

EMPLOYEE HANDBOOK

FOLLOW YOUR PATH



NORTHERN[®]
TOOL + EQUIPMENT



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Corporate Office Building, Burnsville, MN

Welcome from the Kotula Family

We are pleased that you have decided to join us and we believe you will have a long and satisfying career at Northern. Since our business opened in 1980, our major goals have been quality and service. We equip our customers and our employees with the tools to tackle tough challenges and we strive to build lasting relationships and promote a fun and unique Northern experience.

Our continued success comes from the hard work and innovative thinking of our employees. We empower our team and encourage all employees to be entrepreneurial; we are always open to fresh ideas and we want you to share them with us. Our people have helped us to grow into a billion dollar company. With your help and your talent, we will continue to grow together.

We are pleased to present you with this copy of our Employee Handbook. It spells out what you can expect from the company and what we expect from you. Please read it carefully. We believe you will find it helpful. If you have questions regarding the Handbook, or any other aspect of your work, your supervisor or the Human Resources team is ready to answer.

Good luck — we are glad you've joined our team!

Don Kotula
CEO and Owner

Ryan Kotula
Owner

Wade Kotula
Owner



Pictured: Wade Kotula (left), Don Kotula (center), Ryan Kotula (right)



WELCOME

Welcome to Northern Tool + Equipment! This Employee Handbook is a reference for many areas relating to employment at Northern. Please review the handbook carefully and refer to it often, because it contains useful information about Northern's business, expectations, policies, and benefits.

This Employee Handbook covers most work-related topics, and information is current as of publication date. If a change in the company impacts the content of this handbook, then Northern will make a reasonable effort to inform employees about updated information; however, the company has the right to withdraw or change policies, procedures, benefits, and working conditions at any time, for any reason, and without prior notice.

This Employee Handbook is organized so that information can be found quickly. Sections are:

- Introduction
- The Basics
- What to Expect from Northern
- What Northern Expects from Employees
- Time Away from Work
- Benefits

This Employee Handbook is not a contract, and all Northern Tool + Equipment employees, unless bound by bargaining agreement, are "at will" employees. Employees may end the employment relationship at any time with or without cause or advance notice. Northern Tool + Equipment reserves the same right. Only Northern's Senior Vice President of Human Resources is authorized to modify this agreement.

Employees should direct questions about the content of this Employee Handbook to their supervisor, another member of management, or Human Resources. Northern's goal is to create the most satisfying and productive work experience possible.

ABOUT NORTHERN

Before reviewing employment policies and processes, this section provides a brief overview of Northern Tool + Equipment's history and Northern's leadership team's vision for the future.

STRATEGIC FOUNDATION – COMPONENTS

Northern Tool + Equipment's mission, vision, and core values are the strategic foundation for how the company conducts business. In addition, Northern's employee core competencies align employee behavior and performance with the strategic foundation.

Mission Statement

The mission statement answers the question, **"What does Northern do?"** It is a statement of purpose, summarizing the organization's identity and ultimate reason for existing.

Northern's mission statement is:

"Northern Tool + Equipment is a family business that takes pride in our ability to equip you with the tools to tackle tough challenges. We strive to build lasting relationships and promote a fun and unique Northern experience."



Vision Statement

The vision statement answers the question, **“Where is Northern going?”** The best way to think of the vision statement is that it's a definition of the future goals of Northern Tool + Equipment. It's where the company wants to go while being reflective of Northern's mission statement and core values.

Northern's vision statement is:

“We will be the dominant force in serving the tool and equipment needs of our customer by creating high value/innovative products and programs.

We will fuel the growth of our unique brand through expanded market share and geographic penetration with industry leading retail stores, websites, and catalogs.

Every time our customers interact with us, they will learn something new, be uniquely entertained, and ultimately find the right solution with the help of a highly motivated and expert work force.”

Core Values

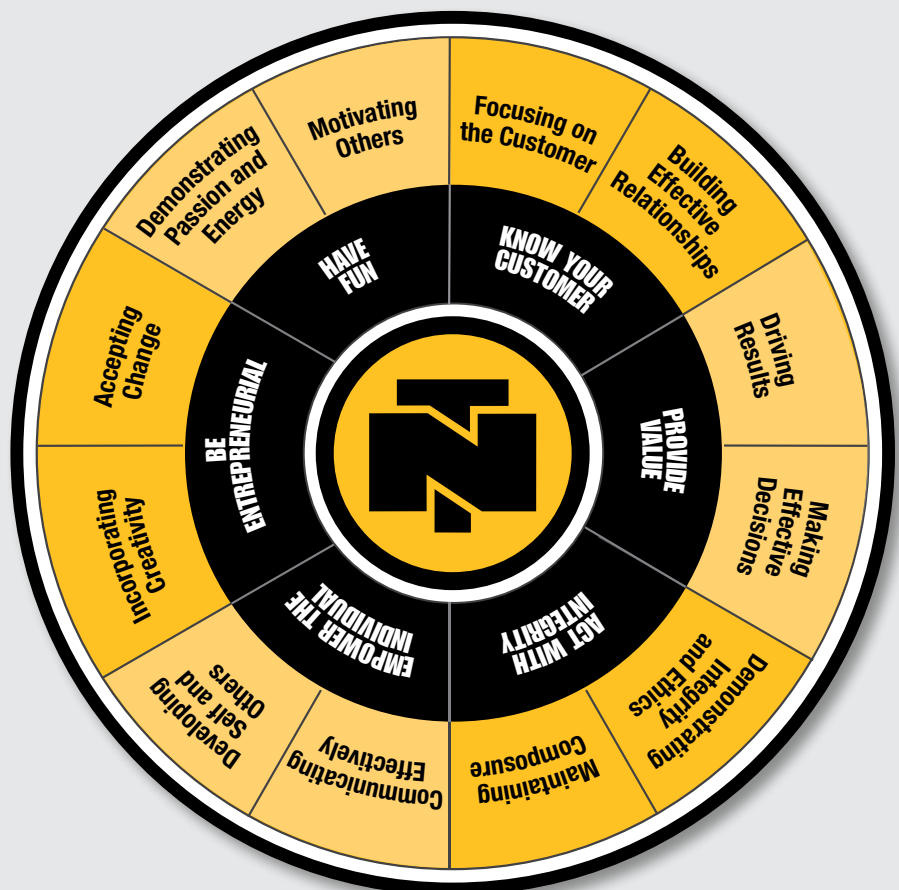
Core values answer the question, **“Why and how does Northern do it?”** They serve as the guiding, overarching principles of the company that everyone should understand, believe in, and live by when doing business. Northern's core values define how employees should behave toward one another and interact with customers and partners. Core values help Northern align work priorities and make sound decisions. They represent the company's highest priorities and driving forces and govern all Northern does as a business.

Northern's core values are:

- Know your customer
- Provide value
- Act with integrity
- Empower the individual
- Be entrepreneurial
- Have fun

Core Competencies

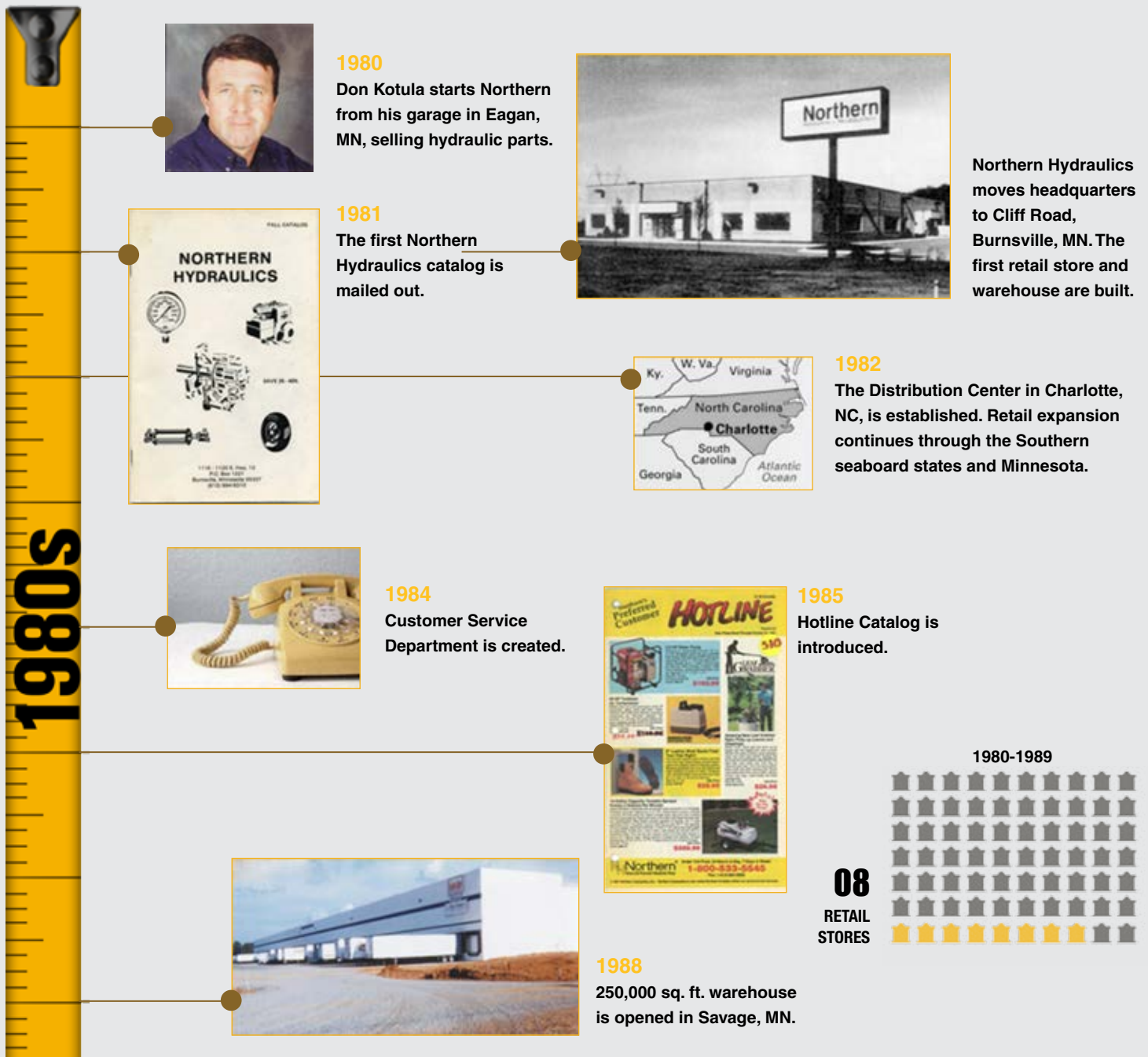
Core competencies are a set of skills and abilities that all employees should exhibit in support of the company's strategic foundation. Northern Tool + Equipment has 12 core competencies extending directly from the company's core values, as shown in the model.





Northern's Timeline

The following timeline shows how Northern's spirit of innovation and willingness to try new things have driven growth and kept the company on the cutting edge of the market.





1990s

1990

KBAR opens in Fairbault, MN, and launches the NorthStar line.



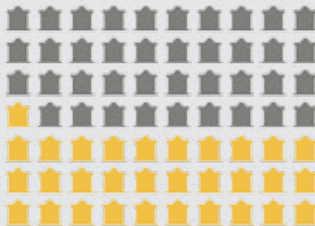
1991

Company relocates to new 180,000 sq. ft. Corporate office in Burnsville, MN.



1990-1999

31
RETAIL
STORES



1997

Charlotte Warehouse moves to Fort Mill, SC.

1998

In keeping with a growing diversity of products, Northern Hydraulics changes its name to Northern Tool + Equipment.



1999

NorthernTool.com is launched.



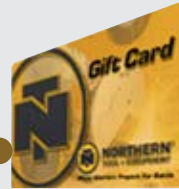
Introduction

2000s



2004

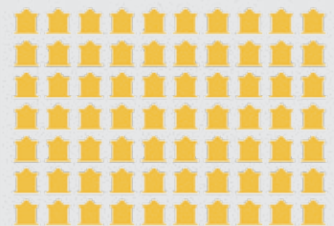
New branding images are introduced, including a new logo and advertising campaign to coordinate stores catalogs and internet ventures.



2003

Northern Gift Card is rolled out.

2000-2009



70

RETAIL
STORES



2005

KBAR becomes Northern Tool + Equipment Engineering + Manufacturing.



2007

Northern ventures into Ningbo, China, to grow manufacturing operations.



Kotula's "The Guys with the Goods" catalog and Kotulas.com launched.



2010s

**2012**

Continued growth leads to expansion and a new 262,000 sq. ft. warehouse in Arlington, TX.

Northern then acquires The Sportsman's Guide and The Golf Warehouse.

**2017**

Growth continues to flow from technological advances and new retail marketing opportunities.

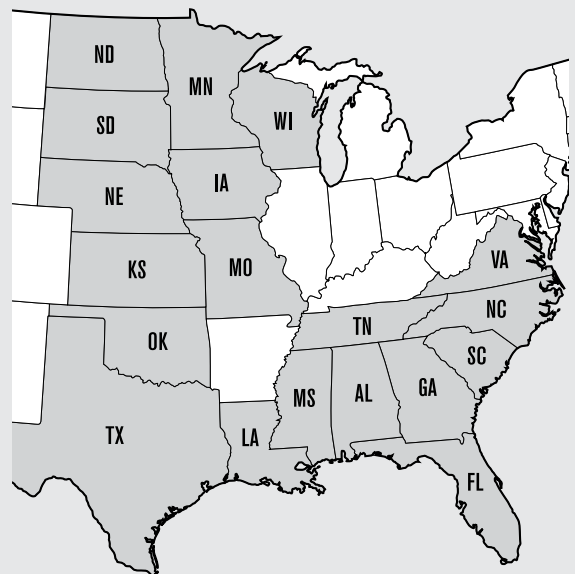
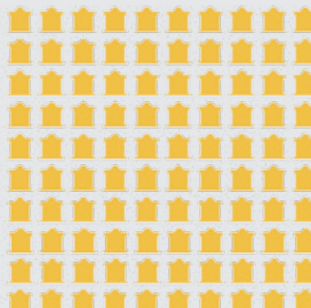
Arlington Distribution Center expands to 400,000 sq. ft. to support growing retail sales channels and future expansion.

Northern Tool + Equipment opens 100th store; NTE now operates 100 stores in 19 states.



2010-2017

100
RETAIL
STORES





SALES CHANNELS

Today, Northern Tool + Equipment is an integrated, omni-channel business specializing in heavy-duty tools and unique tool-related items. This means that Northern is not just a catalog company, a retail outlet, or an internet marketer, but all that rolled into one, and a bit more. Northern has a special niche in the market, offering quality products — products and tools for the contractor, handyman, and weekend warrior — at a good and fair price.

Below is some general information about Northern's sales channels.

Catalog and Direct Mail

Each year, Northern creates 30 unique catalogs. The main catalog is the Master Catalog, which is 500+ pages. Other catalogs include: The commercial Great Plains Catalog; the Kotula's Catalog, featuring fun and functional goods; and a subscription catalog called Hotline. Each year, 25 million catalogs are mailed, equaling over six billion pages of products! Over 150 employees work in two customer contact centers located in Burnsville, MN, and Pequot Lakes, MN. In addition, a variety of direct mail materials are sent to customers who live near Northern's retail locations, totaling over 22 million pieces each year.

Retail

Northern has 100 retail stores in 19 different states (as of August 2017), with plans for continued expansion. Our stores feature a warehouse-type feel and stock over 10,000 items. We are able to get any item for retail customers by ordering it for them through the internet or catalog. Northern is also a unique business in that we service what we sell — most of our retail locations feature service centers.

E-Commerce

Northerntool.com receives over 175,000 site visitors each day, and sends over 7.5 million emails each week to customers who are on our email distribution list. This site continues to experience tremendous growth each year and has added features that enhance the shopping experience, including customer reviews (over 120,000), dynamic tool tips, product demonstration videos, and more. Northern also is able to drive





customers to retail stores through the store locator tool, promotions, and coupons. In addition, Northern's fully functioning mobile site receives 15,000 daily visitors from smartphones, extending our ability to serve customers wherever and whenever they desire.

NORTHERN TOOL + EQUIPMENT MANUFACTURING

Northern Tool + Equipment has two manufacturing facilities. The facility located in Faribault, MN, oversees the design, manufacturing, and shipping of quality NorthStar and Powerhorse products, both of which are part of Northern's private label program. NorthStar and Powerhorse products include high quality generators, pressure washers, water pumps, air compressors, log splitters, engines, and more. These brands allow the company to provide great value and direct-from-manufacturer prices to Northern's customers.

Northern's second manufacturing facility is located in Ningbo, China, which assembles products under the company's private label program, including water pumps, spot sprayers, hose reel kits, and log splitters. The facility is expected to have continued growth both in products produced and in employee headcount.

DISTRIBUTION

Northern Tool + Equipment has three distribution centers. Our largest distribution is located in Ft. Mill, SC, just south of Charlotte, NC. This facility is 770,000 square feet and fully automated to fulfill all catalog and internet orders. It also provides support to retail stores in the Southeast. Each year, the team handles over 2.1 million parcels and sends 2,500 trucks to the retail stores.

Our second distribution center is located in Savage, MN, less than two miles from our corporate headquarters. This automated warehouse supports the Midwest retail region and provides additional mail-order support.

Our third distribution center is located in Arlington, TX, near Dallas and Fort Worth. This distribution center supports retail stores with the capability of serving Northern's future growth in the region. The 262,000 sq. ft. facility is expanding to 400,000 sq. ft. to support the growing retail sales channel.





NORTRAC

Nortrac is a line of imported tractors and power equipment for the hobbyist, landscaper, or light industrial user. These tractors are sold through all of the company's sales channels. The tractors are built in China to Northern's specifications, shipped to Burnsville, MN, where they are assembled and tested, and sold and shipped to customers.

NORTHERN TOOL + EQUIPMENT EXTENDED FAMILY

Great Northern Equipment Distributing (GNE)

GNE is a distributor serving several markets, including manufacturing, outdoor power equipment, retail, and repair. It operates as a separate legal entity from Northern Tool + Equipment, yet upholds many of the same policies and ideals. Signs + Banners and K&M Manufacturing are divisions of GNE.

The Golf Warehouse (TGW)

The Golf Warehouse (TGW.com) took its first order in April 1998 and established itself as a pioneer online golf retailer. From modest beginnings as a small family-operated company with only four full-time employees, TGW has since grown to approximately 200 team members. Now, with over 230,000 sq. ft. of warehouse space devoted to a huge selection of golf-related products, The Golf Warehouse has become Golf's #1 online superstore, with roughly 40,000 items available.

In 2005, BaseballSavings.com and SoftballSavings.com joined the TGW family, providing a selection of over 20,000 baseball and softball items. That same year, SoccerSavings.com joined its golf, baseball and softball counterparts, providing ever-growing inventory, along with the great service and pricing that are continuing hallmarks of the company. In 2012, Northern Tool + Equipment acquired TGW, which continues to operate as a standalone entity in Wichita, Kansas.

The Sportsman's Guide (SG)

Much as Northern Tool + Equipment began through the vision of Don Kotula, The Sportsman's Guide was born in the brain and basement of outdoorsman Gary Olen, back in the winter of 1970. His very first Sportsman's Guide Catalog came out in 1976. The basic philosophy and attitudes of the company haven't changed. SG sells only quality items ... only for a whole lot less than others do. SG only offers gear and clothing they'd use themselves or suggest to friends, and keeps its prices low by buying right, not by adding to the mark-up. The SG team literally searches the world in order to keep the supply of brand new items flowing steadily from week to week. SG catalogs and websites serve over 8 million value-minded customers who enjoy the quality and appreciate the savings.

SG also operates WorkWearSavings.com and TruckMonkey.com. WorkWearSavings.com offers outdoorsmen and women a huge, complete selection of discount-priced, name-brand gear, accessories and clothing in the Workwear category, while TruckMonkey.com stocks over 300,000 custom-fit truck parts. Based in South St. Paul, MN, SG's team operates an all-in-one facility, with all orders shipped from a 330,000 sq. ft. warehouse. In 2012, Northern Tool + Equipment acquired SG, which continues to operate as a standalone entity.



The Basics

Equal Employment Opportunity

Northern Tool + Equipment supports equal employment opportunities for all qualified individuals without regard to race, color, religion, sex, age, national origin or ancestry, disability, veteran status, status with respect to public assistance, marital status, medical condition, as well as any other category protected by federal, state, and local laws. Northern prohibits employees from engaging in any conduct that violates this policy.

The Senior Vice President of Human Resources serves as the Equal Employment Opportunity Officer and is responsible for formulating, implementing, coordinating, and monitoring the equal employment opportunity policy. Questions about the program and any concerns about discrimination occurring should be directed to the Senior Vice President of Human Resources.

Adherence to this policy is the responsibility of every Northern employee. Failure to comply with this policy may lead to disciplinary action, up to and including termination of employment.

Employment Status

The chart below lists five classifications that Northern Tool + Equipment follows for determining an employee's eligibility for certain benefits and privileges. Employees should direct questions about employment status classification to their supervisor.

Employment Status	Average Number of Hours Worked Per Week
Full-time	36+
Part-time 30	30-35
Part-time 20	20-29
Part-time 15	0-19
Temporary/seasonal	Any number

Additionally, employees are classified according to the position they hold within Northern. All positions are classified as defined by the Fair Labor Standards Act (FLSA). Positions are classified as either exempt/salaried (not eligible for overtime pay) or hourly (eligible for overtime pay and must have hours approved by their supervisor before working the hours).

Employees eligible for overtime will be paid at 1.5 times their regular hourly rate for any hours worked in excess of 40 hours within the company's defined pay week. The company defines its pay week as Sunday through Saturday. Northern complies with all state, federal, and local laws regarding the payment of overtime.

Temporary employees are those persons who may or may not be employed full-time but are employed to complete a specific assignment or for a specific time. Employment assignments in this category are limited. Employment beyond any initial stated period does not in any way imply a change in employment status. Temporary employees retain this status until notified of a change. Temporary employees are not eligible for merit increases. Pay increases for temporary employees are at the discretion of area management.

Contractors are not employees of Northern Tool + Equipment. Contractors are those persons who may or may not work full-time to complete a specific assignment or for a specific time at



Northern Tool + Equipment. Contractors are required to abide by any governing agency stipulating contractor requirements. Assignments in this category are typically of limited duration. Contractors retain this status until notified of a change.

WORKING HOURS

Business hours and work schedules vary by location and may include other hours throughout the day, holidays, and on weekends. Employees should check with their supervisor to determine the hours of operation for their location.

Specific work schedules are created to provide efficient operations. Schedule changes will be announced as far in advance as practical. All overtime must be pre-approved by management.

TIMEKEEPING REQUIREMENTS

Non-Exempt Employees

Northern Tool + Equipment is obligated to maintain records of time worked for all non-exempt (hourly) and salaried non-exempt employees. Employees play a critical role in ensuring that timekeeping requirements are met and pay is accurate.

Time worked is defined as all the time actually spent performing the job. Non-exempt employees must accurately record time worked using Northern's timekeeping process. Non-exempt employees are specifically prohibited from performing any work for the company "off-the-clock." No one has the authority to allow or ask, directly or indirectly, any non-exempt employee to perform any work for the company off-the-clock. In all cases, all time worked by non-exempt employees must be recorded using the company's timekeeping process and will be compensated. Any timecard errors must be reported and corrected as soon as possible.

Northern is required to uphold strict timekeeping requirements; therefore, altering, falsifying, tampering with time records, and recording time or clocking in on another employee's time record are considered serious issues and will result in corrective action, up to and including termination of employment, regardless of the number of offenses.

Exempt Employees

If a job is classified as exempt, then pay does not depend on the number of hours worked per day and/or per week.

Exempt employees receive a fixed salary each work week without regard to (i) the number of hours they work or (ii) the quantity or quality of their work, subject only to those deductions specifically authorized by the Fair Labor Standards Act (FLSA) as consistent with their exempt status.

Under the FLSA, exempt employees are not entitled to payment for any work week in which they perform no work for Northern Tool + Equipment. In addition, the salary of an exempt employee may be prorated only as allowed under the FLSA (such as salary for an employee's first and last weeks of employment).



For exempt employees paid on a salaried basis, pay is subject only to certain deductions as permitted by the FLSA regulations. No deductions will be taken from an exempt employee's pay that are inconsistent with the exempt employee's salaried status. Moreover, no policy or statement in this handbook or any other policy or procedure shall be construed as permitting or authorizing an exempt employee's pay to be subject to deductions inconsistent with the exempt employee's salaried status.

Exempt employees who have concerns about their salary or who believe that their salary has been subject to an impermissible deduction that is inconsistent with the FLSA's salaried basis requirement should contact the Senior Vice President of Human Resources. Northern will conduct an immediate investigation, disclosing employee concerns only on a need-to-know basis. If an improper deduction has been taken, then reimbursement for the improper deduction will occur in the next possible paycheck. All efforts will be made to ensure that this situation does not occur again and that, regardless of the outcome, no retaliation occurs.

BREAKS

Northern Tool + Equipment complies with all state and local laws regarding rest breaks and meal periods. Any exceptions to these policies must be approved in advance by the Senior Vice President of Human Resources. Bargaining unit employees should refer to their current union contracts for rest breaks and meal periods.

Rest Breaks

The following table shows the rest break schedule based on hours worked. Rest breaks are paid time. Employees must remain on the premises for all paid rest breaks and do not need to punch the time clock for rest breaks. Employees should ask their supervisor when they should take a break.

Hours Worked	Number of Paid Breaks
Fewer than 4	0
4 or more but fewer than 7	1
7 or more but fewer than 11	2
11 or more	3

Meal Periods

Meal periods are not the same as rest breaks. The following points apply to meal periods:

- All employees working more than a 6-hour shift receive and are required to take at least a 30-minute unpaid meal period. (North Dakota employees receive at least a 30-minute unpaid meal break for every 5-hour shift.)
- Employees may leave the premises during an

unpaid meal break and must remember to punch out and in as required based on exempt/non-exempt status.

- Employees must take a full 30-minute break and not punch back in early.
- Time punches are important for proper payroll accounting and must be kept accurate. Employees who fail to punch in and out as required may be subject to disciplinary action, up to and including termination of employment.
- For all time punch errors, employees must notify their supervisor and follow the established punch correction process.



Break Facilities and Services

A lunch room or break room is available in most facilities for employees who wish to bring their lunch or purchase food and bring it into the lunch/break room. Microwaves, refrigerators, drink, and snack machines are provided at most locations.

COMPENSATION PHILOSOPHY

Northern Tool + Equipment's compensation philosophy has three primary objectives:

- Attract a qualified, diverse workforce through a competitive compensation program.
- Retain and motivate a qualified, diverse workforce by recognizing and rewarding individual and group achievement, contribution, and excellence.
- Provide a non-discriminatory, merit-based compensation program.

To accomplish these objectives, Northern maintains competitive salary levels within relevant markets, and provides compensation that is consistent with job content, responsibilities, and requirements. The program emphasizes and encourages excellence by rewarding individual and group contributions, including performance that supports Northern's strategic foundation.

PAYDAYS

Northern Tool + Equipment follows a bi-weekly pay cycle. Friday is payday. Employees are paid for all hours worked during the previous two weeks beginning on Sunday and ending the Saturday prior to payday.

There are two options for receiving a paycheck:

- Direct deposit into an account(s) of an employee's choice
- Direct deposit into a company sponsored debit card

Direct deposit is available with most banks, credit unions, and savings and loans. For information regarding the benefit of having the company sponsored debit card, contact the Payroll Department.

Employees use a secure online system to view paycheck details. For instructions on using the system, employees should contact their supervisor or the Payroll Department. Employees can also find information regarding accessing paycheck details, direct deposit, and the company sponsored debit card on NorNet and Retail Net.

Unless employees give written authorization, no other person is allowed to obtain an employee's pay detail. Northern does not make advances against an employee's payroll. Northern Tool + Equipment complies with all federal, state and local laws regarding providing pay cycles and distribution of pay.

INTRODUCTORY PERIOD

Unless otherwise governed by a bargaining agreement, all new employees must successfully complete a 90-day introductory period. During this introductory period, employees have the chance to evaluate their interest in the job; and Northern Tool + Equipment, in turn, can continue to evaluate an employee's qualifications and suitability for employment. Supervisors will provide performance feedback and help new



employees adjust to their position. Northern understands that working closely with employees during this time is important to the success of employees and the future of the company.

Northern uses the introductory period to evaluate employee capabilities, work habits, and overall performance. Either the employee or the company may end the employment relationship at will, at any time during or after the introductory period, with or without cause or advance notice. The company's at-will relationship with its employees is in no way altered by the existence of an introductory period.

HIRING OF RELATIVES

Except where otherwise specified by law, Northern Tool + Equipment does not allow relatives to work in any type of reporting relationship. Additionally, to avoid a conflict of interest or the potential for a conflict of interest, Northern may determine that it is inappropriate to employ a relative of or a person in a significant relationship with an employee, even if there is no reporting relationship involved. This policy includes non-family members who live in the same household.

If employees in the same department change their relationship so as to conflict with this policy, then Northern will make a reasonable attempt to transfer one of the employees to a similar position in another department. Northern, however, makes no guarantee that such a transfer always is possible or that a position offered will have a comparable salary, benefits, schedule, etc.

LEARNING + DEVELOPMENT

Northern Tool + Equipment recognizes the value of continuously developing employees to be better positioned to adapt to the rapidly changing demands of today's work environment. The company understands the importance of employee development and is committed to providing the tools and resources that employees need to develop their skills and knowledge and meet professional goals.

The Learning + Development (L+D) Department provides a variety of workplace educational offerings for all employees, including leadership development programs for those in supervisory and management positions. A complete listing of all development offerings and resources is found in My Tool Center on Nornet.

Employee development requires a shared responsibility between employees and their supervisors. In this partnership...

- Employees do the following:
 - Take the initiative to assess their skills and interests
 - Seek development activities that match their needs
 - Work with their supervisors to set performance goals and objectives, and identify strengths and development needs that will broaden their current skills and help them acquire new skills
- Supervisors do the following:
 - Work with their employees to assess their skills and provide feedback
 - Select training and development activities that match employee development objectives and job needs



- Use My Tool Center to research and inform their employees about training and development opportunities available
- Work with their employees to create a development plan for achieving professional and business goals
- Stay informed of current policies and practices that support employee development
- Follow-up with employees after a learning activity to help integrate new skills and knowledge into job responsibilities

EMPLOYEE PERFORMANCE EVALUATION

Strong individual performance is essential to achieving the goals of Northern Tool + Equipment.

On a daily basis, supervisors have personal contact with their employees to provide guidance and coaching regarding assignments and progress made. Employees are encouraged to talk with their supervisors at any time about their performance.

A more comprehensive performance discussion occurs between supervisors and their employees in the form of an annual performance review. This process involves an employee self-evaluation and a discussion between the supervisor and the employee about the achievement of performance goals, the establishment of new goals, and any development considerations for performance improvement.

CORRECTIVE ACTION

The goal of corrective action is to provide feedback to an employee and modify behavior to encourage each individual's success. In situations where job performance and/or personal conduct do not meet acceptable standards, corrective action may be implemented.

The corrective action disciplinary process may include verbal warnings, written warnings, suspensions, and/or termination of employment. Northern Tool + Equipment is not, however, required to follow formal progressive discipline and may utilize any or none of the levels of the disciplinary process before taking employment action with employees. The type of corrective action taken is within Northern's sole discretion, based on individual circumstances. In any disciplinary matter, the facts of each case will be evaluated in their entirety to determine the level of discipline.

EMPLOYEE COMMUNICATION

Northern Tool + Equipment believes in collaborating through teamwork and sharing ideas. The following programs help employees communicate with each other:

- Nornet, the company's intranet, has many resources, tools, and information that is helpful for employees. Access Nornet at <http://nornet.northerntool.com> through any computer on the company network.
- Retail Net is Northern's retail-specific intranet. It has all the resources, tools, and information for retail stores to be successful. Access Retail Net through the main page of Nornet.



- My Tool Center is the company's Learning Management System. It includes many resources relevant to employee development, including an up-to-date calendar of offerings. My Tool Center can be accessed through the main page of Nornet.
- GPS (Grow, Perform, Succeed) is the company's talent management system. It includes many resources relevant to employees' performance, goals, and career goals. GPS can be accessed through the main page of Nornet.

Northern also uses email to communicate with employees. Management passes along any relevant communication to those employees who do not have email access.

EMPLOYEE PARKING

Employees should park their personal vehicles in the designated employee parking areas, which are subject to specific needs and requirements of local conditions. No employee parking is permitted in specifically assigned areas or in spaces reserved for customers or visitors.

Northern Tool + Equipment is not liable for personal property. Vehicles should be locked at all times. Overnight parking on company property is not allowed without proper authorization.

EMPLOYEE ENTRANCES

Employees should use designated entrances when entering or leaving the building.



WHAT TO EXPECT FROM NORTHERN

OPEN DOOR POLICY

Northern Tool + Equipment encourages open communication, feedback, and discussion. This policy means that employees are free to talk with any supervisor at any time about a problem, complaint, suggestion, or observation.

Because most problems can be solved by a discussion between employees and their immediate supervisor, this is encouraged as an effective first effort to solve a problem. Employees may also discuss issues and concerns with their next level manager or a Human Resources representative. There are supervisors at all levels of the organization willing to listen and help bring about a solution or clarification.

While there may not be an easy answer or solution to every concern, employees always have the opportunity to be heard. Listening to employees allows Northern to make improvements, address complaints, and foster understanding of practices, processes, and decisions.

HARASSMENT-FREE WORKPLACE

Northern Tool + Equipment is committed to providing employees with a workplace free of unlawful harassment. Northern prohibits sexual harassment and harassment on the basis of race, color, national origin or ancestry, religion, sex, sexual orientation, disability, age, veteran status, genetic information, or any other characteristic protected by applicable federal, state and/or local laws. This policy applies to all employees, vendors, and customers. No employee is expected to tolerate any conduct prohibited by this policy from any person while at work or engaged in company business.

Employees should report any inappropriate behavior to their supervisor or Human Resources representative. Behavior that results in harassment of another employee may result in disciplinary action, up to and including termination of employment. Such behavior includes:

- Verbal conduct, such as threats, epithets, derogatory comments, and slurs
- Written communications containing statements that may be offensive to individuals in a particular protected group, such as racial or ethnic stereotypes or caricatures
- Physical conduct, such as assault, unwanted touching, or blocking normal movement
- Retaliation for making a complaint to Northern Tool + Equipment about the harassment
- Retaliation for participating in an investigation into harassment allegations

Sexual Harassment

Sexual harassment refers to behavior that is sexual in nature, or motivated by gender, that is unwelcome and offensive to the recipient. Sexual harassment is demeaning to other persons and undermines the integrity of a healthy working environment that Northern Tool + Equipment seeks to promote. Sexual harassment can occur between employees of the same sex as well.

The following is a partial, non-exhaustive list of the types of conduct that may be considered sexual harassment:

- Unwanted sexual advances



- Offering employment benefits in exchange for sexual favors
- Making or threatening retaliation after a negative response to sexual advances
- Visual conduct, such as leering, making sexual or obscene gestures, displaying sexually suggestive objects or pictures, cartoons, calendars, or posters
- Verbal conduct, such as making or using derogatory comments, epithets, slurs, sexually explicit jokes, comments about an employee's body or dress
- Written communications of a sexual nature distributed via hard copy or an electronic device (computer, cell phone, tablet, etc.)
- Verbal sexual advances or propositions
- Disparaging or disruptive conduct that is not explicitly sexual, but is motivated by gender

Reporting Harassment

Employees who believe that they have been subjected to discrimination or harassment prohibited by this policy should report the behavior to their supervisor, another manager, or a member of the Human Resources Department. Employees who are uncomfortable speaking to their supervisor, manager, or Human Resources representative should report the situation and harassment to the Senior Vice President of Human Resources.

If an employee becomes aware of harassing conduct engaged in or suffered by one of Northern Tool + Equipment's employees, regardless of whether such harassment directly affects that employee, the employee should immediately report that information to management or Human Resources.

Employees may also report harassment claim(s) to Human Resources by calling the company's Employee Confidential Hotline at 1-800-517-5436.

Human Resources will conduct an immediate, thorough, and objective investigation of any harassment claim. All reports of harassment will be investigated as discretely and confidentially as possible. However, Northern cannot guarantee complete confidentiality of any reports of discrimination or harassment. Employees determined after investigation to have violated this policy may be subject to discipline, up to and including termination of employment.

No Retaliation

Northern Tool + Equipment strictly prohibits retaliation against any person by another employee or by the company for doing any of the following actions:

- Using this complaint procedure
- Reporting harassment
- Filing, testifying, assisting, or participating in any investigation, proceeding, or hearing conducted by Northern, Human Resources, or a governmental enforcement agency

Prohibited retaliation includes, but is not limited to, the following actions:

- Termination, demotion, or suspension
- Failure to hire or consider for hire
- Failure to give equal consideration in making employment decisions
- Failure to make employment recommendations impartially
- Harassment including any other actions that adversely affect work conditions
- Denial of any employment benefit



Northern does not consider conduct in violation of this policy to be within the course and scope of employment and does not sanction such conduct on the part of any employee, including management employees.

VIOLENCE IN THE WORKPLACE

Northern Tool + Equipment strives to ensure a safe work environment for its employees. Threatening acts of violence or actual acts of violence by or against other individuals will not be tolerated. In addition, unless otherwise permitted by federal, state, and/or local law, possessing a firearm or other dangerous weapons on company property or while conducting company business is explicitly prohibited.

Employees should report threats or unusual/concerning behavior immediately to management, Human Resources, or the Employee Confidential Hotline at 1-800-517-5436.

Violations of this policy will lead to disciplinary action, up to and including termination of employment.

INVESTIGATION OF WORKPLACE CONCERN AND ANTI-RETALIATION

In accordance with applicable federal, state, and local laws, Northern Tool + Equipment:

- Is committed to investigating and addressing all workplace concerns raised by its employees
- Prohibits retaliation against any employee because of the employee's opposition to a practice by Northern that the employee in good faith reasonably believes to constitute a violation of federal, state, or local law, including employment discrimination

Any retaliatory adverse action because of such opposition or participation is unlawful and will not be tolerated.

Opposition also includes a complaint or protest made on behalf of another employee or made by the employee's representative. Employees intending to raise concerns or complaints regarding an employment practice or alleged retaliatory conduct are required to communicate their concerns to the company immediately, at which point the company will address and investigate the concerns.

Complaint Procedures

Northern Tool + Equipment's complaint procedure provides for an immediate, thorough, and objective investigation of any claim of workplace conduct concerns and/or unlawful retaliation because of opposition to an alleged practice or participation in a proceeding regarding the alleged unlawful practice.

Employees should provide a written or verbal complaint to their immediate supervisor or to Human Resources as soon as possible if they believe that they have been retaliated against because of their opposition to a practice or action that they reasonably and in good faith believe to be in violation of federal, state, and/or local law, or because of their participation in an investigation, hearing, or proceeding regarding such practice. Employees also may call the Employee Confidential Hotline at 1-800-517-5436. Complaints should be as detailed as possible, including the name(s) of individuals involved, the name(s) of any witnesses, and any documentary evidence.



Northern will investigate all complaints of prohibited retaliation made pursuant to this policy, and will take effective remedial action that is appropriate to the circumstances if it is determined that a violation has occurred, and will take action to deter any future violations of this policy.

If a complaint of unlawful retaliation is substantiated, then appropriate disciplinary action, up to and including termination of employment, will be implemented.

VIDEO SURVEILLANCE

Northern Tool + Equipment uses video surveillance to protect its employees and facilities at all times. Video cameras may or may not be visible to employees. Video cameras are used in areas that the company conducts business, including, but not limited to, offices, work stations, and break rooms. Employees have no reasonable expectation of privacy in these locations. The only exceptions of video surveillance are private areas, including restrooms and dressing rooms. Northern complies with all federal, state, and/or local laws regarding security cameras.

DRUG-FREE WORKPLACE

Northern Tool + Equipment is committed to providing a safe workplace and establishing policies that promote high standards of employee health and safety. In keeping with this commitment, it is the company's policy to maintain a drug-free workplace consistent with and in compliance with the requirements of applicable federal, state, and local laws. A full and complete copy of the Company's Drug-Free Workplace policy, with specific state provisions, can be found on Nornet and Retail Net.

Employees are expected to report to work in a condition that will allow them to perform their assigned tasks in a competent and safe manner.

The use of alcohol, illegal, or unauthorized drugs/medicine, or any other dangerous substances before, during, or after the work day limits the ability of the user to exercise good judgment, react properly in unexpected situations, perform tasks safely and efficiently, and endangers not only that employee but fellow employees, customers, visitors, and the general public. Northern has implemented this policy to reduce everyone's exposure to these problems. Violations of the Company's Drug-Free Workplace policy may lead to disciplinary action, up to and including termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program.

To the extent required and/or permissible under federal, state, and/or local law, Northern Tool + Equipment may ask an applicant or employee to undergo a blood test, urinalysis, or other diagnostic test as permitted by applicable law under any of the following circumstances:

- **Pre-Employment:** When an applicant is offered employment (employees must submit to, cooperate in, and pass drug tests before starting work)
- **Reasonable Suspicion:** When the company has a reasonable suspicion that an employee has engaged in prohibited conduct
- **Post-Accident:** When an employee is involved in a work-related accident resulting in an injury to themselves or another person requiring off-site medical attention and/or causing or contributing to property damage



- **Random or Periodic Tests:** When the company exercises its right to request employees to comply with random or periodic drug testing as permitted by applicable law.

SAFETY AWARENESS

Safety Overview

Northern Tool + Equipment is committed to minimizing workplace hazards and unsafe acts, and their resulting injuries. In compliance with federal and state OSHA guidelines and other applicable federal, state and/or local laws regarding safety in the workplace, this program establishes responsibilities, reporting relationships, training requirements, claims management duties, and the implementation methods and procedures to be used to monitor program effectiveness.

Accident prevention and efficient business operations go hand-in-hand. Working in a safe manner contributes to business success.

What Employees Should Do

Northern Tool + Equipment strives for the highest safety standards for its employees. Safety does not occur by chance. It is the result of careful attention by all employees. Safety on the job is the first and foremost responsibility of every employee. Employees must follow these general safety precautions and rules:

- Immediately notify management of any work-related injuries and illnesses and any unsafe working conditions and practices, regardless of the extent or nature
NOTE: Northern cannot be responsible for injuries or illnesses that are not properly reported.
- Exercise sound judgment and safe work habits at all times
- Use personal protective equipment as required
- Operate equipment only if authorized (and licensed, if required) based on knowledge, training, and experience. Do not allow unauthorized use
- Always keep work areas in a safe, neat, and orderly condition
- Follow all fire protection and prevention practices, including the clearance of passage aisles and doorways, proper storage of flammable materials and hazardous waste, and control of smoking and open flames
- Comply with all laws, rules, and regulations concerning safe practices as published by Northern and regulating governmental agencies
- Attend all safety meetings and complete all assigned and required safety training

Certain locations and jobs may have additional safety rules established to protect employees and their co-workers. Employees should understand and abide by all safety requirements, and should discuss any safety rules, regulations, and questions with their supervisor.

Emergency Procedures

Northern Tool + Equipment's Emergency Exit Plan is posted at each location/department. This plan details the employee exit and reporting locations in the event of a fire, weather-related emergency, or other threat. Employees should understand the emergency exit plan posted at their location. Supervisors can provide further details about this and other emergency procedures.



Inclement Weather

Northern recognizes that inclement weather can affect the company's ability to be open for business and the employee's ability to get to work. The safety of Northern's employees is paramount in inclement weather or a weather emergency. Each of Northern's locations has a plan detailing the inclement weather notification process and designated shelters. Northern will abide by any direction provided by local or state government agencies such as weather-related evacuations, etc. Supervisors can provide additional details about inclement weather procedures.

JOB POSTINGS

Northern Tool + Equipment encourages job promotions from within and considers job transfers as opportunities for advancement. As a job becomes available, it may be posted on the company's internal career site so that interested and qualified employees can apply for the position. The link for the company's internal career site is located on Nornet.

The following minimum guidelines are suggested for an employee to transfer to another position or department. Exceptions may be made to these guidelines based on management discretion and approval by Human Resources.

- The employee has worked in his or her current position for at least six months.
- The employee has a satisfactory performance record.

To apply for an internal position, the employee should complete the required application from the company's internal career site and notify his or her supervisor of the interest in the position. There may be some restrictions on transfers based on business needs. Any questions about job postings should be directed to the employee's supervisor or the Human Resources Department.

Employees are discouraged from contacting the hiring supervisor of a job posting without first speaking to their current supervisor or Human Resources.

Bargaining employees should refer to their collective bargaining contract for more information on their job posting process.

EMPLOYEE RECORDS

Employees may review their employee personnel file by contacting the Human Resources Department. Northern will comply with all specific state laws to the extent this provision is in conflict with such laws. It is important that employee records be kept current. For information on how to update employee records, employees should contact their supervisor or a Human Resources representative when a change occurs to any information that affects employment or benefits status (such as address, dependent status, beneficiary designation, and telephone number changes). Additional information about updating personal information can be found on Nornet.

Employees who are asked to supply employment information to an outside source are prohibited from providing such information, but instead are required to contact Northern's employment verification vendor (contact information can be found on Nornet).



WHAT NORTHERN EXPECTS FROM EMPLOYEES

EMPLOYEE CODE OF CONDUCT

All employees are expected to meet a reasonable standard of conduct and work performance as defined by Northern Tool + Equipment. Northern's Employee Code of Conduct covers six categories: Honesty, Professional Behavior, Performance, Safety, Attendance, and Company Property.

The following list explains Northern's Employee Code of Conduct and provides examples of actions that are considered as violations of the code. The examples of prohibited conduct are not exhaustive and do not cover all situations that arise.

Violation of Northern's Employee Code of Conduct may lead to disciplinary action, up to and including termination of employment.

Honesty

Below is Northern's Employee Code of Conduct with respect to honesty:

- Be honest. Dishonest actions include:
 - Falsifying information about hours worked
 - Falsifying any company document, including payroll information, time cards, employment applications, personnel records, medical or other leave forms, or any other employment information required by the company
 - Not providing requested information, or providing untrue information
- Do not steal. Stealing includes:
 - Stealing merchandise, property, or money from the company
 - Taking merchandise or property from the company's store/location without paying for it
 - Falsifying information about decisions or actions that cause shrink
 - Making unauthorized merchandise price changes
 - Manipulating or improperly using refund privileges
 - Giving, receiving, or consuming food or beverages without paying for them
- Use the company discount appropriately. Misuse of the company discount includes:
 - Buying an item for someone and seeking reimbursement
 - Reselling items purchased from the company
- Properly handle money. Improper handling of money includes:
 - Processing sales transactions inaccurately
 - Processing sales transactions for own purchases

Professional Behavior

Below is Northern's Employee Code of Conduct with respect to professional behavior:

- Behave responsibly and exhibit personal conduct that is professional, respectful, and all times appropriate for the work environment. Avoid the following improper personal conduct:
 - Making threats of physical violence
 - Physically abusing, intimidating, or bullying others
 - Using unprofessional language such as profanity or being verbally abusive



- Engaging in horseplay
- Being under the influence of any illegal drugs or alcohol or engaging in any other activity that violates the company's Drug-Free Workplace policy
- Engaging in activities that violate company policies and procedures
- Exhibiting personal conduct that reflects badly upon the company

Performance

Below is Northern's Employee Code of Conduct with respect to performance:

- Follow general performance expectations defined in policies and guidelines, and explained by management.
- Maintain a professional and cooperative attitude as it relates to job performance.
- Maintain a regard for authority, including following all reasonable direction provided by management.

Safety

Below is Northern's Employee Code of Conduct with respect to safety:

- Follow all company safety and security regulations.
- Do not possess weapons or any types of explosives while on company property, except as provided by federal, state, and/or local law.
- Report unsafe conditions immediately to management.

Attendance

Below is Northern's Employee Code of Conduct with respect to attendance:

- Do not be absent from work without notifying management. Improper absenteeism includes:
 - Being tardy
 - Having excessive unscheduled absences
 - Failing to follow proper absence reporting procedures
 - Taking an unauthorized break
 - Leaving early
- Be punctual.
- Do not sleep or rest on the job during working hours.

Company Property

Below is Northern's Employee Code of Conduct with respect to company property:

- Respect company premises, which include all buildings, grounds, vehicles, and parking areas used for conducting business.
- Do not intentionally damage any company property.
- Use company property for company business purposes only.
- Reasonably maintain work space, tools, and company-provided furnishings.

ATTENDANCE EXPECTATIONS

Regular attendance is the personal responsibility of each employee and an essential function of any job at Northern Tool + Equipment. Absenteeism and tardiness place a burden on other employees and results in a direct cost to the company. Employees must meet attendance standards and are expected to be at their



What Northern Expects From Employees

work area and ready to begin as scheduled. Employees who have frequent attendance issues will be subject to discipline, up to and including termination of employment.

Employees are responsible for personally reporting their absence according to required location call-in procedures. Employees who cannot report to work, for whatever reason, must notify their supervisor as far in advance as possible. If advance notification is not possible, then notification of absence must occur within 30 minutes after the scheduled starting time.

If an absence is because of a medical situation, then Northern reserves the right to request a statement from a healthcare provider certifying the employee's readiness to work as well as additional information regarding the employee's condition during the absence and/or upon the return to work.

Consistent with requirements of federal, state, and/or local law, the Company considers failure to properly report an absence for two consecutive days without notification to or permission from management a voluntary termination. Failure to report an absence for three non-consecutive days without notification to or permission from management will be subject to disciplinary action, up to and including termination of employment.

Employees are required to use available paid time-off benefits for any absences(s) not covered under an approved FMLA leave before taking unpaid time off.

Any unsatisfactory attendance, including reporting late or leaving early, may be cause for disciplinary action, up to and including termination of employment. Attendance policies may vary by department and/or location; therefore, employees should consult with their supervisor for department attendance guidelines.

Northern Tool + Equipment complies with all state, local, and federal laws regarding the administration of any attendance policy.

BUSINESS ETHICS

Northern Tool + Equipment is committed to conducting all company activities within the laws and regulations affecting Northern's businesses and employees. Employees are expected to exercise the highest level of integrity, ethics, and objectivity in actions and relationships that may affect the company, and to not misuse the authority or influence of their positions. Protecting the company's reputation and acting with integrity is every employee's responsibility.

Northern's business ethics policy covers:

- All employees and their immediate family members
- All relationships with the company's vendors, including all suppliers, consultants, contractors, and agencies doing business with the company
- Any transaction that seems inappropriate, regardless of monetary value

NOTE: Such transactions should be avoided and rejected as contrary to Northern's operating principle. If a law, custom, or practice conflicts with Northern's operating principle, then employees must comply with the principle.



Employees should direct questions about a potential or suspected business ethics violation to their supervisor or to Human Resources. A reasonable effort will be made to keep identities confidential, except as may be required by law.

CONFLICTS OF INTEREST

Employees and their immediate family members must avoid doing anything that creates a conflict of interest, or the appearance of a conflict of interest, with respect to their responsibilities to Northern Tool + Equipment. A conflict of interest occurs when the employee's loyalties or actions are divided between the Company's best interests and those of another, such as a competitor, supplier, customer, self-owned or family-owned business. Both the fact and the appearance of a conflict of interest should be avoided. Employees may not use Northern's name, information, goodwill, and assets for any purpose other than Northern business and functions. Some examples of actual or potential conflicts of interest include the following:

- Being an employee, officer, director, owner, general partner, consultant, or representative of another business or organization if:
 - The commitment of time and interest could interfere with primary obligations to Northern
 - The business or organization competes with Northern in any way
 - The business or organization is Northern's vendor or customer
- Owning:
 - Any equity or other interest in a privately owned vendor, competitor, or customer company
 - More than a nominal portfolio interest in the equity securities of a publicly owned vendor, competitor, or customer company
 - Any property jointly with a vendor or customer of the company or their employees

Other conflicts of interests covered by this policy may include, but are not limited to, the following:

- Owning a substantial amount of stock in any competing business or in any organization that does business with Northern
 - Serving as a director, supervisor, consultant, employee, or independent contractor for any organization that does business with or is a competitor of Northern, except with Northern's specific prior knowledge and/or consent
 - Accepting or receiving gifts of value or favors, compensation, loans, excessive entertainment, or similar activities from any individual or organization that does business or wants to do business with Northern, or from any competitor
 - Representing Northern in any transaction in which an employee or a related person has a substantial interest
 - Disclosing or using for benefit confidential or non-public information about Northern or other organizations with which Northern conducts business
 - Taking personal advantage of a business opportunity that is within the scope of Northern's business
- Dealings that represent, or appear to represent, a conflict of interest between Northern and an employee are not acceptable. Northern recognizes the rights of an employee to engage in activities outside of their employment that are of a private nature and unrelated to Northern's business. However, a policy of full disclosure must be followed to assess and prevent potential conflicts of interests from arising. Employees



What Northern Expects From Employees

are required to report an actual or potential conflict of interest to their supervisor or Human Resources in order to discuss and determine the appropriate response.

Questions regarding the interpretation of this policy should be addressed to the Senior Vice President of Human Resources. Requests for exceptions to this policy should be recommended by the responsible department supervisor and then submitted to the Senior Vice President of Human Resources.

ACCEPTABLE USE OF TECHNOLOGY AND ELECTRONIC COMMUNICATION

Using and having access to Northern Tool + Equipment's technology and data is a privilege that demands certain employee responsibilities and obligations. This policy explains how corporate information technology resources should be used and specifies what actions are prohibited. While this policy is as complete as possible, no policy can cover every situation; therefore, employees are asked to exercise common sense when using company resources. Questions on what constitutes acceptable use should be directed to management or Human Resources.

The scope of this policy includes any and all use of corporate Information Technology (IT) resources, including but not limited to, computer systems, email, the network, and the corporate internet connection.

Email

- The following email activities are never permitted: Spamming, harassment in violation of Company policies, communicating threats of violence, solicitations in violation of Company policies, chain letters, or pyramid schemes. This list is not exhaustive, but is included to provide a frame of reference for types of activities that are prohibited.
- The user is prohibited from forging email header information or attempting to impersonate another person.
- Email is an insecure method of communication, and therefore, information that is considered confidential or proprietary to the company may not be sent via email, regardless of the recipient, without proper encryption.
- It is company policy not to open email attachments from unknown senders.
- It is company policy not to open unexpected email attachments.
- Email systems were not designed to transfer large files, and as such, emails should not contain attachments of excessive file size. For large file transfer support, review the instructions for FileCenter on Nornet or contact IT System Support.

Confidential Data

- The following list is not intended to be exhaustive, but should provide employees with guidelines on what type of information is considered confidential. Confidential data can include:
 - Employee or customer social security numbers or personal information
 - Medical and healthcare information
 - Customer data
 - Company financial data
 - Sales forecasts
 - Product and/or service plans, details, and schematics
 - Network diagrams and security configurations
 - Communications about corporate legal matters



- Passwords
- Bank account information and routing numbers
- Payroll information
- Credit card information
- Any confidential data held for a third party (employees must adhere to any confidential data agreement covering such information)
- Confidential data must not be shared or disclosed in any manner to non-employees
- Confidential data should not be:
 - Posted on the Internet or on any publicly accessible system
 - Transferred in any insecure manner

This is only a brief overview of how to handle confidential information. Other policies may refer to the proper use of this information in more detail.

Network Access

Employees should take reasonable efforts to avoid accessing network data, files, and information that are not directly related to their job functions. Existence of access capabilities does not imply permission to use this access. If company computing resources are accessed with employee personal devices, then the company reserves the right to audit and remove or destroy corporate information from such devices.

Monitoring and Privacy

Users should expect no privacy when using the corporate network or company resources. Such use may include, but is not limited to, the transmission and storage of files, data, and messages. The company reserves the right to monitor any and all use of the computer network and company-provided hardware including, but not limited to, desktops, laptops, tablets, and/or cell phones/smartphones. To ensure compliance with company policies, this may include the interception and review of any emails and other messages sent or received, and the inspection of data stored on personal file directories, hard disks, and removable media. The company reserves the right to remove, wipe, or remote wipe all company data from personal computing resources and devices, including smartphones, tablets, and laptops.

UNACCEPTABLE USE OF THE CORPORATE NETWORK

The following actions are examples of unacceptable use of the corporate network. This list is not exhaustive, but is included to provide a frame of reference for types of activities that are deemed unacceptable.

Employees may not use the corporate network and/or systems to:

- Engage in activity that is illegal under local, state, federal, or international law
- Engage in any activities that violate Company policies including, but not limited to, policies regarding violence, solicitation, and/or conflicts of interest
- Disseminate defamatory, discriminatory, vilifying, sexist, racist, abusive, rude, annoying, insulting, threatening, obscene, pornographic, or otherwise inappropriate messages or media in violation of the Company's policies regarding discrimination and harassment
- Engage in activities that cause an invasion of privacy
- Make fraudulent offers for products or services
- Perform any of the following: port scanning, security scanning, network sniffing, keystroke logging, or other IT information-gathering techniques when not part of the employee's job function



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- Install or distribute software when not part of the employee's job function
- Reveal personal or network passwords to others, including family, friends, or other members of the household when working from home or remote locations
- Compromise confidential data in violation of Company policies regarding confidentiality and trade secrets
- Use video conferencing resources for reasons not related to the employee's job function

Illegal Activity

No company-owned or company-provided computer systems may be knowingly used for activities that are considered illegal under local, state, federal, and international law. Such actions may include, but are not limited to, the following:

- Unauthorized port scanning, network hacking, packet sniffing, packet spoofing, denial of service, or wireless hacking
- Any act that may be considered an attempt to gain unauthorized access to or escalate privileges on a computer or other electronic system
- Acts of terrorism
- Identity theft or spying
- Impersonating any person or entity, or falsely stating or otherwise misrepresenting affiliation with a person or entity
- Exploiting or soliciting personal information from a minor
- Downloading, storing, or distributing violent, perverse, obscene, lewd, or offensive material as deemed by applicable statutes
- Downloading, storing, or distributing copyrighted material

The company will take all necessary steps to report and prosecute any violations of this policy.

Web Browsing

The internet is a network of interconnected computers of which the company has limited control. Employees must use the internet at their own risk. Because the internet is a public domain, employees should understand that they can come into contact with information, even inadvertently, that they find offensive, sexually explicit, or inappropriate. The company is specifically not responsible for any information that employees view, read, respond to, or download from the internet. The company reserves the right to limit internet access for personal use.

Copyright Infringement

Northern Tool + Equipment's computer systems and networks must not be used to download, upload, or otherwise handle illegal and/or unauthorized copyrighted content. Any of the following activities constitute violations of acceptable use if done without permission of the copyright owner:

- Illegal copying and sharing of images, music, movies, or other copyrighted material, including using P2P file sharing and unlicensed CDs and DVDs
- Posting or plagiarizing copyrighted material
- Downloading copyrighted files that have not been legally procured

This list is not meant to be exhaustive. Copyright law applies to a wide variety of works and applies to much more than is listed above.



SOCIAL MEDIA AND BLOGGING

Social media can be a fun and rewarding way to share life moments and opinions with family, friends, and co-workers around the world. Use of social media, however, also presents certain risks and carries with it certain responsibilities.

Definition of Social Media

In the rapidly expanding world of electronic communication, social media can mean many things. Social media includes all means of communicating or posting information or content of any sort on the internet, including to an employee's own or someone else's web log or blog, journal or diary, personal website, social networking or affinity website, web bulletin board or chat room, or any other form of electronic communication whether or not associated or affiliated with the company.

The same principles and guidelines found in the company's policies apply to employee activities online. These policies include but are not limited to:

- Employee Agreements/Confidential Information
- Harassment-Free Workplace
- Equal Employment Opportunity
- Anti-Retaliation
- Employee Code of Conduct
- Business Ethics
- Conflicts of Interest

Employees Are Responsible for Knowing and Following the Rules

Ultimately, employees are solely responsible for what they post online. Before creating online content, employees should consider the risks and rewards that are involved. Any conduct that adversely affects job performance, including the performance of other employees, members, customers, suppliers, and people who work on behalf of the company's legitimate business interests may result in disciplinary action, up to and including termination of employment.

Any postings must be consistent with all established company policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may result in disciplinary action, up to and including termination of employment.

Social Media Guidelines

To assist employees in making responsible and appropriate decisions about using social media, Northern Tool + Equipment has established social media guidelines.

- Be respectful by always being fair and courteous to other employees, customers, members, suppliers, and people who work on behalf of the company.

Work related complaints are more likely to be resolved by speaking directly with co-workers or by using Northern's open door policy than by posting complaints to a social media outlet.

Nevertheless, employees who decide to post complaints or criticism should avoid using statements, photographs, video, or audio that reasonably could be viewed as malicious, obscene, threatening, or intimidating, that disparage customers, members, associates, or suppliers, or that might constitute



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harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion, or any other status protected by law or company policy.

- Post honest and accurate information or news. Remember that the internet archives almost everything; therefore, even deleted postings can be searched. Employees should:
 - Never post any information or rumors that they know to be false about the company, other employees, customers, suppliers, people working on behalf of the company, or competitors.
 - Correct mistakes quickly.
 - Be open about any previous posts they have altered.
- Represent the company with content that is appropriate, respectful, and of integrity. When posting company-related information, employees should be careful to do the following:
 - Maintain the confidentiality of the company's trade secrets and private or confidential information. Trade secrets may include information regarding the development of systems, processes, products, know-how, and technology. Do not post internal reports, policies, procedures, or other internal business-related confidential communications.
 - Respect financial disclosure laws.
 - Do not create a link from their blog, website, or other social networking site to the company's website without identifying themselves as a Northern Tool + Equipment employee.
 - Express only personal opinions.
- If the content is related to the company (work, employees, decisions, etc.), then employees must:
 - Never represent themselves as a spokesperson for the company.
 - Be clear and open about the fact that they are an employee of the company.
 - Make it clear that their views do not represent those of the company, employees, members, customers, suppliers, or people working on behalf of the company.
 - Make it clear that they are not speaking on behalf of the company.
 - It is best to include a disclaimer such as "The postings on this site are my own and do not necessarily reflect the views of Northern Tool + Equipment."
- Northern prohibits taking negative action against any employee for reporting a possible deviation from this policy or for cooperating in an investigation. Any employee who retaliates against another employee for reporting a possible deviation from this policy or for cooperating in an investigation will be subject to disciplinary action, up to and including termination.
- Employees should not speak to the media on the company's behalf without contacting the company's Marketing Media Manager.

Using Social Media at Work

The use of online social networking sites, image sharing sites, publishing blogs and the like, on any technological equipment, whether owned, provided, or subsidized by the company, is limited during working hours. This technological equipment includes, but is not limited to: Work computers, home computers, cell phones, PDAs, tablets, etc. Employees should adhere to any related IT policies and refer to their department-specific guidelines for more information.

Do not use company-issued email addresses to register on social networks, blogs, or other online tools utilized for personal use.



Use of Employee Images/Likeness by Northern

Northern may use employee images or an employee's likeness gathered during the course of work-related activities or company sponsored events for its social media pages, public relations, and/or other marketing purposes. These images may take the form of sound bites, video, and photographs. Employees are advised that no special compensation will be provided for the use of their image and that they may not be provided advance notice before an image is used. Employees who wish to opt out from having their image used by the company may submit their request in writing to the Human Resources department.

PROTECTING COMPANY ASSETS

Northern Tool + Equipment counts (or inventories) all the merchandise in company locations. The amount of merchandise is compared to store and distribution center records. When the inventory records indicate a different amount of merchandise than what was accounted for at inventory time, this is called shrink.

Shrink is caused by:

- Errors at the cash register
- Customer and employee theft
- Counting errors when handling merchandise
- Pricing errors
- Incorrect handling of damaged merchandise (including scraps and waste)
- Merchandise used by employees but not accounted for

Before taking any scraps, waste, or old parts from company premises, employees must first get permission from their supervisor. Even parts that appear to be obsolete may have substantial value to the company. Any suspicion of or witness to the occurrence of shrink should be reported to the Loss Prevention Department at (952) 882-6990.

SECURITY AND COMPLIANCE

The security of Northern Tool + Equipment's employees and information, vendor information, and customer information is a high priority. A data or security breach could have a devastating financial effect on the company. Security and compliance policies heighten security awareness of company personnel and help organizations demonstrate their commitment to protecting vital information assets.

For Northern to remain compliant with the Payment Card Industry (PCI), the Customs-Trade Partnership Against Terrorism (C-TPAT), and other governing bodies, it is important that all employees follow a set of standards to create a safe work environment.

Employees must abide by the following preventative measures to ensure a safe and secure work environment:

- Always wear the Northern Tool + Equipment identification (ID) badge so that it is visible. Employees who forget their ID badge must notify their supervisor immediately for a temporary badge.
- Keep secured entrances (including employee entrances and warehouse doors) closed and locked when not in use.
- Make sure that visitors sign in with the front desk (for applicable locations), receive a visitor's badge, and are accompanied at all times.



What Northern Expects From Employees

- Report suspicious behavior, including anyone not wearing a badge, to management. Management should contact Loss Prevention for further guidance.
- Participate in the Security Awareness Training program, which is first required when hired and then required annually.
- Use strong passwords and never share passwords, not even if a legitimate business reason is given.
- Adhere to all policies in this handbook, including the policies pertaining to electronic communications.

IDENTIFICATION BADGES

At some locations, Northern Tool + Equipment requires photo identification badges to be worn during working hours. Name badges may be required at locations that do not require photo identification badges.

VISITORS

It is the policy of Northern Tool + Equipment to provide employees with a safe and secure work environment through the appropriate restriction of visitors in company facilities. For this purpose, visitors, including family members and friends of employees, are not allowed in areas normally restricted solely to employees unless specifically authorized by management. Visitors should be greeted and escorted by a company employee while they are in the building. If an unescorted individual is observed on company premises, employees should immediately notify management.

WORKERS' COMPENSATION

Employees must report work-related injuries immediately to their supervisor, who will take responsibility for appropriately reporting the incident. If a work-related injury results in a need for medical attention, then employees must provide documentation from a doctor regarding restrictions about the employee's return to work or work duties. Northern Tool + Equipment will reasonably accommodate modified work duties based on restrictions ordered by a doctor as required by federal, state, and/or local law. All workers' compensation claims will be processed according to established guidelines. In its administration of this policy, the company complies with all federal, state, and local laws.

PHYSICAL RESOURCES

As part of employment, Northern Tool + Equipment provides access to and the use of company-owned property, including, but not limited to, desks, storage areas, work areas, personal computers, laptops, tablets, telephones, company cell phones, lockers, file cabinets, credenzas, shelves, offices, and vehicles. Northern provides employees access to these physical resources for the benefit of the company, its clients, and others involved in operations. At all times, these physical resources are considered company property, and employees should not have any expectation that these resources or areas are private property.

The physical resources provided by Northern may be used for business purposes only. Employees are responsible for using company property in an effective, ethical, and lawful manner. These physical resources should not be used in any way that might interfere with company business or the employee's ability to perform company duties.

Northern reserves the right, at all times and without prior notice to the employee, to inspect and search company physical resources, and employees have no expectation of privacy in physical resources provided



by the Company. In some circumstances, employees may be given keys to lock their desks, workspace, filing cabinets, or office. Northern will maintain a duplicate or master key to access its company property at all times. The fact that the physical resource is locked by an employee does not create any right of privacy for the physical resource or the information stored there. Employees may not change locks to any company property, or place their own locks on any company property, without explicit management permission. Employees who have been allowed to put a personal lock on company property do not have a right to privacy to that company property. Northern may open the locker or company property to inspect, investigate, or search its contents at any time with or without the presence of the employee.

PERSONAL APPEARANCE

The success of Northern Tool + Equipment is determined in part by establishing and maintaining a proper business atmosphere and ensuring that employees present a professional image to Northern's customers and the public. Employees should exercise good business judgment by ensuring that their appearance is neat, clean, and consistent with the nature of work performed.

Employees should comply with the following:

- Northern will accommodate an employee's specific dress or grooming needs that are the result of religion, ethnicity, race, or disability as required by federal, state, and/or local law.
- Personal grooming and hygiene must meet reasonable business expectations.
- Northern encourages reasonable self-expression through personal appearance unless it a) conflicts with an employee's ability to perform his or her position safely and effectively in his or her specific work environment, or b) is regarded as distasteful, offensive or harassing toward others. Examples may include but are not limited to facial and head tattoos, multiple piercings, extreme hair color, etc.
- Dress codes may vary according to the department, location, and type of work performed. Employees who are dressed inappropriately may be sent home and required to return to work in acceptable attire. Under these circumstances, non-exempt employees will not be paid for time away from work.
- Retail store employees must wear the company-provided vest and name badge at all times during the shift.

Employees should direct questions or interpretations of the dress code policy to management or Human Resources.

PERSONAL CALLS AND MOBILE DEVICES

Northern Tool + Equipment discourages the use of company phones for personal purposes and expects employees to be responsible and use appropriate discretion when using personal mobile devices during working hours.

Generally, employees should comply with the following policies:

- Hold any personal use of telephone, voicemail, and email resources to a minimum, and do not let them interfere with work time.
- Follow all department and location rules regarding personal calls and mobile device use.

Excessive personal use of company property including phones, email, or other company property can lead to disciplinary action, up to and including termination of employment. Additionally, excessive use of personal



mobile devices during work hours or failure to follow department/location specific rules regarding the use of personal mobile devices, can lead to disciplinary action, up to and including termination of employment.

SOLICITATION AND DISTRIBUTION

Northern Tool + Equipment prohibits solicitation by employees during working hours, including, but not limited to: Solicitation made for raffles, fundraising, product sales, memberships, contests or subscriptions, surveys, causes, organizations, or other outside interests.

Employees are also strictly prohibited from distributing, posting, or circulating literature or materials of any kind while on work time or on company property or worksites. Work time does not include break periods, meal periods, or other specified non-work periods during which employees are not expected to perform their assigned duties.

The company does not permit non-employees to solicit or distribute literature or other items on company property or job sites at any time. Any exceptions must be approved by the Senior Vice President of Human Resources.

BULLETIN BOARDS

Northern Tool + Equipment posts notices and announcements periodically as a means of improving employee communications. Employees are encouraged to read the bulletin boards but may not post or remove information without the permission of management. Bulletin boards are not to be tampered with in any way. Bulletin boards may not be used for personal gain or the dissemination of personal views, or to solicit or distribute materials in violation of the solicitation/distribution policy. Solicitation of any non-company business or activities or any use of the bulletin board for personal gain, is strictly prohibited.

BUSINESS EXPENSES

Northern Tool + Equipment's business expense policy provides for adequate accommodations and services to reasonably meet the needs of employees who incur costs in the course of performing business duties. The company will not pay unreasonable or excessive charges, or reimburse employees for expenses that were not authorized or incurred for a legitimate business purpose.

Compliance with this policy includes completing the proper forms in detail by the employee submitting an expense report. The company holds the employee who originates the expense report responsible for proper preparation and verification in accordance with IRS regulations and company standards. When submitting a business expense report, employees are certifying that the charges are accurate, proper, and in compliance with each of the requirements of this policy. Employees who submit false or inaccurate business expense reports, or who seek reimbursement for expenses that were not authorized, may be subject to disciplinary action, up to and including termination of employment.

Employees are governed by IRS guidelines pertaining to business expense reimbursement; therefore, this business expense policy has been formulated to be consistent with the provisions of the Internal Revenue Code and related regulations. Conforming to such provisions is necessary to protect both the employee and the company.



To avoid delays in reimbursement, the expense report must meet the requirements described in this business expense policy. If these requirements are not met, then the expense report will be adjusted and returned to the originator, approved signer, or appropriate department for correction and resubmission.

Reimbursement will be made via a credit directly to the employee's personal bank account. In order to be reimbursed, employees must complete a setup process with the company's corporate credit card vendor, which includes providing bank account information. The Finance Department will process reimbursements monthly. Additionally, employees are required to review and sign off on the complete business expense policy prior to receiving their first reimbursement. The entire policy can be found on Nornet and Retail Net.

Northern does not reimburse business expenses for any individual who is performing services for the company as an independent contractor.

COMPANY VEHICLE USAGE

The following list explains Northern Tool + Equipment's vehicle usage policy. Failure to abide by this policy may result in disciplinary action, up to and including termination of employment. In its administration of this policy, the company abides by all federal, state and local laws.

- Only authorized employees may operate company vehicles.
- Employees are discouraged from using any type of mobile device while operating a motor vehicle on behalf of the company.
- If an accident occurs while using a company vehicle, then employees must complete these actions:
 - Follow the accident reporting kit provided in each vehicle.
 - Obtain a police report immediately.
 - Report the accident immediately to their supervisor.
- Employees who have a poor driving record or cannot qualify with Northern's insurance carrier are not allowed to drive company vehicles.
- Employees who have positions that involve or may involve operating a company vehicle are required to do the following actions:
 - Immediately report any changes to the status of the employee's legal driving privileges.
 - Immediately report any changes that may affect the employee's ability to operate a vehicle on the company's behalf.
 - Maintain current information about driving privileges and status.
- Employees who use their personal vehicles for company business must do the following actions:
 - Obtain prior approval to use a personal vehicle for company business.
 - Have the vehicle properly insured, or inform the supervisor if the vehicle is not insured.
 - Inform the supervisor of any material changes have been made to the insurance policy, such as changes in coverage, that may result in other transportation arrangements needing to be made.
 - Agree to the mileage reimbursement policy, which covers vehicle expenses related to gas, wear and tear, and insurance. Mileage reimbursement must be completed for mileage incurred for company business.
 - Follow accident reporting procedures for company vehicles.
 - Abide by the Company's guidelines on using mobile devices while operating a motor vehicle on behalf of the company. At all times, adhere to federal, state, and/or local law regarding using mobile devices while operating a motor vehicle.



TOBACCO USE AND SMOKELESS DEVICES

The use of any tobacco products and electronic nicotine delivery systems like e-cigarettes and personal vaporizers is permitted only in areas specifically designated by Northern Tool + Equipment. Each company location may have specific requirements which are necessary in order to operate and respond to local laws and statutes. The company complies with applicable state and federal regulations regarding tobacco use and smokeless devices.

LOST AND FOUND

Any items lost or found should be reported to management or Human Resources, which will take appropriate safeguards to protect the item and make a reasonable attempt to return the item to its rightful owner. If a lost item is not claimed within one month of being found, then Human Resources must be contacted for additional guidance. Generally, items not claimed within one month become the property of Northern Tool + Equipment.

RESIGNATION

Employees who plan on resigning from Northern Tool + Equipment should provide their supervisor with at least a 2-week notice. This allows time to transfer responsibilities to another employee and to facilitate the return of any company-owned property.

Employees are required to provide written resignation of employment. A voluntary resignation form can be found on Nornet. In the event that the company deems appropriate, an employee's resignation may become effective immediately and the 2-week notice requirement could be waived.

TIME AWAY FROM WORK

PAID TIME-OFF BENEFITS

Northern Tool + Equipment offers eligible employees paid time-off benefits, including vacation, personal time and paid holidays. For detailed information on these benefits, employees should refer to the specific policies located on Nornet. Bargaining unit employees will be granted paid time-off benefits in accordance with their collective bargaining agreement. Northern complies with all federal, state, and local laws regarding the administration and use of its paid time-off benefits.

VACATION

Because employees benefit from a period of rest and relaxation away from the job, Northern Tool + Equipment provides eligible employees with a paid vacation benefit.

In order to be eligible for paid vacation, an employee must be employed at least 90 days, have a full-time status, and work at least 36 hours per week. Part-time employees are eligible for vacation benefits if they have a status and work at least 30 hours per week. Vacation is granted on each August 1st and runs on a fiscal-year basis from August 1st through July 31st.



Vacation benefits are determined by an employee's exempt or non-exempt status, an employee's classification as part-time or full-time, length of service, salary grade, and position in the Company.

Full-time exempt employees are granted vacation based on their position's salary grade and/or their position as a Regional Sales Manager, Director, Vice President, or Owner, along with years of service. Part-time exempt employees who have a status of working at least 30 hours per week are granted vacation at one half the amount of a full-time employee based on their position's salary grade.

NON-RETAIL EMPLOYEES

Full-time exempt employees are granted paid vacation according to the following schedule:

Exempt Status and Salary Grade Level Non Retail	After 90 Days of Employment	1-2 Years of Employment	3-7 Years of Employment	8-14 Years of Employment	15+ Years of Employment
Exempt Grades 4-11	10 Days	10 Days	15 Days	20 Days	20 Days
Exempt Grades 12 and Above	10 Days	15 Days	15 Days	20 Days	25 Days
Directors, Vice Presidents, Owners	20 Days	20 Days	20 Days	25 Days	25 Days

Full-time non-exempt employees are granted paid vacation according to the following schedule:

Non-Exempt Status Non Retail	After 90 Days of Employment	1-2 Years of Employment	3-7 Years of Employment	8-14 Years of Employment	15+ Years of Employment
Non-Exempt	40 Hours	80 Hours	120 Hours	160 Hours	160 Hours

RETAIL EMPLOYEES

Full-time exempt retail employees are granted paid vacation according to the following schedule:

Exempt Status and Salary Grade Level	After 90 Days of Employment	1-2 Years of Employment	3-7 Years of Employment	8-14 Years of Employment	15+ Years of Employment
Retail Exempt Grades 1-2	10 Days	10 Days	15 Days	20 Days	20 Days
Regional Sales Managers	20 Days	20 Days	20 Days	25 Days	25 Days

Full-time non-exempt retail employees are granted paid vacation according to the following schedule:

Non-Exempt Status	After 90 Days of Employment	1-2 Years of Employment	3-7 Years of Employment	8-14 Years of Employment	15+ Years of Employment
Retail Non-Exempt Grades 3-8	40 Hours	80 Hours	120 Hours	160 Hours	160 Hours
Retail Non-Exempt Grades 9 and above	80 Hours	80 Hours	120 Hours	160 Hours	160 Hours



Time Away From Work

All Part-time non-exempt employees who have a status of, and work at least 30 hours per week, are granted vacation at one half the amount of a full-time non-exempt employee. Part-time employees must average working at least 30 hours per week in any three-month period in order to continue their vacation eligibility.

The following are additional summary points from the Vacation Pay policy:

- All eligible new employees will receive a prorated grant of vacation per their respective vacation schedule.
- Provided an employee has been with the Company at least 90 days, an employee changing status will receive a prorated vacation grant based on their applicable vacation schedule and the complete number of months remaining in the fiscal year.
- Employees whose employment anniversary is during the first half of a fiscal year (August 1st through January 31st) will receive any applicable increase in vacation time on August 1st of the same fiscal year. Employees whose employment anniversary is during the second half of a fiscal year (February 1st through July 31st) will receive any applicable increase in vacation time on August 1st of the next fiscal year.
- Employees request the use of vacation time in advance with their supervisor via the Company's timekeeping system and/or their department's usual process for requesting paid time off. Supervisors will exercise discretion in granting vacation time based on business requirements and staffing needs. Employees who use unscheduled vacation time are subject to their location's attendance policy where applicable.
- Vacation time must be used in four hour increments (except for locations/departments where exceptions have previously been approved by the Senior Vice President of HR).
- Vacation is paid based on normal hours and earnings, excluding overtime. Employees must be employed on August 1 to earn vacation time. Vacation hours do not count as hours worked for purposes of the calculation of overtime for non-exempt employees.
- Paid vacation days/hours can accumulate to any number within a 12-month period, but the maximum carryover on each August 1st is 5 days (40 hours).
- The purpose of Northern's vacation benefit is to give employees, having regular attendance and continuous service, an opportunity for rest and relaxation. Therefore, paying for vacation days fully earned but not yet taken, in lieu of actual time off, is done only in cases of termination or retirement.

For more detailed information and to view the entire Vacation Pay policy, refer to the specific policy located on Nornet.

PERSONAL TIME-OFF

Northern Tool + Equipment recognizes that there may be occasional times when an employee needs to be absent due to reasons of a personal nature such as illness/injury for themselves or a family member, to attend an appointment/event, or for any number of personal reasons. In recognition of this, the Company provides eligible employees who have been with the Company at least 90 days with a paid personal time off benefit on a fiscal-year basis (August 1 through July 31).

The following points apply to Northern's personal time-off policy:

- To be eligible for paid personal time off, an employee must be employed at least 90 days.
- Employees are eligible and granted personal time off annually on August 1 of each year, based on the following criteria:
 - Employees who have a full-time status and work an average of 36 hours or more per week are eligible for six days (48 hours) of personal time off.



- Employees who have a part-time status and work an average of 30 hours or more per week are eligible for three days (24 hours) of personal time off.
- New employees will receive a prorated amount of personal time off according to their part- or full-time status.
- Whenever possible, employees should request the use of personal time off in advance with their supervisor via the Company's timekeeping system and/or their department's usual process for requesting paid time off. Supervisors will exercise discretion in personal time off requests based on business requirements and staffing needs.
- If an employee uses their personal time off benefit for sickness, employees must follow Company policy and their department's or location's typical process for reporting an absence. When utilizing personal time off for sickness, employees are required to inform their supervisor as far in advance as possible and provide the general nature/reason for the personal time off request. Supervisors will take appropriate care to keep any personal/medical information confidential. Employees who use unscheduled personal time off are subject to their location's attendance policy where applicable.

The Company reserves the right to ask for additional information in order to substantiate an employee's request for personal time off. In these instances, Human Resources will work with both the employee and the employee's supervisor/manager to determine the information needed in order to substantiate the request.

Personal time off may be used to cover situations when the Company closes due to an unexpected event such as a power failure, weather related closure, or if the Company decides to close a location an additional day(s) around an observed holiday.

Personal time off will be granted in 4-hour increments (except for locations/departments where exceptions have previously been approved by the Senior Vice President of Human Resources). Personal time off cannot be carried over from one fiscal year to another and unused hours will not be paid out to employees. Additionally, employees who leave the Company will not be paid for any unused hours of personal time off available at the time of their separation.

Provided an employee has been with the Company at least 90 days, an employee changing their full-time/part-time status will receive a prorated personal time off grant based on their eligibility under this policy and the complete number of months remaining in the fiscal year. This prorated personal time off is rounded up to the nearest 4-hour increment and is eligible to be used as of the first day of the month following an employee's status change.

An employee who is on an approved leave of absence such as Family Medical Leave Act (FMLA), state leave, or discretionary leave will be required to use any Personal Time Off balances in conjunction with their leave of absence.

An employee who has not logged any time or performed any work during an entire fiscal year will not be granted personal time off.

Personal time off pay is based on normal worked hours and earnings excluding overtime. Personal time off hours do not count as hours worked in the calculation of overtime.



HOLIDAYS

The following points apply to Northern's holiday policy:

- Northern Tool + Equipment observes the following holidays:
 - New Year's Day
 - Memorial Day
 - Independence Day
 - Labor Day
 - Thanksgiving Day
 - Day after Thanksgiving
 - Christmas Day
- Regular full-time employees who work 36 hours or more per week are eligible for one day (eight hours) of holiday pay for each of the company's observed holidays. Part-time employees who are regularly scheduled and have a status of 30 hours or more per week (also known as part-time 30) are eligible for four hours of holiday pay for each of the company's observed holidays. Eligible part-time 30 employees receive the holiday pay provided that they would have normally been scheduled to work on such holiday had it been a workday. Temporary/seasonal, part-time 20 and part-time 15 employees are not eligible to receive holiday pay.
- Eligible non-bargaining employees are provided the holiday pay benefit immediately upon hire. Bargaining unit employees should refer to their current union contract for holiday pay.
- Holidays that fall on a Saturday will be observed on the Friday preceding the holiday, and holidays that fall on a Sunday will be observed the following Monday. To be eligible for holiday pay, employees must be present for both their scheduled days immediately before and after the holiday, unless the absence is authorized by management for reasons such as prearranged vacation, bona fide emergency or illness, or otherwise approved consistent with federal, state, and/or local law.
- Eligible employees working in a department or location that is open and operating on an observed holiday may receive a floating holiday in lieu of holiday pay if they are scheduled to work on the actual holiday.
 - Full-Time employees can accrue a maximum of 3 floating holidays (24 hours) in any given fiscal year while part-time employees can accrue a maximum of 12 hours.
 - A floating holiday balance of 1 day (8 hours) can be carried over each fiscal year (August 1st) for full-time employees, 4 hours for part-time employees.
 - Floating holidays must be requested off in advance, are subject to approval by management, and are not paid out upon termination.
 - Bargaining unit employees should refer to their current union contract for floating holiday pay.

BEREAVEMENT PAY

Northern Tool + Equipment provides bereavement pay to employees who suffer a death in the immediate family, for the purpose of making arrangements and attending the funeral.

The following points apply to Northern's bereavement pay policy:

- Full-time employees are entitled to a maximum of three paid days off, not to exceed 24 straight hours. Further consideration may be made based on individual circumstances. Additional time off may be allowed as needed; however, additional time off will not be paid as bereavement.



- The immediate family is defined as the employee's current spouse, parents, parents-in-law, children, step-children, brothers, sisters, grandparents, grandchildren, step-brothers, step-sisters, brothers- and sisters-in-law, sons- and daughters-in-law, and step-parents. Employees may receive one day of bereavement pay to attend the services of aunts and uncles.
- Pay will be granted for those regularly scheduled work days the employee would have worked that occur between and including the day of death and the day of the funeral, or the day after the funeral for necessary travel.
- Bereavement leave must be taken within four calendar days of the death, funeral, or service.
- Employees must provide documentation to their supervisor upon their return in order to substantiate their time-off under this policy and to be eligible for bereavement pay.
- In the event that a funeral is not covered under this policy, available vacation or personal holiday time may be used. Employees should work with their supervisor to coordinate this in advance.
- Employees covered by a separate bargaining agreement should refer to their contract for their bereavement policy.
- Northern Tool + Equipment complies with all federal, state, and/or local laws regarding bereavement leave and corresponding pay. To the extent applicable law conflicts with this policy, Northern Tool + Equipment will provide benefits as required by law.

Questions about this bereavement policy should be directed to the Human Resources Department.

JURY DUTY

Northern Tool + Equipment expects employees called for jury duty to fulfill this civic responsibility. The following points apply to Northern Tool + Equipment's jury duty policy:

- To avoid any financial hardship while out of work, employees will receive jury duty pay for any hours missed from work while serving on jury duty.
- No compensation will be made for calling in to determine if it is necessary to report for duty.
- To be eligible to receive such pay, employees must notify Northern Tool + Equipment as soon as possible after receipt of notification of selection for jury duty.
- Employees who are relieved from jury duty with more than four hours of their work shift remaining should report to work to complete the remainder of their shift.
- Upon completion of jury duty, the employee must submit a Certification of Jury Service to the Payroll Department, indicating the amount of compensation paid by the court. The amount of compensation for time served will be deducted from jury duty pay.
- Northern Tool + Equipment complies with all federal, state, and/or local laws regarding jury leave and corresponding pay. To the extent applicable law conflicts with this policy, Northern Tool + Equipment will provide benefits as required by law.

STATE, FEDERAL, AND LOCAL LEAVE LAWS

Northern Tool + Equipment complies with all state, federal, and local laws regarding leaves of absence and time away from work. Northern Tool + Equipment works with a leave administrator to support administering leaves of absence. Employees wishing to make a leave request under state, federal, or local leave law should contact the company's leave administrator directly. Employees can obtain more information about the leave process and the procedures for contacting Northern Tool + Equipment's leave administrator from Nornet, their supervisor, or Human Resources.



For purposes of this policy, references below to “Northern Tool” and the “Company” include Northern’s leave administrator.

TAKING MORE THAN THE ALLOWED LEAVE

Northern Tool + Equipment is unable to keep jobs open indefinitely. Consistent with federal, state, and/or local law, if an employee fails to return to work at the end of an approved leave of absence, including any extension of the approved leave, then the employee’s absences will be treated as any other non-approved absence. This means, for example, that the absences or failure to provide proper notice of absences may result in disciplinary action, up to and including termination of employment.

FAMILY AND MEDICAL LEAVE

Northern Tool + Equipment makes available various types of unpaid, job protected leave in accordance with the requirements of the Family and Medical Leave Act of 1993 (FMLA).

Basic Leave

For eligible employees, up to 12 weeks of unpaid leave (in a 12-month period) is available for one or more of the following purposes:

- For the birth and care of a newborn child of the employee
- For the care and/or placement of a child for adoption or foster care
- For the care of a spouse, child, or parent who has a serious health condition

NOTE: A child, for purposes of this policy includes an individual who is either under the age of 18 or older than 18 but incapable of self-care because of a physical or mental disability.

- For an employee’s own serious health condition

The 12-month period is measured on a “rolling backward” basis. Leave measured on a rolling backward basis is measured backward from the date any FMLA leave would commence.

Qualifying Exigency Leave

For eligible employees, up to 12 weeks of unpaid leave, in a 12-month period, is available for an eligible employee where the employee’s spouse, son, daughter, or parent is on “covered active duty” and leave is needed for a “qualifying exigency.”

Covered active duty includes:

- In the case of a member of a regular component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country
- In the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty

A “qualifying exigency” is:

- Short notice deployment
- Military events and related activities
- Childcare and school activities
- Parental care
- The necessity of making financial and legal arrangements



- Rest and recuperation (limited to 15 days for each instance)
- Post-deployment activities
- Additional qualifying activities

The 12-month period is measured on a “rolling backward” basis. Leave measured on a rolling backward basis is measured backward from the date any FMLA leave would commence.

Covered Servicemember Care Leave

Leave is available for an eligible employee to care for a spouse, child, parent, or next-of-kin who:

- Is a current member of the Armed Forces or a member of the Armed Forces who is on the temporary disability list, and who has a “serious injury or illness” for which he or she is undergoing medical treatment, recuperation, or therapy; or, otherwise in outpatient status; or, otherwise on the temporary disability retired list, or
- Is a veteran of the Armed Forces who is undergoing medical treatment, recuperation, or therapy for a “serious injury or illness,” and who was a member of the Armed Forces at any time during the period of five years preceding the date on which the veteran is undergoing the medical treatment, recuperation, or therapy.

For purposes of this section, the following definitions apply:

- The term “Armed Forces” includes Armed Forces, National Guard, and Reserves.
- The term “serious injury or illness” means:
 - For current members of Armed Forces – an injury or illness that was incurred by the member in the 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 the line of duty on active duty in the Armed Forces) and that rendered the member medically unfit to perform the duties of the member’s office, grade, rank, or rating.
 - For veterans of the Armed Forces – (i) a continuation of a serious injury or illness that was incurred or aggravated when the covered veteran was a member of the Armed Forces and rendered the servicemember unable to perform the duties of the servicemember’s office, grade, rank, or rating; (ii) a physical or mental condition for which the covered veteran has received a U.S. Department of Veterans Affairs Service Related Disability Rating (VASRD) of 50 percent or higher, and such VASRD rating is based, in whole or in part, on the condition precipitating the need for military caregiver leave; (iii) a physical or mental condition that substantially impairs the covered veteran’s ability to secure or follow a substantially gainful occupation by reason of a disability or disabilities related to military service, or would do so absent treatment; or (iv) an injury, including a psychological injury, on the basis of which the covered veteran has been enrolled in the Department of Veterans Affairs Program of Comprehensive Assistance for Family Caregivers.

Next-of-kin of a covered servicemember is the nearest blood relative other than the covered servicemember’s spouse, son, or daughter, 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.



Time Away From Work

For Covered Servicemember Care leave only, an employee is entitled to 26 workweeks of leave during any single 12-month period measured on a “rolling forward” basis. Servicemember Care leave measured on a rolling forward basis will be measured using the 12-month period forward from the date of the employee’s first instance of Servicemember Care leave.

Eligibility

Even in circumstances that would otherwise qualify for FMLA leave, an employee is not eligible for FMLA leave unless he or she: (1) has a cumulative (not necessarily continuous) 12 months of prior service; (2) has worked at least 1,250 hours during the 12 months immediately preceding the date on which the FMLA leave would commence; and (3) works at a location where at least 50 employees are employed within a 75-mile radius.

Intermittent Leave

An employee may take leave intermittently for certain qualifying reasons, as blocks of time-off or in the form of reducing the employee’s normal weekly or daily schedule. If the employee needs leave intermittently or on a reduced-leave schedule for planned medical treatment, then it is the employee’s obligation to schedule the treatment so it will not unduly disrupt company operations. Further, intermittent leave or leave on a reduced-leave schedule must be medically necessary due to a serious health condition or a serious injury or illness, except in the case of intermittent leave for a Qualifying Exigency. In addition, employees are permitted to take intermittent leave for the birth of a child or placement of a child for adoption or foster care; however, intermittent leave for these reasons is permitted only upon the approval of management and Human Resources and may be required to be taken in predefined blocks of time as permitted by law.

Giving Notice of the Need for Leave

Absent extenuating circumstances, an employee must provide Northern Tool + Equipment with at least 30 days’ advance written notice before FMLA leave is to begin. Failure to do so may cause delay or denial of leave.

Employees anticipating an extended leave (3+ days) should contact the leave administrator within 3 days of the start of their leave. Consistent with FMLA and/or state leave law, failure to report a leave in a timely manner could result in a leave determination being delayed or denied.

If the need for leave is unforeseeable, then the employee must provide notice to Northern Tool + Equipment as soon as practicable under the facts and circumstances of the particular situation. For unforeseen leave, the employee must follow the normal procedure for reporting an absence.

Eligibility Notice

Northern Tool + Equipment will generally notify employees within five business days of receipt of their request for FMLA leave of their eligibility to take Family and Medical Leave. If employees are not eligible, then Northern will explain why.

Providing Evidence of Need for Leave

Human Resources may request additional information to assist Northern in determining whether an employee qualifies for leave under the FMLA. In most cases, Northern will request that the employee complete a Certification form that is specific to the type of leave the employee is requesting. Certification



forms and any other requested documentation must be returned to Northern within 15 days of Northern's request for Certification, excluding extenuating circumstances.

Designation of Leave

Human Resources generally will notify employees in writing of whether or not their leave request is approved. Notification will occur within five business days after employees have submitted the appropriate Certification form and/or after Northern has sufficient information to determine whether the leave requested is FMLA covered.

Intent to Return to Work from FMLA Leave

Consistent with the manner in which Northern addresses other types of medical and personal leave, Northern may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work. If circumstances change during an employee's leave such that the employee no longer has a condition or circumstance that qualifies for FMLA leave, then the employee is required to promptly notify Northern.

Pay During Leave

FMLA leave is generally unpaid; however, Northern requires employees to use any accrued unused sick time while taking FMLA leave. Once paid sick leave is exhausted, employees will go on unpaid leave or will have the option to use paid vacation time. Both paid and unpaid leave count toward the 12- or 26-week (in the case of Covered Servicemember Care Leave) limit. The terms of this paragraph may differ if employees are eligible for some other form of leave payment, such as pay under a short-term or long-term disability plan, or workers' compensation pay.

Benefits During Leave

Employees participating in Northern's group health plan at the time leave commences will be permitted to continue coverage for the duration of FMLA leave, but only if they continue to pay their share of any premiums. For so long as the employee's FMLA leave is paid leave, Northern will continue to deduct the employee's share of premiums. For unpaid FMLA leave, employees are responsible for making arrangements to pay their share of premiums. Should they fall more than 30 days behind in payments, then coverage may be canceled. If an employee fails to return to work when the leave expires, then, under certain conditions, Northern is entitled to recover any premiums paid on behalf of the employee in order to maintain the employee's coverage during FMLA leave.

Return from Leave

In most cases, an employee will have an opportunity to be restored to the same position or an equivalent position upon completion of FMLA leave. However, the employee's rights will not be greater than they would have been in the absence of the leave, so there may be circumstances where an employee will not be reinstated. Also, Northern reserves the right not to reinstate a "key" employee if reinstatement would cause substantial economic harm to Northern's business. Key employees are generally those in the top 10% of compensation.

Return from Leave: Fitness-for-Duty Certification



Time Away From Work

Any employee who takes leave for the employee's own serious health condition will be required, as a condition of restoration, to obtain and provide certification that the employee is able to resume work and is able to perform the essential functions of the job. The cost of the Fitness-for-Duty Certification is paid by the employee. Northern may delay or deny restoration to employment if a Fitness-for-Duty Certification is not provided. Northern will request a Fitness-for-Duty Certification for leave taken on an intermittent or reduced-leave schedule basis if reasonable safety concerns exist regarding the employee's ability to perform duties based on the serious health condition for which the employee took leave.

MILITARY LEAVE AND EMPLOYEE RIGHTS UNDER USERRA

Employees who leave their jobs to enter military service have re-employment rights governed by the Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA) and other applicable laws. USERRA protects the job rights of individuals who voluntarily or involuntarily leave employment positions to undertake military service. USERRA also prohibits employers from discriminating against past and present members of the uniformed services and applicants to the uniformed services. In order to take time-off due to military service, employees should contact their supervisor and Northern's leave of absence administrator to make their request. Information can be found on NorNet.

Federal law requires Northern to notify employees of their rights under USERRA. The following policies are designed to provide all employees of the notice required by federal law.

The rights listed in this policy may vary depending on the circumstances. Northern will abide by all federal, state, and local leave laws. For specific details regarding individual rights as a member of the uniformed services, including the right to leave and for reinstatement, employees should review the postings at their location or contact a member of the Human Resources Department.

Re-Employment Rights

Employees have the right to be re-employed by Northern if they leave their position with Northern to perform service in the uniformed service and they:

- Ensure that Northern receives advance written and verbal notice of their service
- Have five years or less of cumulative service in the uniformed services while employed by Northern
- Return to work or apply for re-employment in a timely manner after conclusion of service
- Have not been separated from service with a disqualifying discharge or under other than honorable circumstances.

Employees eligible to be re-employed will be restored to their job consistent with the requirements of federal, state, and/or local law, and benefits that would have been attained during the military service will also be reinstated.

Right to Be Free from Discrimination and Retaliation

An employee who is a past or present member of the uniformed service, has applied for membership in the uniformed service, or is obligated to serve in the uniformed service will not be denied of the following actions because of this status:

- Initial employment
- Re-employment
- Retention in employment
- Promotion



- Any benefit of employment

Northern will not retaliate against anyone assisting in the enforcement of USERRA rights, including testifying or making a statement in connection with a proceeding under USERRA, even if that person has no service connection.

Health Insurance Protection

Employees who leave their job at Northern to perform military service have the right to elect to continue their existing employer-based health plan coverage for themselves and their dependents for up to 24 months while in the military. If employees elect to not continue coverage during military service, then they have the right to be reinstated in Northern's health plan when they are re-employed, generally without any waiting period or exclusions (e.g., pre-existing condition exclusions), except for service-connected illnesses or injuries.

DISCRETIONARY LEAVE OF ABSENCE

Under certain circumstances, Northern offers leaves of absence without pay for personal reasons or for reasons which don't qualify under state and federal leave laws. Generally, discretionary leaves of absence are between two and 12 weeks and require additional approval from management, Human Resources, and the senior management of the employee's area. Northern will consider the needs of the employee and the business when reviewing a request for a discretionary leave of absence.

Employees approved for a discretionary leave of absence will be required to use any available paid time-off benefits in conjunction with their discretionary leave.

Employees participating in a benefit plan at the time a discretionary leave commences will be permitted to continue coverage for the duration of the approved leave but only if they continue to pay their share of any premiums. If an employee falls more than 30 days behind in making premium payments, then coverage may be canceled. Needs of the employee as well as the business will be considered when determining approval for discretionary leave of absence.

Reinstatement cannot be guaranteed to employees returning from discretionary leave. However, the Company endeavors to place employees returning from discretionary leave in their former positions if still available or in open positions comparable in status and pay, subject to the Company's need to fill vacancies and the ability of the Company to find qualified temporary replacements.

Employees should contact their supervisor and Human Resources representative well in advance to learn the details of obligations under the discretionary leave policy.

BENEFITS WHILE ON APPROVED LEAVE

Benefit Participation

All employee benefits will be maintained for the duration of an employee's family or medical leave up to a maximum of 12 weeks and, in some circumstances, 26 weeks. Employees are responsible for all missed benefit premiums during their leave of absence. Consistent with federal, state, and local law requirements regarding benefits continuation while on a leave of absence, failure to pay the employee's share of any other benefit premiums when due will result in elimination of coverage after 30 days. Northern provides some benefits solely at its cost, and those benefits require no employee contributions and will be maintained



Time Away From Work

for the duration of leave. Contact the Human Resources Department for more details on benefits maintenance.

Changes in benefits that took place during the leave at the employee's election due to annual open enrollment or family status change or that would have occurred had the employee not taken the leave will also apply. An employee's rate of pay will be adjusted to reflect any pay changes incurred during the period of the leave.

Crediting Benefits

Benefits, such as sick pay and vacation, continue to be granted to employees who are on approved FMLA or USERRA leave.

Partial Salary Continuation

After one year of continuous employment, full-time exempt employees, due to the nature of their work and their status under wage and hour legislation, are eligible for partial salary continuation when they are disabled and unable to work due to a non-occupational illness or accident. Under this plan, exempt employees can receive 50% of their normal (base) compensation for up to two weeks during a consecutive 12-month period. Employees who are eligible and use the paid parental leave policy, are not eligible for salary continuation as it relates to the birth of a child.

PAID PARENTAL LEAVE POLICY

Northern Tool + Equipment provides paid parental leave to employees to care for and bond with a newborn or a newly adopted or newly placed child.

The following points apply to Northern's paid parental leave policy:

- This policy will run concurrently with Family and Medical Leave Act (FMLA) leave, as applicable.
- Each week of paid parental leave is compensated at 100 percent of the employee's regular base pay (based on a 40 hour work week). Paid parental leave will be paid on a biweekly basis on regularly scheduled pay dates.
- Approved paid parental leave may be taken at any time during the six-month period immediately following the birth, adoption or placement of a child with the employee. Paid parental leave may not be used or extended beyond this six-month time frame. Additionally, to receive paid parental leave benefits under this policy, the leave must be taken in a continuous block of time for the birth, adoption or placement of a child and cannot be taken intermittently or on a reduced leave schedule. Once a paid parental leave begins, all 4 weeks must be used consecutively. Any paid parental leave not used consecutively will be forfeited upon conclusion of the paid parental leave despite the duration (e.g. an employee who returns to work after 3 weeks of paid parental leave will have exhausted all available paid parental leave for the rolling 12-month period used to measure paid parental leave eligibility and the employee will forfeit the remaining 1 week for which he/she would have been eligible had he/she continued on a paid parental leave). Any unused paid parental leave will be forfeited at the end of the 6-month time frame.

To be eligible for paid parental leave, an employee must:

- Must be a full-time (36+ hours/week) employee as defined by Northern Tool + Equipment



- Must be employed for a full twelve (12) months immediately prior to the birth, adoption, or foster placement of a child; and
- Must have worked a minimum of 1,250 hours the previous year if there was a period of part-time employment
- Temporary and part-time employees are not eligible for paid parental leave benefits under this policy
- Eligible employees will receive a maximum of four weeks (160 hours) of paid parental leave per birth, adoption or placement of a child/children. In no case will an employee receive more than four weeks (160 hours) of paid parental leave in a rolling backward 12-month period, regardless of whether more than one birth, adoption or foster care placement event occurs within that 12-month time frame.

The entire policy and procedure can be found on Nornet.

- Bargaining employees should refer to their collective bargaining contract regarding eligibility under this policy.

Questions regarding the interpretation of this policy and the procedure should be addressed to the Senior Vice President of Human Resources. Requests for exceptions to this policy should be recommended by the responsible department manager and then submitted to the Senior Vice President of Human Resources.

BENEFITS AT REINSTATEMENT

Employees returning from family, medical, or military leave will have their benefits reinstated to the same levels as they received at the time the leave commenced, except for any paid leave benefits used during the leave. Changes in benefits that took place during the leave at the employee's election due to annual enrollment or family status change or that would have occurred had the employee not taken the leave will also apply. An employee's pay rate will be adjusted to reflect any pay changes incurred during the period of the leave.

Bargaining employees may be subject to additional guidelines under this policy if stipulated in their approved contract.

BENEFITS

The following summary is provided for informational purposes only, and does not govern the actual terms and conditions of the benefit plans offered by Northern Tool + Equipment. At any given time, some or all of the benefits described in this section may not be available to employees, and any or all of said benefits may require an additional financial contribution(s) from employees in order to be applicable.

Employees should contact the Human Resources Department or review the Summary Plan Descriptions to determine the terms and conditions of the benefits that are individually applicable to them and/or their families, including questions regarding coverage and availability. Complete benefit plan information, including Summary Plan Descriptions, can be found on Nornet and Retail Net.

BENEFIT PLANS OVERVIEW

Northern Tool + Equipment offers a comprehensive and competitive benefits package. In combination with an employee's salary, the benefits program makes up an employee's total compensation package.



Newly hired employees are eligible for benefit coverage the first of the month following 30 days of employment. Employees are considered benefit-eligible if they are classified as PT 30 or FT 40. Employees 18 years of age or older, regardless of status, are eligible to enroll in the 401 (k) program. For detailed information about benefits, employees should contact Human Resources or review their plan documents.

For employees who are rehired with Northern within 6-months of their termination date, benefits will begin the first of the month following the rehire date. Employees rehired after 6 months of their termination date are subject to new hire eligibility rules.

The following benefit plans are available to eligible Northern Tool + Equipment employees:

- Medical Plan
- Dental Plan
- Vision Care Plan
- Flexible Spending Account Plans
- Short-Term Disability Plan
- Long-Term Disability Plan
- Life Insurance Plan
- 401(k) Savings Plan

QUALIFYING LIFE EVENTS

Employees may be eligible to make enrollment changes within 30 days of a qualifying life event. A complete list of qualifying life events can be found in the Summary Plan Description. Examples of qualifying life events include: Birth, death, changes to the employee's legal marital status, and employment changes. You can make benefit changes by emailing the Benefits Team at Benefits@northerntool.com.

EMPLOYEE DISCOUNT

All regular Northern Tool + Equipment employees are eligible for a 20% discount off the current selling price of items listed in Northern's catalogs, on NorthernTool.com, on Kotulas.com, and at Northern's retail locations.

The following points apply to Northern's employee discount policy:

- Employees may purchase items with their discount for themselves or for their immediate family's use. Immediate family is defined as the employee's spouse, children, brothers, sisters, and/or parents who reside in the same residence as the employee.
- All purchases must be made with cash or credit card.
- The employee discount cannot be combined with any other special offers, promotions, coupons, grand openings, or special events. Employees may take whichever price is lowest. The discount can be applied to permanent markdown products being offered to all customers.
- The employee discount does not apply to NTE Gift Cards.
- In order for an immediate family member to receive the 20% discount at a retail store, the employee must be at the register with the family member when the transaction is completed.
- Items purchased using the employee discount may not be resold by the employee or immediate family members.
- Employees are allowed to use their discount to purchase gifts for others as long as the employee is not reimbursed for the gift.
- Purchasing individual products in greater quantities than needed for personal use is prohibited. If an employee is purchasing multiple quantities of the same item for gifts in quantities greater than three, then the employee must get the approval from the regional sales manager for that retail store location. Regional sales managers have the authority and discretion to deny any purchase.



- Employees are not allowed to process their own employee discount transactions.

Employees also are eligible for discounts on online purchases from the The Sportsman's Guide and The Golf Warehouse.

Violations of the employee discount policy will result in disciplinary action, up to and including termination of employment.

EDUCATIONAL ASSISTANCE

Northern Tool + Equipment supports employees continuing their education through both formal and informal methods. Regular full-time employees may be eligible to receive up to \$5,250 per calendar year under Northern's tuition reimbursement plan.

To receive tuition reimbursement, an employee must:

- Select a course of study that is directly related to the employee's current position, not a position one hopes to attain in the future.
- Be employed by Northern for at least one year.
- Have obtained written approval prior to registering for the class or program.
- Be employed by Northern at reimbursement time.
- Not be receiving reimbursement from any other sources, such as the GI Bill or Vocational Rehabilitation.
- Receive at least a "C" grade or the numeral equivalent of such a grade on all courses taken under the program.

Employees wishing to use Northern's tuition reimbursement program should contact their supervisor and Human Resources as far in advance as possible in order to understand the benefits and obligations of the program.

EMPLOYEE ASSISTANCE PROGRAM

Northern Tool + Equipment provides for its employees and their family members an Employee Assistance Program (EAP) that offers employees a practical, constructive resource for assisting with personal needs. This program is free to all employees and family members residing within their home. For confidential assistance, contact the EAP using the contact information found in Northern's benefits guide, located on Nornet and Retail Net.



ACKNOWLEDGEMENT RECEIPT

By my signature below, I acknowledge receipt of the Employee Handbook of Northern Tool + Equipment ("the company" or "Northern" or "Northern Tool + Equipment") and, as a condition of employment, agree to conform to the policies, rules, and regulations of the company. It is understood that the handbook is intended as a reference document containing a condensed summary of policy relating to employment practices of the company and does not necessarily represent all policies in force. I understand that the company reserves the right to change or revise any and all policies, practices, and procedures contained in the handbook without prior written notice. I understand that the company retains sole discretion to interpret the provisions of the handbook and to vary from those provisions or from any other policies, procedures, or practices if it determines such action is appropriate.

Bargaining unit employees should refer to their current union contract for questions.

EMPLOYMENT "AT WILL" STATEMENT

I UNDERSTAND THAT I AM AN "AT-WILL" EMPLOYEE AND THAT NORTHERN TOOL + EQUIPMENT CAN TERMINATE MY EMPLOYMENT AT ANY TIME, FOR ANY REASON, OR NO REASON AT ALL, WITH OR WITHOUT NOTICE. I ALSO UNDERSTAND THAT I MAY TERMINATE MY EMPLOYMENT WITH NORTHERN TOOL + EQUIPMENT AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT NOTICE. FINALLY, I UNDERSTAND THAT MY EMPLOYMENT WITH NORTHERN TOOL + EQUIPMENT IS FOR NO DEFINITE PERIOD AND ACKNOWLEDGE THAT NO ONE AT NORTHERN TOOL + EQUIPMENT HAS PROMISED ME EMPLOYMENT FOR ANY DEFINITE PERIOD OF TIME, AND UNDERSTAND THAT NO ORAL OR WRITTEN REPRESENTATIONS CAN ALTER MY EMPLOYMENT STATUS WITH NORTHERN TOOL + EQUIPMENT.

It is further agreed and acknowledged that the language contained in policy statements of this handbook does not create a contract.

I understand that the provisions of this handbook supersede the provisions of all previous handbooks, manuals, and/or written policies, practices, or procedures.

EMPLOYEE NAME: _____
(please print)

EMPLOYEE SIGNATURE: _____

DATE: _____





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