



**PERSONNEL POLICIES**

**AND**

**EMPLOYEE BENEFITS**

**HANDBOOK**

**February 2010**

**NOTE: This handbook supersedes any previously published policies and employee benefits.**



## 2010 Personnel Policies & Employee Benefits Handbook NWS Michigan, Inc.

(Highlights and Revisions)

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| Equal Employment Opportunity   | 8    | Revised  |
| Reasonable Accommodation   | 8    | Revised  |
| Requirements for Employment and Re-employment                          | 8    | Revised  |
| Providing References   | 9    | New  |
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| Responsibility Statement on Alcohol Consumption                        | 20   | New  |
| Workplace Discrimination and Harassment                                | 25   | Revised  |
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**PLEASE NOTE:** Please take the time to familiarize yourself with the new Handbook, particularly the above sections, and return the signed Acknowledgement and Receipt form to the Human Resources and Development Department.

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## I. INTRODUCTION

Welcome to NWS Michigan. We are happy to have you with us and hope that our association will be mutually beneficial.

NWS Michigan is a privately owned Company. We are engaged in the wholesale distribution of alcohol and non-alcohol beverage products.

The Company was founded on sound business principles and is dedicated in all of its business dealings, both with employees and customers, to honesty, integrity, and customer service.

The Company is not only dedicated to being the market leader in terms of sales, marketing, and operations, but also a valued member of the communities with which we do business. We are also dedicated to being a valued member and leader within the whole industry.

We strive to satisfy our customers and obtain new customers by servicing their accounts in the best possible manner. To achieve this goal, many people and different types of skills are required. All are important. We are pleased that you have chosen to work for NWS Michigan.

We look forward to our work together and to our continued growth as a Company and further development of our core values. We will expect you to use your best efforts and satisfactorily perform your job duties and we hope to make your employment experience with the Company rewarding and meaningful.

This handbook was prepared to help you know the Company of which you are now a part. The practices and policies set out on the following pages will serve as a source of information for new employees and ready reference for employees who have been with the Company for some time. This handbook is not intended and should not be understood to create a contract for employment or benefits. Unless otherwise provided by the specific terms of a collective bargaining agreement applicable to you, your employment is "at will" which means that your employment is not for any specific period and may be terminated by you or the Company at any time, with or without cause and with or without advance notice. In order to be able to adapt to a changing business climate, the policies, practices and benefits described in this handbook may be deleted or changed by NWS Michigan at its discretion and new policies may be added whenever the Company determines it is appropriate to do so.

Again, welcome to NWS Michigan.

Sincerely,

James E. LaCrosse  
Chairman

## ***Core Values Statement***

### **CUSTOMER FOCUS**

Our customer focus is to develop and maintain strong partnerships with our suppliers and retailers, who are both equally important to our business. As a major wholesaler, the product we provide is an array of quality services including:

- Sales
- Marketing
- Accurate and Timely Delivery
- Information
- Knowledge
- Training
- Relationships

Supplier and retailer satisfaction is the means by which we measure our success. We are committed to developing strong relationships with suppliers and retailers, to be their first choice for service. We strive always to outdistance our competition.

To achieve this we will:

- Actively listen to supplier/retailer feedback to build trust and loyalty.
- Provide a wide variety of high quality products and services.
- Through teamwork, leverage our capabilities and resources to fully meet the needs of our customers.
- Strive for personal attention so exceptional that it exceeds their expectations.
- Ensure timely remedies to customer issues by taking ownership in them.

### **RESPECT FOR THE INDIVIDUAL**

We respect the dignity of each individual, whether an employee, customer, or member of the general public. We have no greater asset than our people. We are committed to providing a fair and challenging workplace, one that respects and recognizes the individual. We recognize and acknowledge the importance of our families and their contribution to our success.

To achieve this we will:

- Accept and value diversity in the opportunities our Company can provide individuals.
- Encourage employees to be innovative.
- Recognize and reward leadership, achievement and individual value to the Company.
- Promote open and honest communication, fairness, respect and teamwork.
- Instill pride, enthusiasm, spirit and passion.
- Provide personal and professional growth.
- Treat employees fairly; understand and acknowledge their concerns.
- Treat everyone with respect.
- Provide individuals with the necessary tools to achieve their potential through training and evaluations.

## **TEAMWORK**

Teamwork is the thread that ties together the various functions at NWS. While we share values corporate-wide, we respect the policies of each of our operating companies as dictated by its market and the development of its business cycle.

To promote teamwork we will act in ways that help us to:

- Communicate and share information candidly, openly, and respectfully with each other.
- Recognize individual and team accomplishments.
- Cooperate and collaborate within and across teams and companies, understanding differences in style, perspective and background.
- Fully understand our responsibilities and the effect of our actions on the team and Company as a whole.
- Cultivate pride and cooperation within all departments.
- Realize individual differences as an opportunity to openly enhance the team.

## **CITIZENSHIP**

We seek to improve the quality of life in the communities where our employees live and work. Social responsibility is an integral part of our culture. We will commit Company resources, both human and financial, to organizations that benefit our personal and professional communities.

To achieve this we will:

- Contribute time, talent and resources to make a difference in the lives of others.
- Promote responsible enjoyment of our products through education and personal example.
- Behave responsibly toward our environment.
- Foster an atmosphere that supports and encourages community and industry involvement.
- Support state and federal legislative activities that impact our industry and our lives.
- Recognize and respect customs, norms and laws where NWS conducts business.

## **INTEGRITY**

We strive for integrity in our relations with customers, employees and regulators. We are committed to a continuing effort to raise our standards of integrity, while recognizing the performance demands and trade practices inherent in our role as wholesaler operating in a competitive environment.

To achieve this we will strive to:

- Take responsibility for and demonstrate consistency between our words and our actions.
- Acknowledge errors, correct them and learn from the experience.
- Exemplify the highest standards of personal and professional ethics in all aspects of our business.
- Comply with the laws, rules and practices that govern our industry.



## **FINANCIAL RESPONSIBILITY TO STAKEHOLDERS**

Profitable growth is our primary purpose. We must balance our goals of achieving profitability and improving our customer's position in the marketplace.

To achieve this we will:

- Strive for long-term growth and earnings.
- Manage short-term goals in ways that do not compromise long-term goals.
- Maintain organizational effectiveness and consistent execution of business strategies.
- Collect and pay appropriate taxes and other monies on behalf of state and other regulatory agencies.

## ***National Wine & Spirits, Inc.: Corporation History***

In 1934, after Prohibition ended, the Indiana Alcoholic Beverage Commission started issuing liquor, wine and beer permits. Permit #7 was issued to National Liquor Company, a distributorship formed to serve the Central Indiana region. From its inception through today, the corporation has been a family-owned business.

According to corporate records from 1935, major shareholders at that time were John E. Ohleyer and Jules J. Fansler. Ohleyer's shares were acquired in 1941 by banker Frank E. McKinney, who transferred them to family members to prevent conflict of interest with his national leadership role in the Democratic Party. During the early 1940s, McKinney continued to acquire shares until he had purchased the majority of Fansler's shares by 1944. This gave the McKinney family majority interest.

National acquired Capitol Hill Distributing in 1952, a move that would set the trend for business growth. This strengthened National's position by adding key brands to its portfolio. As a result of that purchase, Capitol owner Marvin M. Lasky and his family became major shareholders of National. During the 1950s, manager Charles E. Johnson, Jr. also acquired shares, while the McKinneys maintained a minority interest.

The Company changed hands in 1973 when it was sold to a group of investors: James E. LaCrosse along with brothers William B. and R. Cameron Johnston. Their intent was to turn the business around and resell it. When the unprofitable business turned around in just six months, it was apparent the opportunity for growth was substantial.

On December 30, 1982, the Company name was formally changed to National Wine & Spirits Corporation. When William B. Johnston died in 1974, his widow, Norma M. Johnston, who currently has 17 percent ownership, acquired his stock. In December 1994, R. Cameron Johnston sold all of his stock shares to Mr. LaCrosse, resulting in an 83 percent share of National.

The Company expanded market by market throughout the state, in the process purchasing the assets of eight other wholesalers and acquiring their sales organizations. Operations expanded to include distribution locations in Indianapolis and South Bend with sales offices in Crown Point, Fort Wayne and Evansville. As a result of these acquisitions, National gained exclusive distribution rights to major supplier lines of both wine and spirits in Indiana.

The Indiana operation currently serves 10,000 customers from a network of over 95 vehicles, including straight trucks, semi tractor/trailers and vans. On a given night, an average of 14,000 cases will be processed in the Indianapolis location and 9,000 cases in South Bend. National represents a 38% share of the wine market in Indiana and 70% of the spirits market.

National continued its expansion through acquisition and new business development. Cameron Springs, a startup bottled water company, began operations in 1991 as a subsidiary of National Wine & Spirits Corp. The bulk of the company's business was home and office cooler

placements, with a strong retail bottled water division. Cameron Springs was later sold to Perrier Group of America in June 2000.

Also in 1991, National purchased Union Liquor Company, a Chicago-based distributorship in Illinois. This company had a long and proud history than spanned nearly 60 years of ownership by the Leavitt family. Begun at the end of Prohibition as a beer distributorship in Chicago, the company later added wine and spirits to its portfolio and evolved into Consolidated Distilled Products, Inc. (CDP). By the late 1940s, CDP expanded into the rectifying business as Consolidated Rectifying, Inc. (CRI) to produce house brands and private labels for the national market. CDP also established Union Liquor Company as its distributor operation in the Chicagoland area. Despite industry emphasis on spirits, Union's leadership recognized the potential of a lucrative fine wine market in Chicago-area restaurants and created the Chicago Wine Merchants division. In the 1980s, Company foresight further led to the development of a super premium beer division.

National's trend of acquisition and consolidation continued in the Illinois market with the acquisitions of CRI later in 1991, followed by three wholesalers in downstate Illinois, and Federated Industries, Inc. in 1993. The downstate business is still operated as Hamburg Distributing Company, which was founded in 1933 by Ben Hamburg. This family operation, a pioneer in the industry, expanded county-by-county and anticipated the wine explosion of the 1970s. When Continental Distributing closed its doors in 1996, Union added some of its former lines and employees. The result of these consolidations was to lock in exclusive distribution agreements with major suppliers. Union officially changed its name to Union Beverage Company in 1996. A statewide delivery system was implemented in Illinois to include distribution centers in Chicago and Champaign with sales offices in Peoria, Rockford and Collinsville.

In February 2003, a management services agreement was created in Illinois with Texas-based Glazer's Distributors, the second largest distributor of wine and spirits in the country. National Wine & Spirits, Inc. sold substantially all the assets of its Illinois subsidiary to Glazer's on December 8, 2006.

When the State of Michigan privatized its distribution of spirits in January 1997, National was poised to become one of three distributors taking advantage of this opportunity. Exclusive arrangements were successfully negotiated with major spirits suppliers in that state. In 1999, NWS Michigan acquired broker R.M. Gilligan, Inc., creating a subsidiary and vastly expanding its brokerage operation to the largest in the state.

The Company further expanded its presence in Michigan when it purchased L&L Wine & Liquor Corporation, dba L&L Wine World, on March 5, 2007 and acquired the rights to the majority of the AHD Wine Vintners portfolio on June 15, 2007. These transactions allowed the Company to enter the Michigan wine market, which is not controlled by the State of Michigan, unlike the spirits market there. The wine business operates as NWS Wine World and Michigan Wine Merchants, the latter of which focuses on the fine wine segment of the market.

Headquarters and the main warehouse are located in Brownstown, near Detroit, with warehouses and offices in Grand Rapids, Madison Heights and Escanaba as well as terminals in Traverse City and Saginaw. The Michigan operation includes a fleet of over 100 vehicles, including straight trucks, semi tractor/trailers and vans that handle an average of 15,000 cases a night in Brownstown and 5,000 cases handled in Grand Rapids. The market share for the Michigan companies is 55% for distilled spirits and 20% for wine.

In 1998, National extended its reach into another state when it purchased 25% ownership of Commonwealth Wine & Spirits, LLC, a Kentucky distributor with a 25% market share of wine and spirits in that state. A majority interest in Commonwealth was acquired by Republic National Distributing Company on June 30, 2006, resulting in a decrease of National Wine & Spirits, Inc.'s interest to 12.5%.

A corporate reorganization, completed on December 31, 1998, created the parent holding company of National Wine & Spirits, Inc. and an accompanying board of directors. This was a prelude to a successful private bond offering that raised \$110 million on January 25, 1999 to finance future expansion. Another infusion of capital came in June 2000 when Cameron Springs was sold to Perrier Group of America. Following the December 2006 sale of its Illinois assets, the Company called for the redemption of its bonds which was completed in January 2007.

As the corporation continued to grow, finding common ground among the various companies became increasingly important. To develop a corporate culture, a series of inter-company meetings were held beginning in 2000. The result of the process was identifying six core values: customer focus, both to suppliers and retailers; respect for the individual; teamwork; citizenship; integrity; and financial responsibility to the stakeholders.

Today, National Wine & Spirits, Inc. employs approximately 1,100 people in its Indiana company, Michigan companies, and the corporate group. The Company's products, delivered by a fleet of over 185 vehicles, reach retail liquor stores, chain grocery stores, restaurants, taverns and convenience stores. Currently, the Company ranks in the top ten distributors of wine and spirits in the country.

## **II. BASIC COMPANY POLICIES**

### ***Union Contracts***

Certain units of the employees of the Company in Michigan are represented by unions and are covered by union contracts. The provisions of this Handbook apply to all employees of the Company; however, the provisions of this Handbook are to be interpreted in a manner that is consistent with the existing union agreements and all management rights reserved to the Company. In the event a provision of this handbook directly conflicts with a specific provision of the union contract, the applicable union contract applies.

### ***Equal Employment Opportunity (EEO)***

The Company is an equal opportunity employer. Company policy is to offer equal opportunity to all qualified employees and applicants for employment without regard to religion, race, color, national origin, age, sex, height, weight, familial or marital status, genetic information, physical or mental disability, veteran status or military service or any other characteristic protected under Michigan or federal law. This policy is applicable to Company policies governing recruitment, hiring, rates of pay and other benefits, job assignments, promotion, training, discipline, Company sponsored social and recreational activities and all other terms and conditions of employment. Employees are encouraged to report any perceived violations of this policy to the Director of Human Resources and Development or a Vice President of the Company as outlined in the policy against harassment contained in this Handbook.

### ***Reasonable Accommodation***

Consistent with applicable law, the Company will make reasonable accommodation to the known physical and mental limitations of otherwise qualified, disabled employees and job applicants, unless the accommodation would impose an undue hardship on the Company or pose a direct threat to the health and safety of employees. Because the need for an accommodation is often not apparent, it is the responsibility of the employee to request an accommodation, and any request for accommodation under Michigan law must be submitted within 182 days of learning of the need for accommodation. A written request must be made to the Director of Human Resources and Development and specifically describe the requested accommodation. The employee may be asked to provide medical evidence to support the need for the requested accommodation and employees are expected to dialogue with the Company in good faith relative to any accommodation requests.

### ***Requirements for Employment and Re-employment***

To be considered for employment, an applicant must:

- Be 21 years of age.
- Have good, verifiable references acceptable to the Company.
- Have read a copy of the Handbook and signed Acknowledgement & Receipt form.
- Demonstrate the ability to perform the essential job functions of the position he/she is applying for or would accept, subject to any statutory duty of reasonable accommodation.
- Be able to maintain regular predictable attendance, report to work on time and work through regularly scheduled shift, including mandatory overtime as assigned.
- Have reliable transportation to work.
- Have an appropriate and valid driver's license and insurance for positions requiring the operation of a personal or Company-owned vehicle.
- Have reliable and ready means of communicating with and receiving messages from the Company.
- Successfully have undergone a drug screen and background check, including drivers license check (includes former employees who are rehired).
- Participate in all mandated Company programs including, but not limited to, viewing Sexual Harassment: New Roles/New Rules videotape.

### ***Providing References***

All reference requests for current or terminated employees should be handled by the Director of Human Resources and Development.

### ***Hiring and Employment of Relatives***

The employment of relatives in the same area of an organization may cause conflicts of interest and perceptions of favoritism that may affect employee morale. In addition to perceptions of partiality, personal conflicts from outside the work environment can be carried into day-to-day working relationships.

Although NWS has no prohibitions against hiring relatives of existing employees, we are committed to monitoring situations in which relatives work in the same area. Hiring and promotion of relatives requires review by the Vice President and subsequent approval by a Corporate superior, prior to any employment or promotion decision. In case of actual or potential problems, NWS will take prompt action. This can include reassignment or, if necessary, termination of employment for one or both of the individuals involved. Any concerns related to this subject should be discussed with the Director of Human Resources and Development or the Vice President.

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.

## ***Introductory Period***

Once employment with NWS Michigan, Inc. begins, the first 90 working days of an employee's employment will be considered an introductory period. The purpose of this period is to provide an opportunity for the employee to become adjusted to the new position and for the Company to evaluate the employee's job performance. If the new employee's performance is evaluated as being unsatisfactory at any time during the introductory period, the employment relationship will be terminated. Successfully completing an introductory period does not alter or modify the at-will nature of employment. Unless the terms of a collective bargaining agreement specifically provide otherwise, employees remain at-will employees following the introductory period.

For employees subject to a collective bargaining agreement, the length of this introductory period is subject to the terms of any applicable union contract.

If a former employee is rehired, he/she will be required to serve another introductory period.

## ***Employment Status***

The Company maintains standard definitions of employment and classifies employees in accordance with these definitions:

**Full-time** Full-time employment status applies to an employee who is regularly scheduled to work an average of 32 hours or more per week. Generally, full-time employees are eligible to participate in Company-provided benefit plans, subject to plan terms and conditions. Please see Human Resources for copies of any Summary Plan Descriptions.

**Part-time** Part-time employment status applies to an employee who is regularly scheduled to work less than 32 hours per week. Normally, a regular part-time schedule, such as portions of days or weeks, will be established in advance. Part-time employees are generally not eligible to participate in Company benefits plans. However, subject to plan terms, participation in the Company's pension plan after one year of service (and 1000 hours of service) and the Company's group health and flexible benefit plan (for those who work on average of 30 or more hours each week) may be possible. Eligibility to participate is governed by plan terms. Please see Human Resources for copies of any Summary Plan Descriptions.

**Temporary** Temporary employment status applies to an employee hired for a specific purpose, for a specific period of time, or for the duration of a specific project or group of assignments. Temporary employees are not eligible to participate in Company benefit plans unless specifically required by law, for example, workers compensation benefits.

**Exempt** Exempt employees are not entitled to overtime pay under applicable law and are typically paid a salary that is intended to compensate them for all hours worked each week, whether over or under 40. Exempt status is determined by the Company according to legal requirements.

**Non-exempt** Non-exempt employees are entitled to overtime pay under applicable law for all hours worked each week in excess of 40. Typically, non-exempt employees are paid hourly. Non-exempt status is determined by the Company according to legal requirements.

Part-time and temporary employees will be considered for openings in full-time positions, but the Company's management staff reserves the decision on how such jobs are filled.

All employees, regardless of employment status, are subject to all Company rules, policies, and procedures.

### ***Time Keeping Procedures***

It is the Company's policy to accurately compensate employees as required by federal and state law. Each hourly (and all non-exempt) employee must promptly and accurately record all regular and overtime hours worked, absences, meal periods, late arrivals and early departures. The time clock record is the Company's official record of time and attendance at work for which the employee is entitled to be paid a specific hourly rate. Employees are required to take a lunch break and strongly encouraged to do so away from their work area. Any exceptions to time keeping procedures must be approved by the supervisor.

Any overtime must be approved in advance by a supervisor or manager. Do not work any overtime hours that are not authorized in advance by your manager, including starting early or working late, or working through lunch.

Employees who work in remote areas where time clocks are not available are required to complete a weekly time log following the same guidelines as those using a time clock. Time logs must be turned in to the employee's immediate Supervisor for approval no later than 10:00 a.m. Monday showing the days and hours worked during the preceding week.

Employees should never perform work for the Company for any reason on their own time or without recording all time worked. No one has authority to change these requirements and the Company strictly prohibits "off the clock" work by non-exempt employees. Do not sign your time sheet unless it is accurate. Accuracy of the employee's time record is the employee's responsibility and therefore any recording errors must be reported immediately to Human Resources. Any employee who fails to report or inaccurately reports any hours worked will be subject to discipline, including possible termination.



Time records are the property of the Company and should not be taken home or removed from the facility.

### ***Attendance and Call-in Procedure***

Except for approved absences or leaves of absence required by law, maintaining regular, reliable and predictable attendance is considered an essential function of every position in the Company. Each employee is expected to maintain regular attendance. This includes reporting to work on time and continuing to work to the end of the scheduled workday, which includes mandatory overtime. If you are going to be late or absent for any reason, you must notify your supervisor as far in advance of your starting time as possible, but no later than one (1) hour prior to the start of your shift, and explain the reason for your absence and when you expect to return to work. Employees should not use co-workers or others to give notice of absence unless a medical emergency renders the employee unable to call in, and in all cases remain responsible for ensuring that proper, timely notice is received by the appropriate supervisor. Documentation may be required to support the reason for the absence.

Employees must directly contact Human Resources, not their supervisor, if they anticipate being off work for more than 3 days or will need a leave of absence. Employees are expected to notify Human Resources of any absence anticipated to last more than 3 days (including a leave of absence) as soon as possible after the employee learns of the need to be off work. Because it is important to our business and customers to have predictable staffing, failure to notify Human Resources as soon as practicable may result in discipline or a delay or denial of your leave. See the Company's FMLA policy for more information about family or medical leaves of absence.

### ***Absenteeism Policy***

Excessive absence from work hampers daily scheduling, causes loss of production, and places an increased workload on other employees. In order for NWS to supply its customers with products, it is essential for you to make every effort to be on the job daily. YOU ARE NEEDED. Regular attendance during all scheduled hours of work, reporting to work on time, and continuing to work to the end of the shift is expected of every employee.

The purpose of this policy is to provide an objective method of measuring each employee's attendance and to provide for progressive disciplinary action in order that an employee will have the opportunity to correct an absenteeism problem. This policy applies to all clerical/administrative employees, drivers, warehousemen, mechanics, security and maintenance personnel. Nothing in this policy modifies the "at-will" nature of employment.

An absence is defined as any failure by an employee to report to work on a day scheduled to work. Vacation, jury duty, and approved leaves of absence, including leaves of absence pursuant to federal or state law, are not counted as absences.

Tardiness is any failure by an employee to report to work on time at the start of a scheduled shift, or to return promptly from a meal period or other break.

Disciplinary action, which may be required as a result of excessive absenteeism and/or tardiness, will be based on frequency of occurrences and in accordance with the following:

- Except as provided below, each instance an employee is absent from work on a scheduled work day (including mandatory overtime) will be charged as one (1) absence occurrence.
- Employees who are not at work after two (2) hours from the start of their shift will be charged one (1) absence occurrence. Employees who leave work prior to two (2) hours before the end of their shift will be charged one (1) absence occurrence.
- Early departures of less than two (2) hours prior to the end of the shift will be charged one-half (1/2) of an absence occurrence. Employees who have their supervisor's permission to leave work early due to a lack of available work will not be charged with an absence occurrence.
- Arriving less than two (2) hours after a shift begins will be charged one-half (1/2) of an occurrence.
- Unscheduled Personal Days will count as one (1) absence occurrence. However, unscheduled Personal Days, in which the employee adheres to the call-in policy, will not count as an occurrence.
- Tardiness will be charged as one-half (1/2) of an absence occurrence. Drivers who are more than 10 minutes late for work, forfeit their right to their bid route.
- Each period of consecutive absenteeism due to illness or injury, regardless of duration, will be charged as one (1) occurrence, if the absence was reported to the Company no later than one (1) hour before the employee's shift starting time, and if the absence is supported by a doctor's statement, acceptable to the Company, verifying the necessity for the employee's absence.

Absenteeism for the following reasons will not be charged as an absence occurrence for the purpose of disciplinary action, provided the employee followed all advance notice and/or call in procedures:

1. Scheduled and approved vacation.
2. Scheduled and approved holiday except for absence on such holidays for which an employee was scheduled to work.
3. Jury Duty leave as defined in the section concerning Jury Duty.

4. Death in the immediate family, as defined in the section concerning Bereavement Leave, for which the employee is entitled to funeral pay.
5. Approved military leave.
6. Work-incurred injury (provided there is doctor's verification).
7. Scheduled Personal/Sick Day with prior notice as provided elsewhere in this Handbook or in the applicable labor agreement.
8. Appearance in any legal or administrative proceeding in which the employee is subpoenaed to appear.
9. Approved personal leave of absence.
10. Disciplinary time off.
11. Absences covered by the Federal Family and Medical Leave Act..

Absenteeism and tardiness will be recorded for a rolling twelve (12) month period, starting with the employee's first occurrence. Once an occurrence is twelve (12) months old, it will not be considered for purposes of disciplinary action under this policy.

Disciplinary action will be administered according to the following occurrence system, which addresses absences and tardiness separately, so that employees are on warning and have the opportunity to correct their absenteeism problem:

| <b><u>Absenteeism occurrences within any consecutive 12 month period</u></b>                     | <b><u>Tardiness occurrences within any consecutive 12 month period</u></b> | <b><u>Action to be taken</u></b> |
|--|--|----------------------------------|
| 1  | 1  | 1 <sup>st</sup> Written Warning  |
| 2  | 2  | 2 <sup>nd</sup> Written Warning  |
| 3  | 3  | 1 Day Suspension                 |
| 4  | 4  | 3 Day Suspension                 |
| 5  | 5  | Discharge                        |
| Any Combination of 7 occurrences, or 3 suspensions under this policy, within any 12 month period |  |                                  |

Absences and tardiness will be addressed as separate issues under this policy, and separate discipline issued, until and unless a combination of occurrences reaches seven (7) or a combination of suspensions reaches three (3).

The above policy is in addition to actions which may be deemed necessary when absences over a period of time become as frequent or excessive as to render the employee's services of little or no value to the Company.

Nothing in this policy relieves employees of their obligation to call in and report their anticipated absence or tardiness. Employees must report their absences daily except when on approved, written leave of absence. This policy does not change the rule that absence without notice for three (3) consecutive workdays/shifts is grounds for discharge.

## ***Emergency Closing***

At times, emergencies such as severe weather, fires, power failures, or earthquakes, can disrupt Company operations. In extreme cases, these circumstances may require the closing of a work facility. However, in the absence of extreme conditions causing the facility to close, all employees are expected to work their regularly scheduled shifts or hours.

National Wine and Spirits will be open for business during all regularly scheduled work hours. Should an extreme condition require the closing of the facility, employees will be notified by their supervisors. Employees who choose not to come to work due to inclement weather conditions must use available paid time off in order to be paid. Proper supervisory notification is still required to report the absence.

## ***Changes in Employee Information***

Employees are responsible for submitting any changes that affect name, home address, home phone number, emergency phone number, validity of driver's license, and tax withholding exemptions to the Human Resources and Development Department.

## ***Access to Personnel Files***

Personnel records are maintained to ensure effective management and compliance with applicable laws. Employees may review certain documents contained in their personnel file. These include documents used in determining an employee's qualifications for employment, promotion, transfer, additional compensation, discharge or other disciplinary action. Any information contained in an employee's personnel file is considered confidential. Any employee desiring to review his/her personnel file should request a review in writing to the Director of Human Resources and Development. The review appointment will be scheduled at a mutually convenient time. To the extent that an employee disagrees with any information contained in his/her personnel file, the employee will be permitted to provide a written statement explaining the basis for that disagreement in the file. If a third party requests access to personnel files, the request must be done in writing and accompanied by an authorization/waiver from the current or former employee.

## ***Safety***

Our employees are our most valuable assets and their safety is of foremost concern. Therefore, providing and maintaining a safe place to work for our employees is a major objective of the Company. Establishing and maintaining a safe work environment is the shared responsibility between the Company and employees at all levels within the organization. To this end, every reasonable effort will be made in achieving the goal of accident prevention and health preservation. The Company expects full cooperation from every employee to ensure that our safety initiatives are effective.

The primary focus of any effective safety program must include the goal to eliminate accidental injury in the workplace. The Company considers accident prevention to be of great importance and consistent with its Core Values. The Company will provide the necessary leadership and direction to which supervisors and employees are expected to respond.

However, for any safety program to function efficiently, each employee must take an active interest and maintain a conscious awareness toward accident prevention.

### **Safety Initiatives Overview**

\*All employees are required to report any work-related injury or illness to their supervisor immediately or they will be subject to disciplinary action. Timeliness in reporting injuries is critical as a thorough investigation will then be conducted to determine how such an injury/illness can be avoided in the future. It is also a significant factor in reducing injury recovery time.

\*A certain number of employees on all shifts will be trained and certified to perform CPR and First Aid, as well as the proper use of the Company-provided defibrillator. First Aid cabinets are located throughout the facility.

\* Company equipment will be routinely inspected to ensure its safe operation. Routine preventative maintenance will be performed on equipment and vehicles that employees utilize in performing their work duties.

\*Security Personnel and/or surveillance equipment will be stationed at all main points of entry into the facility. Unknown visitors, family members, and former employees will be asked for identification and asked to sign the visitor's log. They will not be permitted access to the Office or Warehouse areas without the approval of Management and proper notification to the Security Department.

\*Formal evacuation and emergency response plans will be maintained, and practice drills will be held periodically to evaluate and monitor their effectiveness on an ongoing basis.

\*All candidates for employment will undergo pre-employment drug testing. Additionally, any employee who experiences a work-related injury or accident may be required to submit to a drug and alcohol screening test.

\*Suggestion boxes are available for employees to submit their ideas on how accidents and injuries can be prevented. Employees are strongly encouraged to provide their valuable input on how best to ensure a safe workplace and prevent injuries from occurring.

\*Safety-related DVDs, videotapes and training classes will be offered to educate employees on such topics as proper lifting techniques, safe driving practices, etc.

### ***Evacuation Plan/Fire Drills***

Evacuation plans/fire drill procedures are in place in our building. Floor captains run practice drills two or three times per year. Employees are required to follow the floor captain's directions and evacuate the building under their guidelines.

### ***Privacy in the Workplace/Searches on Company Premises***

The working environment does not provide the same degree of privacy experienced at home. Offices, desks, telephones, lockers, and computers are furnished for business purposes, which require that they be accessible to authorized Management representatives. For that reason, an employee's use of an office, desk, telephone, locker, or computer will not be considered private. Telephones and voice mail are subject to monitoring; electronic mail and computer data may similarly be reviewed; and desks and offices may be opened, as Management deems appropriate in its discretion. Employees do not have personal privacy rights in any matter created, received by, or sent from, the Company's e-mail system. This is further described in the Company's Acceptable Use Policy in the handbook.

If requested by Management of the Company, an employee is required to submit to a search of all personal items brought onto Company property, including but not limited to, coats, clothing, packages, purse, bag, briefcase, tool box, lunch box or other container. The Company may also search desks, files, lockers, other stationary containers, computer files, or voice mail provided by the Company. Refusal to cooperate in a requested search is cause for termination.

The Company is not responsible for loss or damage to the personal property of the employees, whether or not those items are used in connection with the duties of employment.

### ***Smoking Policy***

The Company is dedicated to providing a healthy, comfortable and productive work environment for our employees. This goal can be achieved only through ongoing efforts to protect non-smokers and help other employees adjust to restrictions on smoking. Smoking is generally prohibited on the premises of the Company and smoking is restricted to designated smoking areas. Rest rooms breaks do not qualify as an authorized smoking period. No employee is authorized to take a smoking break while clocked in unless they are on an authorized paid rest period. Violations of the smoking policy will lead to disciplinary action, up to and including termination.

### ***Distribution and Solicitation***

Except for union membership or other activities specifically authorized in advance by a Department Head or the President of the Company, the Company does not permit solicitation/selling or the distribution of materials on its premises by employees or non-

employees. Unwanted solicitations are an imposition on co-workers. This applies to any product or service.

## ***Zero Tolerance Drug and Alcohol Policy***

### **Drug and Alcohol Use**

The Company has a vital interest in maintaining safe, healthful and efficient working conditions for its employees. Being under the influence of a drug or alcohol on the job may pose serious safety and health risks not only to the user, but to all those who work with the user. The possession, use or sale of an illegal drug, or alcohol consumption in the workplace may also pose unacceptable risks for safe, healthful and efficient operations. Accordingly, the Company will maintain pre-employment screening practices designed to prevent hiring individuals who use illegal drugs or individuals whose use of legal drugs or alcohol indicates a potential for impaired or unsafe job performance. For the purpose of this policy, “on the job” includes all time working, whether on the Company’s premises or not, all time at supplier or customer functions, and all time at Company sponsored functions even if not during the standard work day.

#### *Prohibited Conduct*

- A. Being under the influence\* of alcohol by any employee while performing Company business or while in a Company facility is prohibited. Except as permitted by Management, consumption of alcohol in a Company facility is prohibited.
- B. Possession, use, distribution, sale of or testing positive for an illegal\*\* drug/under the influence\* of alcohol, is prohibited.
- C. Except as provided below, the use or being under the influence of any legally obtained drug by any employee while performing Company business or while in a Company facility is prohibited to the extent such use or influence may affect the safety of co-workers or members of the public, the employee’s job performance, or the safe or efficient operation of the Company’s facility. An employee may continue to work, even though under the influence of a legal drug\*\*\*, if Management has determined that the employee does not pose a threat to his or her own safety or the safety of co-workers and that the employee’s job performance is not significantly affected by the legal drug. Otherwise the employee may be required to take a leave of absence or comply with other appropriate action determined by Management.

#### *Searches*

The Company may conduct unannounced searches for illegal drugs\*\* or alcohol on Company property, on an employee’s person, locker, clothing

or other container or in employee or Company vehicles. Employees are expected to cooperate in the conduct of such searches. Searches on Company property or in Company vehicles can be conducted at any time and do not have to be based on reasonable suspicion.

### *Drug and Alcohol Screening*

The Company may require a blood test, breath test, urinalysis, or other drug/alcohol screening of those employees suspected of using or being under the influence of a drug or alcohol, any employee who sustains a work-related injury or who causes an injury to another employee (no matter how slight), any employee involved in an accident resulting in damage to Company equipment, product, or other property owned or controlled by the Company, or where, in the Company's opinion, circumstances or workplace conditions justify it. An employee's consent to submit to such a test is required as a condition of employment and the employee's refusal to consent will result in disciplinary action, including termination for a first refusal or any subsequent refusal.

\* "Under the Influence" means for the purposes of this policy that the employee is affected by a drug or alcohol, or the combination of a drug and alcohol, in any detectable manner. The symptoms of influence are not confined to those consistent with misbehavior, or to obvious impairment of physical or mental ability, such as slurred speech or difficulty in maintaining balance. A determination of influence can be established by a professional opinion, a scientifically valid test, and in some cases such as alcohol, by a layperson's opinion.

\*\* "Illegal Drug" means any drug which is not legally obtainable or which is not legally obtained. The term includes prescribed drugs not legally obtained and prescribed drugs not being used for prescribed purposes. It also includes marijuana.

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

### *Schedule of Discipline*

- A. Refusal of a drug and/or alcohol test required by the Company, or attempting to compromise the accuracy of such a test, will result in termination.
- B. A blood alcohol content (BAC) test result of .02 or higher will result in termination. A positive BAC test result of less than .02 will result in an unpaid disciplinary suspension of thirty (30) days and subsequent



unscheduled drug/alcohol tests by the Company in the twelve (12) month period following reinstatement. A positive BAC test in any subsequent test at any level will result in termination.

C. Testing positive for any illegal drug will result in discharge.

### ***Alcohol Abuse Policy***

As employees of a Company that distributes alcoholic beverages, we have an increased social obligation to discourage alcohol abuse. Our employees, should they choose to consume alcoholic beverages, have a special interest and obligation to do so in a responsible manner, and in setting an example in our communities.

This is especially true at functions sponsored by the Company, our suppliers or our customers, at which alcoholic beverages may be consumed. At all such functions Employees are expected to adhere to Company Policy regarding Employee Conduct and to conduct themselves in a professional, responsible manner. Failure to do so may result in disciplinary action, up to and including termination.

### **Responsibility Statement on Alcohol Consumption**

The Company is concerned about the safety of its employees. As a responsible member of the community, National Wine & Spirits recognizes the concerns about drinking and driving. Our policy is to encourage responsible consumption of our products. As employees of an alcoholic beverage distributor, we need to be sensitive to the reasonable consumption of alcohol and strive to set an example. It is, therefore, the policy of the Company that any employee who is under the legal drinking age as established by law is not allowed to sample alcoholic beverages; further while at work, employees are prohibited from consuming any alcoholic beverage and/or being under the influence of same.

If you are required as part of your job to taste an alcoholic beverage from time to time, the company will expect you to use professional discretion in the quantity of the sample consumed and to adhere to appropriate professional methods for tasting of alcoholic beverages.

Further, if you are entertaining a customer, a potential customer or fellow employee and you or your guest consume two or more alcoholic beverages an hour, three or more alcoholic beverages in total, or believe that you are under the influence of alcohol regardless of the number of drinks consumed, it is recommended that you not operate any motorized vehicle. Remember, tolerance of alcohol will vary according to height, weight and other factors. Therefore, you must take all of these factors into account in determining appropriate alcoholic consumption.

It is imperative that you make arrangements for safe transportation to your destinations prior to consuming any alcoholic beverage. The Company encourages the use of

designated drivers at every opportunity. Remember, if at any time you have a question about your ability to drive, TAKE A TAXI! THE COMPANY WILL PAY THE BILL!

While on company business, if the person you are entertaining appears to be intoxicated or under the influence of alcohol, you must not give or purchase for him/her any additional alcoholic beverages. Further, if you believe that the person that you are entertaining is intoxicated, or his/her driving ability may be impaired, you should strongly urge them not to drive.

In order to monitor the responsible conduct of National Wine & Spirits employees, the Company may conduct periodic checks of driving records of all employees who operate vehicles as part of their normal duties. In addition, all employees are required to notify the Company immediately upon receipt of a traffic violation for “driving under the influence” or alcohol-related offense whether on or off the job. Adherence to this policy should be considered a condition of continued employment with National Wine & Spirits.

### ***NWS Automobile Policy***

The purpose of this policy is to ensure the safe and responsible operation of Company vehicles and to provide guidance on the proper use of Company fleet vehicles. Vehicle accidents are costly to our Company, but more importantly, they may result in injury to you or others. It is the driver’s responsibility to operate the vehicle in a safe manner and to drive defensively to prevent injuries and property damage. As such, NWS endorses all applicable state motor vehicle regulations relating to driver responsibility. NWS expects each driver to drive in a safe and courteous manner and to obey all state and local laws. The Vice President of Operations and the Director of Human Resources and Development are responsible for the general administration of this policy.

### **Administration of the Policy**

Statewide Operations and Human Resources and Development will be responsible for:

- Reviewing accidents and employees’ overall driver safety record to determine if there should be changes in policy or procedure; of if other corrective action (such as training, equipment changes, etc.) should be implemented to enhance the safe operation of Company vehicles, and/or personal vehicles on company business.
- Reviewing driving records of individual employees and making decisions regarding changes to driving privileges.
- Reviewing all other issues that arise with respect to complying with this policy.

## Driver Criteria & Administration

Employees must have a valid and current driver's license to operate a Company vehicle, or a personal vehicle with current auto insurance while on Company business.

Criteria that may indicate an unacceptable record includes, but is not limited to:

- Three or more moving violations\* in a thirty-six (36) month period.
- Three or more chargeable accidents within a thirty-six (36) month period. Avoidable means that the driver is determined to be the primary cause of the accident through speeding, inattention, etc. Contributing factors, such as weather or mechanical problems, will be taken into consideration.
- Any combination of three (3) or more avoidable accidents and/or moving violations in a thirty-six (36) month period.

| <b>Motor Vehicle Grading Criteria (last 36 months)</b> |                                      |            |            |      |
|--|--------------------------------------|------------|------------|------|
| <b>Number of Violations</b>                            | <b>Number of Avoidable Accidents</b> |            |            |      |
|  | 0                                    | 1          | 2          | 3    |
| 0  | Clear                                | Acceptable | Borderline | Poor |
| 1  | Acceptable                           | Acceptable | Borderline | Poor |
| 2  | Acceptable                           | Borderline | Poor       | Poor |
| 3  | Poor                                 | Poor       | Poor       | Poor |
| 4  | Poor                                 | Poor       | Poor       | Poor |

\* Violations include any ticket, charge, or other law enforcement proceeding relating to these, as well as independent evidence of violations deemed reliable by the Safety Department.

### Penalties

Any driver falling into the 'poor' category in the above diagram could be relieved of his/her Company vehicle driving privileges as determined by the Company. Any driver committing any of the following (or similar) offenses will immediately be relieved of his/her Company vehicle.

1. Any major violation. The following are non-exclusive examples of major violations:
  - Hit and run/leaving the scene of an accident
  - Reckless driving/speed contest
  - Driving under the influence of drugs or alcohol

- Making a false accident report
  - Homicide, manslaughter or assault arising from the use of a vehicle
  - Driving while license is suspended/revoked
  - Attempting to elude a police officer
2. Suspension of driver's license.

### **Responsibility for Damage to a Company Vehicle**

Each employee provided with a Company owned or leased vehicle suitable for personal use shall agree, as a condition of this privilege, to be responsible for the costs of all damage to such Company vehicle, if such damage is not covered by the Company insurance. By way of example, and not limitation, the employee shall be responsible for the first \$500 of repairs for damage for each avoidable incident. The employee's responsibility for damage begins after their first (1<sup>st</sup>) avoidable incident.

### **Driver Guidelines and Reporting Requirements**

1. An updated copy of the employee's driver's license must be kept on file at all times.
2. Any employee who has a driver's license revoked or suspended shall immediately notify the Director of Human Resources and Development by 9 a.m. eastern time the next business day, and immediately discontinue operation of the Company vehicle. Failure to do so may result in disciplinary action, including termination of employment.
3. All moving violations in a Company vehicle must be reported to the Safety Manager within three (3) days.
4. All accidents in Company vehicles, regardless of severity, must be reported to the police and to the Director of Human Resources and Development. Accidents are to be reported immediately (from the scene, during the same day, or as soon as practicable if immediate or same day reporting is not possible). Accidents in personal vehicles while on Company business\* must follow these same accident procedures. Accidents involving the employee's personal injury must be reported to Human Resources and Development for Workers' Compensation purposes. Failing to stop after an accident and/or failure to report an accident will result in disciplinary action, up to and including termination of employment.

*\*Company business is defined as driving at the discretion, or for the benefit, of the employer. It does not include normal commuting to and from work.*

## **Accident Procedures**

1. In an attempt to minimize the results of an accident, the driver must prevent further damages or injuries and obtain all pertinent information and report it accurately.
  - Call for medical aid if necessary.
  - Call the police. All accidents, regardless of severity, must be reported to the police. If the driver cannot get to a phone, he should write a note giving location to a reliable appearing motorist and ask him to notify the police.
  - Record names and addresses of driver, witnesses, and occupants of the other vehicles and any medical personnel who may arrive at the scene.
  - Complete the form located in the Vehicle Accident Packet. Pertinent information to obtain includes: license number of other drivers; insurance.
  - Company names and policy numbers of other vehicles; make, model, and year.
  - Other vehicles; date and time of accident; and overall road and weather conditions.
2. Do not discuss the accident with anyone at the scene except the police. Do not accept any responsibility for the accident. Do not argue with anyone.
3. Provide the other party with your name, address, driver's license number, and insurance information.
4. Immediately report the accident to the Director of Human Resources and Development. Provide a copy of the accident report and/or your written description of the accident to the Safety Manager ASAP.
5. There will be a formal accident review conducted on each accident to determine cause and how the accident could have been prevented.

## **Vehicle Maintenance**

1. Employees with a Company vehicle are responsible for following the recommended maintenance schedule as outlined in the vehicle owner's manual.
2. Prior approval from the Drivers' Supervisor is required on any vehicle maintenance needs over \$550.

3. It is the responsibility of the driver to inform the Drivers' Supervisor of any vehicle maintenance needs or safety problems.

### **Personal Automobiles**

1. Employees driving personal vehicles for business purposes must maintain the following minimum coverage of auto liability on their vehicles: Bodily Injury \$100,000 per person/\$300,000 per accident and Property Damage \$50,000 or \$300,000 Combined Single Limit.
2. Those employees who occasionally use their personal vehicle for Company business will be reimbursed for mileage. Reimbursed mileage is defined as a mileage driven over and above the employee's normal commuting mileage.

### ***Motor Vehicle Report Check***

The Company will annually run a motor vehicle report check on all employees who will be driving a motor vehicle as part of their job.

### ***Credit and Background Check***

The Company reserves the right to run a background check including, but not limited to, a credit check, on all employees that handle or process monies of any kind. Employees and applicants must provide written consent to such background checks as a condition of employment.

### ***Workplace Discrimination and Harassment***

The Company is committed to providing a workplace free of unlawful discrimination or harassment based on religion, race, color, national origin, age, sex, disability, height, weight, familial or marital status, genetic information, military service or veteran status, or other characteristic specifically protected by applicable state or federal law. The Company will not tolerate illegal discrimination or harassment of employees by anyone. This includes harassment of an employee by a co-worker, supervisor, visitor, customer, vendor or any person over whom the Company has control. The Company is committed to complying with all applicable local, state and federal laws prohibiting discrimination in the workplace.

The Company recognizes that it may be difficult to define what constitutes harassment under the law. As a result, the Company does not condone and will not tolerate any type of inappropriate behavior that may lead to forms of illegal harassment. Depending on the circumstances, inappropriate behavior includes, but is not limited to, unwanted physical conduct; foul language; sexually-oriented propositions; "jokes" of an ethnic, racial or sexual nature, remarks or questions; obscene gestures or the display of sexually-explicit pictures, cartoons or other materials such as graffiti that may be offensive to another employee; ethnic jokes or racial slurs; teasing about religious or

cultural observance; and/or physical or mental impairments. The Company does not condone and will not tolerate conduct of this type that affects tangible job benefits, that interferes unreasonably with an individual's work performance, or that creates an intimidating, hostile or offensive work environment.

You are required to report any incident of harassment or discrimination, including work-related harassment or discrimination by any Company personnel or any other person, promptly to the Director of Human Resources and Development, who is responsible for investigating the matter, or the Corporate Vice President of Human Resources and Development. Managers who receive complaints or who observe harassing conduct will inform the Director of Human Resources and Development immediately. The Company emphasizes that you are **not** required to complain to your supervisor or manager if the supervisor or manager is the individual who you believe is harassing or discriminating against you, or if you are otherwise uncomfortable with complaining to your supervisor or manager.

Every complaint of harassment or discrimination reported to the Director of Human Resources and Development will be investigated thoroughly, promptly, and in a confidential manner. Appropriate remedial action will be taken and, depending on the circumstances, may include disciplinary action or discharge as determined by the Company. In addition, the Company does not condone and will not tolerate retaliation against any employee who, in good faith, cooperates in an investigation or makes a complaint to such person's supervisor, manager, or to the Director of Human Resources and Development. Any employee who believes retaliation in violation of this policy has occurred must report it to the Director of Human Resources and Development or the Corporate Vice President of Human Resources and Development pursuant to the above policy.

If harassment or discrimination is established, the Company will promptly discipline the offender. Disciplinary action for a violation of this policy can range from oral or written warnings up to and including immediate termination.

### ***Workplace Violence Policy***

The Company is committed to preventing workplace violence and maintaining a safe work environment. Given the increasing violence in society in general, the Company has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during the business hours or on its premises.

All employees should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, bullying, "horseplay," or other conduct that may be dangerous to others. Firearms, weapons, and other dangerous or hazardous devices or substances are prohibited from the premises of the Company without proper authorization.

Conduct that threatens, bullies, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's religion, race, color, national origin, age, sex, height, weight, familial or marital status, genetic information, physical or mental disability, veteran status or military service, or any characteristic protected by applicable federal, state, or local law.

All threats of violence, or actual violence, whether direct or indirect, should be reported as soon as possible to your immediate supervisor, the Director of Human Resources and Development or any other member of senior Management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible. Managers and supervisors observing or learning of threats of violence are expected to report the matter to Human Resources.

All suspicious individuals or activities should also be reported as soon as possible to a member of management or Human Resources. Do not place yourself in peril. If you see or hear a commotion or disturbance near your workstation, do not try to intercede or see what is happening.

The Company will promptly and thoroughly investigate all reports of violence or threats of violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of its investigation, the Company may suspend employees, with or without pay, pending investigation.

Anyone determined to be responsible for threats of violence, violent acts or other conduct that is in violation of these guidelines, will be subject to prompt disciplinary action up to and including termination of employment as determined by the Company.

The Company encourages employees to bring their disputes or differences with other employees to the attention of the Human Resources and Development Department before the situation escalates into potential violence.

### ***Health Insurance Portability and Accountability Act (HIPAA) - Notice of Privacy Practices***

This Notice of Privacy Practices describes how protected health information may be used or disclosed by your Group Health Plan, or other insurance provider, to carry out payment, health care operations, and for other purposes that are permitted or required by law. This Notice also sets out our legal obligations concerning your protected health information, and describes your rights to access and control your protected health information.

Protected health information (or "PHI") is individually identifiable health information, including demographic information. This material is generally used by: health care providers, health plan administrators, employers (when functioning on behalf of the



group health plan), or a health care clearinghouse. Protected health information can be any material that relates to: your physical or mental health condition; the provision of health care to you; or, payments for the provision of health care to you.

This Notice of Privacy Practices has been drafted to be consistent with what is known as the "HIPAA Privacy Rule," and any of the terms not defined in this Notice should have the same meaning as they have in the HIPAA Privacy Rule (HIPAA). If you have any questions or want additional information about the Notice or the policies and procedures described in the Notice, please contact the Human Resources and Development Department.

### **Our Responsibilities**

We are required by law to maintain the privacy of your protected health information. We are obligated to provide you with a copy of this Notice of our legal duties and of our privacy practices with respect to protected health information and we must abide by the terms of this Notice. We reserve the right to change the provisions of our Notice and make the new provisions effective for all protected health information that we maintain. If we make a material change to this Notice, a revised Notice will be provided to you.

### **Primary Uses and Disclosures of Protected Health Information**

The following is a description of how we are most likely to use and/or disclose your protected health information.

- Payment and Health Care Operations
- Business Associates
  - Examples of our business associates would be our Third Party Administrator, which will be handling many of the functions in connection with the operation of our Group Health Plan; the retail pharmacy; and the mail order pharmacy.
- Other Covered Entities
  - We may use or disclose your protected health information to assist health care providers in connection with their treatment or payment activities, or to assist other covered entities in connection with payment activities and certain health care operations.
- Plan Sponsor
  - We may disclose your protected health information to the plan sponsor of the Group Health Plan for purposes of plan administration or pursuant to an authorization request signed by you.

### **Other Possible Uses and Disclosures of Protected Health Information**

The following is a description of other possible ways in which we may (and are permitted to) use and/or disclose your protected health information.

- Required by Law

- Legal Proceedings
- Law Enforcement

### **Other Uses and Disclosures of Your Protected Health Information**

Other uses and disclosures of your protected health information that are not described above will be made only with your written authorization.

### **Your Rights**

- Right to Request a Restriction
  - You have the right to request a restriction on the protected health information we use or disclose about you for payment or health care operations.
  - We are not required to agree to any restriction that you may request. If we do agree to the restriction, we will comply with the restriction unless the information is needed to provide emergency treatment to you.
- Right to Request Confidential Communications
  - If you believe that a disclosure of all or part of your protected health information may endanger you, you may request that we communicate with you regarding your information in an alternative manner or at an alternative location. For example, you may ask that we only contact you at your work address or via your work e-mail. You may request a restriction by contacting the Human Resources and Development Department.

### ***Working Hours***

The Company's workweek begins on Sunday at 12:01 a.m. and ends on Saturday at midnight. Normal office hours are Monday through Friday, from 8:00 AM. to 5:00 PM unless otherwise communicated to the employee. The number of work hours scheduled per day or per week and the daily starting and quitting times will depend on work needs. Employees will be notified by their immediate supervisor of their normal work schedule and of any changes that may occur. Employees are not permitted to alter, modify, or change their work schedule without the approval of their supervisor. The Company adheres to all hours of service rules for drivers or other employees subject to Department of Transportation regulations.

### ***Seniority Rights of Employees***

We value and attempt to recognize employees who have remained in good standing with the Company for a long time. All regular, full-time employees have a Company service date which may be an important part of an employee's advancement opportunities within the Company, although length of Company service is only one factor that may be considered. Other factors include, but are not limited to, past

performance, skills, ability, and potential for success, business needs and other factors as determined by the Company. Nothing in this policy limits or otherwise affects the “at-will” nature of employment with the Company.

Company service date is the length of an employee’s continuous employment with the Company and is measured from an employee’s most recent date of hire by the Company. If a part-time temporary is reclassified as full-time permanent, their seniority will be from the date of the reclassification. An employee’s seniority date will be used for computing all benefits that consider length of service as a factor in determining the amount of the benefit.

### ***Leaves of Absences***

The Company permits employees to take time off from work for properly documented personal or medical needs. Set forth below is a summary of the types of leave available and the conditions for eligibility.

#### **Family and Medical Leave of Absence (FMLA)**

##### *In General*

All rights to leave under the FMLA and this policy will be interpreted according to applicable law. All leaves of absence, including but not limited to, workers compensation, temporary disability (if applicable) and FMLA leave will be coordinated and run concurrently to the fullest extent allowed by law. Upon return from FMLA, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. Use of FMLA will not result in the loss of any employment benefit that accrued or was owed prior to the start of the leave. After twelve (12) weeks (or 26 weeks in the case of military caregiver leave) the FMLA job-protection provisions do not apply and an employee’s right to job restoration and/or benefits will be determined by the Company’s existing policies.

##### *Eligibility for Leave*

To be eligible for FMLA Leave under this Policy, an employee (1) must be an employee (not an independent contractor) of the Company; (2) must have worked at the Company for at least 12 non-consecutive months, but gaps in service of 7 years or more will generally not satisfy this requirement; (3) must have worked at least 1,250 hours during the 12 month period immediately preceding the leave; (4) must work at a location where the Company employs at least 50 employees within 75 miles; and (5) must be taking FMLA leave for a qualifying reason.

All requests for FMLA leave must be in writing and must be forwarded to the Human Resources and Development Department for approval and processing.

#### *Amount and Reasons for Leave*

The FMLA entitles eligible employees to take up to 12 weeks of unpaid, job-protected leave of absence during a 12-month period for one or more of the following reasons:

1. for the care of the employee's child after birth, or placement for adoption or foster care. The right to leave to care for a newborn child or child placed with the employee for adoption or foster care expires 12 months after the birth or placement;
2. for the care of the employee's spouse, child, or parent (not parent-in-law) who has a serious health condition;
3. for a serious health condition that prevents the employee from performing his or her job, including injuries or illnesses which arise out of the course of employment with the Company;
4. for certain qualifying exigencies defined by the FMLA because an employee's spouse, son or daughter (of any age) or parent is on or called (including impending calls) to active duty in the National Guard or Reserves in support of a contingency operation; and
5. up to 26 weeks of leave in a single 12-month period to care for a covered service member recovering from a serious injury or illness incurred in the line of duty on active duty. Eligible employees are entitled to a combined total of up to 26 weeks of all types of FMLA leave during the single 12-month period. The employee must be the spouse, son or daughter, parent (not parent-in-law) or next of kin of the injured service member.

The FMLA forms available in the Human Resources Department further define and explain what is a covered serious health condition, a qualifying exigency or serious illness of a covered service member.

#### *Period for Taking Leave*

The 12-month period for taking leave will be a "rolling" 12-month period measured backward from the last date an employee uses any FMLA leave.

FMLA leave may be taken intermittently or on a reduced work schedule basis when medically necessary due to a serious health condition or covered service member's illness or injury. Active duty leave due to a qualifying exigency may also be taken on an intermittent or reduced schedule basis. Employees must make reasonable efforts to schedule

leave for planned medical treatment so as not to disrupt business operations. Employees taking intermittent or reduced schedule leave must follow the Company's standard absence reporting procedures (for example, calling in each day of an unplanned absence) unless extenuating circumstances exist. In some cases, an employee may be transferred temporarily to an available alternate position to accommodate the recurring periods of leave. Intermittent or reduced work schedule leave for the birth or placement of a child for adoption or foster care may be taken only with Company approval.

Eligible employees who are husband and wife are limited to a *combined* total of 12 weeks of leave during any 12 month period if the leave is to care for a newborn (or child placed for adoption or foster care) or to care for a parent with a serious health condition.

#### *Employee Notice Responsibilities*

In order to take FMLA leave, an employee must give the Company at least 30 days advance notice if the need for the leave is "foreseeable" and all requests for leave must be submitted to Human Resources. Otherwise, notice must be given as soon as is practicable (generally either the same or next business day) with as much lead time as possible. Absent extenuating circumstances, employees must follow the Company's normal call-in or other procedures for reporting an absence and must provide the Company with sufficient information to determine if the leave may qualify for FMLA protection as well as the anticipated timing and duration of the leave. Absent extenuating circumstances, if an employee fails to give the required notice to the Company, the leave may be delayed or denied and the absence will be treated according to the Company's normal attendance control procedures. During an FMLA leave, the Company may require employees to periodically report on their status and intent to work.

#### *Documentation Supporting FMLA Leave*

If the reason for a FMLA leave is the employee's or a family member's serious health condition, or the illness or injury to a covered service member, employees must timely provide a sufficient and complete Medical Certification Form to the Human Resources and Development Department. A request for leave due to a qualifying exigency must be supported by a Certification of Qualifying Exigency as well as appropriate documentation, including active duty orders. Under certain circumstances, the Company may require recertification of a serious health condition. Forms are available by contacting the Human Resources and Development Department. The Company reserves the right to obtain a second or third medical certification at its expense as allowed by the

FMLA. Employees may also be required to provide periodic proof during a leave of the continued necessity for the leave. Employees on leave because of their own serious health condition must timely provide a fitness-for-duty medical certificate before returning to work.

Employees generally have fifteen (15) calendar days to return a completed certification to Human Resources. If the certification is incomplete or insufficient, employees may have seven (7) days to provide the missing information. Employees with serious health conditions that last beyond a single leave year will be required to provide a new medical certification in each new leave year. Leave requests may be delayed or denied if the advance notice requirement is not met, or if an employee does not timely provide complete medical certifications (including re-certifications or fitness-for-duty certificates) as required by the Company.

#### *Substitution of Paid Leave*

FMLA leave is unpaid. However, employees will be required to substitute any accrued, paid leave for any part or all of the FMLA leave and count it against the maximum 12-week (or 26-week in case of leave to care for an injured service member) entitlement under the FMLA. In these situations, paid leave will run concurrently with unpaid FMLA leave. In order to use paid leave for unpaid FMLA leave, employees must comply with the Company's normal paid leave policies, including any advance notice or minimum use requirements.

#### *Health Plan Coverage*

Group health plan coverage for employees while on FMLA leave will be continued on the same basis as coverage would have been provided had the employee been continuously at work during the leave period. If the employee leave is covered by the Company Short-term Disability program, the employee portion of health premiums will be deducted from his/her weekly disability paycheck. If the leave is covered by Workers Compensation, the Company will pay the full cost of health plan premiums for the duration of the leave.

For any other period of FMLA leave (up to the maximum 12-week entitlement), the employee must pay his/her share of weekly employee contributions. Failure to maintain weekly contributions may result in the employee having their coverage terminated and being offered COBRA continuation coverage. Arrangements must be made in advance with the Human Resources and Development Department prior to the leave.

The Company will provide FMLA leave as provided in this policy. The Company will not interfere with, restrain or deny FMLA rights or

discharge or discriminate against an employee for exercising those rights. Under the FMLA, employees may complain to the Department of Labor to enforce FMLA rights and the FMLA does not limit any federal or state law prohibiting discrimination or supersede any state law or collective bargaining agreement that provides greater leave rights. Any employee who has a question regarding FMLA leave, or who believes the Company's FMLA policy has been violated, should immediately contact the Human Resource Director.

### **Leaves of Absence Other Than FMLA Leave**

Upon written request and for good cause shown, leaves of absence for medical reasons not covered under FMLA or for personal reasons may be granted to employees at the discretion of the Company for periods not to exceed one year.

A request for leave of absence for non-work related accidental injury or disability must be supported by a certificate from the employee's health care provider outlining the general nature of the employee's illness or disability and the expected length of time the employee will be off work. An employee who has been on medical leave for five (5) or more consecutive work days may be required to provide a fitness-for-duty medical certificate before being permitted to return to work. Please refer to the Medical/Dental/Vision Insurance section of this book for clarification of your benefits.

Unless otherwise required by law, when an approved leave of absence ends, an employee will be reassigned to his/her former job classification if a vacancy then exists and provided the employee is qualified to perform the available work of the classification. Otherwise, the employee will be returned to the first opening for which he/she is qualified. Refusal of an offered vacancy will be treated as voluntary resignation.

### **Other Leave Provisions**

For the purposes of this policy, Short-Term Disability Income Protection and other employee benefits, pregnancy will be handled the same as an illness or disability.

Misrepresentation of the necessity or reason for a leave of absence will be considered cause for termination. Gainful employment with another employer, which is not specifically approved in advance by the Company in writing, will also be just cause for termination. An employee who fails to report for work at the expiration of a leave will be considered to have voluntarily resigned.

In the event of a conflict between the leave policies of this Handbook and any collective bargaining agreement covering the employee in question, the terms of

the collective bargaining agreement shall be controlling consistent with legal requirements.

### **Military Leave of Absence**

Leave of absence for employees who enter the military service of the United States and re-employment of employees upon their return from military service will be determined on the basis of applicable federal and state laws and regulations under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

### **Bereavement Leave**

In the event of the death of a member of an employee's immediate family, the employee will be granted a leave of absence with pay from the date of death up to and including the day of the funeral, not to exceed 3 days. To qualify for paid funeral leave, the employee must attend the funeral. Employees will be paid only for time lost on scheduled workdays, Monday through Friday. Hourly and salaried non-exempt employees will receive a maximum of 10 hours pay for each day of paid funeral leave. Sales personnel will receive their regular base salary, if any, plus commissions on all sales made to their accounts during their paid leave days.

The term "immediate family" includes legal guardian, spouse, children (including present stepchildren), parent (including in-laws and present stepparent), grandparent, grandchild, or sibling. Circumstances permitting, time off to attend the funeral of relatives other than those listed may be granted without pay.

If requested by the Company, an employee must furnish proof of death and establish that the deceased qualifies as a member of the employee's "immediate family."

This benefit is available to full-time employees who have completed their introductory period.

### **Jury Duty Leave**

Any employee who is called for jury duty service will be excused from work for the days of service. Full-time hourly and salaried non-exempt employees who have completed their introductory period will be paid for each day of jury service on which they otherwise would be regularly scheduled to work, the difference between their regular rate for the day of work (up to a maximum of 10 hours per day) and the amount received for jury service. Sales personnel will receive their regular base salary, if any, plus commissions on all sales made to their accounts less the amount received for jury service. Unless otherwise required by law, payment by the Company for jury duty service will be limited to a maximum of



20 days per calendar year. To qualify for jury duty pay, an employee must notify his/her supervisor immediately upon receiving the jury duty call and must present proof of service and the amount of pay received from the court. Payment will be made only if an employee is called for jury duty by the court, and does not apply if the employee voluntarily offers his/her services as a juror.

### **III. WAGES AND FRINGE BENEFIT PROGRAM**

Set forth below is a general description of the benefits the Company provides to employees who are not covered by union contracts. Except as noted, employees subject to union contracts should refer to their respective collective bargaining agreements regarding their current fringe benefits.

#### ***Wages***

All employees' pay rates will be reviewed at the time of employment and at scheduled intervals determined by Management. Annual performance evaluations will be considered when reviewing your base rate of pay, but are only one of many factors that are considered in reviewing your base pay as determined by the Company in its discretion.

#### ***Overtime***

The Company will pay one and one-half times an employee's regular hourly rate for all hours worked over 40 in any workweek, unless the employee is exempt from the overtime requirements of the Fair Labor Standards Act. Overtime pay will not be paid twice for the same hours. Vacation/Sick days, paid holidays (where the employee does not work), or other paid leave of absence will not be considered hours worked for purposes of determining overtime pay. No overtime shall be worked by a non-exempt employee unless specifically approved in advance by an authorized member of management.

Union employees should refer to their respective union contracts for additional information which may be applicable to them.

#### ***Pay Checks***

The Human Resources and Development Department processes payroll on Tuesday for the previous week's earnings. Pay Day is every Friday for the prior payroll week, unless Friday is a holiday, in which case employees will be paid on the previous workday.

For employees who work in remote areas (i.e., Traverse City), paychecks will be mailed out to their homes each Wednesday unless Monday is a holiday, in which case paychecks may be mailed out on Thursday.

Paychecks will be distributed on Friday morning (or the workday prior if Friday is a holiday) to department managers or their designee, who is then responsible for further distribution of checks to personnel within their department. Early distribution of paychecks is made only on an exception basis for such reasons as: employee absence due to Company travel; vacation; illness; severe financial hardship. Early distribution of a paycheck requires advance approval by the employee's supervisor.

Any questions or errors pertaining to your paycheck should be directed to your supervisor or the Human Resources and Development Director.

Termination of employment may involve accounting for Company property, reconciliation of expense reports, and similar considerations. It is the employee's responsibility to schedule an exit interview with the Human Resources and Development Director. The employee's final check will be mailed to the employee's address on file in according to the regular payroll schedule.

### ***Direct Deposit of Payroll Checks***

The Company is pleased that we are able to provide our employees with the convenience of having their weekly payroll wages directly deposited into their respective bank or credit union accounts and encourage all employees to take advantage of this benefit. Forms to facilitate direct deposits are available from the Human Resources and Development Department.

In most instances, an employee should have adequate time to submit any changes to their direct deposit setup prior to the next scheduled weekly payroll being run. Any changes can be submitted to the Human Resources and Development Department up until noon on every Tuesday before the weekly payroll is processed. Although the Company understands that sometimes circumstances beyond an individual's control create the need for a direct deposit reversal to be processed, doing so results in additional costs to the Company. A third request for a direct deposit reversal may result in a charge to the employee.

### ***Holidays***

The Company designates seven holidays as paid holidays. Unless an employee is specifically scheduled to work to meet business or customer needs, the following are Company designated holidays for all employees:

|                       |                         |
|-----------------------|-------------------------|
| <b>New Year's Day</b> | <b>Presidents' Day</b>  |
| <b>Memorial Day</b>   | <b>Fourth of July</b>   |
| <b>Labor Day</b>      | <b>Thanksgiving Day</b> |
| <b>Christmas Day</b>  |                         |

To be eligible for holiday pay, a non-exempt employee must be considered full-time, and must have worked all of the last scheduled work day before and the entire first scheduled work day after the holiday, unless the absence was excused in advance by the Company.

Holiday pay for non-exempt salary or hourly employees will be based on an employee's regular rate of pay multiplied by the employee's regular scheduled hours for the day of the week on which the holiday falls. If the holiday falls on Saturday, it will generally be observed the preceding Friday. Non-exempt hourly or salaried employees scheduled to

work on a holiday will receive their regular pay for the day plus holiday pay. Exempt employees will receive their pre-determined base salary during any weeks in which a holiday falls and are not eligible for additional holiday pay.

### ***Personal/Sick Days***

All full-time employees are eligible for 40 hours (5 - 8 hour days or 4 - 10-hour days) of paid sick/personal time each calendar year. Personal/sick days are awarded each January 1st. During an employee's first year of employment, a prorated number of personal/sick days will be awarded upon the successful completion of their 90-day introductory period.

Each December all active non-contract hourly (non-exempt) employees will be paid out for all unused personal/sick time that has been earned but not taken during the course of that calendar year. Payment for unused Personal/Sick days will be based on the hourly employee's straight time rate. Exempt employees do not receive additional pay for unused Personal/Sick days.

Personal/Sick days cannot be carried over to the following year and will not be paid out upon termination of employment.

Personal days are to be observed on a day mutually agreed upon with your supervisor and requested in writing and are not considered hours worked for the purposes of determining overtime pay. Union employees should refer to their union contracts to determine the number of sick/personal days for which they are entitled and when they will be paid.

### ***Vacations***

Vacation time is a fringe benefit and is earned based on anniversary of year(s) completed. To be eligible for a paid vacation, a full-time employee must have completed one year of service and must have worked at least 60% of the total scheduled working days during the previous calendar year.

- 1 week vacation after 1 year***
- 2 weeks vacation after 2 years***
- 3 weeks vacation after 8 years***
- 4 weeks vacation after 15 years***
- 5 weeks vacation after 25 years***

All vacations are to be taken between January 1<sup>st</sup> and October 31<sup>st</sup>. Employees must take earned vacation no later than the first quarter of the following calendar year or lose it. There will be no carryover of (or payout for) unused vacation days after March 31<sup>st</sup> of the calendar year following the year the vacation was earned.

All employees that have earned vacation in excess of two weeks must split up vacation time and may not take it in one block of time. Employees that have earned vacation in excess of two weeks as of January 1<sup>st</sup> may choose to take one of those weeks in daily increments (DAT/Vacation Days). Partial vacation days will not be allowed and all vacation days must be taken in full day increments. Request for vacation days must be made in advance to a supervisor or manager. Vacation requests may be denied at the discretion of Management based on business or staffing needs. . Vacation days will only be granted for the period of January 1<sup>st</sup> – October 31<sup>st</sup> of each year. Employees are encouraged to use their vacation days and monetary compensation will not be substituted for vacation time off.

Generally, vacation request forms will be distributed by the Human Resources and Development Department each January. They are to be filled out completely and returned to your supervisor for approval and any necessary changes. It is also recommended that employees keep a copy of their vacation request form. Any changes to an employee's vacation schedule must be approved by the employee's supervisor, in writing. Employees must generally give a supervisor 30-days advance notice of any requested vacation schedule changes.

Employees who have completed one year of employment and thereafter voluntarily resign upon at least 10 business days advance written notice to the Company, will be entitled to receive payment for unused vacation days at date of termination. Employees who are involuntarily discharged or who resign without giving a minimum of ten (10) working days' advance notice are not eligible for payment of unused vacation days upon termination. No prorata vacation benefits will be paid for the employee's last partial year of service to employees who are discharged or who quit without giving a minimum of ten (10) working days' advance notice. Payment of unused vacation days upon termination of employment as contemplated by this policy will be calculated based on an hourly employee's straight time rate or, for salaried employees, based on a per diem equivalent of the employee's base salary.

### ***Exempt Employee Pay Policy***

Unless "exempt" under federal law, employees must be paid at least the minimum wage plus overtime pay for hours worked over 40. To be exempt, employees' job duties must meet certain tests, and, for some exemptions, they must be paid on a salary basis, meaning they must regularly receive a predetermined amount of compensation each pay period that will not be reduced due to variations in the quality or quantity of work performed or the operating requirements of the business. Exempt employees do not have to be paid for workweeks in which they do not perform any work.

Deductions from salaried exempt employee pay are permissible in some situations. Generally, permissible deductions include absences from work for a full day or more for personal reasons or because of sickness or disability or due to a disciplinary suspension for violating a written workplace conduct rule. Also, the Company is not required to pay the full salary in the initial or terminal week of employment, for penalties imposed for

infractions of safety rules of major significance, or for time in which an exempt employee takes unpaid leave under the Family and Medical Leave Act. Offsets from salary for jury duty fees, witness fees or military pay received by the employee for a particular week are typically allowed.

It is the Company's policy to comply with all federal and state wage/hour requirements. The Company does not allow deductions that violate federal or state law and prohibits any manager or supervisor from making or authorizing improper deductions from the salaries of exempt employees.

If you believe that an improper deduction has been made to your salary or to that of another exempt employee, you should immediately report this information to the Human Resources Director or member of senior management. Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, the employee will be promptly reimbursed. Retaliation against any employee making a good faith report under this policy is strictly prohibited and any perceived reprisal should be reported using this policy.

### ***Termination of Employment***

Unless a collective bargaining agreement that applies to you specifically states otherwise, your employment with the Company is "at-will" which means that your employment is not for any specific time period and either you or the Company may terminate your employment at any time, with or without cause, or advance notice. No manager or supervisor of the Company has the authority to modify the at-will nature of your employment other than the President of the Company in writing referencing this policy and clearly stating that the at-will policy does not apply to you. This at-will policy may not be modified by verbal statements by any Company employees.

NWS 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 NWS, or return of NWS-owned property.

Employees will generally receive their final paycheck on the next regularly scheduled pay date following the date of termination. Unused vacation days will be paid upon termination of employment only as provided in the vacation policy, above, and will not be paid to employees who are terminated by the Company or who do not provide a minimum of ten (10) working days' advance notice of resignation. In some cases, NWS may choose to accept the resignation effective immediately upon its tender.

In the event of resignation, NWS may request the employee to present a written notice of the specific reason(s) for the resignation along with the last date of work to the employee's supervisor with a copy to the Director of Human Resources and Development. The courtesy of at least 10 working days advance notice of resignation is requested. The act of courteous notice to NWS will be recorded favorably in the

employee's file and will be considered in the event that reapplication for employment with the Company should occur.

Unless otherwise required by law or in the case of a medical emergency, employees who are absent from work for more than three (3) days without prior approval or proper notification to their supervisor may be considered to have abandoned their jobs and voluntarily resigned without notice. If an employee walks off the job for any reason, it is also considered to be job abandonment and voluntary resignation without notice.

Employees terminating their employment should keep NWS advised of any address changes during the calendar year following termination in order that tax information may be sent to the proper address.

### ***Benefits***

The Company offers certain health, vision, dental, disability, life, retirement and other fringe benefits to its eligible employees. The following is a summary of benefits currently offered by the Company to eligible employees who otherwise meet all plan terms and conditions:

- Group medical/dental/vision insurance
- COBRA continuation of group health coverage as provided by law
- Life insurance
- Flexible Benefit Plan
- Health Savings Account
- Employee Assistance Program (EAP)
- Short-term and Long-term disability insurance.
- Workers compensation insurance.
- NWS 401(k) Plan
- Hourly Warehouse and Driver Pension Plan

The Company maintains summary plan descriptions and insurance policies with regard to the benefits offered to employees. Eligibility for benefits and the extent or limits of coverage are determined by the applicable summary plan descriptions, plan documents and/or insurance policy terms. Employees should refer to the summary plan descriptions or plan documents for further information about these benefits. In the event of any conflict between the policies in this handbook and the terms of the plan documents, the plan documents and/or insurance policies will control.

The Company has the right to amend, modify or terminate any of its employee benefit plans or programs at any time and this Handbook does not create a contract or expectancy for any particular benefit or level of benefits. Employees will be notified in writing of any changes to the Company's benefit plans. Benefit summary plan descriptions are available from the Human Resources and Development Department.

## ***Medical/Dental/Vision Insurance***

Full-time employees may be eligible for medical, dental, and vision benefits after a 60-day waiting period subject to plan terms and conditions and described in any applicable Summary Plan Documents available in Human Resources. Open enrollment is January 1<sup>st</sup> for eligible employees and their dependents. It is the employee's responsibility to enroll with his/her Human Resources and Development Department. Medical/dental insurance premiums will be automatically deducted from your payroll check and are considered pre-tax earnings. If the employee does not enroll, it is understood that he/she declines coverage.

Full-time employees should contact the Human Resources and Development Department just prior to completion of their waiting period to enroll. Complete details and claim forms are available through the Human Resources and Development Department.

Group health care coverage for both the employee and his/her dependents ends on the date an employee ceases active employment with the Company because of termination, resignation, personal leave or layoff. Under federal law (Consolidated Omnibus Budget Reconciliation Act – COBRA), however, employees and dependents have the right to continue their coverage under the group plan at their own expense, unless the employee is eligible for a COBRA subsidy as provided by law. Employees will be advised in detail as to their COBRA rights at the time their active employment ceases.

When an employee on personal leave or temporary layoff returns to work, the Company will resume payment of its portion of the premium cost of health plan coverage effective the date of return.

### **Qualifying Events for Changes in Coverage**

An employee must file a written application with the Company for coverage hereunder for his eligible dependents within thirty one (31) days of becoming eligible for coverage; and within thirty-one (31) days of marriage or the adoption of children or birth of a child. The employee shall have the responsibility of timely forwarding to the Company all applications for enrollment hereunder. Failure to do so will render your dependent ineligible for coverage until the next open enrollment.

## ***Life Insurance***

Full-time employees may be eligible for life insurance after a 60-day waiting period. Employees should forward their completed enrollment forms to the Human Resources and Development Department no later than 60-days after their hire dates. Basic life insurance is valued at 50% of your base compensation, rounded up to the next higher thousand, with a minimum of \$10,000 and a maximum of \$50,000. The Company pays 100% of the basic life insurance premium. Employees may also purchase supplemental life insurance for themselves and their dependents at a relatively low cost.



Supplemental employee coverage can be purchased for up to \$500,000, but not to exceed 5 times your salary. Supplemental life coverage for the spouse of an employee can be purchased for up to 50% of the employee's supplemental life or \$100,000, whichever is less, and up to \$10,000 for dependent children. The employee pays 100% of the policy premium for supplemental or dependent life insurance coverage. Complete details, including the cost of supplemental insurance, can be obtained at any time by contacting the Human Resources and Development Department.

Supplemental life insurance premiums will be deducted from your weekly payroll check.

### ***Flexible Benefit Plan***

The Company offers a Flexible Benefit Plan that allows eligible, participating employees to pay for certain health care expenses and dependent care expenses out of pre-tax dollars. This saves employees in federal, state and FICA taxes. Complete details about the Flex Plan are described in the Summary Plan Description. Open enrollment for this plan is January 1<sup>st</sup> and a new enrollment form must be completed every year. All employees are eligible to participate in the Flexible Benefit Plan upon completion of their 60-day waiting period. Employees do not have to be enrolled in the Group Health Plan to be eligible. Contact the Human Resources and Development Department for further information.

### ***Health Savings Account***

Similar to a Flexible Spending Account "FSA", eligible employees may contribute to a Health Savings Account "HSA" at HSA Bank via pre-tax payroll deduction, and those funds may then be used to pay for most healthcare expenses. Unlike FSA, subject to plan terms and conditions, you may be able to roll forward your unused HSA funds from year to year, without penalty. To be eligible, among other things, an employee must be enrolled in a High Deductible Health Plan. Contact the Human Resources and Development Department for further information.

### ***Employee Assistance Program (EAP)***

All employees and their immediate family members are eligible and encouraged to utilize the Employee Assistance Program (EAP). All information revealed to EAP counselors is kept strictly confidential. EAP services are provided as a benefit to employees with no co-pay or cost. Please contact your local Human Resources and Development Department for contact information.

### ***Weekly Sickness and Accident Benefits***

The Company provides two different plans that pay weekly benefits to eligible employees who are off of work due to an illness or accidental injury that is not work-related and is covered by plan terms and conditions. These benefits may be provided in conjunction with FMLA leave.

## Short-Term Disability Income Protection – Weekly Indemnity Benefits

NWS provides a short-term disability (STD) benefit plan to full-time, non-union employees with six months of continuous employment at NWS and who otherwise meet all eligibility provisions of the STD plan. This benefit applies to eligible employees who are unable to work because of a qualifying non-occupational disability due to a prolonged illness or accident (in excess of 7 calendar days) and who have used all available paid time off (sick, personal, and vacation days). The use of sick, personal and vacation days at the beginning of the short-term disability is part of the 13 weeks and does not extend the timing of short-term disability. Employees off work because of a non-occupational disability will receive weekly benefits for a maximum of 83 calendar days (90 calendar days minus the 7 calendar day elimination period). Weekly benefits for full-time employees off work because of a non-work related sickness or accidental injury will be paid in accordance with plan terms and the following general schedule.

| <u>Term of Employment</u> | <u>Schedule of Weekly Benefits</u> |
|---------------------------|------------------------------------|
| 6 Months through 4 Years  | Up to 83 Days at 60% Pay           |
| 5 Years through 9 Years   | Up to 83 Days at 70% Pay           |
| 10 Years or More          | Up to 83 Days at 80% Pay           |

For commissioned sales representatives who are eligible for benefits under the Plan, the pay to which the employee may be entitled under the above schedule will be based upon their average weekly wage from the previous calendar year, plus 100% of any spiffs/incentives they are currently due. Other eligible employees will receive the applicable percentage of their current base pay from the above table, plus 100% of any spiffs/incentives they are currently due. These payments are subject to calculation and payment according to plan terms.

Employees off work for a non-work related short-term disability due to illness or injury will be required to provide a fitness for duty certification prior to returning to work. Unless otherwise required by law, available light-duty positions are reserved for employees with work-related injuries.

## Long-Term Disability Income Protection

Long-term disability income insurance is provided for eligible full-time employees who have been continuously employed by the Company for six months or longer and meet plan terms and conditions. The Company pays the full premium cost. Under the terms of the policy, at the end of the time period covered by short-term weekly indemnity benefits (13 weeks), an employee disabled due to illness or injury will receive 60% of their monthly earnings up to age 65 depending on the class category. Complete details on disability benefits will be furnished to employees when they become eligible for coverage. Other Company sponsored benefits may be continued under COBRA.

## ***Workers Compensation***

The Company also provides worker's compensation benefits to all employees under an insurance plan that pays a portion of the wages lost due to illness or accidental injury arising out of and in the course of employment with the Company. If you are off of work for 14 days or less, you may be eligible for benefits for all days of your disability except the first seven (7). If you are off work more than 14 days, you may be eligible to receive benefits for the first seven (7) days as well. Newly hired employees are covered under the worker's compensation insurance plan starting on their 1<sup>st</sup> day of employment. The Company pays the full cost of the premium. Vacation benefits accrue while on disability in accordance with the vacation policy. Time off work for a work-related injury will also count as FMLA leave for employees eligible for FMLA leave.

Employees must immediately report any injury or illness, which arises from the course of their employment with the Company to their immediate Supervisor, the Director of Human Resources, or any other member of management. If an employee chooses to waive their legal right to medical treatment for a work-related injury or illness, they are still required to report it to the Company. Any employee who fails to report a work-related injury or illness may be subject to disciplinary action.

## ***Retirement Benefits***

Eligible employees participate in the Federal Social Security Program. These benefit amounts are determined by the US Government and financed by deductions from your paycheck which are matched by the Company.

Complete details on coverage and benefits of both plans are available through the Human Resources and Development Department. Your 401(k) plan account balances will be determined daily and information is available toll-free at: **1-800-442-4015** and via the Internet at: <https://www.mcak.com/retirement>. You will be given a PIN to access your account. Statements are prepared and distributed to you quarterly.

### **Retirement – Non-Driver/Non-Warehouse**

Full-time employees who work for the Company and have completed one year of eligibility service and are at least 21 years of age may be eligible to participate in the National Wine & Spirits, Inc. 401(k) Deferred Compensation Plan, subject to plan terms and conditions.

You will receive credit for one year of eligibility service if you complete 1,000 hours of work for the Company during a 12-month period. The first 12-month period begins with your date of hire. The second 12-month period begins with the first day of the plan year (January 1) beginning after your date of hire. You will receive credit for a year of eligibility service at the end of your initial year or any following plan year, if you complete the required 1,000 hours in that year.

**On your eligibility date, National Wine & Spirits will automatically deduct 3% of your compensation for each payroll period and contribute it to the 401(k) plan unless you specifically make an election NOT to participate in the Plan or to change your salary reduction contribution amount to a different percentage.** Employees who are eligible may enroll January 1st or July 1st. Participants may elect to contribute from 1% to 50% of their wages, up to certain federal limits, in order to save for their retirement.

You will have the option to make your contributions on a pre-tax basis, post-tax basis (Roth 401(k)), or both. A pre-tax 401(k) contribution reduces your current taxable income, by deferring taxes until the time you take distribution of your funds. A Roth 401(k) post-tax contribution does not reduce your current taxable income. However, no taxes are owed on contributions or earnings at the time you take distribution of your funds, as long as the participant is age 59 ½ or older and their Roth account has been open for at least five years.

The Company currently matches the employee's pre-tax or post-tax contribution up to 5%. This "match" is determined by the Company and may vary from year to year.

Participants are eligible to borrow up to 50% of their vested account balance as a loan, to be repaid through payroll deduction. This plan is described in detail in the Summary Plan Description provided to all participants.

### **Retirement - Driver/Warehouse Personnel**

The Company provides eligible full-time employees who have completed one year of service and are at least 21 years of age with the National Wine & Spirits, Inc. Hourly Warehousemen and Drivers Pension Plan, subject to plan terms and conditions.

This Company currently makes all contributions to the Pension Plan. Each eligible employee automatically becomes a participant in the Company Pension Plan on the July 1 or January 1 that follows his or her completion of one year's service (1,000 hours) and becoming 21 years old. The Plan provides a normal retirement benefit, early retirement benefit, special early retirement benefit or late retirement benefit if you retire on the corresponding retirement date and otherwise meet all plan terms and conditions.

### ***Company Sponsored Activities***

The Company may throughout the year sponsor activities such as basketball, volleyball, golf outing, dinner dance, Company picnic, and/or softball team. Employees are encouraged to participate and take the opportunity to socialize with co-workers. Waivers for personal injury may be necessary to sign for participation in some events. If an event is on Company time, authorization from the employee's supervisor is

necessary. Inquiries regarding participation in the organizational committees can be made through the Human Resources and Development Department.

### ***Mail Service***

Employees are permitted to use the Company outgoing mail service for personally addressed and stamped mail. However, employees may not use the Company postage machine for personal use without the approval of their immediate supervisor and reimbursement to the Company.

### ***Employee Suggestion Program***

The Company encourages all employees to make suggestions for improving sales and operations by saving money, being more efficient or effective, increasing revenues or improving safety. An employee who has a suggestion should submit it to the Director of Human Resources and Development in writing. The evaluation process will consist of review by multiple managers to whom the suggestion is relevant and will be evaluated by the appropriate Corporate Vice President. Awards for suggestions may be cash payments, days of paid leave, gift certificates and or recognition. The value of any award will be determined after the suggestion is evaluated, implemented, and based on any costs incurred.

## **IV. EMPLOYEE CONDUCT**

### ***Personal Appearance and Professional Demeanor***

Personal appearance while on the job reflects the image of our Company. All employees are to be neat and well groomed at all times while on the job.

The objective in establishing a business casual dress code for National Wine & Spirits is to allow our employees to work comfortably in the workplace. Yet, we still need our employees to project a professional image for our customers, employees, and community visitors.

Because all casual clothing is not suitable for the office or sales calls, these guidelines will help you determine what is appropriate to wear to work. Clothing that works well for the beach, yard work, dance clubs, exercise sessions, and sports contests may not be appropriate for a professional appearance at work.

Clothing that reveals too much cleavage, your back, your chest, your stomach, or your underwear is not appropriate for a place of business, even in a business casual setting.

Even in a business casual work environment, clothing should be pressed, never wrinkled. Torn, dirty or frayed clothing is unacceptable. Any clothing that has words, terms or pictures that may be offensive to other employees is unacceptable. Clothing that has the company logo is encouraged.

Certain days can be declared dress down days, generally Fridays. On these days, jeans and other more casual clothing, although never any items offensive to others, are allowed.

### **Guidelines for Business Casual Dressing**

This is a general overview of appropriate business casual attire. Items that are not appropriate for the office are listed as well. Neither list is all inclusive and both are open to change at the discretion of the Company. No dress code can cover all contingencies so employees must exercise a certain amount of judgment in their choice of clothing in the work place. If you are uncertain about acceptable professional business casual attire, please contact your supervisor or a member of the Human Resources and Development Department. The Company has the ultimate discretion to determine whether an employee is dressed appropriately for work.

### **Slacks, Pants, and Suit Pants**

Slacks that are similar to Dockers and other makers of cotton or synthetic material pants, wool pants, and nice looking dress synthetic pants are acceptable. Inappropriate slacks or pants, including jeans, sweatpants, exercise pants, Bermuda shorts, short

shorts, shorts, bib overalls, legging and any spandex or other form-fitting pants such as are worn for biking are unacceptable.

### **Skirts, Dresses and Skirted Suits**

Casual dresses and skirts that are split at or below the knee are acceptable. Dress and skirt length should be at a length at which you can sit comfortably in public. Short, tight skirts that ride halfway up the thigh are inappropriate for work.

### **Shirts, Tops, Blouses and Jackets**

Casual shirts, dress shirts, sweaters, tops, golf-type shirts, and turtlenecks are acceptable attire for work. Most suit or sport jackets are also acceptable attire for the office, if they violate none of the listed guidelines. Inappropriate attire for work includes tank tops; midriff tops; shirts with offensive words, terms, logos, pictures, cartoons, or slogans; halter-tops, tops with bare shoulders; sweatshirts; and t-shirts unless worn under another blouse, shirt, jacket, or dress.

### **Shoes and Footwear**

Loafers, clogs, boots, flats, dress heels, and leather deck-type shoes are acceptable for work. Leather or leather-type sandals without socks are acceptable in warm weather. Athletic shoes, thongs, flip flops, and slippers are not acceptable in the office. Closed toe and closed heel shoes are required in the warehouse area.

### **Jewelry, Makeup, Perfume and Cologne**

Items above should be in good taste with limited visible body piercing or tattoos. Keep in mind that some employees are allergic to the chemicals in perfumes and makeup, so wear these substances with restraint.

### **Hats and Head Coverings**

Hats are not appropriate in the office. Head covers for religious purposes or to honor cultural tradition are allowed.

### **Conclusion**

If clothing fails to meet these standards, as determined by the employee's supervisor and Human Resources & Development staff, the employee may be sent home to change clothes on the first offense and directed not to wear the inappropriate item to work again. An employee who fails to adhere to the dress code may be disciplined, up to and including discharge.

### ***Personal Relationships***

The Company does not have a policy against employees dating or being in voluntary personal relationships with co-workers. However, the Company reserves the right to reassign employees in these circumstances to avoid any potential conflicts of interest. In addition, employees are expected not to let personal relationships interfere with work time or to disrupt our workplace. Employees who fail to comply will be subject to discipline. This prohibition includes wasting time using company equipment or systems for personal communications.

### ***Personal Telephone Calls***

The Company is a service business and one of our most important tools is the telephone. Personal use of the Company telephone should be strictly limited. Personal long distance telephone calls are not permitted. Personal messages can be given to the receptionist and will be delivered in case of an emergency.

### ***Rest Periods***

The Company will generally provide hourly and salaried non-exempt employees with regular lunch breaks, as well as a fifteen-minute break privilege for every four hours of work. Therefore, two rest periods are allowed per 8-hour or 10-hour workday. You must clock out when beginning your lunch break and clock back in when finished. You are not required to clock in or out for rest periods and, therefore, being on Company time must remain in the building unless authorized to leave by a Supervisor. Rest periods rely on the honor system, however, if rest periods are abused and repeatedly exceed the allowable 15 minutes, you may be required to clock in and out for record keeping purposes. You are not allowed to visit the designated smoking area when you are not on a rest period or after you have clocked in from lunch. Violations will subject the employee to disciplinary action.

### ***Rules of Conduct***

All employees are expected to meet the Company's standards for work performance and conduct. Any employee who fails to perform his or her job satisfactorily or otherwise engages in misconduct will be subject to discipline up to and including termination. All decisions regarding discipline, including but not limited to, the severity of discipline are within the sole discretion of the Company.

The following is a summary of the Company's progressive disciplinary action process when an employee's action does not warrant immediate termination. The Company may combine or skip any of the following steps if the facts as determined by the Company warrant immediate, different or more severe consequences. Nothing in this policy modifies the at-will nature of employment between an Employee and the Company.



## **Verbal Counseling**

Verbal counseling, though not mandatory before issuing written warning, is generally the first step for less serious offenses. A record of the verbal counseling is placed in the employee's files.

## **Written Warning**

Written Warning will be given if a problem or policy violation occurs. A written warning may also be used for the first occurrence of a more serious nature. The employee will be asked to sign any written warning to acknowledge that it was received.

## **Suspension**

In certain cases of serious misconduct or a repeat offense, a disciplinary suspension may be imposed in addition to, or as part of, a written warning. Depending on the circumstances, the Company reserves the right to give a written warning instead of a suspension as the last step before termination. Salaried exempt employees are not subject to disciplinary suspensions of less than a full workweek unless otherwise allowed by law.

## **Termination**

Termination occurs when the Company determines that an employee's conduct or behavior, either because of its severity or repetitious nature, is no longer acceptable.

Because every situation involving unsatisfactory behavior cannot be anticipated, it is not possible to set forth an all-inclusive list of inappropriate behavior and discipline. However, set forth below are examples of the types of conduct which may result in discipline, up to and including termination, as determined by the Company. The following are intended to serve as guidelines only. Nothing in this policy modifies the at-will nature of employment between and Employee and the Company.

### ***Offenses Which Are Grounds For Immediate Termination***

1. Violation of the Company's Zero Tolerance Drug/Alcohol Policy (including refusal of a requested test, a BAC test result of .02 or higher, or a positive test for illegal drugs as defined by the Policy).
2. Theft of any kind including, but not limited to, failure to turn in all monies and checks collected from customers as defined by the Credit Department.
3. Dishonesty of any kind including, but not limited to, falsifying or altering records of the Company, including an employment application, time record, expense

- report, sales report, absence report, leave request or not alerting the Company of errors in payroll or commission checks.
4. Provoking or being the aggressor in a fight on Company premises or on Company time, including voluntary Company functions, or engaging in a fight on Company premises or time, including voluntary Company functions except to the extent necessary to protect oneself from physical harm.
  5. Possession of firearms or other lethal weapons on Company premises or Company time including voluntary Company functions.
  6. Failure to report to work for 3 days without supervisor notification and/or approval.
  7. Failure to comply with state or federal laws concerning credit sales to customers, including falsifying invoices or other illegal acts.
  8. Refusal to submit to, or failure to pass, a drug screen or alcohol content test immediately upon notification.
  9. Refusal to submit to a search of an employee's person, vehicle or other property.
  10. Conduct in violation of the Company's Workplace Harassment or Workplace Violence Policies.
  11. Concealing or failure to report license suspension in a timely manner. (For employees that are required to drive as part of their duties)
  12. Carrying of any unauthorized passengers in a Company vehicle.
  13. Participating in or supporting a slowdown or other curtailment, restriction or interference with work not legally protected.
  14. Insubordination, including failure or refusal to work on assigned job(s) or failure to work mandatory overtime.
  15. Suspended drivers license for positions requiring the operation of a personal or Company owned vehicle.
  16. A major accident resulting in more than \$7,500 cumulative damages to all persons and/or property involved, failure to reimburse the Company for damages less than \$7,500, or 2 major (\$1000 or more, or causing any injury) accidents within a 12 month period.
  17. Violation of Company's Acceptable Use of Business Equipment and Computer Systems, Information Security, or Cellular Phone and Blackberry Code of Conduct Policies,
  18. Impersonating or misrepresenting oneself as a Company official or member of management
  19. Failure to report an on-the-job injury or accident to your supervisor on the day the injury or accident occurs.
  20. Sleeping during scheduled working hours.
  21. Secretly recording conversations or discussions with or involving Company management.
  22. Three (3) offenses resulting in progressive discipline within a 12-month period.
  23. Failure or refusal to work on assigned jobs.
  24. Disclosing confidential information to another employee or any person with whom there may be a conflict of interest perceived or otherwise this includes but is not limited to all business information as defined in the Information Security or HIPAA Policy's contained herein.

25. Failure to comply with time keeping procedures.
26. The unauthorized sale of any Company property, including POS or other promotional items.

***Offenses Subject To Progressive Discipline***

1. Unauthorized or excessive absenteeism, tardiness, or early departure.
2. Horseplay, malicious mischief, or loafing.
3. Substandard work performance, including but not limited to carelessness, inefficiency and inaccuracies.
4. Negligence resulting in damage to, or loss of, Company property, property entrusted to the Company, or property of another employee, customer, supplier, or visitor.
5. Concealing or failure to report accidents and/or damage caused to Company property and vehicles in a timely manner.
6. Failure to use safety devices or equipment or to comply with fire or safety regulations.
7. Use of Company equipment in an unsafe manner or use in a manner for which it is not intended or designed to be used.
8. Violation of Business Expense Reimbursement Policy.
9. Poor housekeeping or creating or contributing to unsanitary conditions, including Company vehicles.
10. Unauthorized distribution or solicitation of any kind and unauthorized removing or defacing of notices or signs on Company premises.
11. Improper or illegal use of communication tools provided by the Company including pagers, computers, telephones, voice mail and Internet service.
12. Any violation of Company policies or procedures set out in the handbook or otherwise communicated to employees (excluding those policies listed under Offenses Which Are Grounds for Immediate Termination above).
13. Any immoral or indecent conduct, or unlawful or improper conduct, whether on or off Company premises or on or off working time, which casts discredit upon the Company's reputation or image, or which adversely affects the employee's relationship with his fellow employees, supervisors, or customers, or adversely affects the Company's products, property, or goodwill.
14. Unpaid dropped sales reporting collections.
15. Failure to report change in phone number, address or other personal data required by the Company.
16. Use of any walkman-type device or cellular phone during work hours for positions that do not require phone contact.
17. Failure to report an absence at least one hour before the scheduled starting time of an employee's shift. The notification must be made by the individual employee to his immediate supervisor, or, if the immediate supervisor is not available, to his designated representative
18. Conviction of a traffic violation, including speeding, while on duty.
19. Failure to report mechanically defective condition of equipment.

20. Gross disregard of safety practices, which threatens injury to self, fellow employees or others, or damage to the property of the Company, the employee or others.
21. Failure to immediately report knowledge of any theft by an employee, of Company or customer's property to your immediate supervisor or his manager supervisor if your immediate supervisor is not available.
22. Failure to report vehicle or equipment accident to the employee's supervisor or designated alternative on the day of the accident.
23. Working outside of a regular route or territory or handling merchandise on other than the regular days, without specific instructions from a supervisor.
24. Exceeding posted speed limit in Company parking lots.
25. Possession or consumption of any food or beverage in any Warehouse area, outside of the designated Break Room, including loading Docks and Receiving area.
26. Leaving keys in an unattended Company vehicle.
27. Failure to adhere to the Corporate Credit Card Policy.
28. BAC test result of less than .02 (30 day suspension; last chance reinstatement; random testing for one year).

Discipline may be imposed when the same employee commits a combination of different types of offenses over time. In some cases, employees may be suspended while the Company conducts its investigation.

The Company reserves the right, if it deems necessary, to revise, add or delete any rules of conduct. Employees will be notified in writing of such changes.

### ***Qualifications for Drivers***

In order to be considered by the Company for employment in a position that requires the operation of a motor vehicle (Driving Position), and in order to remain employed in a Driving Position, an employee must meet and continue to meet certain qualifications. These Driving Position Qualifications are set out below.

The Company reserves the right, if it should become necessary, to revise the Driving Position Qualifications and/or the Rules of Conduct listed in this handbook. Employees will be notified in writing of any such changes.

Each driver must:

1. Comply with all DOT rules and regulations.
2. Possess a valid driver's license with appropriate commercial class endorsement.
3. Be at least 21 years of age.
4. Pass any required road test and written driving examination.
5. Pass any required physical examination.
6. Pass random urine drug and/or alcohol screens immediately upon notification.

7. Demonstrate the ability satisfactorily to perform all duties of the specific Driving Position.
8. Maintain a driving record (both on duty and/or off duty) for the previous 3-5 years that meets the requirements of the Company's insurance carrier. Currently that is a driving record that is free of:
  - a) Any conviction for driving while intoxicated (5yrs) or impaired (3yrs)
  - b) 3 or more moving violations
  - c) Any conviction of Reckless driving (5 yrs)
  - d) Any conviction of Careless driving (3yrs)
  - e) Two or more chargeable accidents

An employee who becomes disqualified from driving because of failure to meet one or more of the foregoing qualifications will be terminated.

### ***Driver's Responsibility***

Drivers, including merchandisers and sales representatives, will be held financially responsible for goods/property under their care. Locks or seals are to be used to protect property at all times. Keys are to be pulled out of the ignition when the vehicle is unattended. Gross carelessness or negligence may result in immediate termination.

### ***Loss of Company Property***

If it is determined that Company property is lost, stolen, or damaged due to an employee's negligence or misconduct, the Company may require as a condition of continued employment that the employee reimburse the Company for the full replacement cost of the item(s) in question including, but not limited to, pagers, electronic handheld sales ordering systems, cell phones, Blackberries, lap top computers, and printers.

### ***Acceptable Use of E-Mail, Communication Systems and Business Equipment***

The Company provides e-mail and internet access, business equipment, computer hardware and software (collectively referred to as communication systems and business equipment) to authorized persons to assist them in performing their responsibilities and duties for Company. E-mail is one example of an electronic resource made available by the Company. Other examples of communication systems and business equipment include: personal computers and workstations; lap-top computers; mini and mainframe computers; computer hardware such as disk drives and tape drives; peripheral equipment such as printers, modems, fax machines, and copiers; computer software applications and associated files and data, including software that grants access to external services such as the Internet, and all Company-provided cell phones, Blackberry, pagers, and voicemail systems.

Anyone using the Company's e-mail, communication systems and business equipment must do so consistent with this policy and in a manner that increases productivity, enhances Company's public image, and is respectful of others. Failure to follow Company's policies regarding use of its communication systems and business equipment may lead to disciplinary measures, up to and including termination of employment, as determined by the Company in its discretion.

### **Persons Covered**

This policy applies to all employees, full or part-time, independent contractors, leased or temporary workers, volunteers and any vendors whose responsibilities to the Company require access to its business equipment and communication systems.

### **Authorization and Use**

Access to Company's communication systems and business equipment is within the sole discretion of Company. Generally, employees and others are given access based on their job functions and responsibilities to the Company. Only those whose job performance and duties will benefit from the use of the Company's communication systems and business equipment will be provided access.

Access to the Internet and electronic mail is given to assist in conducting Company's business. Use of the Internet or electronic mail during work hours, while on Company's premises, or remotely through the use of Company's computer equipment, must be done responsibly and for work-related purposes. The Company expects persons using its communication systems and business equipment to exercise discretion and good judgment when accessing the Internet or sending or receiving e-mail (and any attachments). Unless otherwise specifically allowed by law, the Company's communication systems and business equipment are business tools to be used only to conduct Company business and to communicate business-related information. Employees may, however, use Company's for the following incidental personal uses only if such use does not interfere with the employee's duties, is not done for pecuniary gain, does not conflict with Company business, and does not violate any Company policy:

- (1) To send or receive necessary and occasional personal communications;
- (2) To prepare and store incidental personal data (such as personal calendars, personal address lists, and similar incidental personal data) in a reasonable manner;
- (3) To use the telephone system for brief and necessary personal calls; and
- (4) To access the Internet for brief personal searches and inquiries during meal times or other breaks, or outside of work hours, so long as such use adheres to all other usage limitations or other Company policies. Such personal use includes but is not limited to sites such as sports sites, news sites, social networking sites

and shopping sites. Personal use of the Internet should never interfere with an employee's job responsibilities.

The above incidental personal use of the Company's communication systems and business equipment is a privilege and the Company will determine in its sole discretion whether any personal use is reasonable, consistent with its policy or otherwise permissible. The Company assumes no liability for any loss, destruction, alteration, disclosure, or misuse of any personal data or communications transmitted over or stored on the Company's computer systems and business equipment and is not responsible for the loss or non-delivery of any personal electronic mail or voicemail communications or any personal data stored. The Company strongly discourages employees from storing any personal data on any of the Company's computer systems or business equipment.

### **Harassing, Discriminatory or Defamatory Use is Prohibited**

Because e-mail is typically less formal than written memoranda, persons using the Company's business equipment and communication systems must take care not to let informality degenerate into improper use. The Company's policy against harassment, discrimination, retaliation and bullying equally applies to employee use of communication systems and business equipment provided by the Company. No person using the Company's electronic or technology resources may do so to transmit, receive, or store any information that is discriminatory, harassing or defamatory in any way (for example, sexually-explicit or racial messages, "jokes" or cartoons) or in a manner that otherwise violates Company policy. Despite the perceived informality of electronic communication, any person using Company-provided communication systems should make sure the communication is professional.

### **Use in Violation of Copyright Laws is Prohibited**

The Company's business equipment and communication systems may not be used to copy, retrieve, forward or send copyrighted materials unless advance written approval by the author is obtained or access is limited to a single copy for the employee's reference. Software "piracy" is strictly prohibited and, in addition to any employment discipline, may subject the employee to criminal penalties under state or federal law.

Additionally, communication systems and business equipment provided by the Company may not be used (1) for any unlawful purpose; (2) in a manner contrary to the best interests of the Company; (3) in violation of Company policy or in a manner that conflicts with Company policy; (3) for unauthorized disclosure of trade secrets or confidential, proprietary business information of the Company or its customers; (4) for personal pecuniary gain; or (5) in any way that may damage or interfere with the Company's computer network, including but not limited to, generating the delivery of "junk" electronic mail.

Electronic or technology resources provided by the Company may also not be used to send or receive protected personal information about others such as social security numbers, personally-identifiable medical information or similar information unless specifically allowed by law and only if the employee's job duties require access to (or transmittal of) such data. The Company will determine in its sole discretion whether any use is improper or prohibited.

### **Monitoring of Computer Systems and Business Equipment**

All electronic messages sent and received, including personal messages, and all data and information stored in the Company's e-mail system, voicemail system or computer systems are Company property. The Company reserves the right in its sole discretion to access and monitor use of its business equipment or communication systems at any time, including but not limited to, its computer, voicemail and e-mail systems, hard drives, cell phones, blackberry, I-phone, laptops and facsimile machines. Persons using the Company's business equipment or computer systems should understand that they do not have any right of privacy with respect to any messages or information created or maintained through use of the Company's computer systems or equipment, even where passwords are used or provided. In its discretion, the Company may inspect all files or messages on its system at any time for any reason. The Company also has the right to disclose e-mail communications to law enforcement representatives in its discretion without having to provide advance notice to either the sender or the recipient.

### ***Cellular Phone and Blackberry Code of Conduct***

The Company maintains a policy on the safe use of cell phones. We strongly discourage employees from driving while using their cell phone. This includes anyone who has a Company issued cell phone, anyone who drives a Company vehicle and has a cell phone, or anyone who has a personal cell phone and operates their own vehicle for their job. The cause of many auto accidents is driver distraction, and one of the biggest driving distractions today is the cell phone. This has become a big safety concern as we have many employees on the roads doing their jobs who might be tempted to use their cell phone. The Company would like to ensure employees' safety, avoid accidents, and minimize liability claims. We strongly encourage our employees to use their cell phone only when safely pulled off the road, keeping in mind that the shoulder is generally not a safe place to stop. It is suggested that you keep the phone turned off while driving to avoid the distraction of an incoming call. The cell phone voice mail will pick up the calls, and messages can be retrieved at a later time when safely stopped. Using a cell phone while driving increases the odds of an accident, the potential liability for the Company, and the possibility of injury or even a fatality. We want to insure the safety of all our employees.

Employees who have texting capabilities on their cell phones should only use it for business purposes and should never text or read texts while driving.



Employees who are reimbursed for cell phones are instructed not to dial in using our 800 number to avoid a double expense to the Company. Use of a cell phone while in our Company warehouse is strictly prohibited at all times.

### ***Information Security Policy***

All business information is a corporate asset and should be kept confidential and appropriately protected from unauthorized access, use, disclosure, reproduction or destruction. Business information is defined as information created during business activities of the Company and the assets used to input, process, export, transmit, or store information. Examples include, but are not limited to, computer hardware and software, financial records, customer records, or other matters processed on computer systems, paper documents, employee rosters, employee records, payroll records including pay rates and communication networks from Sales Reporting, Reflections, HRIS, and Epicor. Employees who work on or with confidential information, or who are entrusted with confidential information, are solely responsible for maintaining confidentiality and compliance with the Company information policy and procedures. Failure to do so may result in disciplinary action up to and including termination. The Company may enforce this policy by available legal remedies including, but not limited to, injunctive relief on behalf of the corporation.

### ***Information Procedures***

- Protect passwords and security codes by never sharing or writing them down.
- Create passwords and security codes that are committed to memory but hard enough for others to guess. Home addresses, pet's names, nicknames, spouses names should not be used.
- Limit access to information to individuals with a valid business need only.
- Protect technology resources from theft, tampering, destruction and loss.
- Implement procedures to create, renew, and delete information to insure continuous maintenance.
- Use sensitivity and non-disclosure options for confidential information.
- Dispose/shred sensitive information that is no longer needed.
- When confidential information is properly communicated to another associate, inform him or her that the information is confidential by discussing further distribution limitations.
- Store confidential information in the correct file. Do not use files and folders that are not restricted from access. Restrict access to e-mails and voice mail messages that contain confidential information.

### ***Social Security Number Privacy Policy***

Pursuant to the Michigan Social Security Number Privacy Act, it is the Company's goal to ensure, to the largest extent possible, that employees' social security numbers are maintained confidentially. Social security numbers will not be released to anyone

outside the Employer, except as required by law. Social security numbers will be made available internally only on a “need-to-know” basis.

More than four sequential digits of a social security number will not be included on any document mailed outside the Company, except as required by law or authorized by the employee, nor will it be publicly displayed in any manner. Social security numbers are not to be used as passwords or identifiers for any Company computer system. The social security number will not be used in the ordinary course of business except as the Company may determine that it is necessary to verify an individual’s identity, such as with our time clocks, or to administer employee benefits or payroll, such as health insurance and 401(k). Any documents that include social security numbers that are discarded are to be shredded. Documents containing social security numbers that are sent through the mail will not reveal the number through the envelope window or otherwise be visible from outside the envelope or package. Social security numbers will not be sent through E-mail unless the connection is secure or the number is encrypted. No employee will be required to send a social security number through E-mail unless the connection is secure or the number is encrypted.

Any violation of this policy will result in discipline up to and including termination of employment and may also be subject to the civil and criminal penalties provided for in the Michigan Social Security Number Privacy Act.

### ***Outside Employment and Activities***

Employees are encouraged to participate in community, charitable, educational, and professional activities which do not create a conflict of interest with the Company. Unless participation is specifically requested by the Company for business purposes, all participation is solely on a personal basis and not as a Company representative.

Outside employment, self-employment, and activities prohibited by law or regulation which may result in conflict of interest with the Company or related policies are not permitted. In all circumstances, the Company reserves the right to determine if a conflict of interest exists.

### ***Lost and Found***

Money, securities, or property found on the Company’s premises should be taken personally to the Security Department or to the Human Resources and Development Department.

### ***Communications***

Communications via e-mail, both over the Internet and within the Company, are not privileged or private, and must be treated as such. Threatening, harassing or abusive e-mail messages or those used for the commission of or assisting the commission of illegal acts are forbidden. Any use of e-mail for these purposes can be used as grounds for

disciplinary action including, but not limited to, suspension of e-mail privileges, suspension of employee, or termination.

All hardware and software is the property of NWS, Inc. As such, any unauthorized installation, removal, or alteration of software installed on the computer without the consent of the MIS Department is forbidden.

Routine audits of internet usage are done by the Vice President of Human Resources & Development and the Vice President of Information Technology.

### ***Business with Relatives***

Employees shall not conduct business on behalf of the Company with a relative or a business entity with which the employee or a relative is associated, except where such dealings have been disclosed to the Company and the Company has given its specific approval and authorization.

### ***Will Call / Open Will Calls / Collection Policy***

All NWS employees are held financially responsible for goods/property under their care. Employees often will call in special orders for product outside of a scheduled truck delivery period and NWS has classified these orders as "Will Calls". The following steps and rules are in place in the will call procedure.

- Employee notifies superior of desire to create a will call invoice. Employee will include in this communication a general overview of the order, the reason for the order, and the desired delivery method of the order. Upon approval of superior, the employee can then place the order through customer service. All product codes and customer numbers are also required at time of order entry.
- Customer Service generates invoices for sales Will Calls.
- These invoices are printed off in the warehouse and once the product is picked to complete, the invoice (3 parts) is turned into the cashier's office.
- The invoices are put with the Will Call Sign Out Sheet waiting for pickup.
- The sales rep requests the invoice from the cashier to take to security for the product to be handed over or loaded.
- **The cashier will check to see if there are any outstanding Will Calls under the employee's name. New Will Calls will not be released until prior balances are paid in full. If any invoices are over one week unpaid by this same employee, then no new invoices will be released to this employee.**
- The employee taking the product completes the will call sheet, providing a phone number, signature and date.
- All copies are signed for and the yellow copy is retained by Security and returned to the cashier.

- Monies must be turned in fully within one week to the cashier or Accounting/AR.
- Remember, payments can be turned into any warehouse location in addition to the Madison Heights sales office (Linda Adams). **Do not turn in cash without getting a receipt.**
- The open will call invoices are then returned to the file where they are held pending payment in order of invoice date.
- Any invoices not turned in within a one week period are then filed separately by employee name and efforts are made to collect this payment.
- **Unsuccessful attempts to collect timely payments will be noted and the employee's manager will be notified.**

**Michigan Law requires that all alcohol deliveries are COD. Michigan Law also requires all payments to be fully deposited in a timely manner. Failure to return payments within the one week window to NWS will result in discipline up to and including termination.**

### ***Business Expense Reimbursement Policy***

All business expenses must be authorized and approved by the employee's supervisor and be supported by itemized receipts prior to being reimbursed. The Area Manager or Vice President may approve a documented expense in the absence of the Supervisor. The following are general guidelines for reimbursable and non-reimbursable expenses. The National City or PNC corporate Visa card should be used for all business approved and related expenses. Failure to use the corporate Visa, as well as revocation of the card for non-payment of the bill, may result in non-reimbursement of your business expenses and/or other disciplinary action.

#### **Reimbursable Expenses**

Include But Are Not Limited To:

- Lodging, transportation and meals in conjunction with Company business.
- Local taxi, tolls and parking in conjunction with Company business.
- Auto mileage expense in conjunction with Company business.
- Only Vice President's auto expenses include oil and fluid changes as well as car washes.
- Entertainment and business meals in conjunction with Company business (the nature and purpose of entertainment must be documented with an expense report). Entertainment and meals for employees only must be business justified, have prior approval from a supervisor, and be signed off by a Vice President or other officer of the Company.
- Cellular phone expense as authorized in the budgeting process and subject to a maximum reimbursement of the contract rates with the Company cellular service provider or the budget (whichever is less).

## **Non-Reimbursable Expenses**

Include But Are Not Limited To (unless authorized by Senior Management):

- Expenses and mileage that are over 120 days old
- Personal expenses
- Parking violations
- Auto maintenance
- Insurance premiums or deductibles
- Car washes
- Cell phones (unless authorized by senior management)
- Meals and entertainment for employees that are not business justified and have not received prior approval from a supervisor.

Expenses and mileage should be submitted for reimbursement in a timely manner. Expenses and mileage that are over 120 days old are not reimbursable. A complete mileage log, receipts and other appropriate documentation are required for reimbursement.

Expenses are subject to a random audit process and any inappropriate expenses will be deducted from the expense check and subject to disciplinary action up to and including termination.

## ***NWS Mileage Policy***

NWS will pay mileage for driving that involves company business at the rate of \$0.27 per mile. Mileage is to be submitted on the Automobile Mileage Log and will be reviewed by your manager prior to reimbursement. For Concur users, the Mileage Log should be faxed as a receipt when submitting your expense report. You must fully understand the following prior to using your personal automobile for company business:

- The Automobile Mileage Log must be completed in full, including the date, mileage start/stop, personal miles, business miles, destination city, and contact.
- If the employee drives to the office first, and then to another location for business related purposes, the reimbursable business mileage is equal to the distance from the office to the other location and back.
- Normal commuting costs, side trips, and errands are not reimbursable.

## ***Corporate Card Past Due and Revocation Procedure***

PNC Bank will send out a delinquency notice when a corporate card payment is approximately **40 days beyond the statement closing date**. Usage of the card can be blocked by PNC Bank at any point after the **account is delinquent**. NWS will send out reminder notices to the employee, their manager, and the division manager at regular intervals after 45 days up to revocation (**90 days past the statement closing date**). At approximately 66 days, the Chief Operating Officer, Corporate Vice President of Sales,

Corporate Controller and Corporate Vice President of Human Resources and Development will be copied on the notices.

Upon revocation, PNC will cancel the card, and employee expense reporting privileges will be cancelled until PNC Bank receives payment in full of the open balance and if/when a new Corporate credit card is issued. A letter of reprimand will be placed in the employee file. The employee will be placed on a 90 day disciplinary probation and will be subject to further discipline up to and including termination. The Chief Operating Officer, Corporate Vice President of Sales, Corporate Controller, and Corporate Vice President of Human Resources and Development will be notified of the revocation along with the managers and district managers.

At the discretion of the Company, the Company issued credit card may be reinstated. Further disciplinary and/or expense policy violations will result in discipline up to and including termination. A copy of the reprimand will be placed in the employee's personnel file and directly impact any future bonus that the employee may receive. The Human Resources and Development Department will remove the reprimand from the employee file after one year provided there are no other violations related to the Company credit card.

## V. ACKNOWLEDGMENT AND RECEIPT

I acknowledge receipt of a copy of the Employee Handbook of NWS Michigan, Inc. (February 2010 Edition). I understand that it is my responsibility to familiarize myself with its contents and I understand that the policies in the Handbook apply to me during my employment with the Company.

I understand and acknowledge that the Handbook is not a contract for employment or benefits and does not create an employment contract for any definite or guaranteed term. The Handbook simply sets out general information as to the current personnel policies and practices of NWS Michigan, Inc. Because NWS Michigan, Inc. is a growing and changing organization, it reserves full discretion to unilaterally add, modify, delete, or otherwise change provisions of this Handbook or the policies, benefits or procedures on which they may be based, at any time without advance notice or other consideration. All decisions regarding employment, compensation, benefits, job assignments, discipline and other terms and conditions of employment are within the sole discretion of the Company.

Subject to the provisions of any union contract which may be applicable to me, I further understand my employment with the Company is "at-will" which means that it may be terminated at any time, with or without cause or advance notice, at the option of either the Company or me, notwithstanding any oral or written statements earlier provided to me. I specifically acknowledge that no manager, supervisor or other representative of the Company may modify the at-will status of my employment other than the President of the Company in writing, signed and dated by the President and me, specifically stating that the at-will policy does not apply to me.

In consideration of my employment with NWS Michigan, I understand and agree that any claim or lawsuit arising out of my employment with NWS Michigan, its parent or affiliated companies, must be filed no more than six (6) months after the date of the employment action that is the subject of the claim or lawsuit. While I understand that the statute of limitations for claims arising out of an employment action may be longer than six (6) months, I agree to be bound by the six (6) month period of limitations set forth herein, **and I waive any statute of limitations to the contrary.** Should a court determine in some future lawsuit that this provision allows an unreasonably short period of time to commence a lawsuit, the court shall enforce this provision as far as possible and shall declare the lawsuit barred unless it was brought within the minimum reasonable time within which the suit should have been commenced.

\_\_\_\_\_  
EMPLOYEE SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINTED NAME

**Please return this signed form to:**  
Human Resources and Development Department  
NWS Michigan Inc., 17550 Allen Road, Brownstown, MI 48192

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