

# HIMS

**ENTERPRISES, INC**

**DERAILED  
COMMODITY**

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*Carpet* **Plus!**  
**Bargain  
Barn**

**Country**  
**CARPET & FURNITURE**

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**FLOOR★MART**

# Employee Policy Handbook

## **020 Employee Welcome Message**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

Welcome new employee!

On behalf of your colleagues, I welcome you to HMS Enterprises and wish you every success here.

We believe that each employee contributes directly to HMS Enterprises's growth and success, and we hope you will take pride in being a member of our team.

This Employee Handbook was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the Employee Handbook as soon as possible, for it will answer many questions about employment with HMS Enterprises.

All HMS employees are under the jurisdiction of his for her manager and may be terminated at any time and for any reason. All employees are “at will” employees for the purposes of employment. Nothing stated in these policies and guidelines shall be interpreted to change an employees “at will” status or give any employee an expressed or implied expectation of continued employment with HMS.

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

Sincerely,

Keith Smith, President

### **030 Employee Certification**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

#### EMPLOYEE CERTIFICATION OF RECEIPT AND REVIEW OF EMPLOYEE HANDBOOK

I acknowledge that I have received a copy of Employee Handbook for HMS Enterprises, Inc. I understand and agree that it is my responsibility to review this handbook and to familiarize myself with its contents.

I acknowledge and understand that employment with HMS is employment at will. This means employment may be terminated, with or without notice, and with or without cause at any time by either HMS or myself. Nothing in this handbook, or any other document or statement, shall limit HMS' right to terminate my employment at any time, with or without cause, or with or without notice or to make changes to my employment including, but not limited to my position, title, job responsibilities, compensation or benefits. I also understand and agree that no manager, supervisor or other employee of HMS has the authority to enter into any agreement for employment for any specified period of time or to make any agreement for employment other than employment at will.

I further understand and agree that except for employment at will status, any and all policies and practices for HMS can be changed at any time without notice by HMS. I also acknowledge and understand that nothing in the Employee Handbook creates or is intended to create a promise or representation of continued employment with HMS.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Printed Name

## **040 Contact Information**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

When used in this Employee Handbook, the Human Resource (HR) Manager is Susan Buckle. Susan may be reached at 206 N. Weichert, Girard, Kansas 66743. Her phone number is (620)395-2151.

## **060 Customer Relations**

Effective Date: 01/01/2006

Revision Date: 01/01/2006

Customers are among our HMS's most valuable assets. Every employee represents HMS Enterprises to our customers and the public. The way we do our jobs presents an image of our entire company.. Customers judge all of us by how they are treated with each employee contact. Therefore, one of our first business priorities is to assist any customer or potential customer. Nothing is more important than being courteous, friendly, helpful, and prompt in the attention you give to customers.

Customers who wish to lodge specific comments or complaints should be directed to the Store Manager for appropriate action. Our personal contact with the public, our manners on the telephone, and the communications we send to customers are a reflection not only of ourselves, but also of the professionalism of HMS Enterprises. Positive customer relations not only enhance the public's perception or image of HMS Enterprises , but also pay off in greater customer loyalty and increased sales and profit.

## **101 Nature of Employment**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

The employment relationship that exists between HMS and its employees is one of employment at will. This means that employment with HMS may be terminated at will, without cause, and with or without notice, and at any time, by HMS or the employee.

The employment policy handbook contains the employment polices and practices of HMS in effect at the time of publication and supersedes all previously issued employment handbooks and policies. HMS reserves the right to revise, modify, delete or add to any and all employment policies, procedures, work rules, or benefits stated in this handbook, except, for the policy of employment at will. The employment at will policy can only be changed in writing, signed and executed by the chief executive officer of HMS and the employee.

Nothing in the employment policy handbook, or any other such personnel document, creates or is intended to create a promise or representation that employment will continue for a definite period of time for any employee or that employment will be terminated only under particular circumstances. HMS reserves the right to terminate the employment relationship or change wages, benefits, job title, job duties, responsibilities, and other terms and conditions of employment with or without cause and with or without notice or prior consultation or agreement with any employee.

## **104 Business Ethics and Conduct**

Effective Date: 01/01/2006

Revision Date:

The successful business operation and reputation of HMS Enterprises is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of HMS Enterprises is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to HMS Enterprises, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

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

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

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

## **107 Immigration Law Compliance**

Effective Date: 01/01/2006

Revision Date:

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

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

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Office Manager at the Corporate Office. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

## **201 Employment Categories**

Effective Date: 01/01/2006

Revision Date: 09/15/2015

REGULAR FULL-TIME employees are employees who are not in a temporary or introductory status AND who are regularly scheduled to work the full-time schedule at HMS Enterprises. Generally, regular full-time employees are eligible for all HMS Enterprises benefit programs, subject to the terms, conditions, and limitations of each benefit program. To qualify for the benefit programs employees must work at least 38 hours per week, an exception is for Group Health Insurance qualifications, which will be 30 hours

PART-TIME employees are employees who are not in a temporary or introductory status AND who are regularly scheduled to work less than 38 hours per week. While part-time employees receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for the other HMS Enterprises benefit programs.

INTRODUCTORY employees are employees whose performance is being evaluated to determine whether further employment in a specific position or with HMS Enterprises is appropriate. Employees who satisfactorily complete the 90 day introductory period will be eligible for benefits at that time.

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

## **204 Personnel Data Changes**

Effective Date: 01/01/2006

Revision Date: 01/01/2006

It is the responsibility of each employee to promptly notify HMS Enterprises of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify your Store Manager or the Office Manager at the Corporate Office.

## **205 Introductory Period**

Effective Date: 01/01/2006

Revision Date: 01/01/2006

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. HMS Enterprises uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or HMS Enterprises may end the employment relationship at will at any time during or after the

introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire. Any significant absence will automatically extend an introductory period by the length of the absence. If HMS Enterprises determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specified period.

Upon satisfactory completion of the introductory period, employees enter the "regular" employment classification.

During the introductory period, new employees are eligible for those benefits that are required by law, such as workers' compensation insurance and Social Security. After becoming regular employees, they may also be eligible for other HMS Enterprises -provided benefits, subject to the terms and conditions of each benefits program. Employees should read the information for each specific benefits program for the details on eligibility requirements.

### **301 Employee Benefits**

Effective Date: 01/01/2006

Revision Date:

Eligible employees at HMS Enterprises are provided a wide range of benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors. Your supervisor can identify the programs for which you are eligible. Details of many of these programs can be found elsewhere in the Employee Handbook.

The following benefit programs are available to eligible employees:

- \*Vacation Benefits
- \*Holidays
- \*Health Insurance
- \*Life Insurance
- \* 401(k) Retirement Plan
- \* Credit Union Payroll Savings - Call Corporate Office for details
- \* Employee Discounts - will be explained in full detail by the Store Manager
- \* Uniform and Uniform Maintenance - will be explained in full detail by the Store Manager

Some benefit programs require contributions from employees, but some are fully paid by HMS Enterprises. The benefit package for regular full-time employees represents an additional cost to HMS Enterprises of approximately 50 percent of the cost of the benefit.

### **303 Vacation Benefits**

Effective Date: 01/01/2006

Revision Date: 01/01/2006

#### VACATION POLICIES

1. **PART-TIME EMPLOYEES:** Part-time employees may receive one week vacation without pay after one full year of employment.

After two full years of employment part-time employee hours will be averaged on hours worked the second year of employment. If the employee is still working as many hours as the previous year they will receive the average amount of hours as paid vacation.

2. **FULL-TIME HOURLY EMPLOYEES:** Full-time employees will receive 40.0 hours of paid vacation after one full year of employment. After three full years of full time employment, employees will receive 80.0 hours of vacation per year. Thereafter, 80.0 hours of paid vacation will be paid per calendar year to all full-time hourly employees with three or more years of service.

**NOTE - EMPLOYEES RESIGNING FROM OUR COMPANY MUST GIVE THEIR SUPERVISOR TWO WEEKS NOTICE OF RESIGNATION TO RECEIVE ANY EARNED VACATION.**

All employees are encouraged to take vacations. If not taken, vacations do not carry forward to future years.

All employees should complete a vacation date request form two months in advance of request date. Dates must be agreed on mutually by employee and their supervisor. Exceptions to the two months will be considered.

### **305 Holidays**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

HMS Enterprises will grant to Regular Full-Time Employees holiday time on the holidays listed below:

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

To be eligible for Holiday pay, the employee must be a Regular Full-Time employee and must have completed 90 calendar days of employment. Holiday pay will be calculated based on the employee's straight-time pay rate at 8.0 hours per day.

To be eligible for holiday pay, employees must work the last scheduled day immediately preceding and the first scheduled day immediately following the holiday.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation), holiday pay will be provided.

NOTE: Should the holiday fall on the employee's regular day off no holiday pay will be paid. Should the holiday fall on Sunday and the employee normally works on Sunday the employee will be paid 4.0 hours of holiday pay. This policy is set in order for a regular full time employee not to lose wages because a holiday falls on their normal working day.

### **316 Health Insurance**

Effective Date: 01/01/2006

Revision Date: 09/15/2015

HMS provides health insurance which is administered by a third-party administrator. Regular full time employees working 30 or more hours per week and eligible dependents may enroll in HMS' health insurance plan. For those enrolled, insurance coverage will begin on the 1st of the month following 60 days of full time employment. However, a timely enrollment is required. Qualifying employees need to enroll within thirty (30) days of their initial employment or qualifying event. Open enrollment for our group insurance is January 1st of each year.

HMS pays a portion of the monthly premium costs, and the employee contribution of the premium will be obtained through a payroll deduction.

Visit or call Human Resources for specific details of HMS' health insurance plan, including eligibility criteria, enrollment forms, plan benefits and exclusions, premiums, and lists of participating physicians, hospitals, and other health care providers.

### **317 Life Insurance**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

Life insurance offers you and your family important financial protection. HMS Enterprises provides a basic life insurance plan for eligible employees.

HMS provides at no cost to Regular full-time employees \$10,000 in life insurance.

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between HMS Enterprises and the insurance carrier.

Contact the HR Manager for more information about life insurance benefits.

### **320 401(k) Savings Plan**

Effective Date: 01/01/2006

Revision Date: 09/15/2015

HMS Enterprises has established a 401(k) or Roth IRA savings plan to provide employees the potential for future financial security for retirement.

To be eligible to join the 401(k) savings plan, you must be 21 years of age or older. Eligible employees may participate in the 401(k) plan subject to all terms and conditions of the plan.

The 401(k) savings plan allows you to elect how much salary you want to contribute and direct the investment of your plan account, so you can tailor your own retirement package to meet your individual needs. HMS Enterprises also contributes an additional matching amount up to 4% to each employee's 401(k) contribution.

Because your contribution to a 401(k) plan is automatically deducted from your pay before federal and state tax withholdings are calculated, you save tax dollars now by having your current taxable amount reduced. While the amounts deducted generally will be taxed when they are finally distributed, favorable tax rules typically apply to 401(k) distributions.

Complete details of the 401(k) savings plan are described in the Summary Plan Description provided to eligible employees. Contact the Administrative Office for more information about the 401(k) plan.

ROTH IRA plans are taxed at the time of investment, but not at the time of withdraw. In other words tax is paid now, not deferred until withdrawal.

### **323 Bereavement**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

Absences due to the death of a member of the immediate family are eligible for bereavement leave. For a qualifying family member twenty four (24) hours leave is granted. The maximum allowable time off for bereavement in a calendar year is six (6) days. Immediate family is defined as mother, father, sister, brother, husband, wife, child, grandchild, grandparents, in-laws or any individual who has acted as a parent or guardian.

Employees who wish to attend the funeral of anyone outside of the immediate family should make a request to their supervisor as far in advance as possible.

### **325 Military Duty**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

The HMS Enterprises, Inc. is committed to protecting the job rights of employees absent on military

leave. In accordance with federal and state law, it is HMS' policy that no employee or prospective employee will be subjected to any form of discrimination on the basis of membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied employment, reemployment, promotion, or other benefit of employment on the basis of such membership. Furthermore, no person will be subjected to retaliation or adverse employment action because they have exercised his/her rights under this policy. Any employee who believes he/she has been subjected to discrimination in violation of this policy, should immediately contact Human Resources.

Eligible employees who must be absent from their job for a period of not more than ten working days each year in order to participate in temporary military duty are entitled to as many as ten days unpaid military leave. All benefits will continue during an employee's temporary military leave.

Employees directed to participate in extended military duties in the U.S. Armed Forces that exceed ten working days will be placed on an unpaid military leave of absence status for a period of as long as six years and will be entitled to the rights and benefits as described by federal and state law.

### **326 Leave Without Pay**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

Requests for leave of absence without pay should be made to and must be approved by the employee's supervisor. Leave of absence without pay may be granted for the following reasons:

1. An extended absence, requested by the employee, which is in the best interest of HMS or which HMS is able to accommodate. Written request for approval of leave of absence without pay is required if it is for any reason except those which follow.
2. Necessary absences due to the employee's or their immediate family member's serious health condition or because of disability or personal reasons when the absence extends beyond available earned vacation. On a case-by-case basis, unpaid leave will be considered as a form of reasonable accommodation for qualified individuals with disabilities.
3. Leave for the birth or placement of a child for adoption or foster care.
4. Military leave that involves active duty or active duty for specialized training (see Military Leave).
5. Employees may be put on leave of absence without pay for disciplinary reasons.

Employees must use all accumulated holiday and vacation time before being placed on leave without pay except for certain types of military leave or when the leave is for disciplinary purposes. Employees do not receive holiday pay while on leave without pay.

Employees who are on leave without pay will continue insurance benefits through the end of the month in which they last actively worked. At that time, they will be eligible for COBRA conversion.

Employees, who fail to report to work promptly at the end of an agreed-upon period of leave without pay, may be terminated.

### **381 Employee Discounts**

Effective Date: 01/01/2006

Revision Date: 09/15/2015

Employees are allowed to purchase products at an employee discount. Listed below are the rules that apply to

receive this discount.

1. Employee must have been employed 90 days before they are allowed to purchase products at the employee discount price.
2. Employee tickets must be written up by the store manager. (If the employee is the manager, they should have another employee write up the ticket).
3. If a pre-approved employee charge account has been set up, it will not qualify for the discount.
4. As with all transactions, the ticket must be written before any products leave the store.
5. Promotional items will not be available to the employees until the promotion is over.
6. Please see the store manager for the amount of the discount available.
7. Credit card payment will not qualify for the employee discount and will be charged at regular rate.

#### EMPLOYEE CHARGE ACCOUNTS

Should a employee want to charge a purchase the employee must be employed for 90 days and:

1. They will not be allowed the employee discount.
2. They must have signed a payroll release form before making the purchase. Contact the Corporate Office for this form.
3. If the employee has a charge ticket over 30 days, they will not be allowed to charge until they are current.
4. Any bonuses or spiffs will be applied to the employee account if the employee has a past due balance.

**HMS STORES CURRENTLY OFFER CREDIT THROUGH A THIRD PARTY CREDIT PROVIDER AND WOULD PREFER THIS TYPE OF CREDIT ARRANGEMENT IF AT ALL POSSIBLE.**

#### **401 Timekeeping**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

Accurately recording time worked is the responsibility of every nonexempt\* employee. Federal and state laws require HMS Enterprises to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

Nonexempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result

in disciplinary action, up to and including termination of employment.

\* Non-Exempt employees are employees whose work is covered by the Fair Labor Standards Act (FLSA). They are NOT exempt from the law's requirements concerning minimum wage, compensatory time and overtime.

Exempt employees are generally managers, professional, administrative, or technical employees who are exempt from the minimum wage and overtime provisions of the FLSA. Exempt employees hold jobs which meet the standards and criteria established under the FLSA by the US Department of Labor.

### **403 Paydays**

Effective Date: 01/01/2006

Revision Date: 9/15/2015

All hourly and weekly commission employees are paid weekly every Friday. Each paycheck will include earnings for all work performed through the end of the previous pay period. The checks will be disbursed mailed from the Corporate Office on Tuesday of each week. Employees should reasonably expect to receive their payroll check to no later than Friday of each week..

Salespersons commissions that are on a monthly basis will be disbursed and mailed the second Tuesday of each month.

Manager monthly commissions will be disbursed and mailed the third Tuesday of each month.

### **405 Employment Termination**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

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

- \* Resignation - voluntary employment termination initiated by an employee.
- \* Discharge - involuntary employment termination initiated by the organization.
- \* Retirement - voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement from the organization.

HMS Enterprises 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 HMS Enterprises , or return of HMS Enterprises -owned property. Suggestions, complaints, and questions can also be voiced.

Since employment with HMS Enterprises is based on mutual consent, both the employee and HMS Enterprises have the right to terminate employment at will, with or without cause, at any time.

We ask that any employee resigning from our company give a two week notice. Should the employee not give the two week notice, the employee will not be paid for any vacation accrued or any commission for pending but uncompleted sales. Should through no fault of the employee he or she must be terminated, the company will give the employee two weeks notification of termination.

Company policies for termination: If for any reason the employee cannot work or is going to be late for work he or she must notify their supervisor immediately. Repeated missing of work or being late for work will not be tolerated. Employees must be polite and courteous. No foul language or obscene remarks will be permitted. Alcohol or drug abuse will not be tolerated.

### **408 Pay Advances**

Effective Date: 01/01/2006

Revision Date: 01/01/2006

At HMS Enterprises we do not provide pay advances on unearned wages to our employees.

### **409 Administrative Pay Corrections**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

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

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of your Supervisor so that corrections can be made as quickly as possible.

If a salary overpayment occurs, the overpayment will be deducted from the next regular paycheck. If the repayment creates a hardship, other mutually agreeable arrangements may be made by HMS.

### **410 Pay Deductions**

Effective Date: 01/01/2006

Revision Date: 09/15/2008

The law requires that HMS Enterprises make certain deductions from every employee's compensation. Among

these are applicable federal, state, and local income taxes. HMS Enterprises also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." HMS Enterprises matches the amount of Social Security taxes paid by each employee.

HMS Enterprises offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs.

HMS is required by law to comply with certain court orders of garnishment. Income withholding order resulting from unpaid taxes, bankruptcy claims and child support/maintenance orders must also be honored.

If you have questions concerning why deductions were made from your paycheck or how they were calculated, your supervisor can assist in having your questions answered.

## **501 Safety**

Effective Date: 01/01/2006

Revision Date:

To assist in providing a safe and healthful work environment for employees, customers, and visitors, HMS Enterprises has established a workplace safety program. This program is a top priority for HMS Enterprises. The Store Manager has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor, or with another supervisor or manager, or bring them to the attention of the Corporate Office. Reports and concerns about workplace safety issues may be made anonymously if the employee wishes. All reports can be made without fear of reprisal.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the your supervisor or the Corporate Office. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.

## **502 Work Schedules**

Effective Date: 01/01/2006

Revision Date:

Work schedules for employees vary throughout our company. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and

ending times, as well as variations in the total hours that may be scheduled each day and week.

## **505 Smoking**

Effective Date: 01/01/2006

Revision Date:

In keeping with HMS Enterprises 's intent to provide a safe and healthful work environment, smoking is prohibited throughout the workplace.

This policy applies equally to all employees, customers, and visitors.

## **506 Meal Periods**

Effective Date: 01/01/2006

Revision Date:

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

## **508 Use of Equipment and Vehicles**

Effective Date: 01/01/2006

Revision Date:

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

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

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

## **510 Emergency Closings**

Effective Date: 01/01/2006

Revision Date:

At times, emergencies such as severe weather, can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility.

When operations are officially closed due to emergency conditions, the time off from scheduled work will be unpaid. However, with supervisory approval, employees may use available paid leave time, such as unused vacation benefits.

In cases where an emergency closing is not authorized, employees who fail to report for work will not be paid for the time off.

## **512 Business Travel Expenses**

Effective Date: 01/01/2006

Revision Date:

HMS Enterprises will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by or supervisor.

Employees whose travel plans have been approved should make all travel arrangements through HMS Enterprises' or your supervisor.

When approved, the actual costs of travel, meals, lodging, and other expenses directly related to accomplishing business travel objectives will be reimbursed by HMS Enterprises. Employees are expected to limit expenses to reasonable amounts.

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased, or rented by HMS Enterprises may not be used for personal use.

When travel is completed, employees should submit completed travel expense reports within 30 days. Reports should be accompanied by receipts for all individual expenses.

Employees should contact their supervisor for guidance and assistance on procedures related to travel arrangements, expense reports, reimbursement for specific expenses, or any other business travel issues.

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

## **516 Computer and Email Usage**

Effective Date: 01/01/2006

Revision Date:

Computers, computer files, the email system, and software furnished to employees are HMS Enterprises property

intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and email usage may be monitored.

HMS Enterprises strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, HMS Enterprises prohibits the use of computers and the email system in ways that are disruptive, offensive to others, or harmful to morale.

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

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

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

Employees should notify their immediate supervisor or the Corporate Office upon learning of violations of this policy. Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

## **517 Internet Usage**

Effective Date: 01/01/2006

Revision Date:

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

All Internet data that is composed, transmitted, or received via our computer communications systems is considered to be part of the official records of HMS Enterprises and, as such, is subject to disclosure to law enforcement or other third parties. Consequently, employees should always ensure that the business information contained in Internet email messages and other transmissions is accurate, appropriate, ethical, and lawful.

The equipment, services, and technology provided to access the Internet remain at all times the property of HMS Enterprises. As such, HMS Enterprises reserves the right to monitor Internet traffic, and retrieve and read any data composed, sent, or received through our online connections and stored in our computer systems.

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

The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the Internet is expressly prohibited. As a general rule, if an employee did not create material, does not own the rights to it, or has not gotten authorization for its use, it should not be put on the Internet. Employees are also responsible for ensuring that the person sending any material over the Internet has the appropriate distribution rights.

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

- \* Sending or posting discriminatory, harassing, or threatening messages or images
- \* Stealing, using, or disclose someone else's code or password without authorization
- \* Copying, pirating, or downloading software and electronic files without permission
- \* Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- \* Violating copyright law
- \* Failing to observe licensing agreements
- \* Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- \* Sending or posting messages or material that could damage the organization's image or reputation
- \* Participating in the viewing or exchange of pornography or obscene materials
- \* Sending or posting messages that defame or slander other individuals
- \* Using the Internet for political causes or activities, religious activities, or any sort of gambling
- \* Jeopardizing the security of the organization's electronic communications systems
- \* Sending or posting messages that disparage another organization's products or services
- \* Passing off personal views as representing those of the organization
- \* Sending anonymous email messages
- \* Engaging in any other illegal activities
  - \* Spam or Bulk emails

## **526 Cell Phone Usage**

Effective Date: 01/01/2006

Revision Date:

HMS Enterprises may provide cellular telephones to some employees as a business tool. They are provided to assist employees in communicating with management and other employees, their clients, associates, and others with whom they may conduct business. Cell phone use is primarily intended for business-related calls. However, occasional, brief personal use is permitted within a reasonable limit. Cell phone invoices may be regularly monitored.

Employees may have access to a cell phone while in their cars and should remember that their primary responsibility is driving safely and obeying the rules of the road.

As a representative of HMS Enterprises, cell phone users are reminded that the regular business etiquette employed when speaking from office phones or in meetings applies to conversations conducted over a cell phone.

The use of personal cell phones while on duty for personal calls is discouraged. Exceptions may be granted in

case of emergencies, but must be pre-approved by their supervisor. Abuse of personal cell phones while on duty will result in disciplinary action, up to and including termination of employment.

## **601 Medical Leave**

Effective Date: 01/01/2006

Revision Date:

HMS Enterprises provides medical leaves of absence without pay to eligible employees who are temporarily unable to work due to a serious health condition or disability. For purposes of this policy, serious health conditions or disabilities include inpatient care in a hospital, hospice, or residential medical care facility; continuing treatment by a health care provider; and temporary disabilities associated with pregnancy, childbirth, and related medical conditions.

Employees in the following employment classifications are eligible to request medical leave as described in this policy:

\* All employees

Eligible employees should make requests for medical leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events.

A health care provider's statement must be submitted verifying the need for medical leave and its beginning and expected ending dates. Any changes in this information should be promptly reported to HMS Enterprises. Employees returning from medical leave must submit a health care provider's verification of their fitness to return to work.

Eligible employees are normally granted leave for the period of the disability, up to a maximum of 6 weeks within any 6 month period. Any combination of medical leave and family leave may not exceed this maximum limit. If the initial period of approved absence proves insufficient, consideration will be given to a request for an extension. Employees will be required to first use any accrued paid leave time before taking unpaid medical leave.

Employees who sustain work-related injuries are eligible for a medical leave of absence for the period of disability in accordance with all applicable laws covering occupational disabilities.

Subject to the terms, conditions, and limitations of the applicable plans, health insurance benefits will be provided by HMS Enterprises until the end of the month in which the medical leave begins. At that time, employees will become responsible for the full costs of these benefits if they wish coverage to continue. When the employee returns from medical leave, benefits will again be provided by HMS Enterprises according to the applicable plans.

Benefit accruals, such as vacation or holiday benefits, will be suspended during the leave and will resume upon return to active employment.

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

If an employee fails to return to work on the agreed upon return date, HMS Enterprises will assume that the

employee has resigned.

## **701 Weapons**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

Employees may not possess, use, or store weapons on HMS property or in areas controlled by HMS, including vehicles.

Weapons covered by this policy include, but are not limited to: firearms, firearm ammunition, air pistols, air rifles, fireworks, incendiary devices, lock blade or fixed blade knives with a blade length of four inches or greater, blackjacks, metal knuckles, or any other such offensive weapons of any description. Employees may possess tear gas-type products in personal use quantities for self-defense. Violation of this policy may be punishable by disciplinary action, up to and including termination of employment.

## **702 Drug and Alcohol Usage**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

The HMS Enterprises, Inc. is committed to protecting the safety, health and well being of all employees and other individuals in our workplace. We recognize that alcohol abuse and drug use pose a significant threat to our goals. We have established a drug-free workplace program that balances our respect for individuals with the need to maintain an alcohol and drug-free environment.

The policy of the HMS Enterprises, Inc. prohibits employees to possess, distribute, dispense, manufacture or use, drugs, controlled substances (except such drugs or controlled substances prescribed by the employee's physician), or drug paraphernalia on or in HMS buildings, parking lots, vehicles, or other HMS property.

Any use, dispensing, or distribution of alcohol except as related to the employees job duties, during the employee's regularly scheduled work time (shift) while on or off HMS property is prohibited. HMS Manager may exempt certain employees from the consumption provision of this section for pre-approved attendance at social events, or other activities which further HMS' interest provided such activities do not conflict with the below paragraph. HMS employees who are subject to callback must adhere to department policies addressing drug and alcohol use during times when they may be called in to work.

Employees who are required by a licensed health care provider to take prescription medicine (either temporarily or on an ongoing basis) that may cause behaviors that affect their work performance or which would cause a direct threat to the health or safety of themselves or a co-worker, shall notify their immediate supervisor of the medication prescribed. Any documentation of this information will be maintained confidentially in the employee's medical file.

All property belonging to HMS is subject to inspection at any time without notice as there is not an expectation of privacy. Property includes, but is not limited to, vehicles, desks, containers, files, and storage lockers.

Employees must abide by the terms of this drug and alcohol policy. Employees must notify HMS immediately if charged of any misdemeanor or felony drug or alcohol statute violation. Notification must also be provided of any subsequent conviction(s) regarding drug or alcohol statute violations.

All employees are subject to testing for the use of drugs and alcohol post accident or whenever there is reasonable suspicion of drug or alcohol use. Employees must cooperate in any investigation relating to conduct prohibited by this Policy. Failure to cooperate may result in discipline up to and including termination..

## **703 Sexual Harassment**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

HMS should be a place of work free of all forms of sexual intimidation and exploitation. Therefore, it is the policy of the HMS Enterprises, Inc. to prohibit sexual harassment.

HMS' prohibition of sexual harassment applies to HMS employees, and to contractors and others who do business with HMS or who use HMS facilities. The policy prohibiting sexual harassment applies regardless of the gender of the harasser or of the person being harassed. The policy applies to sexual harassment which takes place in any relationship, including both those involving a power differential and those between peers, colleagues, and co-workers.

Sexual harassment of employees is a form of sex discrimination prohibited by Title VII of the Civil Rights Act of 1964. The law applies to both HMS and to individuals. Those who engage in sexual harassment may be subject to legal consequences, including civil and criminal penalties and monetary damages.

Sexual harassment subverts the mission of HMS and threatens the careers and well being of the organization. In both obvious and subtle ways, sexual harassment is destructive to individuals. Sexual harassment blurs the boundary between professional and personal relationships by introducing a conflicting personal element into what should be a professional situation. When, through fear of reprisal, an employee submits or is pressured to submit to unwanted sexual attention, HMS' ability to carry out its mission is seriously undermined.

Sexual harassment in such situations constitutes an abuse of the power inherent in a supervisor's position.

### **Definitions**

Sexual harassment as defined by the U.S. Equal Employment Opportunity Commission consists of unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct or written communication of a sexual nature, regardless of where such conduct might occur, when:

- (1) Submission to the conduct is made either implicitly or explicitly a term or condition of an individual's employment with HMS or advancement in a program or activity;
- (2) Submission to or rejection of the conduct by an individual is used as the basis for employment affecting that individual; and/or
- (3) The conduct has the purpose or effect of unreasonably interfering with an individual's work or creating an intimidating, hostile, or offensive working environment.

Sexual harassment is distinguished from voluntary sexual relationships in that it introduces such elements as coercion, threat, unwanted sexual attention, and/or promises of professional rewards in exchange for sexual favors. Sexual harassment is unwelcome behavior. Repeated or continued behavior, even after the individual makes it clear that it is unwanted constitutes sexual harassment. An important distinction is that sexual harassment must be unwelcome.

Sexual harassment can take many forms. Most sexual harassment falls into three categories: verbal, physical, and

written or visual.

Verbal sexual harassment may include, but is not limited to:

- sexual innuendoes, comments, and suggestive remarks about clothing, a person's body, or sexual activities;
- suggestive or insulting sounds;
- whistling in a suggestive manner;
- humor and jokes about sex;
- sexual propositions, invitations, or other pressure for sex; and implied or overt threats.

In most cases, a single offensive epithet would not constitute sexual harassment.

Physical sexual harassment may include, but is not limited to:

- patting, pinching, feeling, or any other intentional inappropriate touching;
- brushing against the body;
- making obscene or offensive gestures;
- attempted or actual kissing or fondling;
- coerced sexual intercourse; and assault.

Written or visual sexual harassment may occur when the following types of materials are directed to a specific individual or when people cannot reasonably avoid seeing them (the list is not inclusive):

- pictures or drawings of a sexual nature;
- sexually derogatory pin ups, posters, cartoons, magazines, or calendars;
- messages, words, comments, rhymes, or other writing of a sexually derogatory or suggestive nature.
- Electronic transmission; e-mail

NOTE: Some of the forms of harassment described above may constitute criminal behavior.

## CONSENSUAL RELATIONSHIPS

Consensual sexual relationships between supervisors and their employees in some instances may result in charges of sexual harassment.

Consensual relationships may lead other supervisors and coworkers to question the validity of evaluations, and other interactions between the people involved in such a relationship. The integrity of the work of both people in the relationship may be compromised.

Administrators, and other supervisory staff should be aware that any sexual involvement with their employees could subject them to formal action if a sexual harassment complaint is subsequently made and substantiated, and that they bear the greater burden of responsibility should it be proven that the power differential between them made the relationship other than fully consensual. Even when both parties have consented to a relationship, it is the administrator, or supervisor who may be held accountable for unprofessional behavior. Other employees may allege that the relationship creates a hostile or abusive environment affecting them.

When a consensual relationship exists between an employee and his or her supervisor, the resulting conflict of interest should be reported to HMS Human Resource Manager.

### Responsibility to Report

Any employee and administrator, or visitor who has experienced or witnessed sexual harassment is required to report it. HMS must know about incidents of sexual harassment in order to stop them, protect victims, and prevent future incidents.

It is the responsibility of administrators, and supervisors to report complaints of sexual harassment which they receive and of possible sexual harassment of which they become aware. When there is a relationship that involves legally recognized professional confidentiality between the complainant and the person to whom the harassment is reported, the report may be withheld at the request of the complainant.

### Timeframe for Reporting

Sexual harassment should be reported immediately and must be reported within 180 days of its occurrence. However, under compelling circumstances, a delayed report of sexual harassment may be made 180 days after an employee has left his or her current position at HMS.

### Retaliation Prohibited

HMS policy and federal law prohibit any form of retaliation against a person who makes a sexual harassment complaint, participates in an investigation of sexual harassment, or participates in formal grievance or disciplinary procedures. Retaliation against a complainant or witness is, in itself, a violation of HMS policy and the law, and is a serious separate offense.

### False Reports of Sexual Harassment

Willfully making a false report of sexual harassment is a violation of HMS policy and is a serious offense. Any person who willfully makes or participates in making a false or frivolous report of sexual harassment will be subject to disciplinary action.

### Reporting System

Employees may report allegations of sexual harassment to the Human Resources Manager. They may discuss with the HR Manager any situation which they believe may constitute sexual harassment. Reports may be made by the person experiencing the harassment or by a third party, such as a witness to the harassment or someone who is told of the harassment.

### Investigation of Complaints

The HR Manager must investigate every allegation of sexual harassment, including informal and third party reports. The investigation shall be appropriate to the complaint, taking into consideration its seriousness, the extent to which it is or can be substantiated, and the nature of the resolution desired by the complainant. The investigation must be initiated within five working days after the complaint is made.

Upon receiving a complaint, the complaint officer will interview the complainant (and the alleged victim if it is a third party report) to compile as much specific information as possible, including the nature of each incident, the time, place, actual or potential witnesses, any actions or other responses to the alleged harassment already taken by the complainant, identification of the alleged harasser, and other pertinent facts or allegations.

The HR Manager will explain HMS' obligation to investigate and take appropriate corrective action. The HR Manager will meet with the person accused of sexual harassment and present the allegations, indicating whether there are witnesses or other evidence that would appear to substantiate the charge.

### Resolution and Grievance Procedures

Individuals who make complaints of sexual harassment and individuals who are accused of sexual harassment are entitled to due process and to a fair and prompt resolution of the complaint. Resolution may be attempted through direct informal action, through an informal resolution process, or through a formal grievance process.

In some instances, it may not be possible to determine whether sexual harassment has occurred. Allegations of sexual harassment which are not eventually substantiated are not necessarily false allegations.

### Disclosure

Every possible effort will be made to ensure the confidentiality of information received as part of HMS' resolution and grievance procedures. All parties to the complaint will be asked to assist in keeping the complaint confidential. However, HMS' obligation to stop sexual harassment means that it cannot fail to take appropriate action and that confidentiality cannot always be guaranteed.

In the interests of fairness and problem resolution, disclosure of complaints and their substance and the results of investigations and grievance procedures, except as compelled by law, will be limited to the immediate parties and other appropriate administrative officials.

## Disciplinary Action

Disciplinary action up to and including dismissal will be taken against persons found to have engaged in sexual harassment or found to have willfully made a false or frivolous accusation of sexual harassment. The specific disciplinary action will be determined by the nature and seriousness of the offense. In all cases where disciplinary action is recommended, procedures in the Handbook are to be followed.

If a thorough investigation of a complaint substantiates that formal disciplinary action is warranted because either sexual harassment has occurred, or a false report of sexual harassment has been made, the HR Manager will report the findings to the supervisor, who is responsible for initiating disciplinary action. If a formal grievance procedure has been used, a recommendation for disciplinary action may be made by the HR Manager that has heard and made a decision about the grievance. Recommendations for disciplinary action may be appealed, using the appropriate HMS Enterprises, Inc. Disciplinary Appeal procedure.

Disciplinary action shall be implemented within thirty days of the notification of HMS Manager. The HR Manager will monitor the implementation of the disciplinary process and its timeliness.

## Record Keeping

Records will be kept in employee personnel files only if a complaint of sexual harassment is substantiated and disciplinary action is taken. All other records will be kept only for statistical purposes and to document that HMS has responded to complaints.

Records maintained by the HR Manager to document that HMS has responded to all complaints will include information concerning the receipt of the complaint, the notification of the alleged harasser and his or her response, the steps taken to investigate the complaint, and indicate whether the complaint was substantiated. All written statements obtained, as well as summaries of witness interviews, will be included in the documentation. If the complaint is substantiated, the records will document actions taken to stop the harassment and to remedy its effects. If the complaint is not substantiated, all records pertaining to the complaint will be maintained in confidential files, subject only to legally ordered disclosure. Whether the complaint is substantiated or not, the records will document that all parties have been reminded in writing of HMS' policy prohibiting sexual harassment.

## **704 Workplace Violence**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

HMS is committed to providing a safe workplace that is free from violence or threats of violence. Reports of threatening or violent incidents are taken seriously and dealt with appropriately. Individuals who engage in violent or threatening behavior may be removed from the premises, and may be subject to dismissal or other disciplinary action, arrest, and/or criminal prosecution.

### Prohibited Behavior

HMS does not tolerate behavior that:

1. Is violent
2. Threatens violence
3. Harasses or intimidates others
4. Interferes with an individual's legal rights of movement or expression
5. Disrupts the workplace or HMS' ability to provide service to the public

Violent or threatening behavior can include physical acts, oral or written statements, or gestures and expressions.

All employees of HMS must cooperate to maintain a safe work environment. Employees should report any

incidents of violent, threatening, harassing, or intimidating behavior in the workplace to their supervisor, regardless of whether those involved are HMS employees or citizens.

Supervisors and managers who receive reports of violent or threatening behavior must notify the Human Resources department. Human Resources will assist supervisors and managers in their response to allegations of violent or threatening conduct.

Employees, who are particularly uncomfortable with a current or potential situation, should call the Police and ask that they send officers. In cases of physical assault or direct threats of harm to people or property, call 911.

In case of incidents where buildings may be evacuated employees will be instructed about where to relocate and how to determine when the building may be reoccupied. If HMS decides not to reopen the building for an extended period of time, employees may be sent home. If a building is not evacuated but the employee feels uncomfortable with the work environment, they may use vacation or compensatory time to cover the time not worked. Employees will be kept informed whenever an incident is made known to HMS administration through voice mail messages and e-mail.

## **705 Personal Appearance**

Effective Date: 01/01/2006

Revision Date:

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image HMS Enterprises presents to customers and visitors.

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

Your supervisor or department head is responsible for establishing a reasonable dress code appropriate to the job you perform. If your supervisor feels your personal appearance is inappropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstance, you will not be compensated for the time away from work. Consult your supervisor if you have questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

## **706 Return of Property**

Effective Date: 01/01/2006

Revision Date:

Employees are responsible for all HMS Enterprises property, materials, or written information issued to them or in their possession or control.

Employees must return all HMS Enterprises property immediately upon request or upon termination of employment. Where permitted by applicable laws, HMS Enterprises may withhold from the employee's check or

final paycheck the cost of any items that are not returned when required. HMS Enterprises may also take all action deemed appropriate to recover or protect its property.

## **707 Use of Logo**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

Prior written consent is required from HMS Corporate Office for any use of HMS' logo other than for official HMS business. It is important to HMS that the use of the name "HMS Enterprises, Inc.", "Derailed Commodity", "Carpet Plus", "Country Carpet", "Carpet Barn", "Floor-Mart", or "Bargain Barn", be limited to activities which are in fact activities of HMS. The following broad clarifications are applicable to most uses of the name of HMS:

1. HMS recognizes that employee's contributions involve a variety of regular duties over and beyond the regular work day. As members of the larger community, they have the rights and obligations of any citizen. When they speak or write as citizens, they are free from HMS censorship or discipline, but their special position in the community may impose special obligations. They measure the urgency of their obligations to the community in the light of their responsibilities to HMS. They remember that the public may judge their profession and HMS by their actions and utterances. Therefore, they are at all times accurate, exercise appropriate restraint, and show respect for the opinions of others. When they speak or act as private persons, they make every effort to indicate that they are not representing HMS or speaking in an official capacity.
2. Sponsorship of Activities: When the name of HMS is used in connection with seminars, institutes, conferences, workshops, short courses, and other such activities, HMS must in fact be a sponsor.
3. Public Statements: HMS Manager or designee is responsible for official statements affecting HMS.

For guidelines on the use of HMS logo and seal, the printing of HMS stationery, and the identification of HMS publications, contact HMS Manager's office. Employees may not use HMS Enterprises, Inc. stationary to supply a letter of recommendation for a current or former employee without HMS Manager's approval.

## **708 Resignation**

Effective Date: 01/01/2006

Revision Date:

Resignation is a voluntary act initiated by the employee to terminate employment with HMS Enterprises. Although advance notice is not required, HMS Enterprises requests at least 2 weeks' written resignation notice from all employees.

Prior to an employee's departure, an exit interview will be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits.

If an employee does not provide advanced two week notice of resignation the employee will not be paid any accrued vacation or past commission.

If an employee does not provide advance notice as requested, the employee will be considered ineligible for re-hire.

## **800 Discipline**

Effective Date: 09/15/2008

Revision Date: 09/15/2008

The purpose of discipline is to ensure high standards of performance and efficiency, to maintain good working relationships among employees, and to provide our customers with the highest possible level of courteous and professional service.

Disciplinary action may take the form of verbal counseling, written warning, suspension for a designated period of time or dismissal. Generally speaking, discipline should be progressive, although there are circumstances that do not require the application of progressive discipline.

In the case of acts of violence or other flagrant misconduct, serious safety violations, or criminal offense, any employee may be suspended immediately, with or without pay, pending an investigation and review of the matter by his or her supervisor, the HR manager or the corporate office.

It is the duty of employees to make a conscientious effort to work and behave in accordance with the values, service standards, policies and guidelines of HMS. When an employee does not exercise adequate self-discipline or is not successful in meeting the requirements of their job, it may be necessary for his or her supervisor to consider disciplinary actions to correct the problem. An employee is subject to disciplinary action if:

- The employee violates HMS , State or Federal policies, procedures and guidelines;
- The employee's conduct reflects discredit to HMS or hinders the effectiveness or efficiency of HMS operations;
- The employee has performed an act of misconduct, or has failed to perform an act which results in misconduct.
- The employee acts in disregard for established safety policies and procedures.

The following types of disciplinary actions may be imposed:

**Verbal Counseling** - A verbal warning is an oral reprimand for an issue of concern given to an employee by his or her supervisor. Documentation of the warning will be recorded in the employee's file.

**Written Reprimand** - A reprimand is written warning intended to define the seriousness of deficiencies in an employees conduct and/or performance so that the employee may take immediate corrective action. A copy will be retained in the employee's file.

**Suspension** - A suspension is the removal of an employee from service, with or without pay, for a specific period of time.

**Demotion** - A demotion is the placement of an employee into a position of a lower pay range.

**Termination** - is the removal of an employee from HMS employment.

Procedure for Disciplinary Action - Whenever the misconduct of an employee occurs that in the judgment of the employee's supervisor or HMS justifies the application of disciplinary action, the supervisor or HMS shall:

1. Investigate and document the misconduct in writing.
2. Discuss the misconduct with Human Resources manager and determine appropriate disciplinary action to correct the issue.
3. Review the misconduct and recommended disciplinary action with HMS corporate office, if warranted.
4. Meet with the employee to review the problem and the proposed disciplinary action. The employee may submit comments in writing to be attached to the record of the disciplinary action.
5. Make a final determination of the disciplinary action to be applied
6. Notify the employee of the action in writing, documentation of the issue and outcome will be retained in the employee's personnel file.