.
- Using the organizations' time and resources for personal gain.
- Stealing, using, or disclosing someone else's code or password without permission.
- Copying, pirating, or downloading software and electronic files without permission.
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization.
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted internet services and transmissions.
- Sending or posting messages or material that could damage the organization's image or reputation.
- Participating in the viewing or exchange of pornography or obscene materials.
- Sending or posing messages that defame or slander other individuals.



- Attempting to break into the computer system of another organization or person.
- Refusing to cooperate with a security investigation.
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities.
- Using the internet for political causes or activities, religious activities, or any sort of gambling.
- Jeopardizing the security of the organization's electronic communications systems.
- Sending or posting views as representing those of the organization.
- Sending anonymous e-mail messages.
- Engaging in any other illegal activities.

LEAVES OF ABSENCE

701 FAMILY AND MEDICAL LEAVE

The federal Family and Medical Leave Act (FMLA) allows eligible employees to take up to 12 weeks of unpaid, job protected leave in a 12 month period for the birth of a child or placement of a child for adoption or foster care, to bond with a child (leave must be taken within one year of the child's birth or placement), to care for the employee's spouse, child or parent who has a qualifying serious health condition, for the employee's own qualifying serious health condition that makes the employee unable to perform the employee's job, for qualifying exigencies related to the foreign deployment of a military member who is the employee's spouse, child or parent. An eligible employee who is a covered servicemember's spouse, parent or next of kin may also take up to 26 weeks of FMLA leave in a single 12-month period to care for the servicemember with a serious injury or illness. The Human Resources Department will guide you in completing appropriate forms for the leave. Any paid leave that you have accrued will be counted as part of your FMLA leave.

To take FMLA leave, you must provide the Company with appropriate notice and meet certain eligibility requirements under FMLA such as minimum number of hours worked. If you know in advance that you will need FMLA leave, you must notify your supervisor or the HR Department at least 30 days in advance. If you learn of your need for leave less than 30 days in advance, you must give notice as soon as you can (generally either the day you learn of the need or the next workday). When you need FMLA leave unexpectedly (for example, if a family member is injured in an accident), you must inform your supervisor or the HR Department as soon as you can.

A copy of the DOL FMLA notice is included as an appendix to this manual and is available from Human Resources and also at <http://www.dol.gov/whd/regs/compliance/posters/fmlaen.pdf>

When on Family Medical Leave, employees must first use all PTO before KE&G will place them on an unpaid leave status. Any PTO will count towards the total of 12 weeks that are approved under this policy. Benefit accruals will resume when the employee returns to active employment. Employees may take approved Family and Medical leave all at once, or on an intermittent basis as allowed by the FMLA.

Subject to the terms, conditions, and limitations of the applicable plans, KE&G will continue to provide health insurance benefits for the full period of the approved family leave.

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

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

702 MILITARY LEAVE

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Service Employment and Re-employment Rights Act (USERRA). Generally, requests for military leaves of absence must be in writing along with a copy of the military orders or other written evidence of service requirements (e.g., notice to report for duty and station). Advance notice of military service is required, unless military necessity prevents such notice, or it is otherwise impossible or unreasonable. The leave will be unpaid; however, employees may use any available paid time off for the absence.

Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible.

Employees on military leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws.



Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service. Contact the Human Resources Department or the Office of the Controller for more information or questions about military leave.

703 PREGNANCY-RELATED ABSENCES

KE&G will not discriminate against any employee who requests an excused absence for medical disabilities associated with pregnancy. Such leave requests will be evaluated according to the medical leave policy provisions outlined in this guide and all applicable federal and state laws.

Requests for time off associated with pregnancy and/or childbirth, such as bonding and childcare, not related to medical disabilities for those conditions will be considered in the same manner as other requests for unpaid family or personal leave.

EMPLOYEE CONDUCT AND DISCIPLINARY ACTION

801 FITNESS FOR DUTY

To maximize productivity and support a safe work environment for all, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner.

While on KE&G premises and while conducting business-related activities off premises, each employee is responsible to perform their work assignments and job functions to meet the standards of their position. If an employee is unable to meet the performance standards of their job or requires assistance in performing the essential functions of their duties, they are expected to inform their immediate supervisor upon their first knowledge of any impairment to work.

IMPORTANT NOTE: If you are called to duty from scheduled time off, and you are unable to report to work in a condition fit for duty, you are required to inform the calling party and talk with your immediate supervisor, so that we can make other arrangements to fulfill work demands.

If the Company believes there is reasonable cause to question the performance of an employee, the employee may be asked to undergo a drug and alcohol test, and/or medical examination, as described in the Drug & Alcohol policy and/or other applicable policies of the Company.

Employees who report for work in a condition unable to meet work performance standards will not be permitted or suffered to work. Upon discovery, KE&G reserves the right to arrange transportation home for any employee whose performance is impaired. Under the terms and conditions of applicable policy, impaired employees can be subject to disciplinary action, up to and including termination.

802 EMPLOYEE CONDUCT AND WORK RULES

To ensure orderly operations and provide the best possible work environment, KE&G expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft or inappropriate removal or possession of property.
- Falsification of timekeeping records.
- Working under the influence of alcohol or illegal drugs.
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment.
- Fighting or threatening violence in the workplace.
- Boisterous or disruptive activity in the workplace.
- Negligence or improper conduct leading to damage of employer-owned or customer-owned property.
- Insubordination or other disrespectful conduct.
- Violation of safety or health rules.
- Smoking in prohibited areas.
- Sexual or other unlawful or unwelcome harassment.
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
- Excessive absenteeism or any absence without notice.
- Unauthorized absence from workstation during the workday.
- Unauthorized use of telephones, mail system, or other employer-owned equipment.
- Unauthorized disclosure of business “secrets” or confidential information.
- Misdirection of property or records in order to thwart, hide or undermine enforcement of Company policy.
- Violation of personnel policies.
- Behavior that reflects negatively on the business interests or customer relations of the Company.
- Unsatisfactory performance or conduct.



Employment with KE&G is at the mutual consent of KE&G and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

803 DRUG FREE WORKPLACE POLICY

I. SCOPE

Neither the Federal Drug Free Workplace Act of 1988 nor the Arizona Medical Marijuana Act (Arizona Revised Statute 36-2851, *et seq.*) restricts the right of employers to maintain a drug and alcohol-free workplace or affects the ability of employers to have workplace policies restricting the use of marijuana by employees or prospective employees, to the extent that such use could impact workplace safety and/or work efficiency. Therefore, KE&G Construction is committed to providing a drug-free workplace for our employees. KE&G requires all employees, identified as working on company time or premises, or employees operating company owned equipment outside of working hours, or working in a defined Safety Sensitive position; adhere to our Drug Free Workplace Policy. The term “Drug Free Workplace” includes the use of alcohol, illegal drugs, Marijuana, or another controlled substance that has not been prescribed by a doctor.

Additionally, evidence of possession, use of or being in a condition where your ability to work safely is limited in any way by the “previous” use of a substance identified above can be a workplace violation and subject you to immediate disciplinary action, up to and including termination.

II. DEFINITIONS

Alcohol means any beverage that contains ethyl alcohol (ethanol), including but not limited to beer, wine, and distilled spirits.

Company premises or facilities means all property of KE&G Construction including, but not limited to the facilities and surrounding areas on KE&G Construction owned or leased property, job sites, parking lots, and storage areas. The term also includes KE&G Construction owned or leased vehicles and equipment wherever located.

Contraband means any article, the possession of which on KE&G Construction premises or while performing services for KE&G Construction, causes an employee to be in violation of KE&G Construction work rules or any applicable law. Contraband includes illegal drugs, drug paraphernalia, marijuana products, and alcoholic beverages.

Controlled Substances means all substances regulated under the Federal Controlled Substances Act, 21 U.S.C. § 812.

Drug testing means the scientific analysis of urine, blood, breath, saliva, sweat, hair, tissue, and other specimens of the human body for the purpose of detecting a drug or alcohol.

Illegal drug means any drug which is not legally obtainable; any drug which is legally obtainable but has not been legally obtained; any prescribed drug not legally obtained; any prescribed drug not being used for the prescribed purpose; any over-the-counter drug being used at a dosage level other than recommended by the manufacturer or being used for a purpose other than intended by the manufacturer; and any drug being used for a purpose not in accordance with bona fide medical therapy. Examples of illegal drugs are cocaine, heroin, methamphetamine, ecstasy, phencyclidine (PCP), opiates (including codeine, morphine, and acetyl morphine) and so-called designer drugs and look-alike drugs.

Legal drug means any prescribed drug or over-the-counter drug that has been legally obtained and is being used in accordance with the purpose for which it was prescribed or manufactured.

Random Testing is a selection process where affected employees are selected for unannounced controlled substances testing using a scientifically valid random selection process that ensures each employee has an equal chance of being selected for testing.

Reasonable Suspicion means a belief that an individual is using or has used controlled substances or alcohol in violation of the company's policy drawn from specific objective and articulable facts. The facts include:

- Observable phenomena such as the physical symptoms or manifestations of being under the influence of a controlled substance or alcohol while at work on duty or the direct observation of controlled substance or alcohol use while at work or on duty. These observable phenomena may include, but are not limited to slurred speech, impaired coordination, disorderly appearance, odor of marijuana (or other substances), or other evidence that a person has recently used or consumed a prohibited item or substance.
- A report of controlled substance or alcohol use while at work or on duty, provided by reliable and credible sources and which has been independently corroborated.
- A report of controlled substance or alcohol possession while at work or on duty, provided by reliable and credible sources and which has been independently corroborated.
- Evidence that an individual has tampered with a controlled substance or alcohol test during the individual's employment with the company.

Reasonable suspicion may also be based on objective facts leading a prudent person to conclude that an employee is unable to satisfactorily perform his or her job duties due to drug or alcohol impairment. Such inability to perform may include, but not be limited to, decreases in the quality or quantity of the employee's productivity, judgment, reasoning, concentration, and psychomotor control, and marked change in behavior. It can also include accidents, deviations from safe working practices, and erratic conduct indicative of impairment. An employee may be requested to take a drug and/or alcohol test if management or supervisors have reasonable cause to believe that the employee's faculties are impaired while at work due to drug or alcohol use. An employee who refuses to consent to an alcohol and/or drug test may be terminated.

Safety Sensitive Assignments that by their nature could pose a significant risk of causing or contributing to a Work-Related Incident, especially those assignments where an employee has the responsibility for his/her own safety or other people's safety. These assignments include the operation of motor vehicles, construction, mining, milling, or manufacturing operations and managing or supervising other employees performing such activities. The job titles frequently associated with these assignments include, but are not limited to Carpenters, Cement Finishers, Equipment Operators, Truck Drivers, Foremen/Supervisor, Helpers, Iron Workers, Laborers, Mechanics, Managers, and Superintendents. The company reserves the right to determine which assignments are safety sensitive.

Under the influence means a condition in which a person is impaired by a drug or by alcohol in any detectable manner. The symptoms of influence are not confined to those consistent with misbehavior, or too obvious impairment of physical or mental ability, such as slurred speech or difficulty in maintaining balance. A determination of being under the influence can be established by professional opinion and/or a scientifically valid test such as urinalysis or blood, hair, or tissue analysis, and in some cases, by the opinion of a layperson. The Company reserves the right to take into account any and all impairment factors when deciding in good faith whether evidence exists that an employee is under the influence of a drug or alcohol.

III. **PRESCRIPTION DRUGS**

An employee whose medical therapy requires or involves the use of a legal drug that may impair coordination, judgment or thought processes, must report such use to his or her Supervisor before the performance of KE&G Construction business. The Supervisor will contact the Safety Manager for guidance. Failure to report such use may result in discipline, up to and including termination of employment.

The undisclosed use of any legal drug that may impair coordination, judgment or thought processes, by any employee while performing KE&G Construction business or while on KE&G Construction premises and/or job site locations is prohibited. However, an employee may continue to work using a legal prescription; if management has been made aware of and has made the determination that such use will not pose a threat to the safety and the using employee's job performance will not be affected.

Medical and Recreational Marijuana

Valid cardholders under the Arizona Medical Marijuana Act (“AMMA”) will not be discriminated against in violation of AMMA. However, AMMA does not give any employee the right to use, possess, or be under the influence of marijuana in the workplace. Further, recreational marijuana users have no protections under AMMA. Smoking, consuming, ingesting, possessing, or being under the influence of marijuana during work hours, while operating any vehicle on behalf of the Company, while present on Company premises, or while working at a customer location off-site is strictly prohibited.

Employees in Safety-Sensitive Positions may not be protected by AMMA. In other words, AMMA cardholders are not eligible for Safety-Sensitive Positions, and any AMMA cardholder employee (or other individual who chooses to use recreational marijuana) in a Safety-Sensitive Position may be required to transfer to a non-Safety-Sensitive Position (if available and the employee is qualified for such position), be subject to disciplinary action, or terminated at the Company’s discretion due to the employee not being qualified to hold a Safety-Sensitive position.

Employees with a valid card issued pursuant to the requirements of the AMMA must inform KE&G Construction and the testing laboratory of their status as an AMMA cardholder *prior to* any subject testing pursuant to this policy. A failure to disclose AMMA cardholder status prior to any subject testing may be considered a waiver of the employee’s right to invoke the protections of AMMA. Similarly, the failure to disclose AMMA cardholder status prior to hiring or transfer to or from a Safety Sensitive position may be considered a waiver of the employee’s right to invoke the protections of AMMA.

Additionally, because the Company may receive Federal funding, it must comply with the Drug Free Workplace Act of 1988, which prohibits any employee from using, possessing, or being impaired in the workplace (in or on Company premises or while conducting Company business) by any substance considered unlawful under the Controlled Substances Act. While Arizona voters passed ballot initiatives to make medical and recreational marijuana legal pursuant to state law, it remains an illegal drug under Federal law.

IV. DRUG TESTING POLICY

A. **Pre-Employment Drug Testing:**

All applicants who are offered a job with KE&G will be required to complete a drug screen as part of their job offer. If the applicant has a positive test result, and the essential function of their job will be in a safety sensitive position, they will be denied employment with the company, unless the applicant makes a request to be considered for a non-safety sensitive position that is both available and for which the applicant is otherwise qualified to perform all essential functions.

B. **Random Drug Screens:**

Employees subject to random testing will be included in a random selection pool and will be selected for testing by the company using a valid random selection process that ensures each employee in the selection pool has an equal chance of being selected each time a selection is conducted. A percentage of those covered employees within the business unit will be randomly selected for controlled substance testing quarterly. Random testing will be conducted in a confidential and unannounced manner.

A job-wide test shall be considered a form of Random Testing, in which each business unit employee, i.e., 100% of the unit, is required to participate in the controlled substance testing.

Refusal to submit to testing will be considered refusal to test and may be considered grounds for termination.

C. **Reasonable Suspicion:**

Employees will be required to participate in controlled substance and/or alcohol testing if there is reasonable suspicion that the employee may have used a controlled substance or alcohol as documented by unusual behavior.

The decision to require an employee to submit to reasonable suspicion testing shall be based on specific, current observations that can be verbalized, including but not limited to the employee's appearance, behavior, conduct, speech, or body odors by co-workers, supervisors, and/or a designated company representative who has completed reasonable suspicion training.

The employee's conduct giving rise to a reasonable suspicion test being initiated should be observed and documented by at least two co-workers, supervisors, and/or designated company representatives who have completed reasonable suspicion training.

In the event such designated company representatives are not immediately available, the designated company representative can, with the assistance of a Safety Representative, Superintendent or Supervisor, document the conduct giving rise to an initiate a Reasonable Suspicion Test.

Documentation of the employees' appearance, behavior, conduct, speech, or body odor shall be documented on the KE&G Observation Form. The documentation should occur prior to the employee submitting to a Controlled Substance and/or Alcohol test.

Refusal to submit to testing will be considered refusal to test and may be considered grounds for termination.

D. Post-Accident Drug Testing:

Substance abuse testing is part of an investigation process, testing should never be considered or applied as discipline. Testing will be conducted under the following conditions:

Employees are required to submit to testing as soon as possible, preferably within twenty-four (24) hours of reporting an incident or accident that resulted in an injury to the employee, others, or damage to property.

Refusal to submit to testing will be considered refusal to test and may be considered grounds for termination.

V. EMPLOYEE ASSISTANCE

An employee who voluntarily admits a problem and requests assistance with an alcohol or drug rehabilitation program prior to KE&G identifying alcohol or drug problem on the job will be granted a leave of absence (without pay if earned or accrued vacation or sick leave hours are used up) to participate in a substance abuse program. Any employee, who requests assistance and a leave of absence to address an alcohol or drug problem, but fails to enroll in a program, may be subject to termination. Such leave of absence will be available to an employee one time only and will be conditional upon the employee's full compliance with the term of the rehabilitation program. No disciplinary action will be taken in cases where the employee comes forward before the company identifying alcohol or drug problem on the job. Employees, who have completed a program and returned to work, will be subject to random testing for two years.

VI. TESTING RESULTS

KE&G conducts in house drug testing for Pre-Employment, Random, Reasonable Suspicion and Post Accident. If a Supervisor reasonably suspects that an employee's ability to work is impaired due to the use of illegal drugs, alcohol, or prescription drugs, the following action must be taken:

1. Notify his immediate Supervisor and the Safety Manager.

2. Once the test has been authorized, the employee must be under the direct control of a company Supervisor. The Supervisor must remain in visual contact with the employee until an authorized KE&G representative arrives on-site to complete the test or until the employee is taken to an approved clinic for testing.
3. After testing has been completed and if the employee is found to be positive for drugs in his or her system, the employee will be immediately suspended from the time of the test without pay. A sample of the specimen and the chain of custody will immediately be forwarded to an external Medical Review Officer for verification. The company Safety Manager or General Superintendent will contact the employee after all positive test results have been confirmed. The employee may contest or question results at that time. Upon request of the employee and at the discretion of KE&G Management, an alternative test or testing method may be performed at the employee's expense.
4. The employee will either be terminated or placed on unpaid suspension for an indefinite period. The type of action taken will depend upon the facts of any case. Whether any such employee is ever returned to work is totally within the discretion of the company.

NOTE: No prior approval from a General Superintendent, Safety Manager, Supervisor, or Office Manager is required if the employee is injured on the job and requires a trip to the clinic. In the case of an accident or incident that requires a drug screen, continuous visual contact by a Supervisor will be required until an authorized KE&G representative arrives on-site to complete the test or until the employee is taken to an approved clinic for testing.

VII. NOTICE OF DRUG VIOLATION:

Any employee that has been charged, convicted of, or pleaded "guilty" or "no contest" to criminal offenses involving the manufacture, use, sale or transfer of illegal drugs, or the illegal transfer of prescription drugs must notify the Safety Manager in writing within five (5) working days. Failure to do so may be considered grounds for termination.

VIII. CDL DRIVERS

Random drug and alcohol testing is mandated by 49 CFR, Part 40 Federal DOT Regulation. Such procedures and processes affecting these employees will differ somewhat from those covering the remainder of the group. Nevertheless, these employees are not exempt from the random testing required for all other KE&G employees.

A designated medical service provider for KE&G will be responsible for testing at least 50% of the covered workforce for drugs and 10% of the hidden workforce for alcohol quarterly. Selection will occur based on an arbitrary selection method utilized by the service provider. The Safety Manager or other designated individual will be notified of the selection in advance by the testing provider. The name of the employee to be tested shall not be released to anyone other than the employee and manager and then only 1-2 hours prior.

Beginning January 6, 2020, a repository created by the FMCSA will collect information on drivers' DOT drug and alcohol violations occurring under a motor carrier's testing program. Employers and service providers are called upon to report DOT drug and alcohol testing program violations to the Clearinghouse. Motor carriers, medical review officers, third-party administrators, and substance abuse professionals must provide information when a driver:

- Tests positive for drugs or alcohol;
- Refuses drug and alcohol testing;
- Undergoes the return-to-duty drug and alcohol rehabilitation process.

The following records will be collected and maintained in the Clearinghouse:

- A verified positive, adulterated, or substituted drug test result;
- An alcohol confirmation test with a concentration of 0.04 or higher;
- A refusal to submit to any test required by Subpart C of Part 382;
- An employer's report of actual knowledge, as defined at §382.107, including:
 - On duty alcohol use pursuant to §382.205;
 - Pre-duty alcohol use pursuant to §382.207;
 - Alcohol use following an accident pursuant to §382.209; and
 - Controlled substance use pursuant to §382.213;
- A substance abuse professional report of the successful completion of the return-to-duty process; and
- An employer's report of completion of follow-up testing.

The Clearinghouse will aid the company in learning of a driver's need start or continue with the necessary steps in the DOT return-to-duty process (i.e., Substance Abuse Professional (SAP) program).

FMCSA requires motor carrier employers to:

- Query the system for information on driver applicants, and
- Search the database annually for current employees.

Before a motor carrier may gain access to the information in the Clearinghouse, the driver must grant consent. Failure to provide consent prevents the motor carrier from using the CDL driver in a safety-sensitive function.

A driver can review his or her report at no cost by registering with the Clearinghouse.

804 ATTENDANCE AND PUNCTUALITY

To maintain a safe and productive work environment, KE&G expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on KE&G. In the rare instances when employees cannot avoid being late to work as scheduled, they are required to notify their supervisor as soon as possible in advance, and upon first knowledge or belief, of the anticipated tardiness or absence.

Tardiness in excess of ten (10) minutes, and/or based on repeated occurrences, will be documented. Supervisors will meet with the employee and discuss the work schedule, review work requirements, and determine if they reason for any tardiness could have been avoided.

Supervisors will review absences with employees. Except for absences based on a true medical emergency or condition, absence from work or during the workday without permission is unexcused. Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

Employees are required to call in absences or tardiness each day that such occurs, unless prior arrangements are approved by the supervisor or other member of executive management. Failure to report when scheduled for work, and failure to call in absent or tardy, can be interpreted by the Company as a voluntary quit without notice, in which case the employee can be ineligible for re-hire.

805 PERSONAL APPEARANCE

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image KE&G presents to contractors, service providers, customers and visitors.

During business hours or when representing KE&G, you are expected to present a clean, neat, and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards. This is particularly true if your job involves dealing with customers or visitors in person.

Trade and craft employees on work site construction projects do not have the same requirements of dress compared to sales, office, management and administrative staff. Nevertheless, trade and craft employees come under the general guidelines of this policy, as with all other employees.

Your supervisor is responsible for establishing a reasonable dress code appropriate to the job you perform. If your supervisor feels your personal appearance is not appropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstance, you will not be compensated for the time away from work. Consult your supervisor if you have any questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a known disability. Without unduly restricting individual tastes, the following personal appearance guidelines should be followed:

- Shoes must provide safe, secure footing and offer protection against hazards.
- Canvas or athletic type shoes are not appropriate professional attire.
- Tank tops, tube or halter tops, or shorts may not be worn.
- Mustaches and beards must be clean, well-trimmed, and neat.
- Hairstyles are expected to be in good taste.
- Unnaturally colored hair and extreme hairstyles, such as spiked hair and shaved heads, do not present an appropriate business or work appearance.
- Long hairstyles should be worn with hair pulled back off the face and neck to avoid interfering with job performance.
- Excessive makeup is not permitted.
- Offensive body odor and poor personal hygiene is not acceptable.
- Jewelry should not be functionally restrictive, dangerous to job performance, or excessive.
- Facial jewelry, such as eyebrow rings, nose rings, lip rings, and tongue studs, are not appropriate and must not be worn during business hours.
- Multiple ear piercings (more than one ring in each ear) is not appropriate and must not be worn during business hours.
- Torso body piercing with visible jewelry or jewelry that can be seen through or under clothing must not be worn during business hours.

806 RETURN OF PROPERTY

Employees are responsible for items issued to them by KE&G or in their possession or control, such as the following:

- Client lists
- Computers
- Cameras
- Keys
- Cell Phones
- Security passes
- Personal gear or wear items
- Written materials
- Credit cards
- Identification badges
- Manuals
- Protective equipment
- Tools
- Vehicles
- Payroll

Other company records

Employees must return all KE&G property immediately upon request or upon termination of employment. Where permitted by applicable law, KE&G may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. KE&G may also take all action deemed appropriate to recover or protect its property.

807 RESIGNATION

Resignation is a voluntary act initiated by the employee to terminate employment with KE&G. Although advance notice is not required, KE&G requests at least 2 weeks' written resignation notice from all employees. Prior to an employee's departure, an exit interview may be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits. As stated under other policies in this guide, failure to call and/or failure to show for work when scheduled can be interpreted as a resignation without notice.

808 SECURITY INSPECTIONS

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

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

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

As a special and unique case, security inspections can include vehicles, whether company-owned or employee-driven, on construction work sites and on the premises or in the parking lots of company property. Thus, an employee's personal belongings and vehicles can be subject to search by the Company officials and their representatives.

KE&G reserves the right to allow law enforcement authorities with proper jurisdiction, and those acting upon their authority, ingress and egress to its property, premises, equipment and areas to inspect, search and otherwise make inquiry, ask questions, and raise issues of law enforcement under this policy.

809 SOLICITATION

To ensure productive and harmonious work environment, persons not employed by KE&G may not solicit or distribute literature in the workplace at any time for any purpose.

KE&G recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during working time (working time does not include lunch periods, work breaks, or any other periods in which employees are not on duty). Examples of impermissible forms of solicitation include: .

- The collection of money, goods, or gifts for political groups.
- The sale of goods, services, or subscriptions outside the scope of official organization business.
- The circulation of petitions.
- The distribution of literature not approved by the employer.
- In addition, the posting of written solicitations on company bulletin boards is restricted. These bulletin boards display important information, and employees should consult them frequently for:
 - Employee announcements
 - Internal memoranda
 - Job openings
 - Organization announcements
 - Workers' Compensation insurance information
 - State unemployment insurance information
 - Federal Payroll updates

If employees have a message of interest to the workplace, they may submit it to their supervisor, for review by the Human Resources Department or the Office of the Controller for approval. All approved messages will be posted by approval from the Human Resources Department or the Office of the Controller.

810 PROGRESSIVE DISCIPLINE

This policy outlines KE&G's position on administering consistent discipline for unsatisfactory conduct in the workplace. The best disciplinary measure is the one that does not have to be enforced and comes from good leadership and fair supervision at all employment levels.

KE&G is interested in ensuring consistent treatment of all employees; to support disciplinary actions that correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future. Although employment with KE&G is based on mutual consent and both the employee and KE&G have the right to terminate employment at will, with or without cause or advance notice, KE&G may use progressive discipline at its discretion.

Disciplinary action may call for any of four steps – verbal warning, written warning, suspension with or without pay, or termination of employment – depending on the severity of the problem and the number of occurrences. And there can be circumstances when one or more steps are bypassed, and when discharge occurs immediately. When progressive discipline is followed, these steps will normally be followed: a first offense may call for a verbal warning; a next offense may be followed by a written warning; another offense may lead to a suspension; and, still another offense may then lead to termination of employment.

KE&G recognizes that there are certain types of employee problems that are serious enough to justify either a suspension, or, in extreme situations, termination of employment, without going through the progressive discipline steps.

While it is impossible to list every type of behavior that may be deemed a serious offense, the Employee Conduct and Work Rules policy includes examples of problems that may result in immediate suspension or termination of employment. However, the problems listed are not all necessarily serious offenses, but may be examples of unsatisfactory conduct that will trigger progressive discipline. By using progressive discipline, we hope that most employee problems can be corrected at an early stage, benefiting both the employee and KE&G.