

**ALASKA COMMERCIAL COMPANY
EMPLOYEE ORIENTATION HANDBOOK**



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Dear Alaska Commercial Company Employee:

At AC our vision and purpose is to make a real, positive difference to the lives of our employees, customers and communities. We do this by selling quality, in-stock products at fair prices, in clean, convenient and friendly stores.

We make it all happen by hiring people like yourself, who share this vision with us. Together we are proud to be part of the AC family — a family with a 150 year, enterprising tradition of serving rural Alaska!

We respect and encourage your ability to be an effective team player and leader at AC. We share in the satisfaction that making the AC vision happen, brings to your work and personal life.

The policies in this handbook are part of the “AC Way” of doing business. They reinforce our shared values of customer service and respect for each others’ potential to contribute to the AC vision.

I encourage you to be truly part of our AC experience by staying involved, committed, having fun and always making a difference!

Sincerely,

Jerry Bittner
President
ALASKA COMMERCIAL COMPANY

Alaska Commercial Company has a proud history to live up to. A history that parallels, and is intertwined, with the history of Alaska. It is unique and reflects the true Alaskan Spirit.

Alaska Commercial Company is a retail company which provides general merchandise in stores throughout Alaska. Its roots can be traced back to 1776 when it was known as the Russian-American Trading Company. The Russian American Trading Company began during the time when Russia owned Alaska. The United States bought Alaska from Russia in 1867, then in 1868 the firm was sold to San Francisco merchants, Lewis Gerstle and Louis Sloss. The new company was re-named the Alaska Commercial Company. From 1868 to the Gold Rush Days of the early 1900's, Alaska Commercial Company was a provided of general merchandise for trappers, explorers and gold seekers.

These village stores, operating under the red Alaska Commercial Company flag, became the center of all community activities. The Company served as the Post Office, community hall, courtroom, marriage parlor, funeral home and a safe haven for travelers. It also served as the bank extending credit to customers working as trappers, miners and fishermen. Very little cash was used to purchase merchandise. The customers traded with pelts, gold, artifacts, fish, or whatever might have value to other customers.

In the early 1900's, the people who had come to Alaska for the gold rush were leaving. The number of AC stores began to shrink. The Company was reorganized to fewer stores, a navigation company and river barge lines. At this time, the name was changed to Northern Commercial Company. In 1922, the Company was sold to a group of employees and re-named the Northern Commercial Company. The employees, lead by Volney Richmond, moved the corporate headquarters to Seattle. The Company became a major supplier of heavy equipment and machinery, contributing in the development of Rural Alaska. In the cities, the trading posts became department stores, auto dealerships and tire centers..

By 1974 the Company was being sold again. It was divided into three different companies. The department stores in Anchorage, Fairbanks and Kenai were sold to Nordstrom. The equipment and machinery division was sold to the Skinner Corporation of Seattle, and the remaining eleven rural stores were sold to the Community Enterprise Development Corporation of Alaska (CEDC) in 1977. Those eleven branch stores formed the basis of today's Alaska Commercial Company.

In November, 1992, Alaska Commercial Company was purchased from CEDC by The North West Company (NWC). Alaska Commercial Company, the largest *Alaskan* rural retailer, was joined with The North West Company, the largest *Canadian* rural retailer. This made the combined companies the largest *North American* rural retailer.

The North West Company is a 300-year old Canadian owned Company, operating under the "Northern" name. When Alaska Commercial Company was purchased in 1992, NWC had 3,500 employees serving 160 communities in northern Canada. NWC promotes individual creativity and productivity. The Company also encourages, recognizes and rewards success in their competitive markets.

By 1996, Alaska Commercial Company had grown from eleven stores in rural Alaska communities, to 27 stores in 19 communities. Sales have grown from \$11 million per year to over \$80 million. Retail prices have gone down and many jobs have been created, which has improved the daily lives of rural Alaskans. The assortment and quality of merchandise is better than ever before. While rural Alaska has grown by leaps and bounds, the local AC store is still a vital center of local community life.

As an employee of Alaska Commercial Company you share in the history of Alaska. We have inherited of a precious gift. Through our efforts and hard work, the history of Alaska and the Alaska Commercial Company will continue to go forward hand-in-hand.

ALASKA COMMERCIAL COMPANY VISION STATEMENT

“Alaska Commercial Company is the leading retailer of food, family apparel and general merchandise in rural Alaskan communities, with continuous service since 1776. We also operate complementary businesses which apply our unique knowledge of the Alaska market.

We are here to make a difference to the people and communities of rural Alaska by being the store of first choice for their local shopping needs.

In our customers’ minds, we want to be consistently known for our quality, always in-stock products; fair, competitive prices; clean, convenient stores; friendly service and being a good neighbor.

As employees, we are proud to be part of the AC family and enterprising, Pioneer Merchant heritage. We respect and encourage each other’s ability to be team players and leaders. Our common goal is the learning and satisfaction we can each achieve by making the AC vision happen.”

1996

Keep this Orientation Handbook while you are working for us. It will provide you with information about Alaska Commercial Company's policies, benefits and rules.

Alaska Commercial Company may change this Handbook or its personnel policies, practices or procedures without notice. We will let you know about any changes by putting notices on the bulletin board, having employee meetings or by sending you a new copy of this Handbook.

This handbook does not include all company policies, rules or acts of misconduct that can result in discipline, up to, and including termination. The Company has the right to discipline any employee. This may include terminating that employee for a first offense, if an employee breaks any company policy or rule, or acts inappropriately.

No one but the President may make an agreement for employment for a specific period of time or make any agreements contrary to this Handbook or the Company's personnel policies. After reading this Handbook, if you feel you were hired for a specific period of time or on terms different than those described, please contact the Director of Human Resources immediately. It is important that any misunderstandings about your employment with the Company be cleared up as quickly as possible.

For additional information, talk to your supervisor or the Anchorage Human Resource department.

EMPLOYMENT CLASSIFICATIONS

You are a *casual employee* if you were hired for one season, for a specific project, or you work less than 30 hours a week. A casual employee may be scheduled to work the same or different hours each week. Casual employees do not receive benefits.

You are a *regular employee* if you were hired to handle normal, day to day work. Regular employees work 30 hours or more a week and qualify for the benefits as listed in the Benefits Section of this Handbook.

Casual employees may become regular employees at any time. When this happens, your original hire date will be used to calculate your employment benefits. Sick and vacation balances will begin accruing on the date your employment status was changed to regular.

ACCESS TO PERSONNEL RECORDS

Your official personnel file is kept in Anchorage. You may review or request a copy of your personnel records at any time by contacting the Human Resource department. If you want to review your file, a time will be arranged when someone from the Human Resource department can be available to answer any questions. You should discuss any concerns you have about the information in your file with someone in the Human Resource department. If you don't feel the information in your file is correct, you may put your own statement in your file.

SCHEDULING

Work schedules are prepared by your Branch Manager or supervisor to make sure our customers are happy and the store

runs smoothly. You need to review your work schedule, know your assigned hours, and work all of the hours and days assigned. If you need to change your schedule or need certain days off, you need to ask your supervisor as soon as possible, and your supervisor will let you know if it is approved.

ATTENDANCE

Being at work every day you are scheduled allows the company to run smoothly. It also shows respect for those employees who will have to do your job while you are not at work. You need to report to work at the time you are scheduled to begin. If you are not able to work, you must contact your supervisor or Branch Manager. Contact them when you know you will be absent or late, and always before the start of your shift. If your supervisor or the Branch Manager is not available, leave a message with the employee in charge. Tell them your reason for being late or why you aren't able to come to work. You are responsible for remembering the name of the person you need to contact. If you don't call in before your shift, you may have to prove to your supervisor that you could not call before your shift began. Being tardy or absent too much has a negative affect on your work performance.

MEAL PERIODS

Scheduling for your breaks is approved by your supervisor. If you work five to eight hours a day you may take a meal break after you have worked two to five hours of your shift. The normal meal break is 30 to 60 minutes without pay. If you work three or more hours longer than a normal work day, you will get another 30 minute meal break without pay before or during that time.

REST PERIODS

You may take a paid 10 minute break as close as possible to the middle of each four hours of working time. Scheduling may be done by your supervisor depending on the work you are doing.

PERFORMANCE EVALUATIONS

Your performance is important to the success of Alaska Commercial Company. To help you improve your performance, evaluations may be given as often as your or your supervisor feels it is necessary. They are scheduled to be done at the end of your first 90 days of employment, again at the end of one year, and once a year after your first year of employment. These evaluations will point out the strengths and weaknesses in your performance during a period of time and your supervisor will discuss it with you.

MERIT INCREASES

All pay increases are based on your performance and your branch and the Company's profitability. They are not automatically given with a Performance Evaluation or based on the length of time you have been working for the Company. Your merit increase will become effective the beginning of the pay period after it has been approved in the Anchorage Office. You will not receive retro-active pay. You will not be eligible for merit increases when your pay reaches the maximum of your wage range.

Anchorage employees, branch managers and department supervisors are considered for merit increases at the beginning of each fiscal year. These increases become effective the first pay period in May.

PROMOTIONS, TRANSFERS & DEMOTIONS

A promotion means advancing to a higher pay level than you are in now. You may receive a salary increase when you are promoted depending on where your current wage falls in the new pay level. A transfer means moving to a position in the same pay level you are in now. If you are transferred you will not be given an increase in pay. A demotion means moving to a position in a lower pay level than you are in now. You may receive a salary decrease when you are demoted.

DISCOUNT PRIVILEGES

If you are a regular employee working in a branch, you are eligible for discount privileges after 90 days of employment. Please contact your Branch Manager for details. If you are a regular employee working in Anchorage, you are eligible for accommodated purchase privileges after 90 days of employment. Please contact the marketing department for details.

EMPLOYMENT OF RELATIVES

You must receive written approval from the President before immediate family or people living with you are allowed to

work with you in a supervisor and subordinate relationship. Immediate family or people living with you may work as co-workers, if the Branch Manager or Director of Human Resources decides it is not a conflict of interest. "Immediate family" means your: father, mother, brother, sister, spouse, children, grandparents, and grandchildren.

EQUAL EMPLOYMENT OPPORTUNITY

Alaska Commercial Company believes that you have the right to work in surroundings free from all forms of unlawful discrimination. It is the Company's policy that you should be treated fairly at all times, no matter what your race, color, sex, creed, religion, sexual orientation, age, marital status, veteran status, national origin, the presence of any sensory, mental or physical handicap (provided they are capable of performing the essential function of the job), and any other classification protected by local, state or federal laws.

SEXUAL HARASSMENT

It is Alaska Commercial Company's policy that you should be able to work without any form of unlawful discrimination including sexual harassment. Sexual harassment includes:

1. Unwelcome sexual advances,
2. The use of sexually degrading words to describe someone,
3. The display of sexually offensive pictures or objects at work, or
4. Any other on-the-job conduct that could be interpreted by a reasonable person as sexual harassment.

Sexual harassment will not be permitted at Alaska Commercial Company. Verified acts of harassment may result in disciplinary action, up to and including termination of the offending employee. If you feel you have been harassed or that another employee has gotten more favorable treatment because of such discriminatory behavior, please contact your Branch Manager or the Director of Human Resources immediately. Your concerns will be investigated and you will not suffer retaliation for reporting such concerns.

Any supervisor who receives a report on an incident must immediately contact the Director of Human Resources. If a supervisor does not report the incident, they may be disciplined up to and including termination.

AIDS AND OTHER LIFE-THREATENING ILLNESSES

Alaska Commercial Company regards Acquired Immune Deficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) like any other life-threatening illness. The Company will make sure that:

1. Co-workers will be encouraged to treat employees with AIDS or any other life-threatening diseases with dignity and respect.
2. Employees may continue working as long as they are physically able and medical evidence shows that doing their work does not create a safety or health risk to themselves, other employees, or customers.
3. Employees are eligible to continue their applicable medical benefits, including the long-term disability plan.

PAY PERIODS AND PAYDAYS

Each two-week period from Sunday through Saturday is one pay period. Branch paydays are every other Tuesday. Anchorage paydays are every other Friday. A request for an early check may be granted only in an emergency and must be approved by the Human Resource department.

WORK WEEK

For payroll and accounting reasons your work week begins with the start of the first shift after 12:01 a.m. Sunday. It ends when you finish your last shift that started before midnight on Saturday.

WORK DAY

Unless otherwise designated, your work day begins at 12:01 a.m. and ends at 12:00 midnight.

REGULAR TIME

Regular time is all normal hours you have worked, and vacation, sick or holiday hours. These hours are paid to you at your hourly rate of pay.

OVERTIME

Overtime hours are paid for hours worked over 8 per day or 40 per week. Hours paid, but not worked, such as vacation or holiday pay, do not count toward overtime hours. If you are an hourly employee, you will be paid overtime at 1 1/2 times your regular hourly rate. If you are a salaried employee you do not receive overtime pay.

Your supervisor must approve your overtime in advance.

Note: If you work a schedule of four ten hour shifts, you will be paid overtime for hours worked over 10 per day or 40 per week.

TRAVEL TIME

1. ***Normal and Customary Job Responsibilities*** - Traveling during your normal working schedule will be considered paid travel time. Traveling outside your normal working schedule will be considered unpaid travel time.
2. ***Special Assignments*** - Special work assignments requested by the Company, not included in your normal and customary job responsibilities, and include travel outside your home community are paid as follows. (1) On a daily assignment, you will be paid from the time you leave your community until the time you arrive back in your community, minus your usual meal break. (2) If you must be away from home for more than one day, you will be paid from the time you leave your community on the first day, to the time you complete work on the first day, minus your usual meal break. For each additional day you will be paid for your hours worked. On the last day of work, you will be paid for working time in the visiting community and travel time to get back to your home community, minus your usual meal break.

TIME REPORTING

Hourly employees use daily time sheets or time clocks to record their starting and quitting times. If your branch uses a time clock, you are responsible for clocking in and out and verifying the accuracy of your time card. Any additions, corrections, or changes on your time card or time sheet must be made by you and initialed by your supervisor or Branch Manager. If you are using a time clock you must clock in no earlier than five minutes before your shift begins and clock out no later than five minutes after your shift ends. Time sheets and time cards are the property of the Company and must remain on Company premises. No other employee is authorized to clock you in or out, to report your time on your time sheet or handle your time sheet or time card in any way.

Salaried employees are required to complete a time sheet to document vacation, sick and holiday time paid.

SALARY ADMINISTRATION

The Company wants to keep good employees and reward those employees based upon their performance. Each position is assigned a pay range designed to be competitive with the retail market. Pay increases are not automatic; they are your reward for performance, such as taking on increased responsibility, and improving your skill level.

Requests for pay increases are turned in by supervisors, approved by the manager and then approved by the appropriate Vice President of Operations. Pay increases become effective after they are approved by the Vice President.

SALARY ADVANCES

Advances must be requested from the Human Resource department and may be approved on an exception basis for hours already worked in the current pay period.

PAYROLL DEDUCTIONS

The following deductions from your paycheck are required by law:

1. Social Security taxes (FICA),
2. State Unemployment Insurance (SUI) and
3. Federal Income Tax (FIT).

For voluntary deductions, you must sign a written authorization form. Examples of these deductions include:

1. Insurance premiums,
2. Employee housing,
3. Accounts receivable,
4. Payroll savings, and
5. Home study courses.

BENEFITS AVAILABLE ON DATE OF HIRE

1. ***Benefits Required by Law***

The Company makes contributions on your behalf to the Social Security System. These contributions are in addition to those you make to Social Security (FICA) by payroll deduction.

The Company also pays a tax based on your wages to the State Unemployment Compensation Benefit Fund. Unemployment compensation benefits are usually available after an employee quits or is terminated through no fault of their own.

2. ***Worker's Compensation Insurance***

As an employee of Alaska Commercial, you are insured by the Company in a state insurance program which pays medical costs for on-the-job accidents and injuries. It also pays for work time lost as a result of these accidents or injuries. The Company pays the cost of this coverage. Worker's Compensation Insurance also provides training for another type of job when necessary, and cash settlements for permanent, partial disability. If the disability is permanent and total, the insurance pays you a monthly pension for life. If an employee dies on the job, their spouse and dependent children (at the time of injury), are paid a monthly pension, and a cash benefit to help with funeral services. If you'd like more information about this program contact the Human Resource department.

3. ***Credit Union***

Alaska Commercial Company is a member of the Alaska USA Federal Credit Union. You may become a member if you are a regular status employee of Alaska Commercial Company. Alaska USA offers a wide range of savings, checking and loan services, including direct deposit of your payroll checks. To get an application or a form to start direct deposit of your check, talk to your supervisor or branch manager.

BENEFITS AVAILABLE AFTER 90 DAYS OF SERVICE

1. ***Holidays***

The Company observes seven days as paid holidays:

1. New Years Day,
2. Memorial Day (Last Monday in May),
3. Independence Day,
4. Labor Day,
5. Thanksgiving Day,
6. Day after Thanksgiving (Anchorage Employees Only),
- 6a. Your Birthday (Branch Employees Only),
7. Christmas Day

At the beginning of each year, the Company will let you know which days during the year we will be taking as holidays.

If you are a regular status employee, have been employed more than 90 calendar days and work your regularly scheduled work days immediately before and after the designated holiday you are eligible to receive holiday pay as defined below:

- A. If you are normally scheduled to work on the holiday and are given the day off, you will be paid holiday pay for that day.
- B. If you work on a holiday you will be paid for your time worked, plus holiday pay based the hours you normally work.
- C. Holidays which fall during your vacation time, will be paid as holiday pay rather than vacation pay.

2. ***Flexible Benefits Plan***

Alaska Commercial Company provides a Flexible Benefits Plan to regular status, hourly employees on the first of the month following 90 days of employment. You may also being or change your elections during annual enrollment on January 1st of each year. If you are a supervisor and make over \$2,500 per month you will be eligible for insurance on the first of the month following your date of hire and again during annual enrollment.

The program includes a medical and dental plan to protect you for any injury or illness that is not work related. The plan also provides life insurance benefits, accidental death and dismemberment benefits, and health and dependent care assistance plans.

The Health Care Expense Reimbursement Plan allows you to put aside money, taken before taxes are calculated, to pay for medical expenses that are not covered by insurance. The Company also offers a Dependent Care Assistance Plan. This plan allows you to pay for day care expenses on a pre-tax basis.

You will receive enrollment information from the Human Resource department as you become eligible for these benefits.

If you are terminated and have paid your premiums, your Flexible Benefits will continue through the end of that month.

2. ***Sick Leave***

Sick leave is provided to you as paid time off due if you or a member of your immediate family becomes ill. When frequent use of sick leave becomes a hardship for the Company (excessive absenteeism), your supervisor may require proof you were ill before sick time will be paid. The Company may also require a doctor's note allowing you to return to work after an illness.

If you are a regular status employee, you are eligible for sick leave after 90 days of employment. You will then begin accruing 1.5 hours per pay period, up to a maximum of 40 hours each year.

On January 1 of each year, if you have used 16 hours or less of sick leave in the prior year the Company will transfer 16 hours from your sick leave balance and add it to your current vacation balance.

Example: John Doe is hired on January 1. He accrues 40 hours of sick leave by December 31st and has only used 8 hours. John has also accrued 80 hours of vacation leave and has used 0 hours.

40 hours sick leave accrued
- 8 hours sick leave used

32 hours sick leave remaining

So John's sick leave balance on December 31st is 32 hours. His balance is more than 24 hours, so 16 hours are transferred to John's vacation leave.

32 hours vacation leave accrued
- 16 hours sick leave transferred to vacation leave balance
16 hours sick leave remaining

80 vacation leave balance
+ 16 hours transferred from sick leave balance
96 vacation leave hours available

No unused sick leave is paid out when you terminate.

3. ***Educational Assistance***

The Company recognizes the value of employees furthering their education and encourages you to achieve educational goals that may help you be better prepared for the future.

A portion of Alaska Commercial Company's training budget is set aside each year for educational assistance. You may apply for \$65 per credit hour, up to a maximum of \$750 each semester.

To qualify for educational assistance you must:

1. Be a regular status employee,
2. Not be on performance probation,
3. Be recommended by your Manager and
4. Be employed one continuous year at the start of the semester for which the educational assistance is requested.

Educational assistance may be granted for attendance at any accredited GED diploma program, college, vocational or business school. If there is not enough money available to authorize all requests, employees enrolled in GED and retail business related classes will be given priority.

There are two application periods each year:

<u>Application Deadline</u>	<u>Course Start Date</u>
December 1	January 1 - June 30
June 1	July 1 - December 31

Applications received after these deadlines will be considered only if there are funds available after authorizing assistance on applications submitted on time.

Send your applications for assistance to the Human Resource department. The department will review your application and notify you if the assistance is approved.

To be paid your requested education assistance you must submit your grades and tuition receipts to the Human Resource department when you complete the semester. Educational assistance funds will only pay for tuition and lab fees. You are responsible for the costs of books, student fees, etc. A course must be completed with a grade of "C" or better to qualify for payment.

Alaska Commercial also makes home study courses available to you. The Company pays for these courses for you when you enroll and give you one year from the date of your enrollment to complete the course. You agree to reimburse the Company for the cost of the course if you have not completed it in one year. See your Branch Manager for a listing of the courses available to you.

4. ***Leave of Absence With Pay***

If you are a regular status employee you will be eligible for a Leave of Absence With Pay for the following reasons.

- A. **Bereavement** - If a member of your immediate family dies, you may have up to three working days with pay to attend the funeral and handle family affairs. For out of state travel, two more days may be given if approved by the Director of Human Resources. "Immediate family" is your: father, mother, brother, sister, spouse, children, grandparents, and grandchildren.
- B. **Jury Duty** - Serving on a jury our responsibility as citizens. Except in the case of an emergency, the Company will allow you to complete your jury duty. The Company may request that you change your time of service to meet work needs. If you serve on a jury, you will be paid your regular base pay for up to a maximum of three weeks. You are expected to work your regular work schedule on days when court is not in session. You are also expected to work the time left in your scheduled shift if you are excused from court for a half day or more. If the Company is paying your wages while you serve as a jurist, you must turn in to your supervisor any money you receive for your service.

5. ***Leave of Absence Without Pay***

If you are a regular employee you are eligible to take a Leave of Absence Without Pay. Following are the types of leave available to you:

- A. **Military** - For the duration of service. For details of re-employment rights under the Federal Military Selective Service Act, see the Director of Human Resources.
- B. **Military Reserve Training** - Up to 15 working days during any calendar year.
- C. **Personal** - Up to 30 days for compelling personal reasons. Approval must be recommended by your supervisor. Leave may be granted based on department work requirements, your performance history, and other factors.

To apply for a leave of absence without pay, a "Request for Leave of Absence" form must be completed and approved in advance by your supervisor and the Director of Human Resources.

Your health insurance may be continued during your leave of absence. You must submit premium payments to the Anchorage office by the 15th of the month before the month you wish to be covered. Please follow the instructions on the "Request of Leave of Absence" form.

While you are on any leave of absence, your position may be filled. When you wish to return to work, you will be considered for a position of like duties and pay as positions become available.

BENEFITS AVAILABLE AFTER SIX MONTHS OF SERVICE

1. ***Employee Savings Plan and Trust (ESPT)***

Alaska Commercial Company provides you with a retirement plan if you are a regular status employee and have completed six months of service. You may choose to contribute 1% to 15% of your pay, on a pre-tax basis, by enrolling in the 401(k) part of the Plan. The Company guarantees a 50% match on each dollar you contribute up to 3% of your eligible pay, if you are still employed on December 31 of the year you were contributing.

The Plan also includes a Discretionary Employer Contribution targeted at 3% of your eligible pay. This will be contributed at the end of the year, if it's approved by the Board of Directors. To receive the contribution you must have worked at least six months and still be employed on December 31. You will receive more information from the Human Resource department as you become eligible for this plan.

BENEFITS AVAILABLE AFTER ONE YEAR OF SERVICE

1. ***Vacation Benefits***

Vacation benefits are based on the number of regular hours you work each year and how many years you have worked

for the Company. "Each year" means one year from your date of hire. If you regularly work more than 30, but less than 40 hours each week, you will receive pro-rated vacation benefits. If you work 40 or more hours per week (at least 2080 hours per year) you will receive the following vacation benefits:

<u>After one year</u> of continuous employment:	80 hours	(10 working days)
<u>After five years</u> of continuous employment:	120 hours	(15 working days)
<u>After ten years</u> of continuous service:	160 hours	(20 working days)

Vacation is provided to you so that you can take time off for rest and relaxation. All employees are required to use the vacation time they accrued in the prior calendar year.

Example: You are a regular status employee and have been with the company for three years and your prior year accrual was 80 hours or 10 working days. You must take 80 or more hours of vacation in the current calendar year. If you do not use the full 80 hours you will lose any remaining balance on December 31 of the current year.

A.	Balance 12/31 Prior Year	120 Hours
	Prior Year Accrual	80 Hours
	Used in Current Year	<u>- 80 Hours</u>
		120 Hours

(The total prior year accrual was taken as vacation in the current year.)

No adjustment will be made on December 31.

B.	Prior Year Accrual	80 Hours
	Used in Current Year	<u>- 60 Hours</u>
		20 Hours (The total prior year accrual <u>was not</u> taken as vacation in the current year.)

Your vacation balance would be reduced by 20 hours on December 31.

(It is not an option to have these hours paid out to you).

You must plan your vacation in advance and your supervisor must approve it. Any exceptions to this policy must be submitted in writing and approved by Senior Management no later than September 30 of each calendar year.

If your employment is terminated with less than one year of service, you will not be paid your vacation balance.

2. ***Family Medical Leave***

You are eligible for a Family Medical Leave of up to 90 days if you have worked for at least one year and worked at least 1,250 hours in the last 12 months. Family Medical Leave may be used for birth or adoption of a child; to care for a child, spouse or parent that has a serious health condition, or if the employee has a serious health condition. The time you need off must be verified by a physician's statement. You or the Company may choose to substitute vacation and sick leave time for a portion of the 90 days of leave. You may also use the Sick Bank for Family Medical Leave if you are eligible.

3. ***Sick Bank (Short-Term Disability)***

The purpose of the sick bank is to provide you with income for disabilities that require a longer than normal treatment or recuperation period.

If you are a regular status employee, you are eligible to use the Sick Bank after one year of employment. For the first five years of continuous employment your sick bank will accrue your average weekly hours up to 40 hours per year. After the first five years of continuous employment your sick bank will accrue two times your average weekly hours worked up to 80 hours per year. You will no longer have hours put in your sick bank after your balance reaches 1,000 hours. (1,000 hours is 25 weeks at 40 hours per week.)

A leave of absence form showing proof of disability must be completed and approved by your supervisor, Branch Manager and the Human Resource department.

Your available sick leave must be used before you may take Sick Bank time. You must then take three days off work before you may use your Sick Bank time. Vacation time may be used during these three days.

No unused Sick Bank balance is paid out upon termination.

4. ***Long-Term Disability***

Alaska Commercial Company provides a Long-Term Disability program to regular employees on the first of the month following one year of service. If you become disabled, as defined in the Summary Plan Description, you may receive 50% of your monthly wages at the time you were disabled up to a maximum of \$5,000 per month. You will receive information from the Human Resource department as you become eligible for this benefit.

BULLETIN BOARDS

Bulletin boards are put up in your branch to keep you informed. They are used for postings required by law and official Company postings such as safety information and other employee notices. Please check this board often. You are required to know what is posted. The Branch Manager must approve anything posted by an employee on a Company bulletin board.

TELEPHONES

Company telephones are to be used for business purposes to serve our customers and for normal company operations. Sometimes, personal calls may be necessary. Please limit them to emergencies or essential personal business and keep them as short as possible.

OPEN DOOR TO COMMUNICATIONS

You are encouraged to share your ideas, suggestions and concerns with your Supervisor, Manager, or members of Senior Management. The Company strives to address problems on an individual basis and feels third party representation is unnecessary, not in your best interests or the best interests of the company.

EMPLOYEE GRIEVANCES

We try to do what is fair and reasonable in our day-to-day relations with our employees. Doors are open so that you may voice your concerns with Company personnel and avoid the need for outside help.

1. We encourage you to bring your problems and concerns to your immediate supervisor and provide them with an opportunity to review and resolve your situation. Your immediate supervisor must collect all relevant information and get back to you with an answer within 10 days of the date you told them of your concern.
2. If your problem or concern involves your immediate supervisor, or you are not comfortable discussing it with them, your grievance should be taken to your supervisor's supervisor. You may ask for this supervisor's answer in writing. You will receive an answer within 10 days of the date you told them of your concern.
3. If you are not satisfied with either supervisors' answer, send your grievance, in writing, to the Director of Human Resources who will discuss and investigate your grievance. You will get a written answer within 15 days of the date you told the Director of Human Resources your concern.
4. If the response received is unsatisfactory, you may send your grievance, in writing, to the Company President. The President will investigate, review, and discuss your grievance with you as soon as possible and will give you a written answer within 10 days of receipt of your grievance. The decision of the President is final.

CAREER ADVANCEMENT

You may advance your career with Alaska Commercial Company by:

1. Letting your supervisor or the Human Resource department know what you would like,
2. Answering a company "Position Opening" posting or any ad you may see.

Any employee who shows they have the interest and skills for a position, will be given higher priority for advancement within the Company.

The Company tries to promote within departments or stores first. If there are no qualified candidates within the department or store, the position may be posted throughout the Company. At the same time candidates from outside the Company may also be identified. Posting a “Position Opening” is a recruiting tool. If the Company has already identified a candidate for a position by considering their interest and skills, the position may not be posted.

CONFLICT OF INTEREST

Alaska Commercial Company places trust in you when hiring you for a position with the Company. You should not abuse that trust to achieve personal or financial gains, or to achieve gains for an Alaska Commercial Company client, vendor, or competitor. You must maintain confidentiality at all times. Unless you know that information has been released to the public by the Company, you should consider it confidential.

Situations that appear to be a conflict of interest, or that could lead to a conflict of interest, should be reported to your supervisor immediately. Each situation is reviewed individually to determine if the best interests of the Company are affected, and what steps are needed to resolve the situation.

To help you decide if something should be reported, there are three examples listed below of situations that must be reported on a “Request for Guidance” form. You may request this form from the Human Resource department.

1. If you work as a department supervisor with Alaska Commercial Company and your spouse works as a department supervisor with the competition in town.
2. If you want to open your own store in a business that will directly compete with Alaska Commercial Company while you continue to work for Alaska Commercial Company.
3. If you have accepted a gift from a vendor for placing an order for merchandise.

Salaried, supervisory and all Anchorage employees must sign the “Company Policy of Business Ethics” stating they have read and will comply with the policy.

PERSONAL PROPERTY

You are responsible if your personal property is stolen. Keep your money and valuables in a safe place while you are working.

SMOKING

You may only smoke in the assigned smoking areas. Alaska State Statute, AS 18.35.300, states that smoking is not allowed on the sales floor in any store. The company complies with all current statutes, legislation and safety codes.

SELLING AND SOLICITATION

Selling and solicitation by any individual is only allowed in a non-work area during non-working time, with prior authorization by the Branch Manager.

USE OF COMPANY PROPERTY OR FACILITIES

You must make arrangements in advance and get specific approval from the Branch Manager, before using Company premises for meetings.

SAFETY

Accident prevention is considered of primary importance in all operations and administration. Alaska Commercial Company’s management intends to provide you with safe and healthy working conditions. The Company also establishes and insists on safe practices at all times, by all employees. You are required to:

1. Participate in the safety portion of regularly scheduled staff meetings.
2. Report all safety hazards immediately to your supervisor.
3. Keep your individual work area clean and orderly. Untidiness and clutter invite accidents.
4. Not smoke or permit others to smoke in “NO SMOKING” areas.
5. Know and follow the safety rules established for your job. When in doubt, ask your supervisor.

6. Do not allow unauthorized people to operate equipment or have access to restricted areas.
7. If you are assigned to a job that requires protective clothing or equipment, always use it. Always dress to prevent job-related injuries.
8. Store all materials and equipment in their assigned areas.
9. Eliminate possible safety hazards when you see them.
10. Never run or engage in horse play on Company property.
11. Drive safely and courteously when operating Company vehicles.
12. If you must lift heavy objects, lift properly and with the right number of people.
13. Immediately report any damage to grounds, buildings, or equipment to your supervisor.
14. Do not report to work while under the influence of drugs or alcohol, and immediately report any drug or alcohol abuse by an employee on the job, to their supervisor or manager.
15. Immediately report any on the job accident or injury to yourself or another employee to your supervisor.

ACCIDENTS

If you have an injury or suspected injury while you are working, or you feel you have become ill due to working conditions, you must notify your supervisor immediately. Your supervisor will review your report and help you get proper medical care.

ACCIDENT REPORTS

As soon as practically possible, but never later than 24 hours following your injury or suspected injury, you must complete an accident report to document the incident. You can get this report from your immediate supervisor. This report is sent to our Worker's Compensation Insurance Carrier. They then determine what benefits you may receive.

If a customer or non-employee has an injury on Alaska Commercial property, the injury should be well documented. If you witness an accident you should record all appropriate information (who, what, when, where and how) and give it to your supervisor.

SECURITY

Security involves the protection of people and Company property. Security measures are in place to provide a safe environment for employees and customers. To make sure this happens, employees on duty should be aware of strangers in unauthorized areas. People in unauthorized areas or suspected shoplifters should be reported to your immediate supervisor. Do not attempt to follow such individuals. You have an obligation to report any internal or external theft to your supervisor.

RULES OF CONDUCT

The employees of Alaska Commercial work together as a team. To insure effective operation of these teams, it is necessary to maintain certain standards of conduct. These standards of conduct guide our behavior on the job. The Company tries to operate with a minimum of rules and restrictions, trusting the maturity and good judgment of all its employees. Abuse of that trust, however, is considered a violation of company policy.

RULE INFRACTIONS

While it is not possible to list all rule infractions in the Rules of Conduct, any of the following may result in discipline or immediate termination:

1. Insubordination, including deliberate failure or refusal to follow a supervisor's directions or to perform assigned work.
2. Stealing from the Company or other employee(s).
3. Failing to report theft or concealment of theft.
4. Giving false or misleading information to obtain employment.
5. Intentionally clocking another employee in or out or handling their timecard or timesheet in any way.
6. Falsifying Company records, such as, but not limited to, time cards, accounting records, invoices, etc.
7. Consuming or being under the influence of alcoholic beverages or non-prescription drugs during work hours.
8. Abusing legal or illegal drugs or substances which could affect your ability to perform your job or endanger other employees or customers.

9. Assault, altercations or fighting on Company premises.
10. Immoral, indecent, illegal or other questionable conduct which happens on or off Company premises and reflects unfavorably upon your ability to perform your job.
11. Possessing dangerous weapons on Company premises.
12. Interfering with or obstructing company operations.
13. Sleeping on duty.
14. Unexcused failure to call in before start of shift to report absence or tardiness.
15. Using the Company property or equipment without authorization.
16. Use of abusive, physically threatening or profane language towards employees or customers.
17. Violating safety rules, even unintentionally, if it endangers the life, health or safety of any person.
18. Violating the Company's soliciting policy.
19. Chronic tardiness or unexcused absenteeism.
20. Cashing personal checks at an Alaska Commercial Company store for which there are not sufficient funds in the account to cover the checks.
21. Gambling on Company property.
22. Being away from the branch or your assigned work area(s) during work time without the Company's permission.
23. Any act which discriminates against another employee or customer because of race, color, national origin, sex, religion, sexual orientation, creed, marital status, veteran status, age, the presence of a physical, mental or sensory handicap or any other classification protected by local, state or federal laws.
24. Unacceptable job performance.

All violations of Company rules, poor performance, or other conduct which is detrimental to the Company will be dealt with according to the Company's disciplinary guidelines. If you are terminated for a rule infraction you will not be eligible for rehire.

DISCIPLINE

You are accountable to your supervisor for your conduct and performance on the job. Disciplinary action may be taken to show an employee how important it is to meet acceptable standards.

Disciplinary actions may include:

1. A verbal warning or counseling session.
2. A verbal warning or counseling session with written documentation placed in the employee's file.
3. Probation, or a set period of time, usually no longer than 30 days, to resolve a specific problem. At the end of that time, if the problem is not resolved, or conduct or performance does not meet standards, further disciplinary action usually follows.
4. Suspension without pay.
5. Termination of employment.

Any one or a combination of the actions listed above may be used as circumstances warrant. Supervisors determine the type of discipline to use based on the seriousness of the problem. A supervisor will look at whether or not the problem is skills related, the repeated nature of the problem, and what action is necessary to protect company assets or employees. Disciplinary actions are cumulative and those that are documented are placed in your personnel file. You will be asked to acknowledge this documentation by signing the document before it is placed in your file.

Your employment at Alaska Commercial Company is "at will". This means either you or the Company may terminate the employment relationship at any time, with or without prior notice, and for any reason not prohibited by law.

VOLUNTARY TERMINATION

Alaska Commercial understands that you have the right to terminate your employment with two weeks notice and does not require you to give the reason(s) for your termination. So that we can have a smooth transition of the work force, we ask that if you voluntarily terminate your employment, you give at least two weeks notice to your supervisor. If you give less than two weeks notice, you will be considered to have terminated without notice and may not be eligible for rehire.

INVOLUNTARY TERMINATION

Alaska Commercial Company tries to maintain a stable employment relationship with its employees, but we can't guarantee employment for any length of time to anyone. Involuntary termination happens when the company finds it needs to terminate your employment. Reasons for involuntary termination include:

1. Discharge - Termination due to misconduct, violation of rules, dishonesty or other form of unacceptable behavior.
2. Unacceptable Performance - Failure to perform your assigned work in an acceptable manner.
3. Conflict of Interest - A conflict which is determined to be unresolvable while working for the Company.
4. Reduction in Force - A reduction in the work force which may be temporary or permanent. The company will try to give you two weeks notice if you are laid off. Performance and company needs are the criteria used in determining which employees will be laid off.
5. Failure to Comply with Pre-employment Conditions - This includes falsifying your application or resume, and failure to prove you are authorized to work in the United States.
6. Other - This includes death, "at will" discharge, and other reasons which may not be listed above.

Your final pay is issued within three working days of your date of termination. Your final pay includes any adjustments for authorized deductions and earned, but not used vacation hours. If you have signed an authorization to deduct any remaining balance upon termination, and have an account balance, you will have that amount deducted from your final paycheck.

ACCESS TO PERSONNEL RECORDS AFTER TERMINATION

Your personnel records are confidential. Unless we are directed by legal order, only the following information will be released to anyone outside the Company:

1. Job title
2. Dates of employment
3. Verification of your Salary

LETTERS OF RECOMMENDATION

Supervisors are allowed to write personal letters of recommendation, but are not allowed to write letters of recommendation as a representative of the Company. This means they may not use Company letterhead or their Job Title.

It is recommended you request a copy of your personnel file from the Human Resource department to document your work history. Any information about your employment with the Company that you wish to be released, must be requested in writing and sent to the Human Resource department.

FORWARDING ADDRESS

If you change your name, address or telephone number please notify the Human Resource department. We can then update your personnel records and can send any necessary information (Pension information, W-2) to your correct home address.

REHIRING FORMER EMPLOYEES

If you are terminated and eligible for rehire, you will be considered along with other applicants based on your qualifications at the time of re-application.

If you are rehired within 90 days of your termination date and are a regular employee working 30 hours or more per week, your original hire date and accrual rates for vacation and sick pay will be reinstated immediately. Prior vacation and sick leave balances will not be reinstated. If you were enrolled in the health and/or pension plan at the time of termination you will be eligible for benefits without the normal waiting periods.

If you are rehired after 90 days of your termination date, but less than two years from your date of termination, you may request a bridge in service. The request must be in writing and sent to a member of Senior Management for approval.

This handbook is meant to give you a summary of information on many topics. Please feel free to contact us with any opinions and suggestions you may have. If you have any questions or need more information, please contact your immediate supervisor or the Human Resource department.

We hope your employment career with Alaska Commercial is enjoyable and productive.

Remember, you are the most important link between the Company and the customer.

WELCOME TO ALASKA COMMERCIAL COMPANY!