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CORRECTIVE COUNSELING & DISCIPLINE

PHILOSOPHY AND PURPOSE FOR HANDLING PERFORMANCE/BEHAVIOR SITUATIONS:

There are defined standards of performance for all employees at SEG. It is desirable to maintain standards of performance through a process focused on changing inappropriate or unacceptable behavior or actions to reinforce the belief that most unacceptable behaviors can be changed. Rather than be a process to punish, it:

- Is a method to make corrections by collaboratively identifying the causes of deficiencies and implementing solutions;
- Establishes and communicates clear standards for successful performance;
- Promotes flexibility to consider unique circumstance while providing a consistent framework to offer proportionate action; and
- Lays a foundation for a fair process.

These guidelines recognize the importance of the employee's commitment to improve or correct performance or behavior problems.

SEG practices progressive discipline to prevent recurrence and reinforce standards and the level of discipline dependent upon the nature of the infraction. In the event an employee questions the fairness of a disciplinary action, a process for addressing such concerns is outlined in the Conflict Resolution section.

PREVENTATIVE COUNSELING

It is a fundamental belief that behavior may be changed and potentially more serious problems corrected if counseling is provided. Counseling, whenever possible and where appropriate, is encouraged to:

- Develop an understanding of expectations between the employee and their Supervisor, and
- Prevent the need to administer a formal level of discipline.

It is not appropriate in every circumstance for preventive counseling to precede formal discipline but it is common practice when responding to relatively minor incident(s) of unacceptable behavior or performance.

PROGRESSIVE DISCIPLINE

Levels are often applied in progressive order when unacceptable behavior or performance persists or positive change has not occurred (earlier attempts to correct the problem have failed). In other circumstances, the decision may be made to skip steps if the incident or performance problem warrants more serious action. In this case, disciplinary action may be progressed beyond the initial level or levels, up to and including termination.

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An individual is considered to be on disciplinary probation if they have received counseling in any of the 3 levels of the formal progressive discipline system. The duration of the probation (probationary period) corresponds the length of active documentation in the employee's HR personnel file. Any nonconformance to expectations during this period would subject the employee to further discipline, up to and including termination.

Criteria are commonly used in determining the correct decision regarding appropriate action or discipline in a given situation. Consideration of the criteria identified below will help guide decisions and ensure action taken is as consistent and fair as possible.

- Severity of problem, offense or occurrence.
- Length of employee service and performance record.
- Past discipline for similar problems, offenses or occurrences.
- Length of time between offenses.
- Current, active discipline.
- Impact of the problem, offense or occurrence on other employees and the Company.
- The specific situation, supportive evidence or facts, and employee's behavior.
- Probability of change.

Documented Verbal Counseling

Formal documented verbal counseling by the Supervisor is appropriate in the following situations:

- A second similar minor nonconformance occurs that can be considered a continuation of an earlier nonconformance or another unrelated minor nonconformance occurs after having received preventive counseling.
- A first incident of unacceptable behavior or performance occurs where the severity of the nonconformance requires formal counseling.

Such reinstruction notifies an employee of unacceptable conduct and permits modification of behavior without significant consequences to his/her employment record. Absent special circumstances, this discussion should be between the immediate Supervisor and the employee. It should be documented, including the employee comments, and placed in the Supervisor's desk file and a copy forwarded to Human Resources. Generally, this level of infraction will remain active for consideration of future nonconformance's for a period of 12 months.

Written Counseling

If an employee's performance or behavior does not conform to job or organization standards as identified below, the Supervisor considers the following:

- Unacceptable behavior or performance occurs that is in violation of an existing Documented Verbal Counseling.
- A single event/incident of unacceptable behavior or performance occurs and the severity of the non-conformance / situation warrants more focused corrective action.

Through this action, the employee is formally reinstructed that unless he/she takes immediate steps to correct the problem, further disciplinary action will occur. Any Written Counseling should be given to

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the employee and a copy placed in the Supervisor's desk file as well as submitted to Human Resources. Generally, this level of infraction will remain active for consideration of future nonconformance's for a period of 18 months.

Prior to moving forward to any of the following more serious progressive discipline steps, the Supervisor will discuss the situation with his/her Manager and Human Resources Advisor.

Final Warning / Suspension (Decision Making Leave)

If an employee's behavior or performance does not conform to job or organization standards as identified below, the Supervisor considers the following:

- Unacceptable behavior or performance occurs after receiving prior written counseling
- A single serious unacceptable behavior or performance event, incident, or action of a critical or willful nature is committed.
- When an employee's employment with SEG is in danger of being terminated as a result of their unacceptable behavior or performance event

Through this action, the employee is formally notified that unless he/she takes immediate steps to correct the problem, the next disciplinary action will be termination. The letter should state clearly the violation, the history of corrective action (unless for a major first violation), be given to the employee, placed in the employee's official file and recorded by Human Resources. Generally, this level of infraction will remain active for consideration of future nonconformance's for a period of 24 months.

Termination

Progressive discipline steps and corresponding guidelines may not apply in every circumstance. If despite the application of progressive discipline, an employee continues to exhibit unacceptable or inappropriate behavior, whether of the same type or not, their employment may be terminated. The severity of the offense may warrant termination without following progressive discipline steps. Certain serious violations and offenses also warrant immediate termination.

If an employee's behavior or performance does not conform to job and organization standards as indicated below, the following guidelines apply:

- Attempts to change the employee's unacceptable behavior or performance through the progressive system of discipline have failed;
- A single event or incident of a serious nature that warrants immediate discipline occurs.

The Operations Manager and Human Resources will review and approve all potential termination cases.