

SMITHS TUBULAR SYSTEMS – LACONIA (LEWIS & SAUNDERS FAA Repair Station)

Subject: Drug-Free Workplace Policy

Purpose: To maintain a safe and healthy workplace free from the influence of drugs and alcohol. Also to comply with the Company's obligations under the Federal Drug-Free Workplace Act of 1988, and the drug-free workplace regulations promulgated by the Federal Aviation Administration ("FAA"), the Department of Defense ("DOD"), and the Department of Transportation ("DOT").

Scope: All Divisions and Subdivisions of Smiths Tubular Systems – Laconia, and / or Lewis & Saunders FAA Repair Station (hereinafter referred to as the "Company").

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In October 1988, Congress passed the Drug-Free Workplace Act, which requires federal contractors, such as the Company, to assure a drug-free workplace. In addition, certain federal agencies (including the FAA, DOD, and DOT) have promulgated rules with which private employers must comply in order to receive agency contracts and/or maintain certification or licensure. As a federal contractor subject to the Drug-Free Workplace Act and the regulations promulgated by the FAA, DOD, and DOT, the Company has established the following policies concerning drugs and alcohol in the workplace and expects all employees to comply with these policies:

1. STATEMENT OF POLICY.

Employees of the Company shall not unlawfully manufacture, distribute, dispense, possess or use a controlled substance anywhere in the workplace, on the Company's property, or in the Company's vehicles. Employees shall not come to work under the influence of any unlawful drug or alcohol. Prescription drugs may be used only by the individual for whom the drug is prescribed and in the manner, combination, and quantity prescribed. The Company considers violation of its drug and alcohol policies to be a very serious matter that can result in serious consequences for both the Company and the employee. The failure to assure a drug-free workplace can result in the Company's losing its eligibility to perform federal contracts -- upon which the Company is dependent.

2. CONVICTION RELATING TO DRUGS IN THE WORKPLACE.

If an employee is convicted of a violation of any federal or state narcotics statute and such violation occurred as a result of activities in the workplace, the employee must notify the Company of the conviction within five (5) days. If the employee is working on a federal contract, he/she will be immediately removed from the contract and appropriately disciplined. The Company will notify the federal agency of the conviction, in accordance with its obligations under the Drug-Free Workplace Act.

3. DRUG-FREE AWARENESS PROGRAM.

To assist employees and Company supervisors in understanding the perils of drug abuse, the Company has developed a comprehensive Drug-Free Awareness Program. The Company will use the program as an ongoing educational effort to prevent and eliminate drug use and abuse that may affect the workplace. The Drug-Free Awareness Program will inform employees about:

- (1) The dangers of drug use and abuse in the workplace;
- (2) The Company's Drug-Free Workplace Policy;
- (3) The availability of community based treatment and counseling programs for employees who voluntarily seek or who are referred for such assistance; and
- (4) The sanctions the Company will impose for violations of its Drug-Free Workplace Policy.

4. SUPERVISOR TRAINING.

The Company has implemented a training program for its supervisors which is designed to aid them in (a) identifying and documenting job performance and on-the-job behavior that may reflect the existence of personal problems; (b) identifying evidence of on-the-job use of, or impairment by, drugs and / or alcohol; and (c) knowing the procedures for required referral of an employee for testing due to the employee's suspected violation of the Company's Drug-Free Workplace Policy.

5. DRUG TESTING.

Under the Company's drug-free workplace policy, and in accordance with the obligations imposed by the various agencies' drug-free workplace rules to which the Company is subject, the Company will require all employees and job applicants to submit to drug and alcohol testing as follows:

(Company employees subject to the Company's FAA approved drug testing policy will be provided with a copy of that policy, and for purposes of random drug testing will be in a pool of FAA covered employees. Generally, drug testing of FAA covered employees will be in accordance with the FAA approved policy. Such employees, however, are subject to all other components of the Company's general drug free workplace policy, including alcohol testing).

(a) Applicants. Every offer of employment shall be conditioned upon the applicant's passing a blood and/or urine test for drugs. The Company will not hire any applicant who refuses to take or who fails the pre-employment drug test.

(b) Reasonable Suspicion. Whenever the Company suspects that an employee's work performance-or on-the-job behavior may have been affected in any way by drugs or alcohol, or that an employee has otherwise violated the Company's drug or alcohol abuse policy, the Company will require the employees to submit a urine sample for drug testing and a breath sample for alcohol testing. An employee who tests positive after verification by the Company's Medical Review Officer will be subject to discipline up to and including immediate termination.

(c) Post Accident. Whenever the Company determines that an employee may have contributed to an accident involving a fatality, serious bodily injury, substantial damage to property, and/or is issued a citation for a moving traffic violation due to an accident while operating a company vehicle, it may require the employee to submit a urine sample for drug testing and submit a breath sample for alcohol testing within 32 hours after the accident. An employee who tests positive after verification by the Company's Medical Review Officer will be subject to discipline up to and including immediate termination.

(d) Routine Medical Examination. Whenever an employee undergoes a medical examination required under the Company's policies or necessary to maintain licensure or certification, the Company will require the employee to submit a urine and/or blood sample for drug testing. An employee who tests positive after verification by the Company's Medical Review Officer will be subject to discipline, up to and including immediate termination.

(e) Follow-up after Counseling or Rehabilitation for Illegal Drug Use. An employee who is returned to duty after testing positive for drugs, or after completing a counseling or rehabilitation program, will be subject to unannounced testing for up to 60 months after he/she tested positive or is returned to duty. An employee who tests positive during the rehabilitation period, after verification by the Company's Medical Review Officer will be terminated.

(f) Random. Each year, an unannounced drug tests will be given to 50% of the employees. The random sampling will be based on a computer selection of employees' social security numbers. The tests will be reasonably spaced throughout the year, for example, once a month. Employees who test positive for drugs will be subject to appropriate discipline, up to and including immediate termination. Switching or adulterating urine samples to be submitted for testing will result in severe discipline, up to and including immediate termination. Applicants and employees subject to testing must sign, prior to testing, an approval form consenting to the testing and consenting to the release of the test results to/the Company. Prior to taking any disciplinary action, the Company will allow an employee an opportunity to explain the test results. The Company will report all positive drug tests to the security department and to other management officials within the Company who need to know such information, as well as to any federal agencies, which the Company must notify under federal law. Within 60 days after notice of a confirmed positive result, an employee may submit a written request to the medical review officer for retesting of the specimen that produced a positive result. The employee shall pay the costs of such additional test and all handling & shipping costs associated with transferring the specimen to the laboratory.

6. DISCIPLINE.

The Company will promptly discipline any employee who violates the Company's Drug-Free Workplace Policy. Any employee working in a "sensitive position" will be immediately removed from such position and/or terminated for violation of this policy. In addition, the Company will comply with its obligation to report to the United States Department of Defense any violation of this policy by an employee whose job involved access to classified information. Violation of the Company's Drug-Free Workplace Policy by individuals in non-sensitive positions also will result in severe disciplinary action, including immediate discharge, as deemed appropriate in the Company's discretion.

7. CONSEQUENCES UNDER THE RULES FOR NOT PASSING THE REQUIRED TESTS

REFUSAL TO SUBMIT TO TESTING

Employers are required to notify the FAA within 5 working days of any instance in which a 14 CFR Part 61, Part 63, or Part 65 airman certificate holder refused to submit to a required drug or alcohol test. (Generally, this applies to individuals who perform flight crewmember, flight instruction, aircraft dispatcher, aircraft maintenance, or air traffic control duties.)

As an employee, if you refuse to take a drug test, if you are reported to have a verified adulterated, or substituted test result, if you fail to cooperate with any part of the testing process (including the emptying of pockets, or becoming confrontational, failing to take a second test, etc.) you will incur the same consequences as a employee who has tested positive.

Notification of refusals should be sent to:

FAA, Office of Aerospace Medicine
Drug Abatement Division, AAM-800
Independence Ave., SW, Room 806
Washington, DC 20591

(not including pre-employment refusals or return to duty tests)

A SINGLE POSITIVE DRUG TEST RESULT

If an employee is determined to have one verified positive drug test result, he/she will be immediately removed from performing safety-sensitive functions.

CONFIRMED ALCOHOL TEST RESULT OF 0.02 BUT LESS THAN 0.04

Immediate removal from safety-sensitive functions, until:

- a) The employee's alcohol concentration measures less than 0.02: or
- b) The start of the employee's next regularly scheduled duty period, but not less than 8 hours following the administration of the test.

CONFIRMED ALCOHOL TEST RESULT OF 0.04 Or Greater

No covered employee shall perform safety-sensitive functions if the employee has engaged in conduct prohibited by Sections 65.46a, 121.458, or 135.253 of 14 CFR or an alcohol misuse rule of another DOT agency.

PERMANENT DISQUALIFICATION FROM SERVICE

1. TWO VERIFIED POSITIVE DRUG TEST RESULTS

An employee who has verified positive drug test results on two drug tests required by 14 CFR Part 121. Appendix I and conducted after September 19, 1994 is permanently precluded from performing for an employer the safety-sensitive duties the employee performed prior to the second drug test. The bar on two-time violator's applies to both persons who have gone through rehabilitation and those, who, after evaluation, were determined not to need treatment.

2. ON-DUTY USE OF A PROHIBITED DRUG

An employee who has engaged in prohibited drug use during the performance of a safety-sensitive function after September 19, 1994 is permanently precluded from performing that safety-sensitive function for an employer.

3. TWO CONFIRMED ALCOHOL CONCENTRATIONS OF 0.04 OR GREATER

An employee who violates Sections: 65.46a(c), 121.458(c), or 135.253(c) of 14 CFR, or, Who engages in alcohol use that violates another misuse provision of Sees, 65.46a, 121.458, or, 135.253 of 14 CFR and had previously engaged in alcohol use that violated the provisions of Sees. 65.46a, 121.458, or, 135.253 of 14 CFR after becoming subject to such prohibitions is permanently precluded from performing for an employer the safety-sensitive duties the employee performed before such violation.

Employees are considered to be performing a safety sensitive function when they are actually performing the work, preparing to perform the work, or are immediately available to perform such function.

8. REHABILITATION.

If, in the Company's discretion, it imposes a less severe discipline "than immediate discharge (e.g., suspension), it may require the employee to participate in a drug rehabilitation program at the employee's own expense. Upon successful completion of the rehabilitation program, the Company may return the employee to active status. An employee who is reinstated after successful completion of a rehabilitation program will be subjected to periodic unannounced drug tests for a period of sixty months after his/her return to work. An employee who rejects treatment, refuses to complete a rehabilitation program, tests positive, or continues to use drugs during or after completion of rehabilitation program will be immediately discharged. The Human Resources Department will maintain a list of clinics and hospitals, which provide drug rehabilitative assistance and counseling. Employees having problems with alcohol or drugs, or who know of another employee having such problems, are encouraged to obtain a list of such clinics and hospitals from the Human Resources Department to be used for self-referral.

9. CONFIDENTIALITY.

Employee test results will be maintained in confidence as required by federal law. The results, however, may be released to certain federal agencies in accordance with the Company's reporting and disclosure obligations. Positive test results will be maintained for at least 5 years and negative results will be maintained for at least 12 months. Each employee's medical records file will contain the following information concerning drug testing: (1) the employee submitted to the test; (2) the date of such test; (3) the location of such test; (4) the identity of the person or entity performing the test; and (5) whether the test finding was "positive" or "sub negative."

10. CONDITION OF EMPLOYMENT.

Compliance with the Company's Drug-Free Workplace Program is a condition of employment. Failure or refusal of an employee to cooperate fully, sign any required document, submit to any inspection or test, or follow any prescribed course of substance abuse treatment will be grounds for termination.

11. EMPLOYMENT AT WILL.

The Company reserves the right to interpret, changes, rescinds or departs from the express provisions of this policy in whole or in part without notice. Nothing in this policy alters an employee's employment at-will status. Thus, employees remain free to resign their employment at any time for any or no reason, with or without notice. Similarly, the Company retains the right to - terminate any employee at any time, for any or no reason, with or without notice. No one can alter an employee's at-will status except the President of the Company, and he may do so only in writing.

12. DRUG CONTINGENCY PLAN: This process will be used to identify, evaluate and recall safety sensitive product in the event of an employee positive drug test finding during random screening. If an employee at the Lewis and Saunders FAA repair station tests positive for drug use, the Chief Inspector or designee will perform the following tasks:

- (a) The employment of the individual will be terminated and the Chief Inspector will be contacted immediately to initiate evaluation of work performed on the day of the test and subsequent workdays from the test date to termination of the employee.
- (b) Any follow up work accomplished or parts will be defined by this evaluation.
- (c) In the case of customer aircraft parts that have been returned to the customer, the customer will be notified of the parts in question. Corrective action will be based on the customers internal procedures.
- (d) For aircraft parts still within the control of the repair station, the work scope determined in the evaluation will be accomplished as soon as practical to assure quality/safety.