

FMI

Farabee Mechanical Inc.

P.O. Box 1748 • Hickman, NE 68372 • Phone (402) 792-2612
www.farabeemechanical.com

Company Handbook

This page intentionally left blank

Incorporated since 1998, FMI offers a complete line of services to our clients in the power generation industry. FMI provides equipment removal, storage and transportation to shipping docks, rail sidings or job sites and all rigging necessary to place equipment where clients want it. Other services provided include engine foundations, alignment and grouting equipment, piping, instrumentation and all other phases of a complete engine installation. We have multiple engines and generating units currently for sale, as operating take outs, completely rebuilt with warranty, or as turnkey installations. We have removed and installed stationary generator sets and marine propulsion units throughout the country and worldwide.

We believe in:

- Continuous Improvement - Both for our own professional development and for the services we provide our clients, becoming an ever-better version of ourselves for our clients is important to the very core of the FMI Team. We want to improve and innovate constantly and consistently. This is a core value that is important to the organization and our success.
- Rolling Up Sleeves - No matter your level in the organization, you're willing to dive in head first to get work done and support the team. No one is above lending a hand and ensuring what needs to get done to achieve success is done.
- Transparency - We believe in being honest with our clients and with ourselves in order to become the best people, co-workers, and advisors to our clients that we can be.
- Creativity - Our clients rely on our ability to be creative, to think "outside of the box", and to deliver winning solutions. Being creative at FMI is a core value and should be fostered on a personal and professional level.
- Craftsmanship - Our work is our art and we want to apply attention to detail, pride, and the highest quality behind every project we work on.
- Experiences - Learning by experience is the way we grow. We shouldn't be afraid of honest hard work, learning, and moving forward. We should push ourselves to try new things both personally and professionally.

FMI Company's policies may change at any time, and employees are expected to comply with the most current versions. To the extent this Handbook conflicts with any applicable company policy, the policy will govern. If you have questions concerning this Handbook or a policy, consult your supervisor for clarification.

CONTRACT DISCLAIMER

Neither this employment manual, nor any other documents, are meant to create or imply a contract of employment for any specific length of time. Your employment is at-will, meaning that you may leave if you choose, and Farabee Mechanical, Inc. may discharge you, with or without cause.

Conflicts of Interest

The Company understands that its employees may have or be involved in outside financial, business, professional, academic, public service, or other activities. However, outside activities or commitments, familial or other relationships, private financial or other interests, and benefits or gifts received from third parties may create an actual or perceived conflict of interest between the employee and FMI. A conflict of interest is a situation, arrangement, or circumstance where the employee's outside or private interests or relationships interfere or appear to interfere with those of the Company or cast doubt on the fairness or integrity of the FMI's business dealings. Every staff employee is responsible for disclosing to his or her supervisor, any financial or personal interests, activities, or personal or familial relationships that create an actual or perceived conflict of interest.

Purpose:

The purpose of this policy is to establish guidelines for conflicts of interest or commitments that might arise in the course of an employees' duties and external activities. This policy does not seek to unreasonably limit external activities, but instead seeks to emphasize the need to disclose conflicts and potential conflicts of interest and commitment, to manage such conflicts and to ensure that the Company's interests are not compromised.

As a basic condition of employment, all Company staff employees have a duty to act in the Company's best interest in connection with matters arising from or related to their employment and other Company activities. In essence, this duty means that staff employees must not engage in external activities that interfere with their obligations to the Company, damage the Company's reputation, compete with the Company's interests, or compromise the independence of the Company's research and business activities, or can reasonably be seen as doing so. Staff employees likewise must not profit or otherwise gain advantage from any external activity at the Company's expense or engage in external activities under circumstances that appear to be at the Company's expense.

Policy:

Staff employees must disclose and avoid actual and perceived conflicts of interest or commitment between their Company responsibilities and their external activities.

Depending on the circumstances, employee participation in activities in which a conflict or perceived conflict of interest exists may be prohibited or may be permitted but affirmatively managed.

Anti-Discrimination Policies

FMI provides equal employment opportunities to all employees and applicants, and is committed to making decisions using reasonable standards based on each individual's qualifications as they relate to a particular employment action (e.g., hiring, training, promotions). No person shall be discriminated against in employment or harassed because of race, color, religion, sex, sexual orientation, gender identity, national or ethnic origin, age, status as an individual with a physical or mental disability unrelated to ability, protected veteran status, military status, unfavorable discharge from military service, citizenship status, genetic information, marital status, parental status, ancestry, source of income, credit history, housing status, order of protection status, actual or perceived association with such a person or other classes protected by law. This policy includes the commitment to maintaining a work environment free from unlawful harassment.

Under this policy, no employee or applicant shall be subject to retaliation (including harassment, intimidation, threats, coercion or discrimination) because he/she has engaged, in good faith, in the following activities: (i) filing a complaint under this Policy with the Company, or with federal, state or local equal employment opportunity agencies; (ii) assisting or participating in an investigation or other activity related to the administration of any federal, state or local equal employment opportunity or affirmative action law; (iii) opposing any act or practice prohibited by this Policy or federal, state or local equal employment opportunity or affirmative action law; or (iv) exercising any other right protected by federal, state or local equal employment opportunity or affirmative action law. Staff employees and applicants for staff jobs should immediately bring any complaint or retaliation under this Policy to the business owner.

FMI complies with all federal and state laws concerning the employment of persons with disabilities and acts in accordance with such regulations and guidance including the Americans with Disabilities Act (ADA), as amended. Employees with any questions or requests related to the these laws and guidelines, including the ADA as amended, should contact their management team.

SUMMARY OF HARASSMENT POLICY

- Farabee Mechanical, Inc. does not tolerate harassment of employees and others based on, or related to, sex, race, national origin, age, disability, sexual orientation, or other group factors. Managers, supervisors, and employees who violate this policy are subject to severe discipline, including termination of employment.
- All employees must report incidents of harassment against themselves or observed acts of harassment against other employees to their immediate supervisor, the Human Resources Department, or by calling Chris Farabee.
- Farabee Mechanical, Inc. will promptly investigate all reports of harassment and take appropriate action.
- Retaliation against employees who report harassment is strictly forbidden. Any manager, supervisor, or other employee who is found to have taken any adverse action against an employee because of the employee's good-faith report or complaint of harassment is subject to severe penalties, including immediate discharge from employment. This may apply even if it is determined that the harassment report or complaint is not valid.

SEXUAL HARASSMENT TERMS

Sexual Harassment: Means unwelcome sexual advances, requests for sexual favors, or **verbal or physical conduct of a sexual nature** when any of the following occurs:

- Submission to such conduct is made a term or condition of an individual's continued employment, promotion, or other condition of employment. This may occur by clearly stated acts or words, or implied acts or words.
- Submission to or rejection of such conduct is used as a basis for employment decisions affecting an employee or job applicant.
- Such conduct is intended to interfere or results in interference with an employee's work performance, or **creates an intimidating, hostile, or offensive work environment.**

Compensation

Required deductions for federal and state taxes

As an employee of FMI, there are certain required deductions from the federal government that are mandatory and must come out of our employees' paychecks.

They are:

- Social security
- Medicare
- Federal withholding taxes
- State withholding taxes
- Garnishments/child support as ordered by the law

Health Insurance

Group health insurance is available to all employees beginning on the 1st of the month following 60 days of employment. Coverage is available to the employee, their spouse and dependent children. The cost is shared 50/50 between the employee and the company.

401(k) Retirement Plan

Employees are eligible to enroll the January 1 or July 1st following their one year anniversary of employment. FMI currently matches up to 7% of employee contributions but reserves the right to change that % as necessary. Additional information about the 401(k) plan is available from the Office Manager.

Expenses/Per Diem

Hourly employees are paid on the following schedule for each night they spend "away" at a jobsite. FMI will determine whether expenses will be paid for a project based on the project's proximity to company headquarters and alert affected employees at the beginning of said project. Expenses start at base rate per day and increase \$5 every six months until a maximum is reached. FMI reserves the right to modify this schedule as necessary for economic conditions and/or individual projects. Contact the Office Manager for current rates.

Other expense/per diem arrangements may be stipulated in an employee's employment agreement and take precedence over the policy outlined above.

Mileage

FMI will pay mileage for eligible employees driving their personal vehicles for company purposes. Employees must receive management approval to request mileage reimbursement prior to using their personal vehicle.

Miles are calculated by using Google Maps using the quickest or shortest (as opposed to scenic) route. This will prevent any confusion in what will be paid out in the form of mileage. This also allows employees to know beforehand exactly what will be paid in mileage so they can plan accordingly if necessary. Please contact the Officer Manager for the current per mile rate.

Mileage expense checks will be issued on the first working day of the month and are separate from other expense (per diem) or payroll checks.

Timecards

Timecards are to be completed DAILY. They should indicate start time; end time; and project or location. One hour will automatically be deducted for lunch. During high work load times, lunch period may be reduced to 30 minutes. Such times must be approved and initialed by your supervisor or the standard hour will be deducted. Lunch time begins and ends at an employee's assigned area. For example, if working in a remote area where the nearest civilization is 15 minutes away, that travel time is included in, not added to, the lunch period.

At the discretion of management, 15 minute breaks will be given at 10 a.m. and 3 p.m. Such breaks, if permitted, do not need to be noted on the timecard. Employees are not paid for break time not used.

Failure to maintain an accurate timecard will result in disciplinary action which may include termination. Failure to submit your timecard as required may result in payment of standard pay period hours (77) in place of hours actually worked.

Please see the Office Manager for instructions on using FMI's timecard system.

WORKERS' COMPENSATION

Whenever an employee in Nebraska is injured in the course and scope of employment, a First Report of Alleged Occupational Injury or Illness must be filed. Farabee Mechanical, Inc. files a report whenever an employee has lost a workday because of such injury, or had to seek medical attention because of such injury. Therefore, you must report all workplace injuries to your supervisor.

General Employment Information

Probationary periods

The probationary period is a time for you to learn about your job and become familiar with FMI. During this time, your supervisor will explain Company policies and procedure, your job duties, and your performance expectations. Your performance will be closely evaluated by your supervisor to ensure that you understand and are able to meet the performance expectations. The probationary period is considered to be the employee's first 90 days. Probationary periods may be extended or reenacted on a case by case basis.

Resignation procedures

If you decide to terminate your employment, it is recommended that you give at least a two-week notice to your supervisor in order to maintain a mutually respectful relationship. All resignations must be submitted in writing.

Vacation Policies

All leave resets on your anniversary date each year and cannot be accrued. Hourly employees have the option of being paid for unused time at the end of the year. Contact the Office Manager for additional information on the payout policy/procedure.

Vacation Leave

FMI defines "vacation leave" as leave needed for personal trips such as vacation, birthdays, weddings, etc. The appropriate form should be completed and turned into the Office Manager as early as possible for approval. While most requests will be approved, it should be noted that approval will depend on work load and current staffing levels. A request for vacation leave does not guarantee approval.

FMI provides the following amount of vacation time for employees unless otherwise specified in their employment agreement:

10 days paid vacation are awarded following an employee's hiring anniversary annually. This equates to 80 hours of the employee's regular pay rate. **Entire eight hour days must be used at once unless other arrangements are approved by management.** For example, an employee cannot use two hours one day, three hours another day, etc.

All 10 days are awarded in a lump sum following the anniversary date of employment; days do not accumulate during the year. For example, if an employee quits or is terminated following 6 months of employment they have not accumulated 5 days of vacation, etc.

Sick Leave

Per Nebraska law, paid sick time will accrue at a rate of 1 hour for every 30 hours worked provided the employee works at least 80 hours per year. Employees can accrue a maximum of 40 hours of paid sick time which does not expire. Sick time cannot be "paid out" at the end of the year or upon discontinuation of employment.

Sick time should be used in 4 hour increments for doctor's appointments, etc. Sick time may be used for the following reasons:

- The employee's illness, injury, or health condition; or for treatment, diagnosis, or preventative medical care.
- Care of the employee's family member(s) for illness, injury, or health condition; or for treatment, diagnosis, or preventative medical care.
- Meetings at school or a care provider's location related to the employee's child's illness, injury, or health condition.
- Closure of the Employee's business or to care for a child due to closure of school or place of care by order of public official due to public health emergency.
- The employee's need to self-isolate or care for a family member that needs to isolate due to a communicable disease as determined by a health authority or a health care professional.

A family member is defined as the following:

- A biological, adopted, or foster child, a stepchild, a legal ward, or a child to whom the employee stands in loco parentis;

- A biological, foster, step, or adoptive parent or a legal guardian of an employee or an employee's spouse;
- A person who stood in loco parentis to the employee or the employee's spouse when the employee or employee's spouse was a minor child;
- A person to whom the employee is legally married under the laws of any state; and
- A grandparent, grandchild, or sibling, whether of a biological, foster, adoptive, or step relationship, of the employee or the employee's spouse.

After 2 consecutive days of sick leave, FMI reserves the right to request proof of illness.

Sick leave should be requested as soon as possible via the appropriate form and/or by calling the office.

As a company that is under 50 employees, please note that we are not required to comply with the Family Medical Leave Act (FMLA). However, we view everyone at FMI as a family and should a situation come up where up to 12 weeks of unpaid leave might be required for a personal or family medical issue, we will review providing unpaid leave or flexible working arrangements on a case-by-case basis for employees in good standing.

Bereavement Leave

FMI offers up to 2 days or 48 hours for bereavement leave for employees.

FMI reserves the right to require proof of need for bereavement leave.

Paid Holidays

FMI provides the following paid holidays after the probationary period:

- New Year's Day
- Easter Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Additional days may be provided at FMI's discretion and will be announced accordingly.

Drug Use/Testing

All employees are required to submit to and pass a pre-employment drug screening prior to employment.

FMI reserves the right to request an employee submit to additional drug tests during the employment period. This includes testing on a random basis and targeted testing following an injury or any other incident in which management suspects an employee may be impaired by alcohol or drugs. Refusal to submit to additional testing may result in termination of employment.

FMI strictly prohibits the use of any controlled substance or alcohol during the work day. Employees found in violation of this policy may face immediate suspension or termination. Employees should report to their supervisor the use of any legally prescribed medication which may affect their ability to perform their job duties for possible temporary reassignment, such as medication which may dull reaction times or make an employee uncontrollably drowsy.

Workwear and Personal Safety

Due to the inherent potentially dangerous working conditions of FMI's industry, certain apparel and safety guidelines should be followed at all times. Unless otherwise stipulated in your employee agreement, all employees must:

- wear steel toed boots or shoes
- wear denim or pants of other suitable material
 - shorts, sweat pants, etc. are strictly prohibited
- wear appropriate Personal Protective Equipment (PPE) for the task being completed. This includes gloves, safety glasses, face shields, harnesses, etc.

For safety reasons, the use of audio headphones and/or radios or other music devices in shop areas is strictly prohibited.

Vehicles and Equipment

FMI provides vehicles and equipment for employee use as necessary for employees to complete required projects. Employees are expected to exercise sufficient care when operating company equipment and vehicles as to protect them from damage. Employees may be required to reimburse FMI for any equipment or vehicle damage that occurs. FMI reserves the right to prohibit specific employees from operating specific vehicles or equipment as necessary. Employees are NOT permitted to smoke in company vehicles or equipment. Employees found to be smoking in company vehicles or equipment may be required to reimburse FMI for any cleaning fees incurred. Alcohol is not permitted in the passenger compartment of ANY company vehicle or equipment.

Computers and Technology

The Company's information technology systems and the information served by those systems are valuable and vital assets to the Company. The Information Systems Security Policy includes all computer systems (hardware and software), communication systems (networks, telecommunications, video, and audio broadcast systems), and information (processes, documents, data, text images, etc.) in any form on any media.

The Company's information technology systems and data that reside on them are Company property and may only be used in compliance with applicable law and Company policy. As a user of information resources, you are responsible for knowing about appropriate and ethical use of information in all environments you access, protecting the information you are using from corruption or unauthorized disclosure, working in such a

manner as to consider the access rights of others, and following applicable guidelines concerning the use and nondisclosure of passwords and other means of access control.

The Company has the right to monitor all of its information technology system and to access, monitor, and intercept any communications, information, and data created, received, stored, viewed, accessed or transmitted via those systems. Staff employees should have no expectation of privacy in any communications and/or data created, stored, received, or transmitted on, to, or from the Company's information technology systems.

In the event that it becomes necessary for an employee to utilize a password for any FMI issued device, software, service or account, the employee will immediately notify the Office Manager of any changes to such password(s). Failure to do so may result in disciplinary action.

Company Assets

As necessary for performance of job duties, company assets (cell phones, laptops, cameras, electronic storage devices, tools or other items) may be assigned to an employee. Such assets are assigned under the following conditions:

- The asset is for official use only.
- The asset belongs to the company and the employee is the custodian of that asset
- The asset can be requisitioned from the employee at any time and without the need of assigning any reason for such action.
- The asset should be maintained in in good working condition and used properly. Failure to do so may result in repair/replacement charges being assessed to the employee.
- The asset should be returned to FMI upon separation from the company.
- Under NO circumstances can the asset be withheld by the employee pending any settlement of final wages or other payments due the employee.

Cell Phones – Personal and Company Issued

FMI provides cell phones to selected employees as appropriate to their duties and responsibilities to increase productivity, and to facilitate communications with our clients. Employees are expected to restrict their use of company cell phones to matters involving company business, except in true emergencies.

While there may be times when employees must make, or receive personal calls during business hours, they should be kept to a minimum and must not interfere with the

employee's work performance. Personal calls should not be charged to the company without prior approval.

Employees are urged in the strongest possible terms not to use a cell phone while driving under any circumstances, whether it is a company owned or personal cell phone and the employee is operating a company vehicle or driving their own vehicle in the course of performing their job.

If an employee needs to make a call while driving, they should find a proper parking space first. Keeping in mind that the shoulder is generally not a safe place to park. Stopping on the side of the road to make a call is not recommended. Employees with hands-free cell phones may make brief phone calls while driving but should find a safe place to park when road conditions are poor, traffic is heavy, or the conversation is complicated. It is suggested that employees keep cell phones turned off while driving, to avoid the distraction of an incoming call. The cell phone voicemail will pick up any incoming calls, and messages can be retrieved when safely stopped.

Using a cell phone while driving greatly increases the odds of an accident occurring which could result in serious injury or even a fatality. FMI takes seriously its responsibility to ensure the safety of all employees as well as the public. Employees involved in auto accidents attributed to their use of a cell phone while driving will be subject to disciplinary action.

Security Cameras

Farabee Mechanical, Inc., engages in the use of video (not including audio) security cameras in the workplace, both inside and outside of its buildings. This is for the purpose of ensuring the safety and security of staff, customers and the Company's facilities, equipment and other property. Camera footage may be accessed and used as evidence where an act (e.g. assault of a person, damage to facilities, theft) has occurred that warrants investigation by the Company. Such records may also be required by law to be provided to other parties such as a court or to the police.

There should be no general or specific expectation of privacy in the workplace, or on workplace grounds, except in private areas such as restrooms, showers, dressing areas or other similar areas.

Prox Fobs

Certain employees shall be issued one (1) Prox Fob for the purpose of gaining access to Farabee Mechanical facilities. This Prox Fob is unique to said employee. Each time the Prox Fob is used to access a facility lock, the ID # of the Prox Fob and a time stamp is logged in the lock. Lock access data will be periodically downloaded and reviewed for security purposes.

Each employee shall be responsible for the safe keeping of their assigned Prox Fob. The Prox Fob should be kept on person at all times during the work day for facility access. Prox Fobs should NOT be shared, loaned to others, left unattended or otherwise misused. Prox Fobs should be protected from temperatures exceeding 155° F and therefore, not be left in vehicles. Prox Fobs are unaffected by metallic keys, coins, cell phones or magnetic fields. Prox Fobs are virtually water proof.

The assigned Prox Fob must be returned when employment with Farabee Mechanical ends. Failure to return the assigned Prox Fob will result in a replacement fee being assessed.

In the event that the Prox Fob is lost, stolen, not returned or otherwise damaged it must be reported to management immediately. The following replacement fee schedule will apply: First = \$10; Second = \$15; Third = \$20; All Subsequent Replacements = \$30. In the event the Prox Fob fails to function and is deemed defective, it will be replaced at no charge.

The Prox Fob will remain the property of Farabee Mechanical even if replacement fees have been assessed.

Progressive Disciplinary Policy

Corrective action is a process designed to identify and correct problems that affect an employee's work performance and/or the overall performance. The Progressive Corrective Action Process refers to the following actions:

- Counseling or verbal warning;
- Written reprimand and warning;
- Suspension;
- Suspension pending investigation and final determination;
- Specific warning of discharge; and
- Discharge.

Depending on the situation, any step may be repeated, omitted, or taken out of sequence. FMI reserves the right to effect immediate termination should the situation be warranted. Each case is considered on an individual basis.

Typically, a preliminary meeting is held with the employee to allow the employee an opportunity to understand the nature of the concern and to explain his/her position on the matter. If necessary, the corrective action documentation would then be put together which would summarize the issue, considering any additional information the employee may have provided during the preliminary meeting. When issuing corrective action, there should be clear and direct communication between the employee and his/her immediate supervisor. This communication should include a meeting between the employee and the supervisor.

In the case of serious misconduct, an employee may be suspended and/or discharged on the first offense. Serious workplace misconduct includes, but is not limited to:

- Theft;
- Fighting;
- Behavior/language of a threatening, abusive or inappropriate nature;
- Misuse, damage to or loss of Company property;
- Falsification, alteration or improper handling of Company-related records;
- Unsatisfactory customer service;
- Disclosure or misuse of confidential information;
- Unauthorized possession or concealment of weapons;
- Insubordination (e.g., refusal to carry out a direct assignment);
- Misuse of the Company's electronic information systems;
- Possession, use, sale, manufacture, purchase or working under the influence of non-prescribed or illegal drugs, alcohol, or other intoxicants.

Signature Page (employee copy)

The Employee Handbook contains important information about the Company, and I understand that I should consult my supervisor, regarding any questions not answered in the handbook. I have entered into my employment relationship with the Company voluntarily, and understand that there is no specified length of term for employment. Accordingly, either the Company or I can terminate the relationship at will, at any time, with or without cause, and with or without advance notice.

Since the information, policies, and benefits described herein are subject to change at any time, I acknowledge that revisions to the handbook may occur, except to the Company's policy of employment-at-will. All such changes will generally be communicated through official notices. I understand that revised information may supersede, modify, or eliminate existing policies. Only the President of the Company has the ability to adopt any revisions to the policies in this handbook.

Furthermore, I understand that this handbook is neither a contract of employment nor a legally-binding agreement. I have had an opportunity to read the handbook, and I understand that I may ask my supervisor any questions I might have concerning the handbook. I accept the terms of the handbook. I also understand that it is my responsibility to comply with the policies contained in this handbook, and any revisions made to it. I further agree that if I remain with the Company following any modifications to the handbook, I hereby accept and agree to such changes.

I have received a copy of the Company's Employee Handbook on the date listed below. I understand that I am expected to read the entire handbook. Additionally, I will sign the two copies of this Acknowledgment of Receipt, retain one copy for myself, and return one copy to the Company's representative listed below on the date specified. I understand that this form will be retained in my personnel file.

Signature of Employee

Date

Printed Name of Employee

Printed Name and Signature of Company Representative

Signature Page (FMI copy)

The Employee Handbook contains important information about the Company, and I understand that I should consult my supervisor, regarding any questions not answered in the handbook. I have entered into my employment relationship with the Company voluntarily, and understand that there is no specified length of term for employment. Accordingly, either the Company or I can terminate the relationship at will, at any time, with or without cause, and with or without advance notice.

Since the information, policies, and benefits described herein are subject to change at any time, I acknowledge that revisions to the handbook may occur, except to the Company's policy of employment-at-will. All such changes will generally be communicated through official notices. I understand that revised information may supersede, modify, or eliminate existing policies. Only the President of the Company has the ability to adopt any revisions to the policies in this handbook.

Furthermore, I understand that this handbook is neither a contract of employment nor a legally-binding agreement. I have had an opportunity to read the handbook, and I understand that I may ask my supervisor any questions I might have concerning the handbook. I accept the terms of the handbook. I also understand that it is my responsibility to comply with the policies contained in this handbook, and any revisions made to it. I further agree that if I remain with the Company following any modifications to the handbook, I hereby accept and agree to such changes.

I have received a copy of the Company's Employee Handbook on the date listed below. I understand that I am expected to read the entire handbook. Additionally, I will sign the two copies of this Acknowledgment of Receipt, retain one copy for myself, and return one copy to the Company's representative listed below on the date specified. I understand that this form will be retained in my personnel file.

Signature of Employee

Date

Printed Name of Employee

Printed Name and Signature of Company Representative