



Progressive Discipline Policy
EFFECTIVE DATE: June 1, 2016

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C3 INDUSTRIAL BLASTING & COATINGS, INC. (hereafter referred to as “C3 INDUSTRIAL” or “the Company”) has implemented the following Progressive Discipline Policy.

Purpose

C3 INDUSTRIAL’s progressive discipline policy and procedures are designed to provide a structured corrective action process to improve and prevent a recurrence of undesirable employee behavior and performance issues. It has been designed consistent with the Company’s organizational values, human resource (HR) best practices and employment laws.

Outlined below are the steps of C3 INDUSTRIAL’s progressive discipline policy and procedure. The Company reserves the right to combine or skip steps depending on the facts of each situation and the nature of the offense. The level of disciplinary intervention may also vary. Some of the factors that will be considered are whether the offense is repeated despite coaching, counseling or training, the employee’s work record, and the impact the conduct and performance issues have on the organization.

Procedure

Step 1: Counseling and Verbal Warning

Step 1 creates an opportunity for the immediate supervisor to schedule a meeting with an employee to bring attention to the existing performance, conduct or attendance issue. The supervisor should discuss with the employee the nature of the problem or the violation of company policies and procedures. The supervisor is expected to clearly describe expectations and steps the employee must take to improve performance or resolve the problem. Within five business days of this meeting, the supervisor will prepare written documentation of a Step 1 meeting. The employee will be asked to sign this document to demonstrate his or her understanding of the issues and the corrective action.

Step 2: Written Warning

Although C3 INDUSTRIAL hopes that the employee will promptly correct any performance, conduct or attendance issues that were identified in Step 1, the Company recognizes that this may not always occur. The Step 2 written warning involves more formal documentation of the performance, conduct or attendance issues and consequences. During Step 2, the immediate supervisor and a member of management will meet with the employee to review any additional incidents or information about the performance, conduct or attendance issues as well as any prior relevant corrective action plans. Management will outline the consequences for the employee of his or her continued failure to meet performance or conduct expectations.

A formal performance improvement plan (PIP) requiring the employee’s immediate and sustained corrective action will be issued within five business days of a Step 2 meeting. A warning outlining that the employee may be subject to additional discipline up to and including termination if immediate and sustained corrective action is not taken may also be included in the written warning.

Step 3: Suspension and Final Written Warning

There may be performance, conduct or safety incidents so problematic and harmful that the most effective action may be the temporary removal of the employee from the workplace. When immediate



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action is necessary to ensure the safety of the employee or others; the immediate supervisor may suspend the employee pending the results of an investigation. Suspensions that are recommended as part of the normal progression of this progressive discipline policy and procedure are subject to approval from a next-level manager and HR. Depending on the seriousness of the infraction, the employee may be suspended without pay in full-day increments consistent with federal, state and local wage-and-hour employment laws. Nonexempt/hourly employees may not substitute or use an accrued paid vacation or sick day in lieu of the unpaid suspension. Due to Fair Labor Standards Act (FLSA) compliance issues, unpaid suspension of salaried/exempt employees is reserved for serious workplace safety or conduct issues. HR will provide guidance so that the discipline is administered without jeopardizing the FLSA exemption status. Pay may be restored to the employee if an investigation of the incident or infraction absolves the employee.

Step 4: Recommendation for Termination of Employment

The last and most serious step in the progressive discipline procedure is a recommendation to terminate employment. Generally, C3 INDUSTRIAL will try to exercise the progressive nature of this policy by first providing warnings, a final written warning or suspension from the workplace before proceeding to a recommendation to terminate employment. However, the Company reserves the right to combine and skip steps depending on the circumstances of each situation and the nature of the offense. Furthermore, employees may be terminated without prior notice or disciplinary action. Management's recommendation to terminate employment must be approved by HR and Management. Final approval may be required from the President.

Appeal Process

Employees will have the opportunity to present information that may challenge information management has used to issue disciplinary action. The purpose of this process is to provide insight into extenuating circumstances that may have contributed to the employee's performance or conduct issues while allowing for an equitable solution. If the employee does not present this information during any of the step meetings, he or she will have five business days after that meeting to present such information.

Performance and Conduct Issues Not Subject to Progressive Discipline

Behavior that is illegal is not subject to progressive discipline, and such behavior may be reported to local law enforcement authorities. Similarly, theft, substance abuse, intoxication, fighting and other acts of violence at work are also not subject to progressive discipline and may be grounds for immediate termination.

Documentation

The employee will be provided copies of all progressive discipline documentation, including PIP's. The employee will be asked to sign copies of this documentation attesting to his or her receipt and understanding of the corrective action outlined in these documents. Copies of these documents will be placed in the employee's official personnel file.

Important note: Nothing in this policy provides any contractual rights regarding employee discipline or counseling, nor should anything in this policy be read or construed as modifying or altering the employment-at-will relationship between C3 INDUSTRIAL and its employees.