



PAUL DOWNS EMPLOYEE MANUAL

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Paul Downs Cabinetmakers, Inc. (“PDC” or “management”) is dedicated to the design and manufacture of superior quality furniture.

In the course of manufacturing operations, PDC has retained the services of employees. PDC recognizes that this entails certain responsibilities, both on the part of PDC and the employees. These are summarized as follows:

Responsibility of PDC:

PDC will:

- Pay all employees on time and in full. Overtime pay will conform to applicable law.
- Withhold and deposit all applicable payroll taxes
- Maintain current workmen's compensation insurance
- Provide benefits as outlined below
- Provide a safe, functional facility in which to operate. This includes provision of dust collection equipment, ventilation, lighting and any other items for personal safety equipment (i.e. shoes, respirators, goggles, etc.) at employees request
- Offer training on each machine and tool in the shop
- Provide sufficient tools, materials, and information to its employees so that they may produce a product of superior quality in reasonable time

PDC strives to maintain and promote the safest workplace possible. Employee participation in this process is essential. It is an employee’s responsibility to promptly notify management of any unsafe conditions.



PAUL DOWNS EMPLOYEE MANUAL

Responsibility of Employees:

- Employees will perform their duties with diligence and craftsmanship and with the aim of producing work of the highest quality.
- Employees will try to continually upgrade their skills.
- Employees will try to increase productivity in operations whenever possible.
- Employees will use tools, jigs, and the facility in general in a manner that minimizes wear and maximizes utility and safety.
- Employees will operate machines and tools in a safe manner at all times.
- Employees will wear ear, eye and dust protection equipment when necessary.
- Employees will perform any reasonable duties requested of them, including shop maintenance and furniture deliveries.
- Employees are expected and encouraged to maintain clear and open communication with management about unsafe or inefficient situations in the shop.
- Teamwork is an essential component of employment with PDC and a cooperative attitude is expected.
- Employees are expected to keep an accurate timesheet, broken down by job and activity. This timesheet will be used for production metrics as well as for payroll purposes.



Benefits & Expectations

PDC will provide certain benefits to its employees:

Job

Employees are hired and retained at the sole discretion of PDC. We are dedicated to conducting operations in such a manner that all employees share in the rewards of good performance. However, it must be recognized that certain conditions are beyond PDC's control, and that no employee is guaranteed a job. Wage reductions and layoffs may be instituted when necessary.

It is assumed that employees will behave in a reasonable and cooperative fashion. In the event of misconduct, an employee's job may be terminated at PDC's sole discretion. Termination may be immediate or after warning, at PDC's sole discretion. Reasons for termination include but are not limited to the following:

- Tardiness or absenteeism
- Willful or repeated damage to products, equipment, or facility
- Continual performance of duties in a manner that PDC deems to be careless or dangerous, regardless of quality of results
- Failure to follow reasonable direction from management as to how work tasks should be performed.
- Theft
- Falsification of time and/or job time sheets
- Refusal to work overtime when, in PDC's sole discretion, it has been reasonably requested.
- Failure to complete work on time or at sufficient quality due to, in PDC's sole discretion, inadequate time spent at work.
- Excessive time spent on breaks or personal business while at work.
- Behavior that is insulting, bothersome, or obnoxious to others
- Illegal behavior, including using or being under the influence of illegal drugs or alcohol while at work. **Employees may be asked to take a drug test at any time. Consequence of a positive result will be determined solely by management and applicable law. Refusal to take the test will be considered to be a voluntary quit.**
- Other reasons not listed here



PAUL DOWNS EMPLOYEE MANUAL

It is also recognized that continued operation of PDC requires employees who are able to produce work of the highest quality at reasonable speed. It is understood by employees that substandard performance endangers the existence of PDC as an ongoing operation. In order to fairly evaluate performance of employees, records are kept with each job. PDC retains the right to dismiss any employee whose performance, as measured by quality of result and/or time taken in manufacturing, does not meet standards established by previous operations of PDC. Whether such standards have been met will be determined solely by PDC.

New Employees

The first three months of employment with PDC are considered a probationary period. Some benefits may not be offered during this period, at PDC's sole discretion. At the end of the three-month period, PDC retains the right to extend the probationary period for an additional three months.

Working Hours

Hourly employees are expected to work 40 hours between Monday and Friday of each week. Arrival time is to be coordinated with the shop managers. Employees may request time off for family or medical emergencies, and it is understood that permission for such absences will be granted at the discretion of management. The following guidelines will apply:

- It's easier to coordinate the many functions that we perform when all employees are present. All employees who work at our facility are expected to arrive between **7AM** and 9:30AM on workdays, and to conform to a regular schedule of arrival and departure. Requests for earlier or later arrival must be submitted to management, and may not be approved. **Management may modify this policy for any employees or group of employees as the needs of production dictate.**
- Part time schedules may be requested by employees, and must be approved PDC. PDC reserves the option to replace part time employees with full time employees at any time.
- Employees are paid for the hours spent in the shop, or out of the shop when working off site or doing errands on behalf of PDC. Employees may take a total of 30 minutes of paid time during each day to use the bathroom, eat lunch, or rest. Break time must be used in the course of the day; it is not permitted to work without



PAUL DOWNS EMPLOYEE MANUAL

breaks and leave before an 8 hour day has been completed. For part time workers, the 30 minute standard will be reduced in proportion to the number of hours normally worked.

- The number of hours charged while travelling for work will be determined on a case-by-case basis by PDC at PDC's sole discretion
- Employees who, in PDC's sole opinion, take excessive breaks will be dismissed.
- Employees will record their own hours worked and submit totals prior to payday. Employees will record their arrival and departure from the shop via an electronic punch clock.
- When work is slow, PDC may require workers to reduce hours.
- Except in extraordinary circumstances, as determined by PDC, workers will not work seven days in a row.

Holidays

Employees will receive **6 Federal Holidays** as vacation days, and be paid regular wages for 8 hours on those days.

New Year's Day
Memorial Day
4th of July
Labor Day
Thanksgiving
Christmas

Part time workers will be paid for a reduced number of hours for each holiday, corresponding to the number of hours they normally work each day. I.E., a worker who normally works 9 to 1 will receive 4 paid hours on each Federal holiday.

Personal Days

Employees will be given an allotment of personal days to be used for vacation as well as sick and emergency absences. **An employee can claim up to 8 hours of paid time or 1 day of salary per calendar day of absence.** The total amount of personal



PAUL DOWNS EMPLOYEE MANUAL

days available to each employee will be shown as available hours in our payroll system. Employees may use these hours in any increment they wish until they are gone. **However, the total number of hours assumes that the employee will be employed for the entire year. An employee who is terminated or quits will have the total hours available adjusted to account for the number of working days available, i.e a termination or quit on 7/1 will result in a reduction of available personal hours by 50%. If more than the proportional amount of hours have been taken prior to termination day, an adjustment to the final paycheck will be made. Abuse of paid days, in the sole judgment of management, may result in reduction of pay or termination.**

These days will be awarded upon hiring and available after the first 30 days of employment. Employees are expected to work a full day, or longer as reasonably requested, during the first 30 days.

Personal days are allocated according to length of service:

Year 0 - 1 = 1 day per every 2 months remaining in the year (until Jan 1st following the employees start date.)

Year 1 = 7 days (56 hours)

Year 2 = 8 days (64 hours)

Year 3 = 9 days (72 hours)

Year 4 = 10 days (80 hours)

Year 5 = 11 days (88 hours)

Year 6 = 12 days (96 hours)

Year 7 = 13 days (104 hours)

Year 8 = 14 days (112 hours)

Year 9+ = 15 days (120 hours)

Unused days do not roll over to the next year. At PDC's sole discretion, they will be paid at the individual's standard wage either in the last payroll of the year, or on the first pay after Jan 31st of the following year.

Should an employee require time off for illness or unscheduled events, the employee must call or email the office the morning of the absence, no later than your scheduled start time.

Personal days must be scheduled at least two weeks in advance. Personal days will be permitted at the sole discretion of management.



PAUL DOWNS EMPLOYEE MANUAL

Unpaid leave must be cleared in advance and will be allowed solely at the discretion of management.

Overtime

Overtime may be requested by management. PDC overtime policy will conform to Pennsylvania law: Overtime wages of 1.5 normal rate will be paid on hours exceeding 40 during any workweek. Holiday and personal day hours do not count in tabulating overtime unless specifically authorized by management. Under Pennsylvania law, management may define a work week as it sees fit, may require overtime, and may shorten working hours in order to avoid overtime payments. Overtime is calculated on a weekly, not daily, basis, unless specifically authorized by PDC.

Salaried Employees

Salaried employees are expected to work, on average, 42 hours per week (2184 hours per year). Personal hours and holidays will be subtracted from that total. Salaried employees may be asked more hours in a given period if circumstances demand, and may be allowed to work fewer hours in a period when, in management's sole discretion, there is less work to be done. The total number of hours spent working may be used as a factor in determining overall employee effectiveness and compensation. Management reserves the right to redefine the target working hour number at any time.

Health Insurance

PDC will pay a portion of the non-tobacco cost of health insurance for any full time (30 hrs per week or more) employee and his or her immediate dependents. Part time (less than 30 hrs per week) employees are not eligible for health insurance. PDC will purchase ACA compliant policies, and PDC's share of the cost of policy will be determined by the metallic level of the policy:

Platinum:	Employee pays 70%, PDC pays 30%
Gold:	Employee pays 60%, PDC pays 40%
Silver:	Employee pays 50%, PDC pays 50%
Bronze:	Employee pays 40%, PDC pays 60% (Revised 11/2015)



PAUL DOWNS EMPLOYEE MANUAL

PDC reserves the right to modify these splits or to eliminate coverage altogether if not required by law. Changes to health insurance copays will be made only during the annual open enrollment period (November of each year).

Employee will pay 100% of the tobacco surcharge for self and dependents.

The health insurance policy offered will be chosen by PDC and may or may not include dental coverage. Employees are eligible for health insurance after 30 days of employment with PDC.

Profit Sharing

An experimental profit sharing program was implemented in May of 2013. The program puts 30% of preliminary quarterly profits, less any previous YTD losses, into a bonus pool. That pool is split into two equal portions:

- The first portion is shared out to all employees if the company has made a profit for the quarter. Division is by headcount.
- The second portion is shared out among production employees, as defined by management, if production targets, set by management, are met. There is no payout for this part of the pool if there are no quarterly profits, or if previous losses wipe out the quarterly profit.
- PDC may or may not, at its sole discretion, roll a loss incurred in the 4th quarter of the year into the first quarter of next year.

The profit sharing program is subject to change by PDC at any time.

Pension Plan

PDC offers employees a SIMPLE plan; this consists of employee contributions with 100% match up to 3% of wages by PDC. Employees are eligible for this plan after 6 months of service. The employee will administer his or her own the plan and all responsibility for performance of funds invested lies solely with the employee. Details of the plan are available upon request. Employees are eligible for the pension plan 6 months after starting employment with PDC. Both full and part time employees are eligible.



PAUL DOWNS EMPLOYEE MANUAL

Use of Shop

In order to increase their skills, employees are permitted to use the shop and its equipment on their own time for personal projects of their own choosing. Employees must not receive payment for any side project performed in PDC facilities. Employees are permitted to purchase wood, sheet goods and other materials at cost from PDC. PDC will make reasonable amounts of space available for storage of materials and work in progress, with the understanding by the employee that PDC may require rearrangement or removal of anything at any time.

Use of Designs

The designs of pieces that PDC produces are copyrighted property of PDC. Employees may request permission to make one copy (or a reasonable number of chairs) of any of the designs for their own personal use, but will not be allowed to use any of the designs for any other purpose, at any other time, whether employed by PDC or not.

Trade Secrets

Certain aspects of our operation, including the pricing spreadsheet and the methods of producing our products, constitute a trade secret. Employees agree that they will not disclose the general principles, specific designs, sequence of manufacturing, materials required, or any other aspect of any other design that PDC designates a trade secret to any party for any reason at any time, whether employed by PDC or not. Violation of this provision leaves employee open to penalties provided by law.

Use of Images & Narrative

Employees may be photographed or filmed in the course of operations for promotional purposes. Employees' actions may be described in the course of promotional or other writing. Employees agree to allow this content to be used on the company website, in published material, or in press releases as required by PDC. Employee may request that their name be changed or excluded from any accounts, promotional materials, or the website, and may request that a particular image not be used. PDC will take such requests into consideration when producing promotional and other content.



PAUL DOWNS EMPLOYEE MANUAL

Company Culture

The following statements reflect the way we want both the company and its employees to act. These are intended to be used as guidance whenever questions about what to do arise. They are not comprehensive, and may be amended at any time.

1. **Craftsmanship: Always, Everywhere**

Everything we do can be done well or poorly. We should take pride in all of our actions and interactions, both with our clients, and our peers. The quality of our communications and information should match the quality of our work.

2. **Do What's Best For The Client**

When possible, act in the best interests of our clients. Take responsibility when things go wrong, even when it isn't our fault. Our reputation is one of our greatest assets. Our goal is to leave our clients delighted when the job is complete. What do we have to do to make that happen?

3. **Nobody Wins Unless We All Win**

The company performs a complex function with many steps along the way. Sometimes what seems to be best for one of us may cause harm to all of us. Manage your interactions with your peers to maximize the good of the group.

4. **Do it Right The First Time**

Get things "Right", not just "Done". Sloppy takes longer than correct.

5. **Innovation**

- We have to keep innovating. Our clients expect us to be as modern as Apple or Amazon.
- Innovation is an ongoing process, and everyone can contribute.
- New ideas and processes must be subject to an empirical evaluation process, and may require repeated experiments before success is achieved.



PAUL DOWNS EMPLOYEE MANUAL

- We will acknowledge everyone who is involved with innovation.
- Sometimes we will reject change. Asking “Why is this better?” is OK.
- Those of us whose strength is executing the existing methods at the highest level also contribute to the health of the company.

6. Teamwork

The company resembles a football team: a complex set of functions performed by specialists acting in a coordinated manner.

- Presume good intent from your fellow workers.
- Be cheerful and positive. It makes everything go better.
- Follow directions. Provide feedback regarding instructions with a cooperative attitude.
- Help when asked. Ask for help when needed.
- Don't hold grudges. Forgive past mistakes.
- Blaming others isn't a solution. Helping them overcome their problems is better. Deliver feedback to others without rancor or censure.

7. Resolving Conflict

Our work is difficult, and it's inevitable that stressful situations will arise.

- Anger may be unavoidable, but our expression of it is completely under our control. Name calling, insults, and physical aggression are never appropriate.
- We have a duty to seek to understand why others aren't agreeing with us, and to search for the validity of their point of view.
- We must be open to the possibility that we are mistaken. We must be open to the possibility that our reflex reaction to challenges may be causing additional difficulties.



PAUL DOWNS EMPLOYEE MANUAL

- We can defend our position using facts and reasoned arguments. Mere repetition of a point of view is not effective argument.
- When conflict can't be resolved immediately between the parties present, we will get an outside opinion.
- We will accept decisions which, made in good faith and for the good of the company, may be counter to our personal wishes.

Amendment of this Handbook

This handbook may be amended or changed by PDC at any time. Employees will be notified in a timely manner of such changes.

Acknowledgment of Receipt and Understanding of Provisions

I, the undersigned, have received a copy of this handbook, read it, and understand the provisions contained within. I agree to follow the policies outlined.

Name:

Signed:

Date: