
POLICY STATEMENTS
Policy No. HR 106
DISCIPLINARY ACTION

Effective Date
01/01/2017

PURPOSE

To establish standards for the administration of discipline.

SCOPE

- A. This policy applies to all employees of MDU Resources Group, MDU Utilities Group, and WBI Energy.
- B. Subject to exceptions under federal, state, or local law or collective bargaining agreement (CBA), the employment relationship is an “at will” relationship and can be terminated by the employee or the Company at any time, with or without cause, for any reason and with or without notice.
- C. For employees subject to a CBA, if any parts of this policy differ from the CBA, the terms and conditions of the CBA will prevail.
- D. If this policy conflicts with any federal, state or local laws or regulations, the applicable rule applies.

EXPLANATIONS

- A. The continued employment of all employees (except as noted above) is an at-will relationship depending on many factors, including performance, conduct, attitude, attendance, adherence to policies and procedures, and the continued business need for the service provided by the employee.
- B. When an employment problem develops, appropriate action will be taken. Such action may take many forms, depending on the nature and seriousness of the problem, the likelihood of satisfactory improvement, the recency and frequency of prior discipline, employee attitude, length of service and job performance, and any other factors present in the situation. Disciplinary action includes, but is not limited to, verbal counseling or coaching, written warning, suspension, and/or termination of employment. It is within the sole discretion of the Company to determine the appropriate action for the situation. This paragraph has no effect on the existence of an employment at-will relationship.
- C. An internal grievance procedure as outlined herein is available for employees who are not represented by a bargaining unit and who feel unjustly disciplined.

PROCEDURE

- A. When a supervisor concludes discipline is necessary, the supervisor, in conjunction with the appropriate management, shall investigate, document and decide what action is required. If the contemplated discipline is more severe than verbal counseling or coaching, the supervisor must contact the Human Resources department for review. There may be situations when an employee is suspended immediately pending further investigation and review. In no event may an employee be summarily discharged. Discharge requires the approval of the Vice President -

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Human Resources and the business unit president in consultation with the Legal department, as necessary.

- B. If an employee wishes to appeal discipline, discharge, layoff, or a change in working conditions, the employee may present a written appeal statement to the Human Resources department within 15 days of the action.
- C. Human Resources shall consider the employee's statement and make every reasonable effort to advise the employee or former employee of the final decision regarding the employee's case within a minimum of ninety (90) days after receipt. Appeal responses may exceed 90 days.

Employees represented by the bargaining unit should pursue their grievances regarding discipline through the procedures outlined in their respective Collective Bargaining Agreement.

ADMINISTRATION

The Chief Executive Officer has the overall responsibility for this policy. Administration of the policy is the responsibility of the Vice President - Human Resources. Requiring compliance with this policy is the responsibility of all officers and management. It is also the responsibility of management to ensure policies are accessible and understood by all employees.

Approved: /s/ Anne M. Jones
Anne M. Jones
Vice President- Human Resources
MDU Resources Group, Inc.

Approved: /s/ David L. Goodin
David L. Goodin
President and Chief Executive Officer
MDU Resources Group, Inc.

Date: January 1, 2017