

EMPLOYEE HANDBOOK

for

SAUER COMPRESSORS USA, INC.

Issue Date: 11/1/2011
Revised: 6/1/2025

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WELCOME!

Welcome new employee!

On behalf of your colleagues, I welcome you to Sauer Compressors USA, Inc. and wish you years of success in your career at Sauer.

We believe that each employee contributes directly to Sauer Compressors USA's growth and prosperity, and we hope you will take pride in being a member of our team.

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

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

Sincerely,

Don Eaton

President & Chief Executive Officer



INTRODUCTORY STATEMENT

This Employee Handbook is designed to acquaint you with Sauer Compressors USA, Inc. and to provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the Employee Handbook. It describes many of your responsibilities as an employee and outlines the programs developed by Sauer Compressors USA, Inc. to benefit you as an employee. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

While every attempt has been made to create these personalized policies consistent with federal and state law, if an inconsistency arises the policy(s) will be enforced consistent with the applicable law.

No Employee Handbook can anticipate every circumstance or question about policy. As Sauer Compressors USA, Inc. continues to grow, the need may arise and Sauer Compressors USA, Inc. reserves the right to revise, supplement, or rescind any policies or portion of the Employee Handbook from time to time as it deems appropriate in its sole and absolute discretion. Employees will, of course, be notified of such changes to the Employee Handbook as they occur.

101 Nature of Employment

Effective Date: 11/1/2011

Employment with Sauer Compressors USA, Inc. is entered into voluntarily and both you and Sauer Compressors USA, Inc. are free to end the employment relationship at any time, for any reason, with or without cause or advance notice so long as there is no violation of applicable federal or state law.

Policies set forth in this handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between Sauer Compressors USA, Inc. and any of its employees. The provisions of the handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or cancelled at any time, at Sauer Compressors USA, Inc.'s sole discretion.

These provisions supersede all existing policies and practices and may not be amended or added to without the express written approval of the Chief Executive Officer of Sauer Compressors USA, Inc.

102 Employee Relations

Effective Date: 11/1/2011

Sauer Compressors USA, Inc., believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area and in this industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

Our experience has shown that when employees deal openly and directly with supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that Sauer Compressors USA, Inc. amply demonstrates their commitment to employees by responding effectively to employee concerns.

103 Equal Employment Opportunity

Effective Date: 11/1/2011

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Sauer Compressors USA, Inc. will be based on merit, qualifications, and abilities. Sauer Compressors USA, Inc. does not discriminate against any person because of race, color, creed, religion, sex, national origin, disability, age, genetic information or any other characteristic protected by law (referred to as "protected status"). This nondiscrimination policy extends to all terms, conditions and privileges of employment as well as the use of all company facilities, participation in all company-sponsored activities, and all employment actions such as promotions, compensation, benefits and termination of employment.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

104 Business Ethics and Conduct

Effective Date: 11/1/2011

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

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

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

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

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

105 Hiring of Relatives

Effective Date: 11/1/2011

The employment of relatives in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

Although Sauer Compressors USA, Inc. has no prohibition against employing relatives of current employees, we are committed to monitoring situations in which such relationships exist in the same area. In case of actual or potential problems, Sauer Compressors USA, Inc. will take prompt action. This can include reassignment or, if necessary, termination of employment for one or both of the individuals involved.

107 Immigration Law Compliance

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. is committed to employing only United States citizens and aliens who are authorized to work in the United States and do not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired may also be required to complete the form.

Employees with questions or seeking more information on immigration law issues are encouraged to contact their immediate supervisor. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

108 Conflicts of Interest

Effective Date: 11/1/2011

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which Sauer Compressors USA, Inc. wishes the business to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject of acceptable standards of operation. Contact the Chief Executive Officer for more information or questions about conflicts of interest.

Transactions with outside firms must be conducted within a framework established and controlled by the executive level of Sauer Compressors USA, Inc. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit either the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of Sauer Compressors USA, Inc.'s business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of Sauer Compressors USA, Inc. as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which Sauer Compressors USA, Inc. does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving Sauer Compressors USA, Inc.

110 Outside Employment

Effective Date: 11/1/2011

Employees may hold outside jobs as long as they meet the performance standards and working hours requirement of their job with Sauer Compressors USA, Inc. All employees will be judged by the same performance standards and will be subject to Sauer Compressors USA, Inc.'s scheduling demands, regardless of any existing outside work requirements.

If Sauer Compressors USA, Inc. determines that an employee's outside work interferes with performance or the ability to meet the requirements of Sauer Compressors USA, Inc. as they are modified from time to time, the employee may be asked to terminate the outside employment if he or she wishes to remain with Sauer Compressors USA, Inc.

Outside employment that constitutes a conflict of interest is prohibited. Employees may not receive any income or material gain from individuals outside Sauer Compressors USA, Inc. for materials produced or services rendered while performing their jobs.

112 Non-Disclosure

Effective Date: 11/1/2011

The protection of confidential business information and trade secrets is vital to the interests and the success of Sauer Compressors USA, Inc. Such confidential information includes, but is not limited to, the following examples:

- computer programs and codes
- customer lists
- customer preferences
- financial information
- marketing strategies
- pending projects and proposals
- research and development strategies

Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment, even if they do not actually benefit from the disclosed information.

114 Disability Accommodation

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. is committed to complying fully with the Americans with Disabilities Act (ADA) and applicable state law, and to ensure equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Hiring procedures are designed to provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodations for qualified individuals with known disabilities will be made unless to do so would be an undue hardship. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as well as in job assignments, classifications, organizational structures, position descriptions, lines of progression, and seniority lists. Leave of all types will be available to all employees on an equal basis.

Sauer Compressors USA, Inc. is also committed to not discriminating against any qualified employees or applicants because they are related to or associated with a person with a disability. Sauer Compressors USA, Inc. will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

This policy is neither exhaustive nor exclusive. Sauer Compressors USA, Inc. is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

116 Religious Accommodations

Effective Date: 06/01/2025

Sauer Compressors USA, Inc. respects the religious beliefs and practices of all employees and will make, on request, an accommodation for such observances when a reasonable accommodation is available that does not create an undue hardship on the company's business. An employee whose religious beliefs or practices conflict with his or her job, work schedule, or with Sauer Compressors USA's policy or practice on dress and appearance, or with other aspects of employment, and who seeks a religious accommodation must submit a written request for the accommodation to the HR department. The written request must include the type of religious conflict that exists and the employee's suggested accommodation.

201 Employment Categories

Effective Date: 11/16/2016

It is the intent of Sauer Compressors USA, Inc. to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and Sauer Compressors USA, Inc.

Each employee is designated as either **NONEXEMPT** or **EXEMPT** from federal and state wage and hour laws. **NONEXEMPT** employees are entitled to overtime pay under the specific provisions of federal and state laws and must track and report their time to their supervisor for each pay period. Overtime work must always be approved by the employee's supervisor before it is performed. Unapproved time will not be paid. **EXEMPT** employees are excluded from specific provisions of federal and state wage and hour laws. An employee's **EXEMPT** or **NONEXEMPT** classification may be changed only upon written notification by management.

REGULAR FULL-TIME employees are those who are not in a temporary status and who are regularly scheduled to work Sauer Compressors USA, Inc.'s full-time schedule. Under the terms and conditions of the Fair Labor Standards Act, a regular full-time employee is one who works forty (40) or more hours per week.

PART-TIME employees are those who are not assigned to a temporary status and who work continuously for a specified number of hours per week which is less than a regular schedule of forty (40) or more hours per week. Part-time employees receive all legally mandated benefits (such as Social Security and workers' compensation insurance).

202 Access to Personnel Files

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. maintains a personnel file on each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of Sauer Compressors USA, Inc., and access to the information they contain is restricted. Generally, only supervisors and management personnel of Sauer Compressors USA, Inc. who have a legitimate reason to review information in a file are allowed to do so.

203 Employment Reference Checks

Effective Date: 11/1/2011

To ensure that individuals who join Sauer Compressors USA, Inc. are well qualified and have a strong potential to be productive and successful, it is the policy of Sauer Compressors USA, Inc. to check the employment references of all applicants.

Sauer Compressors USA, Inc. will respond in writing or verbally only to those reference check inquiries that are submitted in writing. Responses to such inquiries will confirm only dates of employment, wage rates, and position(s) held. No employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

204 Personnel Data Changes

Effective Date: 11/1/2011

It is the responsibility of each employee to promptly notify Sauer Compressors USA, Inc. of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishment, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify your immediate supervisor.

205 Introductory Period

Effective Date: 11/1/2011

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. Sauer Compressors USA, Inc. uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or Sauer Compressors USA, Inc. may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

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

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

209 Performance Evaluation

Effective Date: 11/1/2011

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Formal performance evaluations are conducted annually to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

212 Salary Administration

Effective Date: 11/1/2011

The salary administration program at Sauer Compressors USA, Inc. was created to achieve consistent pay practices, comply with federal and state laws, mirror our commitment to Equal Employment Opportunity, and offer competitive salaries within our labor market. Because recruiting and retaining talented employees is critical to our success, Sauer Compressors USA, Inc. is committed to paying its employees equitable wages that reflect the requirements and responsibilities of their positions and are comparable to the pay received by similarly situated employees in other organizations in the area.

Compensation for every position is determined by several factors, including the essential duties and responsibilities of the job, and salary survey data on pay practices of other employers. Sauer Compressors USA, Inc. periodically reviews its salary administration program and restructures it as necessary.

Employees should bring their pay-related questions or concerns to the attention of their immediate supervisors, who are responsible for the fair administration of departmental pay practices.

301 Employee Benefits

Effective Date: 11/1/2011

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

Benefits eligibility is dependent upon a variety of factors, including employee classification. Details of many of these programs can be found elsewhere in the employee handbook and/or the benefits guide.

The following benefit programs are available to eligible employees:

- Medical Insurance
- Dental Insurance
- Vision Care Insurance
- Life Insurance
- 401k/Roth 401k
- Health Savings Account
- Long-Term Disability
- Short-Term Disability

303 Vacation Benefits

Effective Date: 1/1/2022

Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits. Employees in the following employment classification(s) are eligible to earn and use vacation time as described in this policy:

- Regular full-time employees

The amount of paid vacation time employees receive each year increases with the length of their active employment as shown in the following schedule:

- Upon initial eligibility, the employee is entitled to 13 vacation days (104 hours) each year, accrued biweekly at the rate of 4.000 hours.
- After 3 years of eligible service the employee is entitled to 18 vacation days (144 hours) each year, accrued biweekly at the rate of 5.538 hours.
- After 7 years of eligible service the employee is entitled to 23 vacation days (184 hours) each year, accrued biweekly at the rate of 7.076 hours.
- After 15 years of eligible service the employee is entitled to 28 vacation days (224 hours) each year, accrued biweekly at the rate of 8.615 hours.
- After 25 years of eligible service the employee is entitled to 33 vacation days (264 hours) each year, accrued biweekly at the rate of 10.153 hours.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when the employee starts to earn vacation time. An employee's benefit year may be extended for any significant leave of absence. (See individual leave of absence policies for more information.)

Once employees enter an eligible employment classification, they begin to earn paid vacation time according to the schedule. They can request use of vacation time after it is earned.

Paid vacation time can be used in minimum increments of fifteen minutes. To take vacation, employees should request advance approval from their supervisors. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

Vacation time off is paid at the employee's base pay rate at the time of vacation for the amount of hours absent. It does not include overtime or any special forms of compensation such as incentives, commissions, or bonuses.

As stated above, employees are encouraged to use available paid vacation time for rest, relaxation, and personal pursuits. In the event that available vacation is not used by the end of the benefit year, employees may carry unused time up to 10 days (80 hours) forward to the next benefit year.

Any amount of unused vacation time in excess of the 10 days (80 hours) being carried over will be lost by the employee.

Upon termination of employment, employees will not be paid for unused vacation time that has been earned through the last day of work.

305 Holidays

Effective Date: 9/6/2016

Sauer Compressors USA, Inc. will grant holiday time off to all active employees on the holidays listed below:

- New Year's Day
- Good Friday
- Easter Monday
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Day After Thanksgiving
- Christmas Eve
- Christmas Day
- New Year's Eve
- Floating Holiday (assigned at the discretion of the CEO)

Any changes to the above holiday schedule are made at the discretion of the CEO based on calendar scheduling and will be distributed the staff before the beginning of the calendar year.

Sauer Compressors USA, Inc. will grant paid holiday time off to all eligible employees immediately upon assignment to an eligible employment classification. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours (8) the employee would otherwise have worked on that day. Eligible employee classification(s):

- Regular full-time employees

If a recognized holiday falls during an eligible employee's paid absence (such as vacation), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

If eligible nonexempt employees work on a recognized holiday, they will receive holiday pay plus wages at their straight-time rate for the hours worked on the holiday.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

306 Workers' Compensation Insurance

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to the applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible. Injuries not reported in a timely manner may not be covered.

Neither Sauer Compressors USA, Inc. nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by Sauer Compressors USA, Inc.

307 Sick Leave Benefits

Effective Date: 06/01/2025

Sauer Compressors USA, Inc. provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries. Eligible employee classification(s):

- Regular full-time employees
- Part-time employees

Eligible employees will accrue sick leave benefits at the rate of 5 days (40 hours) per year (biweekly at the rate of 1.538 hours.) Sick leave benefits are tracked on a calendar year basis.

In the event that available sick time is not used by the end of the calendar year, employees may carry unused time up to 15 days (120 hours) forward to the next benefit year. Any amount of unused sick time in excess of the 15 days (120 hours) being carried over will be lost by the employee.

Paid sick leave can be used in minimum increments of fifteen minutes. An eligible employee may use sick leave benefits for an absence due to his or her own illness or injury, or that of a child, parent, or spouse of the employee. Employees may utilize sick leave if they or a family member are victims of domestic violence, sexual assault, or stalking, and the absence is for medical or mental health care, victim services, legal matters, or temporary relocation related to the incident.

Employees who are unable to report to work due to illness or injury must notify their direct supervisor by phone before the scheduled start of their workday. The direct supervisor must also be contacted on each additional day of absence. If proper notification is not followed, the sick day will not be granted.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, or bonuses.

Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other absence. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment.

308 Time Off to Vote

Effective Date: 11/16/2016

Sauer Compressors USA, Inc. encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule or outside of the regular business hours of 8am to 5pm. If employees are unable to vote in an election during these times, they must utilize their unused vacation time to do so.

Employees should request time off to vote from their supervisor at least two working days prior to the Election.

309 Bereavement Leave

Effective Date: 6/01/2025

All employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

A maximum of 3 days of paid bereavement leave for immediate family will be provided to eligible employees classified as regular full-time employees.

A maximum of 1 day of paid bereavement leave for a directly related family member will be provided to eligible employees classified as regular full-time employees.

Sauer Compressors USA, Inc. defines "immediate family" as the employee's spouse, parent, grandparent, child, son or daughter in-law, grandchild, sibling, brother or sister in-law, step relatives of the same degree, domestic partner; the employee's spouse's parent, grandparent, child, son or daughter in-law, grandchild, sibling, or brother or sister in-law.

Sauer Compressors USA, Inc. defines "directly related family member" as the employee's aunt, uncle, niece or nephew.

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, or bonuses. The allotted days off with pay do not have to be consecutive. However, the allotted time off should be used within three months of the death of the family member.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary.

310 Jury Duty Leave

Effective Date: 02/01/2024

To support our employees who may need to serve on jury duty, our policy provides paid time off to active, full-time employees to serve their civic duty.

Upon the receipt of a notification from the state or federal courts of an obligation to serve on a jury, the employee must communicate and provide the summons to his or her supervisor/manager. The supervisor/manager will provide a copy of the notice and details to Human Resources.

Sauer Compressors USA will provide full-time employees with the difference between pay received by a court for jury duty and an employee's regular day's pay, for a maximum of three workdays per calendar year. The employee is required to submit the jury duty payment information to Human Resources. Jury duty absences in excess of three days will be considered for pay under this policy on a case-by-case basis.

Employees appearing as a witness in a civil or criminal court proceeding may take time off unpaid or use vacation leave.

311 Court Proceedings Leave

Effective Date: 06/01/2025

Employees may take unpaid leave to appear as witnesses in court proceedings or to obtain injunctions or other processes to ensure their safety or the safety of their family members. If possible, employees must provide reasonable notice that they must appear in court and must provide evidence of their attendance in court. Employees may use available vacation time to cover time off.

312 Organ and Bone Marrow Donor Leave

Effective Date: 06/01/2025

Sauer Compressors USA, Inc. will provide eligible employees with up to 60 business days of job-protected unpaid leave in any 12-month period to serve as an organ donor, and up to 30 business days of job-protected unpaid leave in any 12-month period to serve as a bone marrow donor. To be eligible for this leave, an employee must have worked for Sauer Compressors USA for at least 12 months and at least 1,250 hours in the last 12 months.

To receive leave under this policy, the employee must provide written physician verification stating that (a) they are an organ donor or a bone marrow donor, and (b) there is a medical necessity for the donation of the organ or bone marrow. Sauer Compressors USA will not consider any time during which the employee takes leave under this policy as a break in the employee's continuous service for purposes of the employee's rights to salary adjustment, sick leave, vacation leave, personal leave, or seniority. To the fullest extent required by law, Sauer Compressors USA will maintain the employee's group health insurance coverage during the time the employee is on leave for organ and/or bone marrow donation.

Upon the employee's return from organ or bone marrow donation leave, Sauer Compressors USA will restore the employee to the position the employee held when the organ or bone marrow donation leave began. Alternatively, the employee may be returned to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment.

313 Benefits Continuation (COBRA)

Effective Date: 11/1/2011

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under Sauer Compressors USA, Inc.'s health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Sauer Compressors USA, Inc.'s group rate plus an administration fee. Sauer Compressors USA, Inc. provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Sauer Compressors USA, Inc.'s health insurance plan. The notice contains important information about the employee's rights and obligations.

324 Employee Assistance Program

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. cares about the health and well-being of its employees and recognizes that a variety of personal problems can disrupt their personal and work lives. Although employees may solve their problems either on their own or with the help of family and friends, sometimes employees need professional assistance and advice.

Through the Employee Assistance Program (EAP), Sauer Compressors USA, Inc. provides confidential access to professional counseling services for help in confronting such personal problems as alcohol and other substance abuse, marital and family difficulties, financial or legal troubles, and emotional distress. The EAP is available to all employees and their immediate family members offering problem assessment, short-term counseling, and referral to appropriate community and private services.

The EAP is strictly confidential and is designed to safeguard the employees' privacy and rights. Information given to the EAP counselor may be released only if requested by the employee in writing. All counselors are guided by a Professional Code of Ethics.

Personal information concerning employee participation in the EAP is maintained in a confidential manner. No information related to an employee's participation in the program is entered into the personnel file.

There is no cost for employees to consult with an EAP counselor. If further counseling is necessary, the EAP counselor will outline community and private services available. The counselor will also let employees know whether any costs associated with private services may be covered by their health insurance plan. Costs that are not covered are the responsibility of the

employee.

Minor concerns can become major problems if you ignore them. No issue is too small or too large, and a professional counselor is available to help you when you need it. Call the EAP at (800) 697-7315 to contact an EAP counselor 24 hours a day, 7 days a week.

401 Timekeeping

Effective Date: 10/4/2021

Accurately recording time worked is the responsibility of every nonexempt employee. Federal and state laws require Sauer Compressors USA, Inc. to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent performing assigned duties. This does not include daily lunch breaks.

All non-exempt employees will have an official start and stop time as determined by their supervisor. Nonexempt employees should accurately record the time they begin and end their work, using Sauer Compressors USA, Inc.'s approved tracking system. Nonexempt employees will not get paid during their lunch period. Their lunch period will be a half hour or one hour in length and start at the time assigned by the employee's supervisor and can be modified at any time at the supervisor's discretion. They should also record any departure from work for personal reasons. **Overtime work must always be approved by the employee's supervisor before it is performed. Unapproved time will not be paid.**

All non-exempt employees can only track a maximum of 12 hours per day of travel for company related (non-billable) time. This is exempt for service related (billable) travel time. Service related (billable) time should be tracked as the exact time traveled.

If for any reason an employee's own time records show any sort of disparity from Sauer Compressors USA, Inc.'s time records or the workers' pay stubs, then the employee must report that disparity immediately and submit those records to Sauer Compressors USA, Inc. in order to ensure accurate wage payments.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

Nonexempt employees should report to work no more than 15 minutes prior to their scheduled starting time nor stay more than 15 minutes after their scheduled stop time without expressed, prior authorization from their supervisor.

It is the employees' responsibility to sign their time records to certify the accuracy of all time recorded. The supervisor will review and then initial the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing the time record.

403 Paydays

Effective Date: 11/1/2011

All employees are paid biweekly on every other Friday. Each paycheck will include earnings for all work performed through the end of the previous payroll period.

In the event that a regularly scheduled payday falls on a day off such as a holiday, employees will receive pay on the last day of work before the regularly scheduled payday.

Employees are encouraged to have their pay directly deposited into their bank accounts with advanced written authorization to Sauer Compressors USA, Inc. Employees will receive an itemized statement of wages when Sauer Compressors USA, Inc. makes direct deposits.

405 Employment Termination

Effective Date: 1/1/2021

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

- Resignation - voluntary employment termination initiated by an employee.
- Discharge - involuntary employment termination initiated by the organization.
- Layoff - involuntary employment termination initiated by the organization for nondisciplinary reasons.

Employee benefits will be affected by employment termination in the following manner. All vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance. Any bonus pay, commissions, incentives or additional compensation will be forfeited upon an employee's termination, whether voluntarily or involuntary. An employee must be employed on the day that annual bonuses are paid to the company to be eligible for compensation.

408 Pay Advances

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. does not provide pay advances on unearned wages to employees.

409 Administrative Pay Corrections

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

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

410 Pay Deductions and Setoffs

Effective Date: 11/1/2011

The law requires that Sauer Compressors USA, Inc. make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. Sauer Compressors USA, Inc. must also deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base". Sauer Compressors USA, Inc. matches the amount of Social Security taxes paid by each employee.

Eligible employees may voluntarily authorize deductions from their paychecks to cover the cost of any voluntary programs offered by your employer.

Pay setoffs are pay deductions taken by Sauer Compressors USA, Inc., usually to help pay off a debt or obligation to Sauer Compressors USA, Inc. or others and will be made where applicable in compliance with federal and state law.

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

480 Compensation

Effective Date: 6/20/17

It is the practice and policy of Sauer Compressors USA, Inc. to accurately compensate employees and to do so in compliance with all applicable state and federal laws.

Review Your Pay Check

We make every effort to ensure our employees are paid correctly. Occasionally, however, inadvertent mistakes can happen. When mistakes do happen, and are called to our attention, we will promptly make any corrections necessary. Please review your pay check when you receive it to make sure it is correct. If you believe a mistake has occurred, or you have any questions please use the reporting procedure outlined below.

Nonexempt Employees

If you are classified as a nonexempt employee, you must maintain a record of the total hours you work each day. You must accurately record your hours in accordance with Sauer Compressors USA, Inc.'s time keeping procedures. Your time record must accurately reflect all regular and overtime hours worked, any absences, late arrivals, early departures, and meal breaks. Employees are prohibited from performing any "off-the-clock" work. "Off-the-clock" work means work you may perform but fail to report. Any employee who fails to report or inaccurately reports any hours worked will be subject to disciplinary action, up to and including discharge.

It is a violation of company policy for any employee to falsify or alter his or her or another employee's time. It is also a serious violation of company policy for any employee or manager to instruct another employee to incorrectly or falsely report hours. If any manager or employee instructs you to: 1) incorrectly or falsely under- or over-report your hours worked; or 2) alter another employee's time records to inaccurately or falsely report that employee's hours worked, you should report it immediately to your supervisor.

Exempt Employees

If you are classified as an exempt, salaried employee, you will receive a set salary which is intended to compensate you for any hours you may work. This salary will be established at the time of hire or when you become classified as an exempt employee. The salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform. However, employees will be required to work the core hours of the business day defined as 830am to 4pm (8 hours per a day plus a 30 minute or 1 hour lunch period). Employees may adjust their schedules as approved by their manager as long as their weekly total is accurate. Any missing time should be reflected as sick or vacation time.

Under federal and state law, your salary is subject to certain deductions. For example, absent contrary state law requirements, your **salary** may be reduced for the following reasons:

- Full day absences for personal reasons,
- Full day absences for sickness or disability, if Sauer Compressors USA, Inc. has a sickness or disability policy that provides for wage replacement benefits and you have exhausted or have not yet accrued enough leave time.
- Full day disciplinary suspensions for infractions of our written policies and procedures.
- Family and Medical Leave absences (either full or partial day absences).
- To offset amounts received as payment for jury and witness fees or military pay.
- The first or last week of employment in the event you work less than a full week.

Your salary may also be reduced for certain types of deduction such as your portion of health, dental, or life insurance premiums; state, federal, or local taxes, social security or voluntary contributions to a 401(k) or pension plan.

Your **salary will not** be reduced for any of the following reasons:

- Partial day absences for personal reasons, sickness or disability.
- Absences for jury duty, attendance as a witness or military leave in any week in which you have performed any work.
- Any other deductions prohibited by state or federal law.

Please note, it is not an improper deduction to reduce an employee's accrued vacation, or other forms of paid time off from an employee's leave bank for full or partial day absences for personal reasons, or for sickness or disability if the employer has a sickness or disability policy that provides for wage replacement benefits.

Should you have any questions with respect to Sauer Compressors USA, Inc.'s policy, please contact your immediate supervisor.

To Report Concerns or Obtain More Information

If you have questions about deductions from your pay, please contact your supervisor. If you believe you have been subject to any improper deductions, you should immediately report the matter to your supervisor or any other supervisor in the company with whom you feel comfortable.

Every report will be fully investigated and corrective action will be taken where appropriate, up to and including discharge for any employee(s) who violate this policy. In addition, we will not allow any form of retaliation against individuals who report alleged violations of this policy or who cooperate in the investigation of such reports. Retaliation is unacceptable, and any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.

Please note that where state law is more generous to employees, the state law will be followed.

500 Safety

Effective Date: 11/1/2011

To assist in providing a safe and healthful work environment for employees, customers, and visitors, Sauer Compressors USA, Inc. has established a workplace safety program. This program is a top priority for Sauer Compressors USA, Inc. Its success depends on the alertness and personal commitment of all.

Sauer Compressors USA, Inc. provides information to employees about workplace safety and health issues through regular internal communication channels such as Safety Meetings, supervisor-employee meetings, bulletin board postings, memos, or other written communications.

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

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must comply with all occupational safety and health standards and regulations established by the Occupational Safety and Health Act and state and local regulations. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including suspension and/or termination of employment.

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

501 Personal Protective Equipment

Effective Date 03/1/2024

Employees should utilize proper personal protective equipment (PPE) to avoid workplace accidents. Sauer Compressors USA provides one hundred and fifty dollars (\$150) a year toward the purchase of steel toe boots, safety glasses, hearing protection and gloves for those who work in an environment of direct exposure where PPE is required. All other staff will be standard issued safety glasses and hearing protection by the Safety Manager. Employees should consult the Safety Manager for more information regarding proper PPE related to their job responsibilities. Receipts must be submitted to the Accounting Department for reimbursement.

Employees who require prescription safety glasses are eligible to order glasses online through SafeVision. The employee obtains and provides the eye prescription and Sauer Compressors USA will cover up to \$125 for the safety glasses. Employees should reach out to the Safety Manager for more information.

502 Work Schedules

Effective Date: 10/4/2021

The normal work schedule for all employees is 8 hours a day, 5 days a week (Monday through Friday) during the time period that covers "core hours" of 8:30 am to 4:00 pm. Employees may communicate with their managers to build their schedule with a start time from 7am through 8:30 am and an end time of 4:00 pm through 5:30 pm. Each employee is provided a half hour, or one hour unpaid lunch period daily. Each employee is entitled to one 15 minute break each morning and one 15 minute break each afternoon. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. Employees are required to utilize the time clock system and FOB in when they arrive each day and FOB out when they leave each evening. All employees are required to have at least 40 work hours recorded each week (plus their appropriate lunch period). Any time not worked during the week will require the employee to utilize Employee Leave Benefits with their supervisor's approval. Failure to properly utilize the time clock system as intended could lead to disciplinary action, up to and including termination of employment.

504 Use of Telephones

Effective Date: 11/16/2016

Employees may be required to reimburse Sauer Compressors USA, Inc. for any charges resulting from their personal use of the telephone.

To ensure effective telephone communications, employees should always use the approved greeting and speak in a courteous and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

See section 526, for "Cell Phone Usage".

505 Smoking/Vaping

Effective Date: 05/10/2023

In keeping with Sauer Compressors USA, Inc.'s intent to provide a safe and healthful work environment, the use of any tobacco product including cigarettes, smokeless tobacco and electronic cigarettes is prohibited inside the premises and in company vehicles. Outside locations that have been specifically designated as smoking/vaping areas may be utilized. In situations where the preferences of smokers and nonsmokers are in direct conflict, the preferences of nonsmokers will prevail. This policy applies equally to all employees, customers, and visitors.

The two authorized breaks noted in section 502, can be utilized as “smoke breaks”. Anything in addition to these two breaks and the employee’s lunch period, is not authorized by Sauer Compressors USA, Inc. Violations of any smoking policy will lead to disciplinary action, up to and including termination of employment.

506 Marijuana Use

Effective Date: 05/10/2023

Employees are prohibited from reporting to work or working while under the influence of marijuana, which can adversely affect their ability to safely and effectively perform their job duties. Employees are further prohibited from consuming, smoking, or otherwise ingesting marijuana during work hours, including during meal and rest breaks, and while attending any company-sponsored work functions.

Sauer Compressors USA doesn't accommodate the medical use of marijuana in the workplace. Employees, including state-authorized medical marijuana users, are prohibited from using marijuana while at work.

507 Overtime

Effective Date: 11/16/2016

When operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. When possible, advance notification of these mandatory assignments will be provided. In all situations, every attempt will be made to accommodate the employees’ personal schedules, however if overtime work is a necessity as determined by the department supervisor, it cannot be refused. **All overtime work must receive the supervisor's prior authorization.** Overtime assignments will be distributed as equitably as practical to all employees qualified to perform the required work.

Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time off on sick, or vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

508 Use of Equipment and Vehicles

Effective Date: 11/16/2016

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

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

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

Service Vehicles are to be used for service jobs only. Any vehicle requirement outside of the normal responsibilities of the service department needs prior approval by the Service Manager and COO.

When rental cars are needed, please note that all cars rented in Mexico and Central America require the purchase of car insurance from the rental company. However, this is not required in the United States and Canada. Our own policy protects us from any unforeseen issues in those countries.

510 Emergency Closings

Effective Date: 11/16/2016

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

When operations are officially closed due to emergency conditions, the time off from scheduled work will be paid. The President & CEO, or his designated Executive, are the only employees who have authority to close the business or any department. If employees do not hear from the designated Executive directly or their supervisor, business is open. If an employee is not comfortable with driving in bad winter conditions, that employee can use their discretion and stay home without prior approval when those days exist, however employees will have to use vacation time for their absence. If an employee does choose to stay home, they **MUST CALL** and speak directly with their supervisor. If the supervisor is not immediately available, the employee is required to leave a message and is still required to call back and **SPEAK** with them. This is the same policy as with any "Sick" day "call in".

In cases where an emergency closing is not authorized, employees who fail to report for work will not be paid for the time off. Employees may request available paid leave time such as unused vacation benefits. In some instances, compensation days may be issued at management's

discretion for those who did report for work instead of requiring non-reporting employees to use paid leave time.

Employees in essential operations may be asked to work on a day when operations are officially closed. In these circumstances, employees who work will receive regular pay or a compensatory day.

512 Business Travel Expenses

Effective Date: 11/16/2016

Sauer Compressors USA, Inc. will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by the CEO, VP of Operations, National Sales Manager, or Service Manager. Company credit cards should be used whenever possible.

Travel Arrangements

Employees whose travel plans have been approved should make all travel arrangements through Sauer Compressors USA, Inc.'s designated travel agency.

Employees should make reservations as early as possible to take advantage of advance purchase discounts. Last minute travel arrangements should be avoided whenever possible.

Air travel, lodging and car rental reservations, including in route changes, must be booked through the authorized agent, Travel Masters (subject to change at Management's discretion).

Office Hours: 9am – 5pm EST Monday – Friday (Weekends –Email/Voicemail)

Address: 1 Lone Pine Drive 230, Berkeley Heights, NJ 07922

Phone: 516-508-6463

Email: kay.travelmasters@pipeline.com

Travel Expenses

When approved, the actual costs of travel, lodging, and other expenses directly related to accomplishing business travel objectives will be paid for with company credit card or reimbursed by Sauer Compressors USA, Inc. after a detailed expense report with accompanying receipts is completed by the employee and approved by the employee's supervisor. Employees are expected to limit expenses to reasonable amounts.

Lodging

Per Diem is only valid for Service Technician travel on Service jobs. Any travel unrelated to direct Service work is handled as it would be for any other employee. Sauer USA will reimburse the cost of standard accommodations in low to mid-priced hotels, motels, or similar lodgings. The cost of the lodging should not exceed the Max Per Diem Lodging Rate of the area being traveled to as set forth by the U.S. General Services Administration (GSA), which can be found on the internet at <http://www.gsa.gov>.

Reservations can be made for low to mid-priced hotels, motels, or similar lodgings if these rates exceed the Max Per Diem Lodging Rate if approved by the employee's supervisor prior to the travel. Lodging should be convenient to the work site as to minimize the daily commuting time and costs associated with traveling back and forth.

There are many factors to take into consideration and each employee must use discretion in making the most economical selection for the company. If excessive travel distances to the work sites exist and other closer options are available, the additional travel time could be considered as unpaid time as per the discretion of your supervisor.

Company credit cards should be used when booking the lodging whenever possible.

Meals

Employees who represent the organization in a customer facing position may choose to engage in business courtesies with customers, including providing meals or entertainment during a business meeting or event. Employees should exercise prudence to provide reasonable and appropriate courtesies. Additionally, receipts should accompany any of these expenses, or the individual will be required to reimburse the company for such expenses placed on a company credit card. Employees in sales or business development roles must have customer call logs that accompany such business dinners and activities.

Per Diem is only valid for Service Technician travel on Service jobs. Any travel unrelated to direct Service work is handled as it would be for any other employee. Employees will be reimbursed the current Meals and Incidental Rate (M&IE) rate of the area being traveled to as set forth by the U.S. General Services Administration (GSA), which can be found on the internet at <http://www.gsa.gov>. There are two options that an employee can be reimburse this M&IE rate per a trip:

1. Employee can be reimbursed this amount once the travel has been completed and the proper expense report has been submitted and approved by their supervisor.
2. The employee can receive a cash advance not to exceed (5) days of the M&IE rate (unless approved by their supervisor) of the area being traveled to as set forth by the GSA prior to the travel. The employee would have to reimburse the remaining M&IE of the cash advance upon submittal of the expense report for each day not used.

Expenses that generally will be reimbursed include the following:

- Airfare or train fare for travel in coach or economy class or the lowest available fare.
- Car rental fees, only for compact or mid-sized cars (or larger if approved by your supervisor).
- Rental car insurance - please note that all cars rented in Mexico and Central America require the purchase of car insurance from the rental company. This is not required in the United States and Canada.
- Fares for shuttle or airport bus service, where available; costs of public transportation for other ground travel.

- Taxi fares, only when there is no less expensive alternative.
- Mileage costs for use of personal cars, only when less expensive transportation is not available.
- Tips not exceeding 15% of a taxi fare.
- Charges for telephone calls, fax, and similar services required for business purposes.
- Charges for laundry and valet services, only on trips of five or more days. (Personal entertainment and personal care items are not reimbursed.)

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased, or rented by Sauer Compressors USA, Inc. may not be used for personal use without prior approval.

Cash advances to cover reasonable anticipated expenses may be made to employees, after travel has been approved. Employees should submit a written request to their supervisor when travel advances are needed.

When travel is completed, employees should submit completed travel expense reports within 3 days. Reports should be accompanied by receipts for all individual expenses.

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

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

514 Visitors in the Workplace

Effective Date: 11/1/2011

To provide for the safety and security of employees and the facilities at Sauer Compressors USA, Inc., only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

All visitors should enter Sauer Compressors USA, Inc. at the main entrance of 235 Log Canoe Circle. Authorized visitors must sign in with the receptionist and will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors.

If an unauthorized individual is observed on Sauer Compressors USA, Inc.'s premises, employees should immediately notify the FSO or their supervisor and direct the individual to the main entrance.

516 Computer and Email Usage

Effective Date: 11/1/2011

Computers, computer files, the email system, and software furnished to employees are Sauer Compressors USA, Inc. property intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and email usage may be monitored.

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

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

Email may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other nonbusiness matters.

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

Employees may only use software on local area networks or on multiple machines according to the software license agreement. Sauer Compressors USA, Inc. prohibits the illegal duplication of software and its related documentation.

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

517 Internet Usage

Effective Date: 11/1/2011

Internet access to global electronic information resources on the World Wide Web is provided by Sauer Compressors USA, Inc. to assist employees in obtaining work-related data and technology. The following guidelines have been established to help ensure responsible and productive Internet usage.

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

The equipment, services, and technology provided to access the Internet remain at all times the

property of Sauer Compressors USA, Inc. As such, Sauer Compressors USA, Inc. reserves the right to monitor Internet traffic, and retrieve and read any data composed, sent, or received through our online connections and stored in our computer systems.

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

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

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

- Sending or posting discriminatory, harassing, or threatening messages or images
- Using the organization's time and resources for personal gain
- Stealing, using, or disclosing someone else's code or password without authorization
- Copying, pirating, or downloading software and electronic files without permission
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- Violating copyright law
- Failing to observe licensing agreements
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- Sending or posting messages or material that could damage the organization's image or reputation
- Participating in the viewing or exchange of pornography or obscene materials
- Sending or posting messages that defame or slander other individuals
- Attempting to break into the computer system of another organization or person
- Refusing to cooperate with a security investigation
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
- Using the Internet for political causes or activities, religious activities, or any sort of gambling
- Jeopardizing the security of the organization's electronic communications systems
- Sending or posting messages that disparage another organization's products or services
- Passing off personal views as representing those of the organization

- Sending anonymous email messages
- Engaging in any other illegal activities

518 Workplace Monitoring

Effective Date: 11/1/2011

Workplace monitoring may be conducted by Sauer Compressors USA, Inc. to ensure quality control, employee safety, security, and customer satisfaction.

Employees who regularly communicate with customers via the telephone may have their conversations monitored or recorded. Telephone monitoring is used to identify and correct performance problems through targeted training. Improved job performance enhances our customers' image of Sauer Compressors USA, Inc. as well as their satisfaction with our service.

Computers furnished to employees are the property of Sauer Compressors USA, Inc. As such, computer usage and files, including e-mail usage and related files, may be monitored or accessed.

Because Sauer Compressors USA, Inc. is sensitive to the legitimate privacy rights of employees, every effort will be made to conduct workplace monitoring in an ethical and respectful manner.

519 Social Security Number Privacy

Effective Date: 11/1/2011

Officers and employees are permitted to access and use certain personal information, such as Social Security Numbers, only as necessary and appropriate for such persons to carry out their assigned tasks for Sauer Compressors USA, Inc. and in accordance with Sauer Compressors USA, Inc.'s policy.

The unauthorized access, viewing, use, disclosure, or the intentional public display of such information and the unauthorized removal of documents from Sauer Compressors USA, Inc.'s premises that contain social security number information is prohibited and can result in discipline up to and including termination of employment.

If you come into contact with Social Security Numbers or other sensitive personal information without authorization from Sauer Compressors USA, Inc. or under circumstances outside of your assigned tasks, you may not use or disclose the information further, but must contact your supervisor and turn over to him or her all copies of the information in whatever form.

When necessary, documents containing social security information will be properly destroyed through shredding or other means prior to disposal to ensure confidential social security information is not disclosed.

For more information about whether and under what circumstances you may have access to this information, review your job description or contact your supervisor.

521 Social Networking and Blogging

Effective Date: 11/1/2011

To protect Sauer Compressors USA, Inc.'s interests, employees must adhere to the following rules:

Employees may not post on a blog or social networking site during their working time or at any time using Sauer Compressors USA, Inc. equipment or property. The Sauer Compressors USA, Inc.'s electronic communication systems are for business use only.

If an employee identifies himself or herself as an employee of the Sauer Compressors USA, Inc. on any social networking site, the communication must include a disclaimer that the views expressed do not necessarily reflect the views of the Sauer Compressors USA, Inc. management.

All rules regarding confidential business information apply in full to blogs and social networking sites. Any information that cannot be disclosed through a conversation, a note or an e-mail also cannot be disclosed on a blog or social networking site. The transmission of confidential or proprietary information without the permission of the Sauer Compressors USA, Inc. is prohibited.

If you mention the Sauer Compressors USA, Inc. in a blog or elsewhere in online social media, or it is reasonably clear you are referring to Sauer Compressors USA, Inc. or a position taken by Sauer Compressors USA, Inc., and also express a political opinion or an opinion regarding the Sauer Compressors USA, Inc.'s positions, actions, or products, the post must specifically disclose your relationship with the Sauer Compressors USA, Inc. and note that the opinion expressed is your personal opinion and not the Sauer Compressors USA, Inc.'s position.

Any conduct which is impermissible under the law if expressed in any other form or forum is impermissible if expressed through a social networking site. For example, posted material that is discriminatory, defamatory, libelous or malicious is forbidden. The Sauer Compressors USA, Inc.'s policies, including but not limited to the Equal Employment Opportunity, Sexual Harassment, Harassment and Workplace Violence policies, apply equally to employee comments on social networking sites even if done on nonworking time. Employees are encouraged to review those sections of the Handbook for further guidance.

522 Workplace Violence Prevention

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, Sauer Compressors USA, Inc. has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. Firearms, weapons, and other dangerous or hazardous

devices or substances are prohibited from the premises of Sauer Compressors USA, Inc. unless contrary to state law.

Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's protected status.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to a supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance near your work station, do not try to intercede or see what is happening.

Sauer Compressors USA, Inc. will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of its investigation, Sauer Compressors USA, Inc. may suspend employees, either with or without pay, pending investigation.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including suspension or termination of employment.

526 Cell Phone Usage

Effective Date: 11/16/2016

If you are provided a cellular phone by Sauer Compressors USA, Inc. ("Company Cellular Phone"), it is provided to you as a business tool. Company Cellular Phones are provided to assist employees in communicating with management and other employees, their Sauer Compressors USA, Inc. associates, and others with whom they may conduct business. Company Cellular Phone use is intended for business-related calls primarily and personal calls as necessary. Company Cellular Phone invoices and text messages may be regularly monitored to ensure compliance with this policy.

Whether the cellular phone is provided by Sauer Compressors USA, Inc. or the employee is using his or her own phone, employees who have access to a cell phone while in their cars should remember that their primary responsibility is driving safely and obeying the rules of the road. Employees are prohibited from using cell phones to conduct business while driving and should safely pull off the road and come to a complete stop before dialing or talking on the phone or writing, sending, or reading a text-based communication.

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

All Employees will also be required to read, understand, and abide by Sauer Compressors USA, Inc.'s "Mobile Device Use and Security Policy".

601 Family and Medical Leave of Absence (FMLA)

Effective Date: 11/1/2011

The Leave Policy

Employees may be entitled to a leave of absence under the Family and Medical Leave Act (FMLA). This policy provides employees information concerning FMLA entitlements and obligations employees may have during such leaves. If employees have any questions concerning FMLA leave, they should contact their supervisor to gain the necessary information for their employee.

I. Employees Eligible for FMLA Leave

FMLA leave is available to "eligible employees". To be an "eligible employee", an employee must: (1) have been employed by the Company for at least 12 months (which need not be consecutive); (2) have been employed by the Company for at least 1250 hours of service during the 12 month period immediately preceding the commencement of the leave; and (3) be employed at a worksite where 50 or more employees are located within 75 miles of the worksite.

The determination of whether an employee has worked for the Company for at least 1,250 hours in the past 12 months and has been employed by the Company for a total of at least 12 months must be made as of the date the FMLA leave is to start. If employees are on "non-FMLA leave" at the time they meet the FMLA eligibility requirements, only that portion of leaves taken for FMLA-qualifying reasons after they meet the FMLA eligibility requirements would be designated as "FMLA leave."

Whether 50 employees are employed within 75 miles to ascertain an employee's eligibility for FMLA benefits is determined when the employee gives notice of the need for leave. Whether the leave is to be taken at one time or on an intermittent or reduced leave schedule basis, once an employee is determined eligible for a particular leave, the employee's eligibility for that specific leave is not affected by any subsequent change in the number of employees employed at or within 75 miles of the employee's worksite.

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 must notify the employee of the employee's eligibility to take FMLA leave within five business days, absent extenuating circumstances. Employee eligibility is determined (and notice will be provided) at the commencement of the first instance of leave for each FMLA-qualifying reason in the applicable 12-month period. All FMLA absences for the same qualifying reason are considered a single leave and employee eligibility as to that reason for leave does not change during the applicable 12-month period.

II. Employee Entitlements for FMLA Leave

As described below, the FMLA provides eligible employees with a right to leave, health insurance benefits and, with some limited exceptions, job restoration. The FMLA also entitles employees to certain written notices concerning their potential eligibility for and designation of FMLA leave.

A. Basic FMLA Leave Entitlement

The FMLA provides eligible employees up to 12 work weeks of unpaid leave for certain family and medical reasons during a 12 month period. The 12 month period is determined by applicable state laws. Leave may be taken for any one, or for a combination, of the following reasons:

- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son, daughter or parent (but not in-law) who has a **serious health condition**;
- For the employee's own **serious health condition** (including any period of incapacity due to pregnancy, prenatal medical care or childbirth) that makes the employee unable to perform one or more of the essential functions of the employee's job; and/or
- Because of any **qualifying exigency** arising out of the fact that an employee's spouse, son, daughter or parent is a covered military member on covered active duty or has been notified of an impending call or order to covered active duty status in the armed forces.

A **serious health condition** is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

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.

B. Additional Military Family Leave Entitlement (Injured Servicemember Leave)

In addition to the basic FMLA leave entitlement discussed above, an eligible employee who is the spouse, son, daughter, parent or next of kin of a **covered servicemember** or **covered veteran** is entitled to take up to 26 weeks of leave during a single 12-month period to care for the service member with a serious injury or illness.

Leave to care for a covered servicemember or veteran shall only be available during a single-12 month period and, when combined with other FMLA-qualifying leave, may not exceed 26 weeks during the single 12-month period. The single 12-month period begins on the first day an eligible employee takes leave to care for the injured servicemember.

When, during the “single 12-month period”, leave qualifies as both leave to care for a covered servicemember or veteran and leave to care for a family member with a serious health condition, the Company will designate such leave as leave to care for a covered servicemember or veteran in the first instance and such leave shall not be designated and counted as both leave to care for a covered servicemember or veteran and leave to care for a family member with a serious health condition. As is the case with other FMLA leave, the Company may retroactively designate leave as leave to care for a covered servicemember or veteran.

A “**covered servicemember**” means a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is on the temporary retired list, for a serious injury or illness. A covered servicemember would have a serious injury or illness if he/she has incurred an injury or illness that was incurred by the member in line of duty on active duty in the Armed Forces (or existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating.

A “**covered veteran**” means a veteran who is undergoing medical treatment, recuperation, or therapy, for a serious injury or illness 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 5 years preceding the date on which the veteran undergoes that medical treatment, recuperation, or therapy. A covered veteran would have a serious injury or illness if he/she has incurred a qualifying injury or illness in line of duty on active duty in the Armed Forces (or existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that manifested itself before or after the member became a veteran.

Spouses Employed by the Same Worksite Employer

Spouses employed by the same Worksite Employer are limited to a combined total of 26 workweeks in a single 12-month period if the leave is to care for a covered servicemember or veteran with a serious injury or illness, and to a combined total of 12 workweeks in a 12-month period if the leave is taken for the birth and care of a newborn child, for placement of a child for adoption or foster care, or to care for a parent who has a serious health condition.

C. Intermittent Leave and Reduced Leave Schedules

FMLA leave usually will be taken for a period of consecutive days, weeks or months. However, employees also are entitled to take FMLA leave intermittently or on a reduced leave schedule when medically necessary due to a serious health condition of the employee or covered family member or the serious injury or illness of a covered servicemember.

D. Protection of Group Health Insurance Benefits

During FMLA leave, eligible employees are entitled to receive group health plan coverage on the same terms and conditions as if they had continued to work.

E. Restoration of Employment and Benefits

At the end of FMLA leave, subject to some exceptions including situations where job restoration of “key employees” will cause the Company substantial and grievous economic injury, employees generally have a right to return to the same or equivalent positions with equivalent pay, benefits and other employment terms. The Company will notify employees if they qualify as “key employees”, if it intends to deny reinstatement, and of their rights in such instances. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of an eligible employee’s FMLA leave.

F. Notice of Eligibility for, and Designation of, FMLA Leave

Employees requesting FMLA leave are entitled to receive written notice from the Company telling them whether they are eligible for FMLA leave and, if not eligible, the reasons why they are not eligible. When eligible for FMLA leave, employees are entitled to receive written notice of: 1) their rights and responsibilities in connection with such leave; 2) the Company’s designation of leave as FMLA-qualifying or non-qualifying, if not FMLA-qualifying, the reasons why; and 3) the amount of leave, if known, that will be counted against the employee’s leave entitlement.

The Company may retroactively designate leave as FMLA leave with appropriate written notice to employees provided the Company’s failure to designate leave as FMLA-qualifying at an earlier date did not cause harm or injury to the employee. In all cases where leaves qualify for FMLA protection, the Company and employee can mutually agree that leave be retroactively designated as FMLA leave.

III. Employee FMLA Leave Obligations

A. Provide Notice of the Need for Leave

Employees who take FMLA leave must timely notify the Company of their need for FMLA leave. The following describes the content and timing of such employee notices.

1. Content of Employee Notice

To trigger FMLA leave protections, employees must inform the Company of the need for FMLA-qualifying leave and the anticipated timing and duration of the leave, if known. Employees may do this by either requesting FMLA leave specifically, or explaining the reasons for leave so as to allow the Company to determine that the leave is FMLA-qualifying. For example, employees might explain that:

- a medical condition renders them unable to perform the functions of their job;
- they are pregnant or have been hospitalized overnight;
- they or a covered family member are under the continuing care of a

- health care provider;
- the leave is due to a qualifying exigency cause by a covered military member being on active duty or called to active duty status; or
- if the leave is for a family member, that the condition renders the family member unable to perform daily activities or that the family member is a covered servicemember with a serious injury or illness.

Calling in “sick,” without providing the reasons for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to the Company’s questions to determine if absences are potentially FMLA-qualifying. If employees fail to explain the reasons for FMLA leave, the leave may be denied. When employees seek leave due to FMLA-qualifying reasons for which the Company has previously provided FMLA-protected leave, they must specifically reference the qualifying reason for the leave or the need for FMLA leave.

2. Timing of Employee Notice

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, or the approximate timing of the need for leave is not foreseeable, employees must provide the Company notice of the need for leave as soon as practicable under the facts and circumstances of the particular case. Employees who fail to give 30 days notice for foreseeable leave without a reasonable excuse for the delay, or otherwise fail to satisfy FMLA notice obligations, may have FMLA leave delayed or denied.

Employees must also follow the Company’s usual and customary notice and procedural requirements when requesting FMLA leave, absent unusual circumstances. Those requirements include: One month advance written notice and bi-weekly updates to their supervisor while absent from work. If employees fail to comply with these requirements, and no unusual circumstances justify the failure to comply, FMLA leave may be delayed or denied provided that employees have not otherwise provided timely notice as required by the FMLA regulations.

B. Cooperate in the Scheduling of Planned Medical Treatment (Including Accepting Transfers to Alternative Positions) and Intermittent Leave or Reduced Leave Schedules

When planning medical treatment, employees must consult with the Company and make a reasonable effort to schedule treatment so as not to unduly disrupt the Company’s operations, subject to the approval of an employee’s health care provider. Employees must consult with the Company prior to the scheduling of treatment to work out a treatment schedule which best suits the needs of both the Company and the employees, subject to the approval of an employee’s health care provider. If employees providing notice of the need to take FMLA leave on an intermittent basis for planned medical treatment neglect to fulfill this obligation, the Company may require employees to attempt to make such arrangements,

subject to the approval of the employee's health care provider.

When employees take intermittent or reduced work schedule leave for foreseeable planned medical treatment for the employee or a family member, including during a period of recovery from a serious health condition or to care for a covered servicemember, the Company may temporarily transfer employees, during the period that the intermittent or reduced leave schedules are required, to alternative positions with equivalent pay and benefits for which the employees are qualified and which better accommodate recurring periods of leave.

When employees seek intermittent leave or a reduced leave schedule for reasons unrelated to the planning of medical treatment, upon request, employees must advise the Company of the reason why such leave is medically necessary. In such instances, the Company and employee shall attempt to work out a leave schedule that meets the employee's needs without unduly disrupting the Company's operations, subject to the approval of the employee's health care provider.

C. Submit Medical Certifications Supporting Need for FMLA Leave (Unrelated to Requests for Military Family Leave)

Depending on the nature of FMLA leave sought, employees may be required to submit medical certifications supporting their need for FMLA-qualifying leave. As described below, there generally are three types of FMLA medical certifications: an **initial certification**, a **recertification**, and a **return to work/fitness for duty certification**.

It is the employee's responsibility to provide the Company with timely, complete and sufficient medical certifications. Whenever the Company requests employees to provide FMLA medical certifications, employees must provide the requested certifications within 15 calendar days after the Company's request, unless it is not practicable to do so despite an employee's diligent, good faith efforts. The Company shall inform employees if submitted medical certifications are incomplete or insufficient and provide employees at least seven calendar days to correct deficiencies. The Company will deny FMLA leave to employees who fail to timely cure deficiencies or otherwise fail to timely submit requested medical certifications.

With the employee's permission, the Company (through individuals other than an employee's direct supervisor) may contact the employee's health care provider to authenticate or clarify completed and sufficient medical certifications. If employees choose not to provide the Company with authorization allowing it to clarify or authenticate certifications with health care providers, the Company may deny FMLA leave if certifications are unclear.

Whenever the Company deems it appropriate to do so, it may waive its right to receive timely, complete and/or sufficient FMLA medical certifications.

1. Initial Medical Certifications

Employees requesting leave because of their own, or a covered relation's, serious health condition, or to care for a covered servicemember, must

supply medical certification supporting the need for such leave from their health care provider or, if applicable, the health care provider of their covered family or service member. If employees provide at least 30 days notice of medical leave, they should submit the medical certification before leave begins. A new initial medical certification will be required on an annual basis for serious medical conditions lasting beyond a single leave year.

If the Company has reason to doubt initial medical certifications, it may require employees to obtain a second opinion at the Company's expense. If the opinions of the initial and second health care providers differ, the Company may, at its expense, require employees to obtain a third, final and binding certification from a health care provider designated or approved jointly by the Company and the employee.

The Company shall provide employees with copies of second or third medical opinions, upon request by employees. Requested copies shall be provided to employees within five business days unless extenuating circumstances prevent such action.

The Company will reimburse employees or family members for any reasonable "out of pocket" travel expenses incurred to obtain second or third medical opinions. Except in very rare circumstances, the Company will not require employees or family members to travel outside normal commuting distance for purposes of obtaining second or third medical opinions.

2. Medical Recertifications

Depending on the circumstances and duration of FMLA leave, the Company may require employees to provide recertification of medical conditions giving rise to the need for leave. The Company will notify employees if recertification is required and will give employees at least 15 calendar days to provide medical recertification.

Generally, the Company may request medical certification no more often than every thirty days and only in connection with an employee's absence. If medical certification indicates the minimum duration of the condition is more than 30 days, the Company will wait until that minimum duration expires before requesting medical recertification. In all cases, the Company may request recertification of a medical condition every six months in connection with an employee's absence.

The Company may request certification in less than 30 days, or before the minimum duration of the condition has elapsed, if: a) employees request extensions of leaves; b) circumstances described by the previous certification have changed significantly (e.g., the duration or frequency of the absence, the nature or severity of the illness, complications, etc.); or c) the Company receives information casting doubt upon an employee's stated reason for the absence or the continuing validity of a certification.

3. Return to Work/Fitness for Duty Medical Certifications

Unless notified that providing such certifications is not necessary, employees returning to work from FMLA leaves that were taken because of their own serious health conditions that made them unable to perform their jobs must provide the Company medical certification confirming they are able to return to work and the employees' ability to perform the essential functions of the employees' position, with or without reasonable accommodation. The Company may delay and/or deny job restoration until employees provide return to work/fitness for duty certifications.

D. Submit Certifications Supporting Need for Military Family Leave

Upon request, the first time employees seek leave due to qualifying exigencies arising out of the active duty or call to active duty status of a covered military members, the Company may require employees to provide: 1) a copy of the covered military member's active duty orders or other documentation issued by the military indicating the covered military member is on active duty or call to active duty status and the dates of the covered military member's active duty service; and 2) a certification from the employee setting forth information concerning the nature of the qualifying exigency for which leave is requested. Employees shall provide a copy of new active duty orders or other documentation issued by the military for leaves arising out of qualifying exigencies arising out of a different active duty or call to active duty status of the same or a different covered military member.

When leave is taken to care for a covered service member with a serious injury or illness, the Company may require employees to obtain certifications completed by an authorized health care provider of the covered service member. In addition, and in accordance with the FMLA regulations, the Company may request that the certification submitted by employees set forth additional information provided by the employee and/or the covered service member confirming entitlement to such leave.

E. Substitute Paid Leave for Unpaid FMLA Leave

Employees must use any accrued paid time while taking unpaid FMLA leave. The substitution of paid time for unpaid FMLA leave time does not extend the length of FMLA leaves and the paid time will run concurrently with an employee's FMLA entitlement.

Leaves of absence taken in connection with a disability leave plan or workers' compensation injury/illness shall run concurrently with any FMLA leave entitlement. Upon written request, the Company will allow employees to use accrued paid time to supplement any paid disability benefits.

F. Pay Employee's Share of Health Insurance Premiums

As noted above, during FMLA leave, employees are entitled to continued group health plan coverage under the same conditions as if they had continued to work.

Unless the Company notifies employees of other arrangements, whenever employees are receiving pay from the Company during FMLA leave, the Company will deduct the employee portion of the group health plan premium from the employee's paycheck in the same manner as if the employee was actively working. If FMLA leave is unpaid, employees must pay their portion of the group health premium through regular bi-weekly garnishments once they return to work.

If employees do not return to work within 30 calendar days at the end of the leave period, they will be required to reimburse the Company for the cost of the premiums the Company paid for maintaining coverage during their unpaid FMLA leave.

G. Report Periodically Concerning Intent to Return to Work

Employees must contact the Company every two weeks regarding their status and intention to return to work at the end of the FMLA leave period. If an employee's anticipated return to work date changes and it becomes necessary for the employee to take more or less leave than originally anticipated, the employee must provide the Company with reasonable notice (i.e., within 2 business days) of the employee's changed circumstances and new return to work date. If employees give the Company unequivocal notice of their intent not to return to work, the Company's obligation to maintain health benefits (subject to COBRA requirements) and to restore their positions cease.

IV. Coordination of FMLA Leave with Other Leave Policies

The FMLA does not affect any federal, state or local law prohibiting discrimination, or supersede any State or local law which provides greater family or medical leave rights. For additional information concerning leave entitlements and obligations that might arise when FMLA leave is either not available or exhausted, please consult the Company's other leave policies in this handbook or contact Human Resources.

V. Questions and/or Complaints about FMLA Leave

If you have questions regarding this FMLA policy, please contact Human Resources. The Company is committed to complying with the FMLA and, whenever necessary, shall interpret and apply this policy in a manner consistent with the FMLA.

The FMLA makes it unlawful for employers to: 1) interfere with, restrain, or deny the exercise of any right provided under FMLA; or 2) discharge or discriminate against any person for opposing any practice made unlawful by FMLA or involvement in any proceeding under or relating to FMLA. If employees believe their FMLA rights have been violated, they should contact the Human Resources Department immediately. The Company will investigate any FMLA complaints and take prompt and appropriate remedial action to address and/or remedy any FMLA violation. Employees also may file FMLA complaints with the United States Department of Labor or may bring private lawsuits alleging FMLA violations. **Additional Definitions:**

“Spouse” means a husband or wife as defined or recognized under State law for purposes of marriage in the State where the employee resides, including common law marriage in States where it is recognized.

“Parent” means a biological, adoptive, step or foster father or mother, or any other individual who stood in loco parentis to the employee when the employee was a son or daughter as defined in paragraph (c) of this section. This term does not include parents “in law.”

“Son or daughter” means, for purposes of FMLA leave taken for birth or adoption, or to care for a family member with a serious health condition, a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis, who is either under age 18, or age 18 or older and “incapable of self-care because of a mental or physical disability” at the time that FMLA leave is to commence.

“Incapable of self-care” means that the individual requires active assistance or supervision to provide daily self-care in three or more of the “activities of daily living” (ADLs) or “instrumental activities of daily living” (IADLs). Activities of daily living include adaptive activities such as caring appropriately for one’s grooming and hygiene, bathing, dressing and eating. Instrumental activities of daily living include cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, using telephones and directories, using a post office, etc.

“Physical or mental disability” means a physical or mental impairment that substantially limits one or more of the major life activities of an individual. Regulations at 29 CFR 1630.2(h), (i), and (j), issued by the Equal Employment Opportunity Commission under the Americans with Disabilities Act (ADA), 42 U.S.C. 12101 et seq., define these terms.

Persons who are **“in loco parentis”** include those with day-to-day responsibilities to care for and financially support a child, or, in the case of an employee, who had such responsibility for the employee when the employee was a child. A biological or legal relationship is not necessary.

“Adoption” means legally and permanently assuming the responsibility of raising a child as one’s own. The source of an adopted child (e.g., whether from a licensed placement agency or otherwise) is not a factor in determining eligibility for FMLA leave. [See FMLA Regs. § 825.121 for rules governing leave for adoption]

“Foster care” is 24-hour care for children in substitution for, and away from, their parents or guardian. Such placement is made by or with the agreement of the State as a result of a voluntary agreement between the parent or guardian that the child be removed from the home, or pursuant to a judicial determination of the necessity for foster care, and involves agreement between the State and foster family that the foster family will take care of the child. Although foster care may be with relatives of the child, State action is involved in the removal of the child from parental custody.

“Son or daughter on active duty or call to active duty status” means the employee’s biological, adopted, or foster child, stepchild, legal ward, or a child for whom the employee stood in loco parentis, who is on active duty or call to active duty status, and who is of any age.

“Son or daughter of a covered servicemember” means the servicemember’s biological, adopted, or foster child, stepchild, legal ward, or a child for whom the servicemember stood in loco parentis, and who is of any age.

“Parent of a covered servicemember” means a covered servicemember’s biological, adoptive, step or foster father or mother, or any other individual who stood in loco parentis to the covered servicemember. This term does not include parents “in law.”

“Next of kin of a covered servicemember” means the nearest blood relative other than the covered servicemember’s spouse, parent, son, or daughter, in the following order of priority: blood relatives who have been granted legal custody of the covered servicemember by court decree or statutory provisions, brothers and sisters, grandparents, aunts and uncles, and first cousins, unless the covered servicemember has specifically designated in writing another blood relative as his or her nearest blood relative for purposes of military caregiver leave under the FMLA. When no such designation is made, and there are multiple family members with the same level of relationship to the covered servicemember, all such family members shall be considered the covered servicemember’s next of kin and may take FMLA leave to provide care to the covered servicemember, either consecutively or simultaneously. When such designation has been made, the designated individual shall be deemed to be the covered servicemember’s only next of kin.

"Health Care Provider" means: (1) A doctor of medicine or osteopathy who is authorized to practice medicine or surgery (as appropriate) by the State in which the doctor practices; (2) podiatrists, dentists, clinical psychologists, optometrists, chiropractors (limited treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by x-Ray to exist) authorized to practice under the State law and performing within the scope of their practice as defined by State law; (3) nurse practitioners, nurse-midwives, clinical social workers and physician assistants authorized under State law and performing within the scope of their practice as defined by State law; (4) Christian Science practitioners (may be required to submit to second or third certification through examination - not treatment of a health care provider); (5) any other health care provider from whom the employer or the employee's group health plan benefits manager will accept certification of the existence of a serious health condition to substantiate a claim for benefits; and (7) a health care provider who practices in a country other than the United States who is authorized to practice in accordance with the laws of that country and is performing within the scope of his or her practice as defined under such law.

For purposes of leave taken to care for a covered servicemember, any one of the following health care providers may complete such a certification: (1) a United States Department of Defense (“DOD”) health care provider; (2) a United States Department of Veterans Affairs (“VA”) health care provider; (3) a DOD TRICARE network authorized private health care provider; or (4) a DOD non-network TRICARE authorized private health care provider.

604 Civil Air Patrol and Emergency Response Leave

Effective Date: 06/1/2025

Sauer Compressors USA provides eligible employees who serve as Civil Air Patrol members with up to fifteen (15) days of unpaid leave when necessary to serve. Employees must give as much notice as possible with the expected duration of the leave and include certification from the civil air patrol authority. Employees may choose to use earned available vacation time for leave under this policy.

605 Military Leave

Effective Date: 01/4/2013

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable.

The leave will be unpaid. However, employees may use any available paid time off for the absence.

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

Employees on military leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws.

Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service.

607 Pregnancy-Related Absences

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. will not discriminate against any employee who requests an excused absence for medical disabilities associated with pregnancy. Such leave requests will be evaluated according to the medical leave policy provisions outlined in this Employee Handbook and all applicable federal and state laws.

Requests for time off associated with pregnancy and/or childbirth, such as bonding and child care, not related to medical disabilities for those conditions will be considered in the same manner as other requests for unpaid family or personal leave.

608 Lactation Accommodations

Effective Date: 06/1/2025

Sauer Compressors USA, Inc. will provide a reasonable amount of break time to accommodate biological female employees who wish to express breast milk for their child. Such time should run concurrently with existing meal and break times, and if that is not possible, the time will be unpaid.

701 Employee Conduct and Work Rules

Effective Date: 01/4/2013

To ensure orderly operations and provide the best possible work environment, Sauer Compressors USA, Inc. expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Supplying false or misleading information when applying for employment or during employment
- Personal use of company gas or credit cards
- Theft or inappropriate removal or possession of property
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs or abuse of prescription drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- Failure or refusal to submit or consent to a required alcohol or drug test
- Fighting or threatening violence in the workplace
- Boisterous or disruptive activity in the workplace
- Negligence or improper conduct leading to damage of employer-owned or customer-owned property
- Insubordination or other disrespectful conduct
- Engaging in unethical or illegal conduct
- Having a conflict of interest
- Violation of safety or health rules
- Smoking in prohibited areas
- Sexual or other unlawful or unwelcome harassment
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
- Bringing children or pets into the workplace without authorization from the employee's supervisor.
- Excessive absenteeism or tardiness or any absence without notice
- Unauthorized absence from work station during the workday
- Unauthorized use of telephones, mail system, or other employer-owned equipment
- Unauthorized disclosure of business "secrets" or confidential proprietary information
- Conduct that reflects adversely upon you or Sauer Compressors USA, Inc.
- Making or publishing false or malicious statements concerning an employee, supplier, client, or Sauer Compressors USA, Inc.
- Violation of personnel policies
- Unsatisfactory performance or conduct that does not meet the requirements of the position

- Other circumstances which warrant discipline

Employment with Sauer Compressors USA, Inc. is at the mutual consent of Sauer Compressors USA, Inc. and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

702 Drug and Alcohol Use

Effective Date: 11/1/2011

It is Sauer Compressors USA, Inc.'s desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in an appropriate mental and physical condition to perform their jobs in a safe and satisfactory manner.

While on Sauer Compressors USA, Inc.'s premises and while conducting business-related activities off Sauer Compressors USA, Inc.'s premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

703 Sexual and Other Unlawful Harassment

Effective Date: 1/1/2021

Sauer Compressors USA, Inc. is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters,

notes, or invitations.

- Physical conduct that includes touching, assaulting, or impeding or blocking movements.

Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or, (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to the Human Resources Manager. If the Human Resources Manager is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact the CEO. Any employee who is aware of workplace harassment is required to report such behavior to the Human Resources Manager or CEO. Failure to report could result in disciplinary action. All employees will undergo yearly workplace harassment training.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the CEO or Human Resources Manager so it can be investigated in a timely and confidential manner. Upon completion of the investigation, if necessary, corrective measures will be taken. These measures may include, but are not limited to: training, counseling, warning, suspension, or immediate dismissal. Anyone, regardless of position or title, found through investigation to have engaged in improper harassment will be subject to discipline up to and including discharge.

Romantic or sexual relationships between employees where one individual has influence or control over the other is inappropriate. These relationships, even if consensual, may ultimately result in conflict or difficulties in the workplace. Therefore, it is our policy that such relationships should not occur.

Any employees wishing to enter into a romantic relationship should consult the Human Resources Manager or CEO for guidance. Employees who fail to report entering into a relationship with a fellow employee could face disciplinary action.

Sauer Compressors USA, Inc. prohibits any form of discipline or retaliation for reporting in good faith the incidents of harassment in violation of this policy, pursuing any such claim or cooperating in the investigation of such reports.

704 Attendance and Punctuality

Effective Date: 11/1/2011

To maintain a safe and productive work environment, Sauer Compressors USA, Inc. expects employees to be reliable and to be punctual in reporting for scheduled work. You are also expected to take your lunch/meal times within the time limits set by

your supervisor. Absenteeism and tardiness place a burden on other employees and on Sauer Compressors USA, Inc. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor as soon as possible with a phone call in advance of the anticipated tardiness or absence.

Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

705 Personal Appearance

Effective Date: 01/1/2021

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image Sauer Compressors USA, Inc. presents to customers and visitors. During business hours or when representing Sauer Compressors USA, Inc. you are expected to dress appropriately for your working environment and present a clean, neat and tasteful appearance.

Due to the nature of our business welcoming customers into our facility, professional business casual attire is essential for those working in an office environment. Examples of appropriate business attire include polos, button down collared shirts or sweaters for men with pressed khaki pants or slacks, accompanied by a dress shoe or loafer. Women should wear appropriate length dresses or skirts, blouse with dress pants and proper footwear. Flip flops, t-shirts, clothing that is ripped, dirty, or wrinkled, denim and revealing or offensive apparel should remain outside of the workplace. Hats should not be worn in a professional office or meeting setting. Employees assigned uniforms should wear their uniform daily, or similar, as instructed by their supervisor. Denim in traditional washes that is clean and free of distressing may be worn on Fridays when there are no planned visitors in the building.

Consult your supervisor or the Human Resources Manager if you have questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

706 Return of Property

Effective Date: 11/1/2011

Employees are responsible for all Sauer Compressors USA, Inc. property, materials, or written information issued to them or in their possession or control.

All Sauer Compressors USA, Inc. property must be returned by employees on or before their last day of work. Where permitted by applicable laws, Sauer Compressors USA, Inc. may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. Sauer Compressors USA, Inc. may also take all action deemed appropriate to recover or protect its property.

708 Resignation

Effective Date: 11/1/2011

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

710 Security Inspections

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, Sauer Compressors USA, Inc. prohibits the possession, transfer, sale, or use of such materials on its premises. Sauer Compressors USA, Inc. requires the cooperation of all employees in administering this policy.

While on Sauer Compressors USA, Inc.'s premises, employees have no expectation of privacy in their belongings or in workplace areas which include, but are not limited to, offices, cubicles, work locations, Company provided or designated parking areas, desks, computers, lockers, rest or eating areas, or vehicles engaged in Company operations, and any personal belongings on or in any of the above.

Desks, lockers, and other storage devices may be provided for the convenience of employees but remain the sole property of Sauer Compressors USA, Inc. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of Sauer Compressors USA, Inc. at any time, either with or without prior notice.

Sauer Compressors USA, Inc. likewise wishes to discourage theft or unauthorized possession of the property of employees, Sauer Compressors USA, Inc., visitors, and customers. To facilitate enforcement of this policy, Sauer Compressors USA, Inc. or its representative may inspect not only desks and lockers but also persons entering and/or leaving the premises and any packages or other belongings. Any employee who wishes to avoid inspection of any articles or materials should not bring such items onto Sauer Compressors USA, Inc.'s premises.

712 Solicitation

Effective Date: 11/1/2011

In an effort to ensure a productive and harmonious work environment, persons not employed by Sauer Compressors USA, Inc. may not solicit or distribute literature in the workplace at any time for any purpose.

Sauer Compressors USA, Inc. recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature

concerning these activities during working time. (Working time does not include lunch periods, work breaks, or any other periods in which employees are not on duty.)

In addition, the posting of written solicitations on company bulletin boards is prohibited without advanced approval by the CEO. Bulletin boards are reserved for official organization communications on such items as:

- Affirmative Action statement
- Postings required by law
- Employee announcements
- Internal memoranda
- Job openings

- Organization announcements
- Payday notice
- Workers' compensation insurance information
- State disability insurance/unemployment insurance information

714 Drug Testing

Effective Date: 11/16/2016

Sauer Compressors USA, Inc. is committed to providing a safe, efficient, and productive work environment for all employees. Using or being under the influence of drugs on the job may pose serious safety and health risks. To help ensure a safe and healthful working environment, job applicants and employees may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs.

716 Progressive Discipline

Effective Date: 11/1/2011

The purpose of this policy is to state Sauer Compressors USA, Inc.'s position on administering equitable and consistent discipline for unsatisfactory conduct in the workplace. The best disciplinary measure is the one that does not have to be enforced and comes from good leadership and fair supervision at all employment levels.

Sauer Compressors USA, Inc.'s own best interest lies in ensuring fair treatment of all employees and in making certain that disciplinary actions are prompt, uniform, and impartial. The major purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Although employment with Sauer Compressors USA, Inc. is based on mutual consent and both the employee and Sauer Compressors USA, Inc. have the right to terminate employment at will, with or without cause or advance notice, Sauer Compressors USA, Inc. may use progressive discipline at its discretion.

Disciplinary action may call for any of four steps -- verbal warning, written warning, suspension with or without pay, or termination of employment -- depending on the severity of the problem and the number of occurrences. There may be circumstances when one or more steps are bypassed.

Progressive discipline means that, with respect to most disciplinary problems, these steps will normally be followed: a first offense may call for a verbal warning; a next offense may be followed by a written warning; another offense may lead to a suspension; and, still another offense may then lead to termination of employment.

Sauer Compressors USA, Inc. recognizes that there are certain types of employee problems that are serious enough to justify either a suspension, or, in extreme situations, termination of employment, without going through the usual progressive discipline steps.

By using progressive discipline, we hope that most employee problems can be corrected at an early stage, benefiting both the employee and Sauer Compressors USA, Inc.

718 Problem Resolution

Effective Date: 11/1/2011

Sauer Compressors USA, Inc. is committed to all employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from the company's supervisors and management.

Sauer Compressors USA, Inc. strives to ensure fair treatment of all employees. Supervisors, managers, and employees are expected to treat each other with mutual respect. Employees are encouraged to offer positive and constructive criticism.

If employees disagree with established rules of conduct, policies, or practices, they can express their concern through the problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint with the company in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when employees believe that a condition of employment or a decision affecting them is unjust or inequitable, they are encouraged to make use of the following steps. The employee may discontinue the procedure at any step.

1. Employee presents problem to immediate supervisor at Sauer Compressors USA, Inc. after incident occurs. If supervisor is unavailable or employee believes it would be inappropriate to contact that person, employee may present problem to any other member of management at Sauer Compressors USA, Inc.
2. Supervisor at Sauer Compressors USA, Inc. responds to problem during discussion or after consulting with appropriate management, when necessary. Supervisor documents discussion.
3. Employee presents problem to Department Manager if problem is unresolved.
4. Department Manager counsels and advises employee, assists in putting problem in writing, visits with employee's manager(s) if necessary, and directs employee to the CEO for review of problem.
5. Employee presents problem to the CEO in writing.
6. The CEO reviews and considers problem. The CEO informs employee of decision and forwards copy of written response to Controller for employee's file. The CEO has full authority to make any adjustment deemed appropriate to resolve the problem.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment.

800 Life-Threatening Illnesses in the Workplace

Effective Date: 11/1/2011

Employees with life-threatening illnesses, such as cancer, heart disease, and AIDS, often wish to continue their normal pursuits, including work, to the extent allowed by their condition. Sauer Compressors USA, Inc. supports these endeavors as long as employees are able to meet acceptable performance standards.

Medical information on individual employees is treated confidentially. Sauer Compressors USA, Inc. will take reasonable precautions to protect such information from inappropriate disclosure. Managers and other employees have a responsibility to respect and maintain the confidentiality of employee medical information. Anyone inappropriately disclosing such information is subject to disciplinary action, up to and including termination of employment.

SAUER COMPRESSORS USA, INC.
EMPLOYEE HANDBOOK
ACKNOWLEDGEMENT OF RECEIPT

The employee handbook describes important information about my employment with Sauer Compressors USA, Inc. and I understand that I should consult with my supervisor regarding any questions not answered in these policies. I have entered into my employment relationship with Sauer Compressors USA, Inc. voluntarily and acknowledge that there is no specified length of employment. Accordingly, Sauer Compressors USA, Inc. or I can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described here, are subject to change, I acknowledge that revisions to the handbook may occur, except to the policy of employment at will. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies.

Only Sauer Compressors USA, Inc. has the ability to adopt any revisions to the policies in this handbook.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

Employee name (please print): _____

Employee Signature: _____

Date: _____