

FARMERS COOPERATIVE COMPANY

Ames, Iowa



TOGETHER WE CAN

Employee Handbook

January 2013

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WELCOME!

Welcome to the Farmers Cooperative Company team. Employees are a vital part of our organization, and I hope we have a productive and mutually beneficial working relationship.

Farmers Cooperative strives to provide employees with a work experience that will be pleasant and rewarding.

I am extremely proud of the excellent reputation that our company has earned in our communities. Our accomplishments are in direct proportion to the professionalism, enthusiasm and cooperative attitude that our team has generated and demonstrated. Although we have accomplished a great deal and received wide recognition, our continued success will be determined by our actions today.

In all of our activities, we are a service organization, working cooperatively together to meet the needs of our customers.

Once again, welcome aboard and thank you for joining Farmers Cooperative Company.

Best personal regards,

James Chism
Chief Executive Officer

EMPLOYEE HANDBOOK OBJECTIVE

This employee handbook has been prepared to acquaint you with Farmers Cooperative Company (hereinafter referred to as “Company” or “FC”), your responsibilities as an employee, and the many benefits and privileges our employees may enjoy. It is presented as a matter of information only. This employee handbook is not intended to create any contractual rights in favor of you or the Company. While the Company believes wholeheartedly in the plans, policies and procedures described, it is committed to reviewing them periodically, and reserves the right to modify, revoke, suspend, change or terminate any or all of them at any time.

Should any discrepancy occur between published laws and regulations and this policy manual, the published laws and regulations will prevail.

All employees are expected to review these policies and will be asked to execute an Authorization and Understanding Statement.

This policy manual replaces all prior Employee Policy Manuals.

Please keep this handbook in a place that is easily accessible. Updates and changes will be provided periodically and should be placed in the handbook at the time of receipt. Questions regarding information in the handbook should be directed to your supervisor or the Human Resources Department.

TERMS OF EMPLOYMENT

EMPLOYMENT-AT-WILL

All employees of the company are employed “at will.” Employees have the right to terminate their employment at any time for any reason. The Company retains a similar right to terminate the employment relationship at any time for any reason, with or without cause or notice. No statements contained in this handbook or any other company manual, employment application, recruiting materials, memoranda, or other materials provided to applicants or employees in connection with their employment shall change an employee’s at-will status.

Completion of an introductory period or conferral of regular status does not change an employee’s status as an employee-at-will.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)

It is the Company’s policy to conduct business activities, make employment decisions, and take personnel actions in a manner that is free from discrimination and to provide equal opportunity and treatment for all employees regardless of race, creed, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, genetic information, military status or any other characteristic protected by law. Farmers Cooperative Company is committed to applying EEO to all decisions; terms, conditions and privileges of employment; policies; communications; and actions. FC will seek to ensure that all employment decisions are based only on valid job requirements. Regular review helps to ensure compliance with this policy.

The Chief Executive Officer designated the Human Resource Director to oversee affirmative action plan development, modification, implementation, and reporting requirements and conducts management updates. The Company invites any employee or any applicant for employment to review the Company’s written Affirmative Action Plans. These plans are available for inspection upon request during normal business hours at the Human Resources office.

FC seeks to ensure that employees and applicants shall not be subjected to harassment, intimidation, threats, coercion or discrimination because they have engaged in or may engage in any of the following activities; (1) filing a complaint, (2) assisting or participating in an investigation, (3) opposing any act or practice made unlawful by section 503 and/or VEVRAA, and (4) exercising any other right protected by section 503 and/or VEVRAA or its implementing regulations in this part. Any employee who believes they have been subject to harassment, intimidation, threats, coercion or discrimination should report the behavior as outlined in FC’s Harassment and Complaint Procedure.

HARASSMENT AND COMPLAINT PROCEDURE

Farmers Cooperative Company will not tolerate any type of discrimination or harassment in the workplace based on one’s race, creed, color, religion, sex, sexual orientation, gender identity, military status, age, national origin, genetic information, or disability.

The company also expressly prohibits any form of sexual harassment by its employees, customers or contractors. The Company strictly prohibits:

- a. Unwelcome sexual advances, requests for sexual favors or repeated requests for dates, and all other verbal or physical conduct of a sexual or otherwise offensive nature, especially where:
 - Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
 - Submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or
 - Such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.
- b. Verbal Harassment. This includes, but is not limited to, epithets, negative stereotyping, threatening, intimidating or hostility that is verbalized such as denigrating jokes, and derogatory comments or slurs. Some examples are name calling, belittling, sexually explicit jokes, comments about an employee's anatomy and/or dress, sexually oriented noises or remarks, verbal abuse, or graphic verbal comments about the body.
- c. Physical Harassment. This includes, but is not limited to, assault, impeding or blocking movement, or any physical interference with normal work or movement, directed at an individual. Other examples are touching, pinching, patting, grabbing, brushing against or poking another employee's body, hazing or initiation that involves a sexual component or requiring or requesting an employee to wear sexually suggestive or revealing clothing.
- d. Visual Harassment. This includes, but is not limited to, derogatory posters, cartoons or drawings. Some examples may include displaying sexual pictures, writings or objects; obscene letters or invitations; staring at an employee's anatomy; leering; sexually oriented gestures, or unwanted love letters or notes, written or graphic material that denigrates or shows hostility or aversion towards an individual or group that is placed on walls or elsewhere on the employer's premises or circulated in the workplace.

COMPLAINT PROCEDURE

If you believe you have been subjected to any harassment in the workplace, you should promptly report the incident to your supervisor who will investigate the matter and take whatever action is deemed appropriate. If you would be uncomfortable discussing the matter with your supervisor, report the incident directly to the CEO or the Human Resource Department. Your complaint will be kept confidential to the maximum extent possible.

If the company determines that an employee has violated the harassment policy, appropriate disciplinary action will be taken against the offending employee, up to and including termination.

The Company also prohibits any form of retaliation against any employee for filing a complaint under this policy or for participating in a complaint investigation. If the Company determines that an employee has retaliated against any individual who has filed a discrimination complaint or any individual who has participated in an investigation, the offending employee will be subject to disciplinary action, up to and including termination.

ACCOMMODATION OF DISABILITIES

The Company is committed to making every reasonable effort to accommodate an employee's temporary or permanent disability. Provided that, with a reasonable accommodation, they can perform their essential job duties, disabled employees will be given every opportunity to continue working in their current position or in another available position. Note, however, that the Company will not displace other employees or create new positions to accommodate an employee's disability.

If you are or become disabled, whether on a temporary or permanent basis, you must notify your supervisor or a manager so that the company can engage you and your healthcare provider in an interactive process to determine which accommodations (if any) are reasonable and feasible. The Company will request that your treating medical provider verify any and all limitations you may have, and that with accommodation, you are medically cleared and able to perform your essential job duties. The Company will not inquire into any employee's medical diagnosis, and asks that you instruct your physician to only communicate information necessary to determine that you can perform essential job duties and what accommodations may be both reasonable and possible.

DISCIPLINARY ACTION

It is the policy of the Company that all employees are expected to comply with the terms and conditions of this employee handbook and that any noncompliance with these standards must be remedied.

Corrective discipline is given to provide employees with notice of deficiency. The circumstances will determine the severity of the discipline. Disciplinary actions may include a verbal reprimand or counseling session; a written reprimand or warning to be signed by the supervisor and employee and forwarded to the Human Resources Department for inclusion in the employee's personnel file; suspension without pay; or termination of employment. However, your employment is at-will at all times and the Company reserves the right to take any disciplinary action at any time including immediate termination of employment.

DRIVER'S LICENSE STANDARD

All employees who drive Farmers Cooperative Company owned vehicles or a personal vehicle on company business are required to possess and maintain a valid operator's license with all necessary endorsements required for driving such vehicle and meet all the requirements of the MVR guidelines.

All employees driving an FC vehicle or personal vehicle on company business will be expected to follow the Defensive Driving policy as outlined below.

Any employee who has his or her driving privilege either revoked or suspended shall not drive any Farmers Cooperative Company vehicle unless all requirements of the MVR guidelines are met.

All costs incurred in acquiring any of the required qualifications are at the employee's expense.

All employees that operate a commercial motor vehicle and who have their commercial driver's license must report to Farmers Cooperative Company anytime they are convicted of a violation of a

state or local traffic law (other than parking tickets) or issued a warning. This also includes violations or warnings committed in a personal vehicle. If the violation or warning occurred in a state other than the state that issued the employee's license, the employee must also notify the state.

In the event that a Farmers Cooperative employee who drives a Farmers Cooperative owned vehicle or a personal vehicle for company use has his or her drivers' license suspended, revoked, or canceled by a State or Jurisdiction for any period, or who is disqualified from operating a motor vehicle for any period, shall notify Farmers Cooperative Company of the loss of the driver's license. This notification must be made to the employee's supervisor before the end of the business day following the day the employee receives notice of the suspension, revocation, cancellation, lost privilege, or disqualification. Failure to report the loss of your license may result in disciplinary action, up to and including termination.

MVR GUIDELINES

It is a Farmers Cooperative Company's policy and requirement for employment that every employee position with driving duties requires a motor vehicle record (MVR) meeting the grading requirements stated below. This MVR policy applies both to drivers of company-owned vehicles as well as employees using personal vehicles in the course of company business.

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

The standards for MVR's are as follows:

1. All operators must have a valid driver's license for at least two years.
2. Drivers must be at least 18 years of age. A driver must be 21 years of age to haul hazardous materials.
3. New hire MVR's will be graded based on the MVR Grading Criteria table, as minimum requirements. New Drivers who have an unacceptable MVR can be brought to the staff or Risk Mgt committee for approval of restricted driving privileges. Only new drivers with acceptable MVR's will maintain the unrestricted driving privileges. All others will be reviewed by the Risk Mgt Committee or staff.
4. Driving records must remain "acceptable" or "clear," as graded on the table below, for continued employment in positions with unrestricted driving duties. Any existing Farmers Cooperative driver whose driving record moves to an "unacceptable" status will be considered on a probationary status. Any further moving violations or accidents occurring within the three-year evaluation period will be cause for removal as an approved driver or could result in termination. The unacceptable MVR's will be brought to the Risk Management Committee for further review of a restricted driving status.

Any exceptions to these guidelines must be referred to the Farmers Cooperative Risk Management Committee for written approval. The auto insurance carrier will be consulted on any/all MVR's not meeting the minimum criteria.

Motor Vehicle Record Grading Criteria

(Only last three years will be considered)

Number of Violations	Rating
0	Clear
1	Acceptable
2	Acceptable
3	Acceptable
4 or more	Unacceptable
Any major violation	Unacceptable

A. Major Violations

List is not all inclusive

- Driving under influence of alcohol/drugs
- Failure to stop/report an accident
- Reckless driving/speeding contest
- Driving while impaired
- Making a false accident report
- Homicide, manslaughter or assault arising out of the use of a vehicle
- Driving while license is suspended/revoked
- Careless driving
- Attempting to elude a police officer

For additional information, please see the FC Fleet Safety Program Manual.

FC Motor Vehicle Accident Review Policy

1. All FC motor vehicle accidents shall be reported immediately using the 'claims@fccoop.com' e-mail address. Every vehicle accident will be investigated by the drivers' supervisor and/or a designated representative of the Safety Department. An Incident Report shall be completed within 24 hours of the incident and forwarded to the Safety Department. The form is available at: S:\Administration\Safety\Accident Investigation Form\Incident Report.doc
2. The vehicle accident investigation results will be reviewed by a committee comprised of the Operations VP for the department involved and the Safety Department. If any of these individuals are unavailable, their supervisor shall substitute. This review committee will determine whether the accident was preventable or non-preventable. If ruled preventable, the review committee will then determine if discipline, up to and including termination, is warranted.
3. The department involved, at their discretion, may opt to re-assign the driver to a non-driver duty prior to the review.
4. In cases that are clearly non-preventable, the Safety Department will make that determination and alert other committee members of the ruling via email.
5. Law enforcement accident reports, drug/alcohol test reports, witness reports, and any previous accident history will be included in the review.
6. The objective is to create a higher level of vehicle safety among employees with a structured and committed review and discipline policy for all vehicle accidents. All employees should better understand that thoughtless and reckless driving will not be ignored.

Each employee's MVR will undergo an annual review and determined to fit into one of the Motor Vehicle Record Grading Criteria. Based upon this review a determination will be made concerning the employee's standing as an authorized company vehicle operator. A letter will be generated informing the employee, and his/her supervisor, if there is a change in his/her status. This change in status may have an adverse effect on the employee's qualifications or ability to continue to perform his/her duties, resulting in a change in duty assignment or termination.

DEFENSIVE DRIVING

As a driver of FC vehicles you are, in effect, an ambassador of our company. As the driver you are the principal contact with our customers and your efficiency, courtesy, cooperation and appearance can be a vital factor in maintaining satisfied customers.

As a driver you have many responsibilities. Many people depend on you -- your family, your employer, your customers and the general public -- and your skills in the safe operation of a vehicle over the roads.

Whenever you operate a Farmers Cooperative Company vehicle, safety must be your primary goal. Company vehicles are driven on highways, county roads, in all types of conditions, during all hours of the day and night. Our vehicles are a traveling form of advertisement throughout our communities, which builds goodwill and respect for the company.

FC employees should comply with all state and federal motor vehicle laws.

IN CASE OF AN ACCIDENT

What to do:

1. Keep Calm! Get first-aid for any injured persons involved in the accident.
2. Take all possible precautions to prevent traffic congestion at the scene.
3. Notify your supervisor or the Safety Department immediately.
4. Notify the police or sheriff.
5. Notify the Safety Department, who will notify the insurance carrier.

What NOT to do:

1. Do not admit responsibility or blame for the accident either at the scene or later. To do so may jeopardize any legal defense FC may have. Do not quarrel or argue with any person.
2. Do not discuss the accident with anyone except the police and designated FC personnel. Know with whom you are talking, request proper identification if necessary. Request that any interview with the police be held privately.
3. Do not give a signed statement or a court reporter's statement to any person other than representatives of FC or to the police.
4. Do not leave the scene of the accident until all details have been recorded, vehicles removed, unless instructed by the police or FC authorities.

Get the following information at the accident scene:

1. Record the name and address of the owner, driver and all occupants of other vehicles. Get the driver's license number(s) of driver(s) involved in the accident. If any one was injured, record where they were taken for treatment.
2. Take the name, address, and phone number of all eyewitnesses.
3. Diagram positions of the vehicles before and after the accident.
4. Check the damage to all vehicles and make notes for further reference.
5. Fill out and mail DOT accident report within 72 hours of accident. This form is usually provided by the investigating police officer. The Safety Department keeps a supply of these forms.

EMPLOYMENT CLASSIFICATIONS

Employment with the organization will be categorized as one of the following:

Regular Full-time

Full-Time employees are those, who work on a regular basis throughout the year and an average of 35 or more hours per week. Full-time employees are eligible for benefits.

Regular Part-time

Employees in part-time positions are those employees who regularly work less than 35 hours per week. Part-time employees will not be eligible for most benefits; however, if the part-time employee worked more than 1,000 hours in the previous year he/she will be eligible to participate in the company 401K plan(s).

Seasonal/Temporary

Temporary employees are those employees who are employed for a limited time or for a particular project that is expected to be of short duration. Seasonal employees are those employees who perform services on a seasonal basis where employment is normally performed at certain seasons or periods of the year and which, from its nature, is not continuous or carried throughout the year. Temporary and seasonal employees generally are not eligible for benefits.

REFERENCES

It is the policy of the Company to provide standard business reference information which includes dates of employment, position, and salary for former and current employees through the Human Resources Department.

All requests for references are to be referred to the Human Resources Department.

Any employee who provides a reference of any kind for a former or current employee is in violation of the company reference policy and subject to disciplinary action.

NO SMOKING POLICY

Pursuant to the Iowa Smokefree Air Act, smoking is prohibited in all Company buildings, including, but not limited to, all private offices, conference and meeting rooms, lounges, cafeterias, hallways, restrooms, elevators, stairways, and stairwells. Smoking is also prohibited in any vehicle leased or owned by the Company.

Employees may smoke in the following outdoor areas during their breaks and meal periods as designated by location managers that comply with all federal, state, and local laws.

Any employee who observes a customer smoking in an area where smoking is prohibited should ask that individual to stop smoking. The employee should discontinue service to the customer and ask the customer to leave Company premises. If the customer refuses to leave, the employee should inform his or her supervisor who will notify local law enforcement.

Any employee who observes another employee smoking in an area where smoking is prohibited should immediately notify his or her supervisor or the Human Resources Department. Any employee who violates this No Smoking Policy will be subject to discipline, up to and including termination. You may also report violations of the Iowa Smokefree Air Act to the Iowa Department of Health by calling 1-888-944-2247 or visiting www.IowaSmokefreeAir.gov.

Retaliation Prohibited

The Company encourages employees with questions and complaints regarding smoking at the workplace to utilize the procedure set forth in this policy, and expressly prohibits any retaliation against an employee who raises a complaint regarding any alleged violation of this Policy or the Iowa Smokefree Air Act or exercises his or her rights under the Act. Any employee who believes he or she has been retaliated against should promptly make a report to the Human Resources Department.

WORKPLACE VIOLENCE

Farmers Cooperative Company expressly prohibits any acts or threats of violence or use of obscene, abusive or threatening language or gestures against its employees, customers, or visitors on or off the Company's premises. Employees, former employees, customers, and visitors are prohibited from bringing unauthorized firearms or other weapons onto the Company's premises.

Employees should report to their supervisors or the Human Resources Department any violations or suspected violations of this policy. The Company will take prompt remedial action, up to and including termination, against any employee who violates this policy. The Company will also take action when dealing with customers, former employees, or visitors to the Company's facilities who violate this policy. Such action may include notifying the police or other law enforcement personnel and prosecuting violators of this policy to the maximum extent of the law.

No employee will be subject to any form of retaliation or discipline for making a report under this policy or participating in an investigation of a suspected violation of this policy. Any employee who believes he or she has been retaliated against should promptly make a report to the Human Resources Department.

GENERAL POLICIES

CONFIDENTIALITY

In the course of their work, employees may have access to confidential information. It is an important responsibility to protect the privacy and confidentiality of customers, members, other employees, and the work itself.

Confidential information should be used only in the performance of duties, discussed with no one outside the organization, and only discussed within the organization on a "need to know" basis. Employees are expected to keep this information confidential during and after employment with Farmers Cooperative Company.

Employees who violate state or federal confidentiality statutes in the course of their work may be personally liable for their actions.

Failure to comply will result in disciplinary action up to and including termination.

EMPLOYEE RELATIONS

Farmers Cooperative Company strives to provide a pleasant, harmonious working environment and to treat employees with honesty, dignity and respect.

If at any time an employee has a work-related problem or concern, they are encouraged to discuss it candidly with their supervisor. Even if it seems minor, airing the problem may resolve it before it becomes a major irritant. Usually, the supervisor is closest to the situation and therefore is in the best position to resolve it. Employees are encouraged to talk to their supervisor first. If, however, an employee does not feel they can discuss the concern with the supervisor, or, have discussed it, but it is still not resolved to their satisfaction, he or she is welcome to talk to the person to whom their supervisor reports.

The Human Resources Department will also listen to your job-related concerns if it is necessary to discuss them with someone outside of the department.

If resolution has not been reached in the previous steps, employees may discuss the situation with the CEO. The decision of the CEO will be considered the final step in the process.

LUNCH/BREAK PERIODS

An unpaid lunch period will be provided during each 8-hour work day. Employees may elect a 30-minute or 60-minute lunch according to a regular schedule, which is approved by the supervisor. Employees may not perform any work during their lunch break and may not give up lunch periods in order to receive extra compensation. Non-exempt employees must clock-out immediately prior to starting their lunch break and clock-in immediately after their lunch break.

Whenever practical, employees will be allowed to take a 15-minute rest break at approximately the middle of every four hours of work not broken by a meal period. Employees are expected to be punctual in starting and ending their breaks and will be subject to disciplinary action for tardiness.

Employees who choose to remain at work during rest breaks are not entitled to leave before the normal quitting time and will not receive extra pay for the time worked.

PERFORMANCE APPRAISAL AND SALARY REVIEW

The objective of our Company's salary administration policy is to compensate employees fairly while being internally equitable and externally competitive.

The Company believes that performance management and review should be an ongoing process between supervisor and employee. Supervisors are encouraged to meet periodically with employees to provide performance related feedback and establish mutually agreed upon objectives.

Appraisals should be in writing, discussed with the employee, signed by both supervisor and employee, and forwarded to the Human Resources Department.

Employees are encouraged to participate actively in the performance appraisal process by conducting self-evaluations, providing input during the review discussion, and assisting in setting goals and objectives.

PERSONAL APPEARANCE

It is the policy of the Company that each employee's dress, grooming and personal hygiene should be appropriate to the work situation.

Employees are expected at all times to present the appropriate image to customers, members, and the public. An employee's appearance is unacceptable, if it hinders or is detrimental to the public image, and performance of our organization as a whole, to the employee's job performance or to a fellow employee's performance. Acceptable dress, grooming and personal hygiene in some areas may not be considered acceptable in others. Supervisors are to advise employees of the appropriate appearance in their work area.

Employees who do not meet the standards of this policy will be required to take corrective action, which may include leaving the premises. Any work time missed because of failure to comply with this policy will not be compensated. Violations of this policy will result in disciplinary action up to and including termination.

PERSONAL CONDUCT

Cooperative employees are expected to conduct themselves in a manner that promotes mutual respect, safety and trust. Any behavior that compromises the mutual respect, trust and safety of others could result in discipline up to and including immediate termination. The Company reserves the right to determine, at its sole discretion, what behaviors call for disciplinary action, as well as the appropriate discipline to be implemented when necessary.

Courtesy and professionalism are of prime importance in creating a better relationship with customers. All employees have an obligation to represent the company in a positive manner and to make customers feel as comfortable as possible in dealing with the organization. Employees should always remember that our primary purpose is to serve our customers and they are entitled to the same thoughtful treatment that you would like to receive.

The Company does not attempt to control the private lives of its employees nor are there established hard and fast rules of personal conduct. It must be remembered, however, that a company's image is only as great as the image perceived by the general public. The success of our Company depends upon the confidence and respect employees generate while representing the Company at a business function or in a social gathering. Employees must be able to work with others, comply with company rules and regulations, adjust to change, and promote the best interests of the company. Conduct that interferes with operations, adversely affects the company, or is disruptive to members, customers, or fellow employees will not be tolerated and will result in disciplinary action up to and including termination.

PERSONNEL FILES

A personnel file is maintained for each employee in the Human Resources Department. Employees may view their individual personnel file in the presence of a staff member from the Human Resources Department. Any employee wishing to review their personnel file must submit a written request and schedule an appointment with the Human Resources Department. Employees may request a copy of their personnel file and may be charged a reasonable fee equal to the amount charged per page for copies at a commercial copying business.

Should there be any changes in personnel information pertinent to your employment (e.g., changes in address, marital status, etc.), please contact the Human Resources Department promptly to complete the appropriate form(s).

RELIGIOUS OBSERVANCE

The Company recognizes that some employees may wish to attend religious services during regular working hours or observe religious holidays that are not included in the company's holiday schedule. Accordingly, employees who would like to take time off for such reasons may be permitted to do so if the employee's absence from work will not result in an undue hardship to the conduct of the Company's business and if prior approval has been obtained from the employee's supervisor. Employees may use vacation time on such occasions or they may take such time off as leave without pay.

RETIREMENT

Employees who are retiring are requested to provide their supervisor with a written notification at least thirty days prior to the effective date of the retirement.

The Human Resources Dept. Representative and/or the benefit administrator will consult with retiring employees regarding insurance coverage and retirement plan benefits.

SAFETY

It is the policy of Farmers Cooperative to comply with all applicable federal, state, and local health and safety regulations and to provide a work environment as free as practicable from recognized hazards. Employees are expected to comply with all safety and health requirements whether established by the Company or by federal, state or local law.

Employees, contractors, and people on tours of facilities are required to wear Hi-Visibility vests when outside the office environment.

Employees should report to the Safety Department or their supervisor all observed safety and health violations, potentially unsafe conditions, and any accidents resulting in injuries to employees or customers. Employees are encouraged to submit suggestions to the Safety Department concerning safety and health matters.

Supervisors should not terminate or discriminate in any manner against an employee because the employee has instituted a safety-related proceeding, has participated in that type of proceeding, or has otherwise exercised any right provided by law.

Violations of Company safety rules, regulations, or procedures will result in disciplinary action, up to and including termination.

SEVERE WEATHER

A primary concern of the Company is the safety and well-being of employees. Management trusts that employees will make individual, reasonable decisions regarding their safety during inclement weather.

Employees who will be late or are not able to attend work due to adverse weather conditions must call their immediate supervisor to report the absence or tardiness.

An employee who does not arrive at work will be given the following options regardless of whether the location is **closed or is open for regular business**:

Exempt: Required to use any available vacation pay for a full-day absence

Non-Exempt: Required to use vacation pay (if available) or taking the absence without pay.

TRAVEL

Travel to meetings or events on behalf of the Company may be required as a part of an employee's work.

Exempt employees will not receive compensation for travel time outside of normal working hours.

Non-exempt employees will be paid for travel time which is an extension of the regular work day and for time spent in actual work away from the office after regular working hours.

The rate of pay for non-exempt employees during travel will be straight time until the total number of hours worked in a week reaches 40, and time and one-half for all hours over 40.

Employees who use their own vehicles for business-related travel will be reimbursed for mileage at a rate established by the Company.

USE OF COMPANY EQUIPMENT, SUPPLIES AND COMMUNICATION SYSTEMS

Company equipment, supplies and communication systems are intended to be used for business purposes only. Personal phone calls should be kept to a minimum and completed as quickly as possible.

Because any communication sent out under the company's letterhead may be considered an official communication, employees may not use company stationery, including fax coversheets, for personal correspondence.

All electronic and telephone communication systems, such as computers, fax machines, e-mail, the internet, printers, local area networks, copy machines, and all communications and information transmitted by, received from, or stored in these systems are the property of the Company. The Company reserves the right to access and review the information contained in these systems and may monitor the use of such equipment from time to time. The Company retains the right to access and review information on all computer equipment, software, e-mail, etc. Employees should not expect any information stored on this equipment to be private, despite the use of passwords or other such protections.

The use of any software and business equipment for non-business purposes is strictly prohibited.

Employees are not permitted to use a code, access a file, or retrieve any stored communication unless authorized to do so by an appropriate Company representative. User IDs and Passwords issued to individuals are to be used by that individual only (i.e. no sharing unless an ID has been specifically

created to be shared). You, as an individual employee, are responsible for safeguarding the passwords assigned to you and you are required to report any suspected uses of your ID or passwords by others. Reporting of issues in this area are to be made to the IT Department Help Desk and/or Human Resource Department.

The use of software without a license is an illegal act. Loading unlicensed software (software for which we do not possess a valid license) or the use of unlicensed software on company computers is prohibited.

Because of the possibility of introducing a software virus when using public domain software (software that is available for free or for a minimal charge to the general public from various sources such as bulletin board services, user groups, etc.) no public domain software is permitted to be loaded or run on company computers without the approval of the Chief Information Officer.

The same policies and rules of conduct and common courtesy that apply generally also apply to communication by e-mail or other electronic media. Therefore, e-mails that violate the Company's harassment policy, such as the display or transmission of sexually explicit images or cartoons, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or insubordination is strictly prohibited. Solicitation of non-company business for personal gain is also prohibited. Usage of the e-mail system is subject to all other policies that apply to employees conducting personal business during working hours.

Violation of this policy will result in disciplinary action up to and including termination.

SOCIAL MEDIA POLICY

Social media (including personal and professional websites, blogs, chat rooms and bulletin boards; social networks, such as Facebook, LinkedIn, Twitter and MySpace; video-sharing sites such as YouTube; and e-mail) are a common means of communication and self-expression. Because online postings can present certain risks and carries with it certain responsibilities, the Company has adopted the following policy.

The same principles and guidelines found in Company policies apply to your activities online. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of co-workers or otherwise adversely affects members, customers, suppliers, people who work on behalf of the Company or Company's legitimate business interests may result in disciplinary action up to and including termination.

Confidentiality and Privacy

- Do not disclose the Company's trade secrets and private or confidential information in online postings or publications. Trades secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not post internal reports, policies, procedures or other internal business-related confidential communications.

Your Identity Online

- You are personally liable for all communications and information you publish online. Your Company e-mail address and Company assets should be used only to perform job-related activities, which may include professional networking but do not include personal social networking.

- Outside the workplace, you have a right to participate in social media and networks using your personal e-mail address. However, you should never represent yourself as a spokesperson for the Company. If the Company is a subject of the content you are creating, be clear and open about the fact that you are an employee and make it clear that your views do not represent those of the Company, fellow associates, members, customers, suppliers or people working on behalf of the Company. If you do publish a blog or post online related to the work you do or subjects associated with the Company, make it clear that you are not speaking on behalf of the Company. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of Farmers Cooperative Company.” Never post any information or rumors that you know to be false about the Company, fellow associates, members, customers, suppliers, or people working on behalf of the Company or competitors.
- Do not put “FC Coop” in a handle or Screen Name for personal use.

Limitations on Online Publications

- Obey the law. Do not post any information or engage in any online activity that violates applicable local, state or federal laws.
- All communications involving Company business should be made using your company email, phone, or social media account. Do not use your personal Twitter, Facebook, or email accounts to conduct company business or contact customers.
- Follow all copyright and other intellectual property laws. It is critical you show proper respect for the laws governing copyright, fair use of copyrighted material owned by others, trademarks and other intellectual property, including the Company’s own copyrights, trademarks and brands.
- Direct all requests for references for current or former Company employees to the Human Resources Department.
- You may not post anything on a website, blog, chat room, video sharing site, bulletin board or other social media in the name of the Company, or in a manner that could be reasonably attributed to the Company without prior written authorization from the Company.
- If you are a member of the social media team then follow the established procedures concerning the content posted.
- Statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparage customers, members, associates or suppliers, or that might constitute harassment or bullying or retaliation, that would violate any local, state, or federal law or a policy in this Handbook, is not permissible between co-workers online, even if it done during non-work hours using personal computer or devices.

ABSENCES/LEAVES

ATTENDANCE AND PUNCTUALITY

Regular attendance and reporting to work on time is an important part of the performance of the essential function of your job and helps in providing the best possible service to our customers. Unscheduled absences and tardiness disrupts the work flow and may place additional work on co-workers.

If you are ill or anticipate being late, your supervisor should be notified no later than your regular scheduled starting time. If your supervisor is not available the Human Resources Department should be notified of the circumstances.

Employees who report for work in a condition deemed not fit for work, whether due to illness or any other reason, will not be allowed to work.

Employees who are absent from work for three consecutive days without giving proper notice to their supervisor or the Human Resources Department will be considered as having voluntarily quit. At that time, the employee will be notified of the termination and advised of the action by certified mail.

Tardiness and absenteeism is a problem when it becomes habitual or a pattern develops. When the frequency or pattern of tardiness or absences is affecting the employee's or department's ability to get work done or to respond to customers, an employee may be disciplined.

BEREAVEMENT LEAVE

Full-time employees may be granted up to three days of leave with pay in the event of the death of a member of the employee's immediate family. For the purposes of this policy, an employee's immediate family is the employee's parents, spouse, children, siblings, and in-laws. One day (1) of paid funeral leave will be granted for other family members, such as grandparents, aunts, uncles, etc.

It is also the employee's responsibility to report absences due to bereavement leave to the employee's supervisor and on the PC time clock.

JURY AND WITNESS DUTY

Employees who receive a summons for jury duty or a subpoena for witness duty should notify their supervisor immediately. Employees who are verbally requested to serve as a witness are asked to require a written subpoena.

Employees who serve on jury or are subpoenaed as a witness will be compensated by the company at their normal rate of pay less any amount received for jury pay. Employees excused from jury duty are expected to report to work immediately after being excused.

It is the employee's responsibility to report absences due to jury duty to the employee's supervisor or on the PC time clock.

MILITARY LEAVE

The Company will comply with the provisions of the Uniform Services Employment and Reemployment Rights Act (USERRA) and any similar state or local laws.

SICK LEAVE / SHORT-TERM DISABILITY

Sick leave is paid time off work due to an employee's illness or injury. Sick leave benefits are earned by full-time employees at 100% of an employee's regular wage.

Accrual of the sick leave and short-term disability shall be as follows:

1. Full-time employees accrue 8 hours (1 day) of sick leave per month.
2. Sick leave begins accruing at the end of the first month of full-time employment.
3. Employees who change status from full-time to part-time or vice versa shall retain sick leave accrued at the time of the change.
4. Sick leave may be accrued up to a maximum of 120 hours (15 days).
5. Once the maximum sick leave has been reached the one day a month will continue to accrue as short-term disability. Short-term disability can accrue to a maximum of 920 hours (115 days).
6. Sick leave and short-term disability are not vested benefits. Unused sick leave and/or short-term disability will not be paid upon employment termination for any reason.

Use of Sick Leave

- * Absences due to illness or injury must be reported to the supervisor by the normal required start time. Employees must explain the reason for and the expected length of the absences.
- * An employee must use all accrued sick time before using unpaid time.
- * Employees are expected to keep the supervisor informed on a regular basis as to the expected date of return to work.
- * Accrued sick leave may be used for personal illness or medical appointments.
- * Absences due to pregnancy and related conditions will be covered by accrued sick leave.
- * An employee out on sick leave should not be engaged in any kind of employment or volunteer activities. Misuse of this or any other benefit will result in disciplinary action, up to and including termination.
- * The company reserves the right to request a statement from an employee's healthcare provider verifying the employee's illness or injury that necessitated the use of sick leave. Failure to provide such verification may result in disciplinary action, up to and including termination.
- * Progress reports from an employee's health care provider are required when an employee takes extended sick leave and does not specify a specific return date when making a request for sick leave.

It is the employee's responsibility to report absences due to sick leave to the employee's supervisor or on the PC time clock.

Use of Short Term Disability

- * Employees are expected to keep the supervisor informed on a regular basis as to the expected date of return to work.
- * Accrued short-term disability may be requested only for the employee's own illness or injury.
- * An employee will use all accrued Short Term Disability before using unpaid time.
- * In order to utilize short-term disability, a doctor's statement must be submitted.
- * Absences due to pregnancy and related conditions will be covered by accrued sick leave and short-term disability.
- * An employee out on short-term disability should not be engaged in any kind of employment or volunteer activities. Misuse of this or any other benefit will result in disciplinary action up to and including termination.
- * Progress reports from the doctor are required in cases of short-term disability.

It is the employee's responsibility to report absences due to short-term disability to the employee's supervisor or on the PC time clock.

VACATION

Full-time employees are eligible for paid vacation. Vacation leave is computed in hours, with a day being an 8 hour day. Vacation accrues at the end of each month according to the following schedule:

One Year of Service	5 days	3.33 hrs/mo.
Two Years thru Six Years of Service	10 days	6.66 hrs/mo.
Seven Years of Service	15 day	10.00 hrs/mo.

- * Five days may be carried over into the next year at your anniversary date. Employees will not receive payment in lieu of the time off.
- * Upon termination, the employee will be paid for any earned, but unused vacation, after any company possessions have been turned in and all uniforms with the company logo have been turned in. Any employee changing from part-time to full-time status, or vice versa, will retain the amount of vacation accrued but not used at the time of the.
- * Vacation leave requires prior supervisor approval. Vacation days will not be granted once the employee has terminated or worked their last day.
- * If a holiday occurs during a vacation period, vacation leave will not be charged for that day.
- * It is the employee's responsibility to report absences due to vacation to the employee's supervisor or on the PC time clock.
- * An employee must use all accrued vacation time before utilizing unpaid time for absences for personal reasons.

FAMILY AND MEDICAL LEAVE POLICY

In accordance with the Family and Medical Leave Act of 1993 ("FMLA"), The Company provides Family and Medical Leave for employees who work at a location where 50 employees are employed within 75 miles, have been employed at least 12 months with 1,250 hours of service during the 12 month period prior to when leave would begin.

Eligible employees are entitled to 12 weeks of leave during a "rolling" 12-month period measured backward from the date of the employee's use of the leave.

Eligible employees are entitled to leave (1) the birth of a child and to care for a newborn child; (2) to care for an adopted or foster child who has been placed with the employee; (3) to care for the employee's spouse, child or parent who has a serious health condition; or (4) because the employee's own serious health condition makes the employee unable to perform the essential functions of the employee's job. For the purposes of this policy, a "serious health condition" is an illness, injury, impairment, or physical or mental condition that involves inpatient care or continuing treatment by a health care provider, which includes any one or more of the following:

a. **Incapacity and treatment.** A period of incapacity of more than three consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:

(1) Treatment two or more times, within 30 days of the first day of incapacity, unless extenuating circumstances exist, by a health care provider, by a nurse under direct supervision of a health care

provider, or by a provider of health care services (e.g., physical therapist) under orders of, or on referral by, a health care provider; or

(2) Treatment by a health care provider on at least one occasion, which results in a regimen of continuing treatment under the supervision of the health care provider.

(3) The requirement in paragraphs (a) (1) and (2) of this section for treatment by a health care provider means an in-person visit to a health care provider. The first (or only) in-person treatment visit must take place within seven days of the first day of incapacity.

(4) Whether additional treatment visits or a regimen of continuing treatment is necessary within the 30-day period shall be determined by the health care provider.

(5) The term "extenuating circumstances" in paragraph (a) (1) of this section means circumstances beyond the employee's control that prevent the follow-up visit from occurring as planned by the health care provider.

b. Pregnancy or prenatal care. Any period of incapacity due to pregnancy, or for prenatal care.

c. Chronic conditions. Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which:

(1) Requires periodic visits (defined as at least twice a year) for treatment by a health care provider, or by a nurse under direct supervision of a health care provider;

(2) Continues over an extended period of time (including recurring episodes of a single underlying condition); and

(3) May cause episodic rather than a continuing period of incapacity (e.g., asthma, diabetes, epilepsy, etc.).

The National Defense Authorization Act amended the FMLA to allow eligible employees to take leave for a qualifying exigency or to care for a covered service member. Eligible employees with a spouse, son, daughter or parent on active duty or called to active duty status in a regular component of the Armed Forces (including the National Guard or Reserves) and deployed to a foreign country may use their 12-week entitlement under this policy to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings. Eligible employees may take up to 26 weeks of leave to care for a covered service member or covered veteran during a single 12 month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform his or her duties for which the service member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list. A covered veteran is a veteran who is undergoing medical treatment, recuperation or therapy for a serious injury or illness, whether or not the illness or injury manifested itself before or after the member became a veteran, and who was a member of the Armed

Forces, including a member of the National Guard or Reserves, at any time during the period of five years preceding the date on which the veteran undergoes medical treatment, recuperation or therapy.

If the need for a leave is foreseeable, the employee must give 30 days advance notice by filling out a Request for Leave form available from FC's Human Resource Department. If the need is not foreseeable, the employee must give notice as soon as practicable. It should generally be practicable for the employee or the employee's representative to provide notice of the need for the leave by the end of the employee's schedule work shift on the day the need for leave becomes known. If extenuating circumstances prevent an employee from giving written notice of the need for leave, an employee shall provide at least verbal notice to the Human Resources Department sufficient to make the Company aware that the employee's absence is for a FMLA-qualifying reason, and the anticipated timing and duration of the leave. An employee giving notice of the need for leave for a FMLA-qualifying reason for the first time must explain the reasons for the needed leave so as to allow the Company to determine whether the leave qualifies as FMLA leave. Calling in "sick" without providing more information will not be considered sufficient notice. When an employee seeks leave due to a FMLA-qualifying reason for which the Company has previously provided FMLA leave, the employee must specifically reference the qualifying reason for leave or the need for FMLA leave. The Company may require periodic updated status reports (not more frequent than every 30 days) from the employee's healthcare provider. An employee who does not provide appropriate notice may have the leave approval delayed.

When an employee requests FMLA leave, or when the Company acquires knowledge that an employee's leave may be for an FMLA qualifying reason, the Company will notify the employee of the employee's eligibility to take FMLA leave within five business days, absent extenuating circumstances. If an employee is not eligible for FMLA leave, the Company will notify the employee and state at least one reason why the employee is not eligible.

If the reason for the leave is the employee's own serious health condition or the serious health condition of a family member, the employee the request must be supported by a certification issued by the health care provider of the employee or the employee's family member. The Company will provide a Certification of Health Care Provider Form and, if appropriate, a statement of job functions. If the Certification is not returned as required, the leave, continuation of leave or restoration following the leave may be denied. In certain circumstances, the Company may contact the employee's health care provider to seek clarification and to determine the authentication of a medical certification. Before any such contact would occur, the employee will be provided an opportunity to resolve any deficiencies in the medical certification. Any contact with the employee's healthcare provider would be made by the Human Resources Department, and under no circumstances would the contact be made through the employee's supervisor.

When the Company has enough information to determine whether an employee's leave is being taken for an FMLA-qualifying reason (e.g. after receiving a certification from the employee), the Company will notify the employee whether the leave will be designated and will be counted as FMLA leave within five business days, absent extenuating circumstances.

Leave to care for a newborn, newly adopted, or newly placed foster child must be taken during the 12-month period beginning on the date of the birth or placement. Leave taken for one of these reasons may not be taken on an intermittent or reduced schedule basis. When an employee and his or her spouse both work for the Company, they are collectively entitled to take no more than 12 weeks of leave to care for a newborn, adopted or foster child.

Leave necessitated by an employee's own serious health condition or to care for a seriously ill spouse, parent, or child, may be taken on an intermittent or reduced schedule basis if that is medically necessary as indicated in a Certification of Health Care Provider. If an employee requests intermittent leave or leave on a reduced schedule that is foreseeable based on planned medical treatment, that employee may be required to transfer temporarily to an available alternative position for which the employee is qualified and which better accommodates recurring periods of leave than does the employee's regular position.

Employees are required to substitute any qualifying paid leave for unpaid leave under this policy. "Qualifying paid leave" is leave that would otherwise be available to the employee for the purpose for which the FMLA leave is taken, including vacation, sick leave and short-term disability. The remainder of the leave, if any, will be unpaid. Workers' compensation benefits will be paid to an employee whose serious health condition is a result of a work related illness or injury. Substitution of paid leave for unpaid leave does not extend the leave time under this policy. Any leave under this policy runs concurrent with any other leave entitlements provided under federal, state and local laws.

While on leave, the employee's health insurance will continue with the same coverage and cost to the employee as it would if the employee were continuing to work. Payroll deduction will be used to collect the employee's share of the premium if the employee is receiving paid leave. If the employee is on unpaid leave, the employee must contact FC's Human Resource Department and arrange to make the appropriate payments. An employee's failure to pay the employee's share of premium within 30 days after it becomes due may result in the cancellation of coverage. If the employee fails to return to work at the end of the leave period, he/she will be required to reimburse the Company for the cost of the premiums paid by the Company for maintaining health insurance coverage during the period of unpaid leave, unless certain criteria are met for the employee's failure to return to work.

Unless the employee is a key employee, on return from Family and Medical Leave, an employee is entitled to be returned to the same position or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. An employee, however, has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the leave period. Benefits such as sick leave and vacation do not accrue while an employee is on leave.

Before an employee is permitted to return from a Family and Medical Leave for the employee's serious health condition, the employee will be required to present a certification from his or her health care provider stating that the employee is able to resume work and able to perform the essential functions of the job. An employee's failure to provide such certification at the time the employee is to return to work may result in a delay or denial of job restoration. An employee who fails to return to work from leave and whose failure is not due to the continuation, recurrence, or onset of a serious health condition, will be considered to have voluntarily resigned and may be required to repay health insurance premiums paid by the company during the leave. Employees who cannot perform the essential functions of their job, with or without a reasonable accommodation, upon expiration of their FMLA leave may be subject to termination. If an employee believes they are unable to return to work after the expiration of leave under this policy, the employee should contact the Human Resources Department.

The FMLA makes it unlawful for the Company to interfere with, restrain or deny the exercise of any right provided under the FMLA or to discharge or discriminate against any person for opposing any practice made unlawful by the FMLA or for involvement in any proceeding under or relating to the FMLA. The Company will not intentionally interfere with or deny the exercise of any right under this policy, and the Company will not discharge or discriminate against any person because of the exercise of that employee's rights under this policy. Any employee who believes that this policy has been violated should promptly report the issue to the Human Resources Department or to the Chief Executive Officer. All complaints will be promptly investigated, and confidentiality will be maintained to the extent it is consistent with an effective investigation.

A notice of employee rights and responsibilities under the FMLA is posted at the Company and is incorporated into this Policy. For additional information: contact the U.S. Department of Labor at 1-866-487-924 (TTY: 1-877-889-5627) or WWW.WAGEHOUR.DOL.GOV. An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer. The FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

WAGE AND SALARY ADMINISTRATION

ATTENDANCE/ABSENCE REPORTS

General operational hours are 8:00 a.m. to 5:00 p.m. Monday through Friday. However hours may vary by location. Hours of general operation may change, including operation on weekends and holidays in order to maintain efficiency and operation. Hourly employees should not clock in before their scheduled start time without their supervisor's permission. Hourly employees should not perform any work prior to clocking in and after clocking out.

Exempt Employees

Exempt employees are not required to report hours worked. However, all absences from work must be reported. Absence reports must be authorized by the employee and the supervisor, via the computer.

Non-Exempt Employees

Non-exempt employees are required to work a regular schedule as arranged with their supervisor and record hours worked and absences on the PC time clock. The electronic timecards must be authorized by the supervisor.

Any intentional misrepresentation of time may result in disciplinary action, up to and including termination of employment.

GARNISHMENTS

Employees should be aware that a court can order an employer to deduct amounts directly from an employee's pay.

Any court-ordered garnishment for child support, family support, bankruptcies, or other judgments rendered against an employee will be forwarded to the HR Department for processing. You will be notified when notice of a garnishment, child support order, tax levy, etc. has been received.

The following guidelines apply in dealing with the garnishment of employee wages:

- Farmers Cooperative Company will honor legal garnishments of employee wages or salaries.
- All garnishments will be treated confidentially to the extent possible.

HOLIDAY/BIRTHDAY PAY

The company provides for 6 paid holidays for full-time employees. Eligible employees will receive 8 hours of pay for each approved holiday.

Observed Holidays

The company normally observes the following holidays each year: New Year's Day; Memorial Day; Independence Day; Labor Day; Thanksgiving Day; Christmas Day.

If a holiday falls on a Saturday, it will be observed by the company on Friday. If the holiday falls on Sunday, it will be observed on Monday.

Eligible employees will receive these days off with pay. When an employee works on a holiday, they will receive holiday pay and pay for the time worked. If the holiday occurs when an employee is on any kind of paid leave, the employee will be given holiday pay for that day. The employee will not be required to use accrued sick leave, short-term disability or vacation. Employees on unpaid leave will not receive holiday pay during that time.

Employees who are on unpaid family medical leave will not be paid for the holiday and their unpaid leave will not be extended by the holiday.

Birthday

Employees are granted 1 paid day off for their birthday. This day is to be used on your birthday or in the month of your birthday and must be approved by your supervisor.

Unused holidays or birthdays will not be paid upon employment termination for any reason.

OVERTIME COMPENSATION

Non-exempt employees will be paid overtime compensation for any hours worked during the workweek in excess of 40 hours. Farmers Cooperative's workweek begins on Monday at 12 a.m. and ends on Sunday at 11:59 p.m.

Compensation for overtime is made at the rate of 1-1/2 times the non-exempt employee's hourly wage.

A supervisor may require approval prior to overtime being worked.

All employees are expected to perform overtime that may be required to ensure the effective operation of a department/organization. Employees must record all worked time. You may not work “off the clock.” No officer or manager of Farmers Cooperative has the ability to modify this policy in any way.

PAYROLL DEPOSITS

Our method of pay is direct deposit. Payroll deposits will be made directly to an account of the employee’s choice each payday. Payroll is done biweekly or every other Friday. The payroll received on Friday covers the two-week period ending the previous Sunday. There are 26 pay periods in a year. Benefits are withheld from 24 pay periods per year.

On paydays, employees will receive a “deposit advice” showing the amount deposited to their account and the authorized deductions from gross pay. Any questions regarding pay or changes to bank accounts should be referred to the Human Resources Department.

BENEFITS

EMPLOYEE ACCOUNTS

Employees are subject to the same credit terms as FC customers. Employees who desire to receive an extension of credit from the Company will be required to sign an authorization allowing any unpaid accounts to be deducted from the employee’s final paycheck. If the final paycheck is not sufficient to cover the balance of the account, the employee will be expected to settle the account.

EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Employee Assistance Program (EAP) is a benefit that is available to all employees and their dependents. The EAP will assist company employees and their dependents with personal problems through assessment, short term counseling and referral services. These counseling services are confidential and are available for a wide range of problems, including but not limited to family or marital difficulties, medical and psychological problems, alcohol or other drug abuse/dependency, legal problems, financial or other personal concerns. Employees are assured that using the EAP for any type of personal problem will not jeopardize their jobs and future with the company. Using the EAP is an indication that employees are serious about staying well. EAP use is a positive life management tool, which contributes to maximum personal and job success.

GROUP HEALTH INSURANCE CONTINUATION COVERAGE (COBRA)

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under an employer’s health plan when a “qualifying event” would normally result in the loss of eligibility. Some common qualifying events are: termination of employment for reasons other than gross misconduct, a reduction

in an employee's hours, the death of an employee, an employee's divorce or legal separation, an employee becoming entitled to Medicare benefits and a dependent child losing dependent status under a group health plan. Under COBRA, the employee or beneficiary pays the full cost of coverage at the employer's group rates plus an administrative fee.

It is the employee's responsibility to inform the Human Resources Manager of a divorce, legal separation, or when a dependent child loses dependent status under a group health plan, within 30 days of the event or the date, on which the coverage would end under the group health plan, whichever is later.

For a full explanation of COBRA terms and eligibility, contact Human Resources or refer to the "General COBRA Notice" describing rights granted under COBRA received at the time of enrollment.

UNIFORMS

The Company will purchase the initial order of uniforms and will pay a flat sum each year toward new uniforms. Uniforms must be returned to the Company upon termination. An employee whose employment is terminated is not entitled to payment of any accrued, but unused vacation until his or her uniforms are returned.

WORKER'S COMPENSATION

Worker's compensation is a required insurance program that reimburses employees for medical expenses and partial salary lost as a result of a work-related injury or accident. The coverage includes situations at the regular place of employment and those where employees are on company business at locations away from the regular place of employment.

The coverage is required by law, and the employer pays the premium, with no deduction from the employee's pay.

If an accident occurs, it must be reported immediately to the Safety Department or Human Resources Department. Completion of a form is required.



AUTHORIZATION AND UNDERSTANDING STATEMENT

I certify that I am responsible for familiarizing myself with the Farmers Cooperative Company's Employee Handbook dated January 2013 found on the Employee Intranet. I understand the policy manual will be available to me at any time. I am also responsible for abiding by and complying with the stated policies.

The contents of this handbook are presented as a matter of information only and the language herein is not intended to create, nor is it to be construed to constitute, an express or implied contract between the Company and any or all of its employees. The Company reserves the right to modify, revoke, suspend, terminate or change any or all such plans, policies or procedures in whole or in part at any time with or without notice.

All employees of the company are employed "at will." Employees have the right to terminate their employment at any time for any reason and Farmers Cooperative retains a similar right to terminate the employment relationship at any time with or without cause. All statements contained in this handbook shall be interpreted consistent with this termination policy and no officer or employee has any authority to modify this statement in any way.

I recognize that either the Company or I may terminate the employment relationship at any time for any reason.

I understand that the company will not tolerate any form of harassment including sexual harassment and such behavior is to be reported to the appropriate persons within the company in order that they may investigate the situation.

Print Name

Employee Signature

Date