



HARDWARE



EMPLOYEE HANDBOOK

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Should there be a conflict with the statements in this Employee Handbook and regulations of the State of California or the United States, governmental regulations take precedence.

WELCOME TO P&P HARDWARE

Thank you for joining us!

Let me be the first to welcome you to P&P Hardware and assure you that it is the expectation of the entire Company that your association with us be a mutually beneficial and pleasant experience. You have joined an organization that has established an outstanding reputation for quality products and services. Credit for this goes to every one of your coworkers. We hope you too, will find satisfaction and take pride in your work here.

P&P Hardware is the parent company of P&P Uniforms as well as Riverside, Temecula, and Wildomar ACE Hardware. As a result, everyone is beholden to the expectations outlined within this handbook. Further, employees are able to transfer between ACE locations, P&P Uniform locations, and corporate positions depending upon the employee's goals and aspirations as well as the requirements of the Company.

The entire Company strives to provide an employee-friendly atmosphere in which goal-oriented individuals thrive as they achieve ever more demanding challenges. We value the talents and abilities of our employees and seek to foster an open, cooperative, and dynamic environment for them to contribute those talents and energies so that we can all succeed. As such, the Company provides an "Open Door Policy" in which employees are encouraged to take problems to the next level of management if they are unable to resolve a situation with their direct supervisor.

This handbook provides answers to most of the questions you may have about the Company including the benefit programs, working conditions, policies, procedures, etc. – essentially, this book represents our responsibilities to you and your responsibilities to the Company. If anything is unclear, please discuss the matter with your direct supervisor / manager. It is important that you understand that the responsibility for reading and understanding this handbook falls upon you. Your performance evaluations and general success with the Company will depend upon your adherence to P&P Hardware policies.

I extend to you my personal best wishes for your success and happiness at P&P Hardware.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean I. Shanabarger". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Sean I. Shanabarger
President

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INTRODUCTION AND PURPOSE

This handbook is designed to inform all personnel of the organization's benefits, working conditions, as well as policies and procedures. One of the basic precepts of P&P Hardware is that all policies and procedures apply to every employee as equally and fairly as possible. The information in this handbook should be helpful in familiarizing employees with the company.

Obviously, this handbook cannot anticipate every situation or answer every question about employment. In order to retain necessary flexibility in the administration of policies and procedures, the company reserves the right to change or revise policies, procedures, and benefits described in this handbook, other than the provisions mandated by state or federal law.

No provision in this handbook and expected Standards of Conduct can be waived without written permission from the company President, or designee. Such a waiver, if granted, applies only to the employee for whom the waiver was granted at the time of the waiver. Further, such a waiver is considered void at the time the handbook is revised and published. Any waivers given prior to the update must be reissued.

This handbook and the information in it should be treated as confidential. No portion of this handbook should be disclosed to others, except P&P Hardware employees and others affiliated with P&P Hardware whose knowledge of the information is required in the normal course of business. Also, **THIS HANDBOOK DOES NOT SERVE AS AN EMPLOYMENT CONTRACT OR A LEGAL DOCUMENT.**

If you have questions regarding the contents of this Handbook, please contact your immediate manager for clarification.

DIVERSITY & EMPLOYMENT

EQUAL EMPLOYMENT OPPORTUNITY

It is the established policy of P&P Hardware to provide an equal employment opportunity to all qualified persons and to administer all aspects and conditions of employment without regard to race, color, religion, sex (including pregnancy, childbirth, and related medical conditions), national origin, ancestry, age, physical disability, mental disability, medical conditions, family care status, veteran status, marital status, or sexual orientation, to the extent required by law. This applies to all employment practices, including hiring, promotions, training, disciplinary action, termination, and benefits. We expect all employees to show respect and sensitivity toward all of their coworkers, and objectives. If you observe a violation of this policy, you should report it immediately to your supervisor / manager or to whomever on the chain of command is able to best handle the issue.

P&P Hardware affirms its commitment to provide a work environment free from discrimination and harassment. Abuse of the dignity of anyone through ethnic, racist or sexist slurs, or through other derogatory or objectionable conduct is offensive employee behavior. Discrimination or harassment against any race, religious belief, creed, color, sex, age, national origin, disability, sexual-orientation, or any other protected classification, will be subject to disciplinary action, up to and including separation of employment.

EQUAL RIGHTS NOTE

Wherever, in these policies, the terms "man," "men," or their related pronouns may appear, either as words or as parts of words (and other than with obvious reference to specific individuals), they have been used for literary purposes only and are utilized in their generic sense to include all people.

AMERICANS WITH DISABILITIES ACT (ADA) & AMENDMENTS ACT (ADAAA)

P&P Hardware does not discriminate and ensures equal opportunity for persons with disabilities in employment. It is company policy not to discriminate against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training or other terms, conditions and privileges of employment. We will provide reasonable job accommodation for applicants and workers with disabilities when such accommodations would not impose "undue hardship".

PROOF OF CITIZENSHIP / RIGHT TO WORK

Federal regulations require all applicants who are hired to complete and sign Internal Revenue Service Form W-4; and, all applicants who are hired need to present documents of identity and eligibility to work in the United States and complete United States Citizens and Immigration Services Form I-9. Our Company intends to hire only individuals who are U.S. citizens or aliens authorized to work in the United States. In compliance with the Immigration Reform and Control Act of 1986, as amended, documentation of citizenship or authorization to work in the United States will be solicited from all employees.

The Form I-9 must be completed the first day of employment but no later than three days. Failure to comply with submission of the I-9, according to federal law, is cause for separation of employment. Former employees who are rehired must also complete the Form I-9 if they have not completed an I-9 with the Company within the past three years or if their previous I-9 is no longer retained or valid.

AT WILL EMPLOYMENT

It is the goal of the company to provide a positive work environment and a solid economic foundation upon which all employees may build a future. However, Company also recognizes that employees and management alike must sometimes initiate change.

IN THIS REGARD IT IS EXPRESSLY UNDERSTOOD THAT YOUR EMPLOYMENT IS "AT WILL." THUS, YOU RETAIN THE RIGHT TO TERMINATE YOUR EMPLOYMENT WITH THE COMPANY AT ANY TIME FOR ANY REASON AND THE COMPANY RETAINS A CORRESPONDING RIGHT TO END THE EMPLOYMENT RELATIONSHIP AT ANY TIME FOR ANY REASON.

This handbook is not intended as a formal or exhaustive statement of employee rights and responsibilities, nor is it a contract of employment. This handbook is composed of general statements of the company's current policies, rules, procedures and benefits. We feel strongly that we must retain flexibility to meet future economic challenges. Accordingly, the company reserves the right to amend, modify and/or eliminate any of these policies, rules, procedures and benefits at any time at the company's sole discretion, with or without prior notice. On termination for any reason, you are only entitled to those benefits that are offered at the time your separation takes place. Any benefits offered in this handbook apply only so long as the handbook is current. They do not provide vested rights.

This handbook supersedes any previous oral or written provisions, descriptions or understandings of the company's policies, rules, procedures and benefits. Any variation from these policies will only be made upon written approval from the President of the Company or his designee.

EMPLOYMENT CLASSIFICATIONS

All employees are designated as either nonexempt or exempt under state and federal wage and hour laws. The following is intended to help employees understand employment classifications and employees' employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. The right to terminate the employment-at-will relationship at any time is retained by both the employee and P&P Hardware. If you are unsure of which job classification your position fits into, please ask your immediate supervisor / manager.

NON-EXEMPT STATUS

Employees paid wages per hour are entitled to overtime pay for hours worked in excess of eight (8) hours in one workday and any work in excess of forty (40) hours per week. These employees are referred to as "non-exempt" in this handbook. This means they are not exempt from (and therefore are entitled by law to receive) overtime pay. Non-work days and/or periods, such as personal days and holidays do not count towards the hours worked in a week for the purpose of calculating overtime pay. An employee who is regularly scheduled to work less than 40 hours per week is considered a non-exempt employee.

EXEMPT STATUS

Exempt employees include but are not limited to managers, executives, professional staff, technical staff, outside sales representatives, commissioned salespersons, officers, directors, owners, and others whose duties and responsibilities "exempt" them from overtime-pay provisions of the Fair Labor Standards Act (FLSA) and any applicable state laws.

It is our policy to comply with the salary basis requirements of federal and state wage and hour laws. Therefore, we prohibit all company managers from making improper deductions from the salaries of exempt employees.

A salaried employee, who has successfully completed the Introductory Period of employment, is not assigned to a temporary status and is scheduled to work at least 40 hours or more per week is considered an exempt employee.

EMPLOYMENT CATEGORIES

REGULAR, FULL TIME

Employees who are not in a temporary status and who are regularly scheduled to work the company's full-time schedule of 30+ hours per week. Generally, these employees are eligible for the full benefits package, subject to the terms, conditions, and limitations of each benefits program.

REGULAR, PART TIME

Employees who are not in a temporary status and who are regularly scheduled to work less than 28 hours each week. Regular, part-time employees may be eligible for some of the benefits offered by the company subject to the terms, conditions, and limitations of each benefits program.

TEMPORARY, FULL TIME

Employees who are hired as interim replacements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work the company's full-time schedule for a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status.

TEMPORARY, PART TIME

Employees who are hired as interim replacements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work less than the company's full-time schedule for a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status.

Temporary employees are not eligible for benefits described in this handbook except to the extent required by law. Temporary employees working more than 8 hours in a workday or 40 hours during any workweek receive overtime pay. The use of the term "Temporary Employee" does not convey in any manner that employment within any classification is to be considered "permanent."

PERSONNEL RECORDS

The task of handling personnel records and administering personnel functions is assigned to the Human Resource Manager. Final authority concerning policy rests with the President. Questions regarding insurance, wages, and interpretation of policies must be directed to your immediate supervisor / manager who will obtain clarification from the HR Manager and/or the President.

ZENEFITS

P&P Hardware also maintains a Human Resource Information System (HRIS) database through a company called Zenefits. This cloud-based database solution is available anywhere in the world at any time of day via www.zenefits.com. This website is the vehicle through which all personnel are hired, paid time off (PTO) requests are made, sick leave requests are made, employee records maintained, benefits are processed, and policy modifications are communicated. Additionally, the website acts as an employee contact sheet.

It is each employee's responsibility to ensure that their information is accurate within the HRIS. If your living circumstances should change in such a way that it effects any of the following then you must update this information within Zenefits immediately. Company computers are available for this if you are unable to access a computer while away from work.

• Legal Name	• Tax Exemptions	• Emergency Contact
• Home Address	• Tax Withholdings	• Marital Status
• Primary Phone Number	• Number of Dependents	• Beneficiary Changes
• Email Address	• Citizenship Status (I-9)	• Insurance Changes
• Direct Deposit Status	• Banking Information	•

EMPLOYEE FILE

Not all information is available via the HRIS and as a result physical records are maintained by the Human Resource Manager. Upon receiving a written request, any employee may have an opportunity to review their employee file at the office, during normal business hours, within five business days of request. Any employee shall be given a copy of their file within five business days of submission of a written request for such a copy. Under no circumstances may an employee alter, add or remove any document in the file. It is your right to see the information, which is kept in your own personnel file. You may request copies of all documents you have signed (request in writing) from the Human Resource Manager.

BACKGROUND & REFERENCE CHECKS

To ensure that individuals who join P&P Hardware are well qualified and to ensure that P&P Hardware maintains a safe and productive work environment, it is our policy to conduct pre-employment background checks on all applicants who accept an offer of employment. Background checks may include verification of any information on the applicant's resume or application form.

If information obtained in a background check would lead P&P Hardware to deny employment, a copy of the report will be provided to the applicant, and the applicant will have the opportunity to dispute the report's accuracy. Background checks may include a criminal record check, although a criminal conviction does not automatically bar an applicant from employment.

All offers of employment are conditioned on receipt of a background check report that is acceptable to the company. Reports are kept confidential and are only viewed by individuals involved in the hiring process. Additional checks such as a driving record or credit report may be made on applicants for particular job categories if appropriate and job related. P&P Hardware also reserves the right to conduct a background check for current employees to determine eligibility for promotion or reassignment in the same manner as described above.

DRIVER'S LICENSE & DRIVING RECORD

Employees whose work requires operation of a motor vehicle must present and maintain a valid driver's license and a driving record acceptable to our insurer. You will be asked to submit a copy of your driving record to P&P Hardware from time to time. Any changes in your driving record must be reported to your immediate supervisor / manager immediately. Failure to do so may result in disciplinary action, including possible dismissal.

All employees whose job duties require them to drive a P&P Hardware vehicle will be required to submit to a random drug screening. This policy protects both P&P Hardware and its employees from liability issues arising from vehicular accidents.

EMPLOYEE OBJECTIVES

P&P Hardware strives to provide job satisfaction, recognition of achievement, opportunities for personal and professional advancement, and providing long-term job security for deserving employees. Accordingly, Company management will:

- Mutually respect the human dignity of every employee;
- Demonstrate leadership deserving of employees' confidence and loyalty;
- Pay fair wages based upon the job requirements and individual performance in that job;
- Encourage all employees to develop their capacities to maximum potential through the provision of all appropriate training opportunities;
- Strive to maintain facilities and working conditions conducive to employees' health, safety, and convenience;
- Seek ways of perpetuating high morale through fair and equitable treatment of all employees;
- Endeavor to provide recourse in the event an employee does not feel a complaint has been handled equitably;
- Provide equal employment opportunities without regard to race, color, religion, creed, sex, national origin, age or disability.

In return, P&P Hardware expects all employees to demonstrate genuine interest in the proper performance of their responsibilities and to deliver a good day's work every day.

INTRODUCTORY PERIOD

Employment at P&P Hardware begins with an Introductory Period of ninety (90) days. During this time, the Company will evaluate your suitability for employment. Employees receive training, experience and the opportunity to determine if the Company, the job duties, and working conditions match their skills and expectations. Before the end of your Introductory Period, your supervisor / manager will discuss your job performance with you. This review will be much the same as the normal performance review held for regular exempt or non-exempt employees. During the course of the discussion, you are encouraged to offer comments and ideas.

If your manager determines that the introductory period does not allow sufficient time to evaluate a new employee, the period may be extended. Any significant absence will automatically extend the introductory period by the length of the absence. Temporary employees granted exempt employment are eligible for benefits based upon the date of the change in employment status. Those employees hired exempt at the start are eligible for benefits AFTER completion of the Introductory Period, based upon their first day of work. The only benefits available to employees during the Introductory Period are those required by law.

Because your employment with P&P Hardware is always at will, it is understood that completion of the Introductory Period does not guarantee continued employment for any specified period, nor does it require an employee be discharged only for "cause." Furthermore, employment during the entire introductory period is at-will just as it is for

all employees of the Company. A former employee who has been rehired after a separation from P&P Hardware is considered an Introductory Period employee upon rehire.

LENGTH OF CONTINUOUS SERVICE

After completion of the Introductory Period, the length of service record starts as of the first day employed, not the first day after the Introductory Period, and can be broken only for one of the following reasons:

- Voluntary Quit
- Discharge
- Absence of three (3) consecutive workdays without a justified excuse satisfactory to the Company
- Thirteen (13) weeks lapse between employment periods
- Failure to report on the first workday following expiration of an authorized leave of absence
- Failure to report for work when recalled from layoff, either by telephone, registered letter, or Federal Express / UPS delivery.

JOB DESCRIPTIONS

P&P Hardware maintains a job description or a job duty list for each position within the Company. Each employee is provided a copy for reference. If your position's duties and responsibilities are changed, your job description or duties list will be updated. You will be required to review and accept your positions responsibilities as a condition of employment.

INTERNAL TRANSFERS / PROMOTIONS

P&P Hardware has many operations, departments, and locations with diverse requirements. As a result, there are opportunities to move laterally as well as vertically within the company. Employees beyond their Introductory Period may request consideration to transfer to other jobs as vacancies become available and will be considered along with other applicants. At the same time, the company may initiate transfers of employees between departments and facilities to meet specified work requirements and reassignment of work requirements.

P&P Hardware offers employees promotions to higher-level positions when appropriate. Management prefers to promote from within and may first consider current employees with the necessary qualifications and skills to fill vacancies above the entry level, unless outside recruitment is considered to be in the company's best interest.

To be considered, employees must have held their current position for at least twelve (12) months, have a robust record of completed training, and have no disciplinary actions during the last twelve (12) months. Management retains the discretion to make exceptions to the policy.

SEPARATION OF EMPLOYMENT

Separation of employment within an organization can occur for several different reasons.

- **Resignation** – Although we hope your employment with us will be a mutually rewarding experience, we understand that varying circumstances cause employees to voluntarily resign employment. Resigning employees are encouraged to provide two weeks' notice, preferably in writing, to facilitate a smooth

transition out of the organization. If an employee provides less notice than requested, the employer may deem the individual to be ineligible for rehire depending on the circumstances regarding the notice given.

- **Job abandonment** – Employees who fail to report to work or contact their supervisor / manager for three (3) consecutive workdays shall be considered to have abandoned the job without notice, effective at the end of their normal shift on the third day. The supervisor / manager shall notify the Human Resource Manager at the expiration of the third workday and initiate the paperwork to terminate the employee. Employees who are separated due to job abandonment are ineligible to receive accrued benefits and are ineligible for rehire.
- **Termination** – Employees of P&P Hardware are employed on an at-will basis, and the company retains the right to terminate an employee at any time.
- **Layoff** – If the company determines that it must reduce employment because of adverse economic or other conditions then layoffs will be conducted.

LAYOFF POLICY

In the event that a layoff is expected, P&P Hardware will attempt to communicate information about an impending layoff as soon as possible. However, management reserves the right to alter the layoff procedure and withhold information about the layoff as permitted by law to protect the company's interests.

Layoffs that are expected to be temporary will generally be handled according to the provisions of this policy. Selections for layoffs that are known to be permanent will be made according to this policy and then handled according to company termination of employment policy.

Evaluation of the foregoing criteria will be within the sole discretion of P&P Hardware. Employees will be selected for layoff based on the following criteria:

- Promotion potential and transferability of skills to other positions.
- Demonstrated current and past performance.
- The needs of the company and specific projects.
- Length of service with the company.

Employees selected for layoff will be given as much notice as is required by law or as much as is reasonable under the circumstances. If the layoff is expected to exceed 30 days, vacation pay equal to the number of unused vacation days accrued will be paid at the time of layoff. Employees who are laid off will not accrue vacation or sick leave during the layoff.

RETURN OF COMPANY PROPERTY

The separating employee must return all company property at the time of separation, including uniforms, vests, cell phones, keys, PCs, identification cards, etc. **FAILURE TO RETURN CERTAIN ITEMS MAY RESULT IN DEDUCTIONS FROM THE FINAL PAYCHECK.**

The supervisor / manager of the separating employee shall contact the Human Resource Manager as soon as notice is given to schedule an exit interview. The interview will be on the employee's last day of work or another day, as mutually agreed on.

REHIRE

Former employees who left P&P Hardware in good standing and were classified as eligible for rehire may be considered for reemployment. An application must be submitted and the applicant must meet all minimum qualifications and requirements of the position, including any qualifying exam, when required.

Supervisors / Managers must obtain approval from the Human Resource Manager or designee prior to rehiring a former employee. Rehired employees begin benefits just as any other new employee. Previous tenure will not be considered in calculating longevity, leave accruals, or any other benefits.

An applicant or employee who is terminated for violating policy or who resigned in lieu of termination from employment due to a policy violation will be ineligible for rehire.

EMPLOYEE REFERENCES

Information concerning former or current P&P Hardware employees is considered confidential. All mail and telephone inquiries are directed to the employee's supervisor / manager and / or the Human Resource Manager. **ALL EMPLOYEES -OTHER THAN THE HUMAN RESOURCE MANAGER AND COMPANY PRESIDENT- ARE STRICTLY PROHIBITED FROM PROVIDING ANY INFORMATION CONCERNING FORMER OR CURRENT EMPLOYEES.**

Information released by the Human Resource Manager includes dates of employment and positions held. Unless required by court order or subpoena, the employee must provide a signed release to the Human Resource Manager to release information in addition to dates of employment and positions. No employee is permitted, under any circumstance, to respond to any requests for information regarding another employee unless it is part of their assigned job responsibilities, and then only with **WRITTEN** authorization from the employee or the Human Resource Manager.

POLICIES AND PROCEDURES

P&P Hardware is committed to conducting its business affairs with honesty and integrity. The commitment applies to relationships with customers, vendors, and employees. These rules, practices, and policies concerning conduct and behavior ("Standards") are instrumental to our continued success, and yours, at the company.

Whenever people gather to achieve goals, some rules of conduct are needed to ensure everyone works together efficiently, effectively, and harmoniously. By accepting employment with us, you have a responsibility to P&P Hardware, and your fellow employees, to adhere to certain rules of behavior and conduct. The purpose of these rules is not to restrict your rights, but make certain you understand what conduct is expected and necessary. When employees are aware of these rules, they can depend upon co-workers to follow the rules of conduct. It also informs everyone of what the company expects of itself and its employees.

ANTI-HARASSMENT POLICY

INDIVIDUALS AND CONDUCT COVERED

It is the policy of P&P Hardware to maintain a work environment that prohibits the harassment or offensive conduct directed toward any applicant or employee by fellow employees or someone not directly connected to the company such as customers, vendors, clients, or contractors as well as the relatives, friends or associates of same. P&P Hardware will actively enforce its policy against harassment. The policy applies to all conduct on company property or company time and to all conduct off the job that affects an individual's work environment.

THE COMPANY CONSIDERS VIOLATION OF THIS POLICY A SERIOUS OFFENSE THAT WILL LEAD TO DISCIPLINE, UP TO AND INCLUDING DISCHARGE.

Any form of harassment which violates federal, state or local law, including, but not limited to harassment related to an individual's race, religion, color, creed, gender, sexual orientation, national origin, ancestry, citizenship status, uniform service member status, marital status, pregnancy, age, medical condition (including cancer, HIV/AIDS, or genetic defect), disability, or any other protected status in accordance with the requirements of all federal, state and local laws is a violation of this policy and will be treated as a disciplinary matter.

DEFINITIONS OF HARASSMENT

Harassment is conduct focused on a person or group of persons including, but not limited to:

- **Interference or Hostile Environment** – Includes any behavior or action that interferes with an employee's ability to perform work assignments or results in or creates a hostile or intimidating work environment.
- **Physical Abuse** - Includes touching, hitting, slamming, throwing, kicking, or threatening another person, including restraining by force or blocking the path of another.
- **Retaliation** - Any adverse action or threat of adverse action taken or made because an individual has exercised or attempted to exercise any rights under state or federal employment laws or under the policies of P&P Hardware. Retaliation can include each of the other listed types of harassment as well as threats of withholding or withdrawal of pay, promotions, training, or other employment opportunities.
- **Sexual Harassment** - Includes, but is not limited to, sexual advances, requests for sexual acts or favors and other physical conduct of a sexual nature when, for example:
 - Submission to such conduct is made either explicitly or implied as a term or condition of an individual's employment;
 - Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
 - Such conduct is severe and pervasive, and has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.
- **Verbal Abuse** - Any language that degrades or berates others, including, but not limited to, racial, religious, or sexual comments, jokes, sexual innuendoes, or threats of any kind.

RESPONSIBILITY

It is the responsibility of every employee to recognize the rights of others. The management team will respond promptly and confidentially to all complaints of harassment. If a team member becomes aware of harassment, whether it affects them or someone else, they should promptly tell management about it.

Any employee found to have harassed a fellow employee or subordinate may be subject to immediate severe disciplinary action, up to and including dismissal. The company may also take any additional action necessary to appropriately remedy the situation. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

COMPLAINT PROCESS

Individuals who believe they have been the victims of conduct prohibited by this policy statement or who believe they have witnessed such conduct should discuss their concerns with their immediate supervisor / manager, Human Resources or any member of management.

When possible, P&P Hardware encourages individuals who believe they are being subjected to such conduct to promptly advise the offender that his or her behavior is unwelcome and request that it be discontinued. Often this action alone will resolve the problem. P&P Hardware recognizes, however, that an individual may prefer to pursue the matter through complaint procedures.

P&P Hardware encourages the prompt reporting of complaints or concerns so that rapid and constructive action can be taken before relationships become irreparably strained. Therefore, although no fixed reporting period has been established, early reporting and intervention have proven to be the most effective method of resolving actual or perceived incidents of harassment.

Reporting of the incident should be made **VERBALLY AND IN WRITING** to their immediate supervisor / manager, Human Resources and / or any member of management immediately. A written complaint should include the specific nature of the incident, date and place of incident, names of all parties involved, as well as a detailed report of all pertinent facts.

Any reported allegations of harassment, discrimination or retaliation will be investigated promptly. The investigation may include individual interviews with the parties involved and, where necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.

Confidentiality will be maintained throughout the investigatory process to the extent consistent with adequate investigation and appropriate corrective action.

False and malicious complaints of harassment, discrimination or retaliation may be the subject of appropriate disciplinary action.

NON-RETALIATION

P&P Hardware follows applicable statutes which prohibit retaliation against any employee who makes a discrimination complaint or who participates in any investigation under the discrimination laws. Involvement in an investigation will not, however, insulate an employee from appropriate disciplinary or other employment actions. Any employee who feels that he or she has experienced retaliation under this policy should immediately report it to any person responsible for receiving harassment complaints under this policy.

Acts of retaliation should be reported immediately and will be promptly investigated and addressed. Misconduct constituting harassment, discrimination, or retaliation will be dealt with appropriately.

STATE AND FEDERAL REMEDIES

P&P Hardware's policy is to follow all applicable anti-discrimination laws. The above information is intended as a short summary of those requirements. In addition to the above, if you believe you have been subjected to sexual harassment, discrimination or retaliation, you may file a formal complaint with the United States Equal Employment Opportunity Commission ("EEOC") and/or The California Department of Fair Employment and Housing ("DFEH"). Using our complaint process does not prohibit you from filing a complaint with the EEOC or DFEH.

COMMUNICATION

Successful working conditions and relationships depend upon successful communication. For this to work, it must go both ways, which is why we want ideas, suggestions, and recommendations for improving operations and procedures. Over the years employee input has resulted in the way we operate today.

We believe opportunities to communicate with each other are varied and many. No problem or concern of yours need ever go unanswered or lead to further misunderstandings. We encourage you to take advantage of any or all of the following communication opportunities to help make this store the best place to work.

- Informal communication between you and your supervisor / manager is a good place to start when you have work-related ideas or concerns. If, however, you do not feel comfortable discussing a particular personal matter with your supervisor / manager, please feel free to bring your concern to the next level.
- Meetings and training sessions are other excellent communication formats when management may update employees on business developments and knowledge expectations. These sessions will also allow you to offer suggestions and raise questions.
- Electronic communications like email and within the corporate network can provide quick response time especially if the need is for coworkers who do not normally work in the same location.
- Store / Department Bulletin Boards are located within each retail location and their sole purpose is to communicate business related information such as work schedules, training documents, etc. It is your responsibility to check and read the bulletin board on a regular basis. These help facilitate companywide information.

OPEN DOOR POLICY

As a part of our teamwork philosophy, we have a policy of open communication at all times and at all levels within the store. We are committed to an Open Door policy. Every associate is encouraged to discuss problems, needs or requests with those in supervisory positions. Our business is a challenging one that requires a healthy, helpful, and positive attitude. By keeping all doors open to you, we hope to keep problems or frustrations from diminishing your spirit for the job and meeting the needs of our customers. Should you face a problem or need that requires special attention, your supervisor or store manager is a good place to start.

WE NEED YOUR IDEAS!

There may be areas in P&P Hardware operations which need improvement. These could be in service, production methods, equipment, communications, safety, marketing, or measures to reduce costs, losses, and / or waste. Please give us the benefit of your unique experience and thoughts. Also, make sure to document your innovative or

money-saving ideas for placement in your personnel file (include dates, detailed descriptions of your contributions, estimates from the accounting department regarding cost-savings or profits generated, etc.) – these may favorably affect your performance reviews.

COMPANY CONFIDENTIAL INFORMATION

As an employee of P&P Hardware, your job position may permit you to have access to confidential information regarding the Company, its customers, consultants / vendors or other matters. All records and files of the Company are considered confidential Company property. Employees must not reveal or disclose any such information to anyone else. Employees are not authorized to copy or disclose the contents of any file or record to non-employees. Similarly, employees have a responsibility to P&P Hardware not to disclose to the Company, confidential or proprietary information obtained in prior employment relationships, or otherwise violate any proprietary information, confidentiality or other agreements entered into with previous employers or clients.

Information that is considered confidential includes but is not limited to: Company records, customer information, customer transactions, customer lists, personnel and payroll files, policies and procedures, manuals, payroll, pricing information, correspondence, bids, unit prices, budgets, financial information, vendors or supplier purchase records, contracts and/or agreements with manufacturers or distributors and documentation concerning Company operating procedures and processes. Any confidential or proprietary information the Company receives from a customer must not be repeated or revealed to anyone outside the Company. In most cases, even the name of the customer must be kept strictly confidential.

Employees agree to keep their computer terminals secure and closed down when away from their desk. Employees will notify their supervisor / manager of any suspicious or unusual activity or unauthorized accessing of their computer.

No materials are to be removed from P&P Hardware property without prior written approval of the President. Failure to comply with Company confidentiality regulations is a serious offense and may result in separation of employment.

Upon separation of employment or at any time upon the request of P&P Hardware, an employee must deliver all confidential information in his or her possession to his or her immediate supervisor or manager.

COMPANY PROPERTY & GROUNDS

All employees are expected to respect and help maintain company property. The list of items which follows is not meant to be an exhaustive list of company property nor is it intended to cover every part and parcel of real estate; things belonging to the company not mentioned should be handled with the same respect as those listed.

PARKING AND COMPANY GROUNDS

P&P Hardware does not assume any liability for any loss or damages employee vehicle may sustain while using the company grounds or other parking facilities. Employees must park in designated spaces assigned by management. If no assigned parking has been designated then employees are free to use any spaces in the parking lot except those marked as “reserved” or those where prohibited by law.

Any parking tickets issued to employees are their responsibility. Additional fines for late payment will not be reimbursable. No parking fines issued for street parking of company vehicles at employee's residence will be reimbursed.

Parking provisions throughout the company are adequate presuming all employees make *efficient use* of space available. Unless designated otherwise by management, all parking spaces are utilized on a first-come, first-served basis.

All employees are to respect the property of P&P Hardware and others by observing the following:

- Do not deposit litter anywhere on company property except in waste receptacles;
- Upon entering and exiting the parking lot, do not spin your tires causing stones to fly;
- Do not park so close to any vehicle so as to prevent another driver from entering the vehicle;
- Do not park so close to or behind any vehicle so as to block them in;
- Keep your vehicle locked at all times.

The company is not responsible for damage to or theft of any vehicle or its contents.

EQUIPMENT

The list of items below, as stated previously, is not intended to be an exhaustive list. Any piece of equipment not mentioned but owned, leased, or borrowed by the company or a company representative is to be handled and maintained with care.

CARE OF EQUIPMENT

It is everyone's responsibility to understand the machines and equipment they use to perform their duties. Good care of any equipment that is used throughout employment and the conservative use of supplies will benefit everyone. If a machine is found to not be working properly or is in need of repairs, please notify a supervisor / manager immediately. Under no circumstances should an employee attempt repairs unless they have been trained to do so and are specifically authorized by management.

ALL MAINTENANCE AND CARE SHOULD BE SCHEDULED AND ATTENDED TO ROUTINELY. MANAGEMENT MUST KEEP THIS A PRIORITY.

CELL PHONES

Any employee issued a company cell phone must ensure it is kept in working order and free from damage. Any employee losing a company cell phone will be responsible for replacement costs.

Company cell phones are not for personal use, and the cell phone number is not to be given to personal friends or family. Except in an emergency, it is to be used strictly for business to maintain communications with the office and our customers.

Each cell phone has enough minute's necessary to complete an employee's job each month. If an account exceeds the monthly allocated minutes due to personal abuse, the employee will be required to pay his or her portion of the monthly bill and will be subject to disciplinary action.

Usage of cell phones while driving is prohibited unless the driver is using a hands-free device.

Personal cell phones and other electronic devices are to remain in your employee locker or with your personal belongings at all times. On occasion, there may be situations in which an exception may be granted by management. Managers and corporate staff are exempt from this policy as their cell phones are routinely used for business purposes.

COMPUTERS

The computers owned by P&P Hardware are the backbone for the entire business. All merchandise, money, employee information, graphics, contracts, and communication is saved on them and run through them. As such, these systems **MUST BE RESPECTED**. At no time are these computers to be physically harmed –even if it is really pissing you off. Damaging, moving without permission, or causing damage through inattention or neglect are grounds for discipline up to and including separation of employment.

Part of ensuring that company computers are maintained and working properly, is safeguarding against viruses. It is extremely important to scan any disks from outside P&P Hardware before they are used on any company computers. Please make sure that virus scan software is used to check these disks before loading or using them. Please make sure that virus protection software is engaged prior to logging onto the Internet. If a disk, thumb drive, or emailed file seems questionable, call IT and have them investigate it prior to use.

COMPUTER SOFTWARE

P&P Hardware does not condone the illegal duplication of software. The copyright law is clear. The copyright holder is given certain exclusive rights, including the right to make and distribute copies. It is illegal to make or distribute copies of copyrighted material without authorization. The only exception is the user's right to make a backup copy for archival purposes.

The law protects the exclusive rights of the copyright holder and does not give users the right to copy software, unless the manufacturer does not provide a backup copy. Unauthorized duplication is a federal crime. Penalties can include fines up to \$250,000, and jail terms up to five years.

Even the users of unlawful copies suffer from their own illegal actions. They receive no documentation, no customer support, and no information about product updates.

P&P Hardware licenses the use of computer software from a variety of outside companies. The company does not own this software or its related documentation and, unless authorized by the software manufacturer, does not have the right to reproduce it. This software may only be used on an in-house basis.

With regard to use on local area networks or on multiple machines, P&P Hardware employees shall use the software only in accordance with the license agreement.

Employees learning of any misuse of software or related documentation within the company shall notify a Manager or management.

According to Federal copyright law, illegal reproduction of software can be subject to civil and criminal penalties, including fines and imprisonment. Employees who make, acquire, or use unauthorized copies of computer software shall be disciplined as appropriate under the circumstances. Such discipline may include dismissal.

FORKLIFTS / LIFTS

Forklifts and similar machinery are not toys and are to be respected. No employee shall operate a forklift before completing the required safety training. Care and maintenance for these machines are handled by outside contractors paid by the company. No employee is to attempt any type of repair or modification.

KEYS AND ALARM

Employees may be assigned keys for access to buildings at the discretion of management. If any such key is lost or stolen, IMMEDIATELY notify management.

Building keys, office keys, and alarm system codes are given to employees whose job description and level of responsibility requires them to have, or makes it advantageous for them to have, these items. No access to company premises during off-hours is permitted without prior notification and approval of management.

No employee in possession of entry cards, keys, or alarm codes is permitted to give these items to any other person, including other employees, or make copies of the keys. All issued entry cards, keys, and alarm codes remain the property of P&P Hardware. Improper use of these items will result in immediate action up to separation of employment.

RADIO & HEADSET

Radios and headsets provide the foundation for increased and more effective communication around each retail store, both among team members / associates and management. These are the tools that will help transform individual associates into an effective team.

The benefits of using radios and headsets to create a cohesive team:

- Customer questions are answered more quickly
- Associates can be instantly deployed where needed
- Price and stock checks are done quickly
- Search time for product and people is reduced
- Customer coordination
- Task prioritization

All of these benefits add up to an improved experience for the customer. This is the reason that the company places a priority on the care and maintenance of these devices. Each employee assigned a radio is responsible for ensuring it is cared for properly. Intentional damage inflicted on or with a radio & headset or even negligence leading to damage will be grounds for discipline.

THERMOSTAT

The thermostat for the heating and cooling systems is regulated to provide a comfortable atmosphere for all employees, and should not be touched. Anyone having a problem with the temperature should contact his or her supervisor / manager.

VEHICLES

REQUIREMENTS FOR USE

P&P Hardware delivery truck drivers must be California Department of Transportation certified at the time of hire or within 14 days of hire. Employees not meeting this stipulation are not eligible for this position and cannot drive company trucks. All truck drivers are encouraged to pursue their Commercial Driver's license.

All approved drivers must have a current valid California driver's license and provide P&P Hardware with information on their driving record. Any change in license status or driving record must be reported to the Human Resource Manager immediately.

The company's insurance carrier requires a license check be run with the California Department of Transportation and the carrier maintains the right to refuse insurance coverage to employees who do not meet their standards. Any employee refused coverage by the insurance carrier will not be permitted to operate any company vehicle.

P&P Hardware owned/leased/rented vehicles are for business use only. Spouses, other family members, and employee friends are strictly prohibited from using company vehicles **FOR ANY REASON**.

REGARDING ACCIDENTS

Should an employee become involved in an accident where they are at fault, while using a company vehicle for **personal use**, they are responsible for the insurance deductible.

Should an employee be involved in an accident while using a company vehicle for business use, he or she may be responsible for the insurance deductible and for providing a suitable vehicle for business use until the company vehicle has been repaired and returned to service, if the accident was due to employee negligence.

All accidents and / or damage to company vehicles must be reported immediately to the supervisor / manager. Failure to report accidents and / or damage may result in disciplinary action up to and including discharge. All required accident reports must be completed (contact the Human Resource Manager) and employees may be required to testify in court or other proceedings involving the accident.

PERSONAL VEHICLES USED FOR BUSINESS PURPOSES

When an employee is using a personal vehicle on company business, or using a company vehicle, the wearing of seat belts, at all times, by all occupants, is mandatory. When an employee is operating a personal vehicle on company business, or using a company vehicle, he / she shall not use or have used or consumed illegal drugs, or any prescription drugs, unless specifically instructed by the prescribing physician that the prescription drugs will not affect driving performance. While operating a personal vehicle on company business or using a company vehicle, an employee shall not use or have used alcoholic beverages during or prior to operation.

Nonexempt employees may not travel while “on the clock” in their personal vehicle. All travel related to any company approved function must be done in a company vehicle or after the employee has delivered a signed *Waiver of Liability and Harmless Agreement* from their insurance company addressed to P&P Hardware (or Woodcrest Ace Hardware, Riverside Ace Hardware, Temecula Ace Hardware, Wildomar Ace Hardware or P&P Uniforms). Without this document or the employee being in a company vehicle, the company is not protected legally from damages occurring on the road.

USE OF COMPANY PROPERTY OUTSIDE OF BUSINESS

If an employee wants to use company equipment during or after work hours for personal benefit, they must have the approval of management. The equipment must be signed out on the equipment sign-out sheet before removing it from company property. The employee must agree and understand that P&P Hardware is not liable for personal injury incurred during the use of company property for personal projects. As an employee, they must accept full responsibility for any and all liabilities for injuries or losses, which may occur, or for the malfunction of equipment. They are responsible for returning the equipment or tools in good condition and must agree to pay for any damages that occur while using the equipment for personal projects.

COMPLAINT RESOLUTION

The goal is to maintain a comfortable working environment for everybody. This is done by:

- Treating everyone as an individual and encouraging maximum development.
- Recognizing that everyone is essential to the success and growth of the business.
- Maintaining direct communications with all employees and ensuring each and every one can speak directly and openly with the management team.

P&P Hardware believes this type of communication, without interference from any outside party, is best for all concerned. Therefore, when someone wishes to express a problem, opinion, or suggestion, they will always find an open door and an attentive ear.

RESOLVING PROBLEMS

Whenever someone has a problem or complaint, they should speak up and communicate directly with their supervisor / manager or the next level of management. With the exception of complaints regarding harassment, discrimination, or retaliation, a problem or complaint should be addressed according to the following steps:

- Inform the immediate supervisor / manager as they are, generally, the most familiar with everyone involved as well as the job responsibilities. The supervisor / manager will work with those involved to help ensure all are treated fairly and properly.
- If the supervisor / manager cannot help resolve the matter, then the employee should speak to the Human Resource Manager and / or the next level of management, who will address the problem or complaint with prompt consideration.
- If the Human Resource Manager and / or the next level of management feels the situation warrants further review or if HR and management are part of the issue, speak with the company President for assistance.

Remember: It is always best to resolve problems right away. Little problems tend to turn into big problems; facts become confused; resentment and anger builds up. It is always best to get things off your chest before they get out of hand.

One of P&P Hardware's primary goals is to fulfill its responsibilities to employees, both as individuals, and as contributing members of the company. This is accomplished by managing the company in such a way that everyone will be treated with respect and dignity. Every person deserves to be treated in this manner, in any situation, as this principle helps make the company successful. In this type of environment, all can work together to solve any problem.

CONFLICTS OF INTEREST

Employees must avoid any relationship or activity that might impair, or even appear to impair, their ability to make objective and fair decisions when performing their jobs. At times, an employee may be faced with situations in which business actions taken on behalf of P&P Hardware may conflict with the employee's own personal interests. Company property, information, or business opportunities may not be used for personal gain.

Conflicts of interest could arise in the following circumstances:

- Being employed by, or acting as a consultant to, a competitor or potential competitor, supplier or contractor, regardless of the nature of the employment, while employed with P&P Hardware.
- Hiring or supervising family members or closely related persons.
- Owning or having a substantial interest in a competitor, supplier, or contractor.
- Accepting gifts, discounts, favors, or services from a customer / potential customer, competitor, or supplier, unless equally available to all company employees.

Employees with a conflict-of-interest question should seek advice from management. Before engaging in any activity, transaction, or relationship that might give rise to a conflict of interest, employees must seek review from their manager or the Human Resource Manager.

DATING IN THE WORKPLACE

P&P Hardware strongly believes that a work environment where employees maintain clear boundaries between employee personal and business interactions is most effective for conducting business and enhancing productivity. Although this policy does not prevent the development of friendships or romantic relationships between co-workers, it does establish boundaries as to how relationships are conducted during working hours and within the working environment.

Individuals in supervisory or managerial roles, and those with authority over others' terms and conditions of employment, are subject to more stringent requirements under this policy due to their status as role models, their access to sensitive information, and their ability to affect the terms and conditions of employment of individuals in subordinate positions.

This policy does not preclude or interfere with the rights of employees protected by the National Labor Relations Act or any other applicable statute concerning the employment relationship.

- During working time and in working areas, employees are expected to conduct themselves in an appropriate workplace manner that does not interfere with others or with overall productivity.
- During nonworking time, such as lunches, breaks, and before and after work periods, employees engaging in personal exchanges in work areas should observe an appropriate workplace manner to avoid offending other workers or putting others in an uncomfortable position.
- Employees are strictly prohibited from engaging in physical contact that would in any way be deemed inappropriate by a reasonable person while anywhere on company premises, whether during working hours or not.
- Employees who allow personal relationships with co-workers to adversely affect the work environment will be subject to the appropriate provisions of P&P Hardware's disciplinary policy, including counseling for minor problems. Failure to change behavior and maintain expected work responsibilities is viewed as a serious disciplinary matter.
- Employee off-duty conduct is generally regarded as private, as long as such conduct does not create problems within the workplace. An exception to this principle, however, is romantic or sexual relationships between supervisors and subordinates.
- Any supervisor, manager, executive or other company official in a sensitive or influential position with P&P Hardware must disclose the existence of a romantic or sexual relationship with another co-worker. Disclosure may be made to the immediate supervisor or the Human Resource Manager. This disclosure will enable P&P Hardware to determine whether any conflict of interest exists because of the relative positions of the individuals involved.
 - When a conflict-of-interest problem or potential risk is identified, P&P Hardware will work with the parties involved to consider options for resolving the problem. The initial solution may be to make sure the parties no longer work together on matters where one is able to influence the other or take action for the other. Matters such as hiring, firing, promotions, performance management, compensation decisions and financial transactions are examples of situations that may require reallocation of duties to avoid any actual or perceived reward or disadvantage. In some cases, other measures may be necessary, such as transfer to other positions or departments.
 - If one or both parties refuse to accept a reasonable solution or to offer of alternative position, if available, such refusal will be deemed a voluntary resignation.
- Failure to cooperate with P&P Hardware to resolve a conflict or problem caused by a romantic or sexual relationship between co-workers or among managers, supervisors, or others in positions of authority over another employee in a mutually agreeable fashion may be deemed insubordination and cause for immediate termination. The disciplinary policy of P&P Hardware will be followed to ensure fairness and consistency before any such extreme measures are undertaken.
- The provisions of this policy apply regardless of the sexual orientation of the parties involved.
- Where doubts exist as to the specific meaning of the terms used above, employees should make judgments on the basis of the overall spirit and intent of this policy.

Any concerns about the administration of this policy should be addressed to the Human Resource Manager.

DRESS CODE / PERSONAL APPEARANCE

PHILOSOPHY & PURPOSE

It is the goal of P&P Hardware that the efficient, orderly, and professional operations of the company be projected by all members of the organization. To help achieve this goal a dress code and appearance policy has been implemented. Due to the diverse missions within P&P Hardware there will be different standards across the company.

A neat, tasteful appearance contributes to the positive impression you make on our customers. You are expected to be suitably attired and appropriately groomed during working hours or when representing P&P Hardware. A good, clean appearance bolsters your own poise and self-confidence and greatly enhances our company image.

The company asks all employees to use common sense and good judgement when evaluating whether or not their hygiene and attire is appropriate; if you question it then it probably isn't appropriate.

Garments can be purchased from P&P Hardware for the same price the Company pays. If interested in purchasing please inquire with management and / or the Human Resource Manager. Accommodations can be made for those interested in payroll deductions for the cost of garments.

Enforcement of this policy is the responsibility of management and supervisory personnel.

COMPANYWIDE STANDARDS

All employees are required to maintain the highest standards of personal hygiene including regular bathing, clean hands and fingernails, as well as kempt hair. All employees must wash their hands after going to the restroom and before going back to work. Any employee reporting for work whose hygiene and/or attire are unacceptable for Company standards may be subject to disciplinary actions and/or required to return home to correct the situation. The period of absence will be treated as unpaid leave.

Hair, including facial hair, is to look natural – no bright or unnatural colors such as green, blue, purple, pink, etc. – and maintained. No facial jewelry except small earrings. All tattoos must be covered during working hours or while representing P&P Hardware.

The following types of clothing should not be worn: athletic wear, beach wear, evening wear, provocative wear, and exercise wear. Specific examples of clothing which should not be worn includes, but is not necessarily limited to, the following: T-shirts with graphics, tank tops, tube tops, halter tops with spaghetti straps, see-through tops, midriff length tops, off-the-shoulder tops, shorts, sweat pants, cutoffs, tights, skirts, micro-mini skirts, thongs/sandals, deck shoes, etc. Clothing is to be free from holes and should fit properly (loose-fitting clothing is a safety hazard).

Unless specifically mentioned, all garments are to be free of brand logos (excluding the branding from the garment manufacturer such as IZOD, Dickies, Nike, etc.) and embroidery. Garments are to be solid color and free from stripes or other markings. Shirts are to be buttoned completely to the top, non-collar button.

ACE HARDWARE STANDARDS

ACE Hardware employees, in addition to those standards listed above, are expected to maintain the helpful, friendly, knowledgeable neighbor-look that is the Company's trademark. Customer-facing employees and roles will have a more restrictive policy than those away from customers.

All customer-facing employees will be required to wear black or khaki work pants and a black or brown belt. No capris pants, denim jeans, "leggings", head coverings or large / non-standard belt buckles will be allowed. Footwear must be closed-toe, clean, and without holes. Except for the Store Leader, employees must wear a collared, buttoned shirt that is white, tan, or light gray along with a red ACE vest. Shirts may be long or short sleeved and must be tucked at all times. Name tags are to be worn on the right-breast of the shirt and have the employee name centered on the tag. The name must be printed using a label maker; no hand written names.

For customer-facing employees with tattoos that extend beyond the area covered by short sleeved shirts, they will be required to wear long sleeve shirts at all times during working hours.

Non-customer-facing employees as well as those performing roles/tasks which do not require routine contact with customers will be allowed to wear head coverings, denim jeans, non-collared, non-buttoned shirts, and are not restricted to specific colors. All other companywide and ACE Hardware dress standards apply.

The Store Leader, in addition to all other standards outlined for customer-facing personnel, must wear a collared, buttoned shirt which is red and bears the ACE logo in white. The shirt is to be ironed and free of stains or discoloration.

P&P UNIFORMS STANDARDS

P&P Uniforms is in the business of turning out clean, well-dressed customers and therefore must take extra steps in ensuring that employees look sharp. Just as is the case with ACE Hardware, customer-facing employees will have a more restrictive dress code to follow than those not dealing directly with customers on a regular basis.

All customer-facing employees will be required to wear gray or khaki tactical / work pants and a black or brown belt. No capris pants, denim jeans, "leggings", head coverings or large / non-standard belt buckles will be allowed. Footwear must be closed-toe, clean, and without holes. The shirt must be a black polo with the P&P Uniforms logo over the left-breast and the employee name embroidered over the right-breast. Shirts are to be tucked at all times during work hours.

Non-customer-facing employees as well as those performing roles / tasks which do not require routine contact with customers will be allowed to wear head coverings, denim jeans, non-collared, non-buttoned shirts, and are not restricted to specific colors. All other companywide and P&P Uniforms dress standards apply.

ELECTRONIC COMMUNICATION AND INTERNET USE

Computers, e-mail, Internet services, smartphones, and other communication systems are to be used for business purposes only. Regardless of whether the device is owned by the employee or the company, personal use of these technologies and services is **PROHIBITED DURING WORKING HOURS**. The following guidelines have been established for using the Internet, smartphones, and e-mail in an appropriate, ethical, and professional manner:

- Internet, company-provided equipment (e.g., cell phone, laptops, computers, etc.) and services may not be used for transmitting, retrieving, or storing any communications of a defamatory, discriminatory, harassing, or pornographic nature.
- The following actions are forbidden: using disparaging, abusive, profane, or offensive language; creating, viewing, or displaying materials that might adversely or negatively reflect upon P&P Hardware or be contrary to P&P Hardware's best interests; and engaging in any illegal activities, including piracy, cracking, extortion, blackmail, copyright infringement, and unauthorized access of any computers and company-provided equipment such as cell phones and laptops.
- Employees may not copy, retrieve, modify, or forward copyrighted materials, except with permission or as a single copy to reference only.
- Employees must not gamble, monitor sports scores, or play electronic games on company-provided equipment.
- Employees must not use the system in a way that disrupts its use by others. Employees must not send or receive large files that could be saved / transferred via thumb drives. Employees are prohibited from sending or receiving files that are not related to work.
- Employees should not open suspicious e-mails, pop-ups, or downloads. Contact IT with any questions or concerns to reduce the release of viruses or to contain viruses immediately.
- Employees must not forward e-mails to any other person or entity without the express permission of the sender. Further, at no point is P&P Hardware equipment to be used for the transmission or storage of personal advertisements, solicitations, promotions, destructive programs (viruses and / or self-replication code), political material or any other unauthorized materials.
- Internal and external e-mails are considered business records and may be subject to discovery in the event of litigation. Be aware of this possibility when sending e-mail within and outside the company.
- Employees must not engage in day trading, or otherwise purchasing or selling stocks, bonds or other securities or the transmission, retrieval downloading or storage of information, including messages or images that relate to the purchase or sale of stocks, bonds or other securities.

In addition, personal computer codes, passwords, and locks are prohibited throughout the company. P&P Hardware retains the right to conduct searches of company property at any time. No employee should have any expectation of privacy while on company-provided equipment.

CELL PHONE USAGE

The use of a personal cell phone while at work may present a hazard or distraction to the user, co-workers, and customers. This policy is meant to ensure that cell phone use while at work is both safe and does not disrupt business operations or attention to customers.

MANAGEMENT CELL PHONE POLICY

If necessary, management may carry a cell phone on the sales floor; however, it should be set to vibrate and / or a quiet ring. Managers should leave the sales floor before answering a call and never answer a call while helping a customer. When driving a vehicle on work time, managers should only answer a cell phone if they use a hands free device or pull off to the side of the road. Answering the phone at any time while operating any equipment is prohibited. Violation of this policy will be subject to disciplinary action.

TEAM MEMBER / ASSOCIATE CELL PHONE POLICY

Cell phones on the sales floor can prevent associates from providing the most helpful service to your customers. Cell phones are prohibited and must be kept in personal lockers on silent mode. In case of an emergency, store associates should be contacted via the store number. Violation of this policy will be subject to disciplinary action.

TWO WAY RADIO USAGE

Two-way radios are an effective way to communicate to team members / associates throughout the store. All team members / associates must be familiar with their proper care and operation of the two way radios. Managers should assign team members / associates radios by name, this way each can be held responsible for the use and care of his or her own equipment. Radios should be with team members / associates at all times when working.

Proper etiquette includes:

ALWAYS

- Wear a headset; this keeps the store noise to a minimum for the customer.
- Speak to an associate by name and repeat the name twice, for example, 'Bob, line one, Bob.'
- Press the transmit button AFTER you have determined what you want to say.
- Wait for at least one second, until speaking into the radio. Speaking prior will result in the first part of your transmission being lost and or people ignoring you.
- Treat the radios with care. Avoid dropping or exposing them to water.
- Use the radios to seek help and / or advice from fellow team members whenever needed.
- Respond to a call for assistance. Ask the person who called to hold if necessary, rather than interrupting a customer.
- If you need to leave the sales floor (even if outside) let others know.

NEVER

- Leave the radio turned up and on a counter (i.e. cash register, service counter, etc.)
- Speak negatively about a customer over the radio
- Interrupt a conversation in progress. Show professionalism and courtesy by waiting your turn
- Broadcast profanity or use inappropriate language
- Refer to a customer by physical description. Use something like shirt color, hair color, etc.

SOCIAL MEDIA—ACCEPTABLE USE

Employees may not post financial, confidential, sensitive, or proprietary information about the company, clients, employees, or applicants.

Employees may not post obscenities, slurs, or personal attacks that can damage the reputation of the company, clients, employees, or applicants.

When posting on social media sites, employees must use the following disclaimer when discussing job-related matters:

“THE OPINIONS EXPRESSED ON THIS SITE ARE MY OWN AND DO NOT NECESSARILY REPRESENT THE VIEWS OF P&P HARDWARE.”

P&P Hardware may monitor content out on the Internet. Policy violations may result in discipline up to and including termination of employment.

RIGHT TO MONITOR

All company-supplied technology and company-related work records belong to the company and not to the employee. P&P Hardware routinely monitors use of company-supplied technology. Inappropriate or illegal use or communications may be subject to disciplinary action up to and including termination of employment. All employees are required, as a condition of employment, to sign the Workplace Electronic Surveillance & Monitoring Consent Form.

ALL COMMUNICATIONS CONDUCTED WITH COMPANY RESOURCES, INCLUDING CELL PHONES, E-MAIL, AND INTERNET SERVICES, ARE SUBJECT TO MONITORING AND REVIEW AT ANY TIME.

EMPLOYEE PRIVACY POLICY

In order to enforce company drug and alcohol policy, stop theft, prevent workplace violence, prevent harassment, and otherwise protect the interests of the company, its customers, and its employees, the company may use searches, video or other surveillance if necessary.

It is in your best interest not to bring items on company property that you do not wish someone else to discover. The company reserves the right to make an unannounced search of company property or of personal property that you bring onto company premises. Company property may include, but is not limited to, desks, file cabinets, computer files, e-mail, lockers, work areas, toolboxes, and work vehicles. Personal property that you bring onto company premises may include, but is not limited to, jackets, briefcases, purses, lunch boxes, packages, and personal vehicles.

To the extent possible, we will conduct searches in a manner that respects your dignity and privacy. The company will not force you to consent to a search; however, not consenting to a search may result in disciplinary action up to and including discharge. Employees who have concerns about the manner in which a search or surveillance was conducted should immediately contact the Human Resource Manager and / or the Company President.

SECURITY INSPECTIONS

Locker space and coat racks have been provided in the break room or other designated space for employees to store their personal property during their scheduled hours of work. This area is to be used by all employees (if they do not have an office or desk) for storing their personal property, including purses, school books, coats, etc. Do not place personal belongings in any other area of the business such as under checkout counters, service desks, etc.

Each employee (without an office or desk) is assigned a company locker for his / her use. Employees will be provided with a lock for his / her locker or may bring their own. P&P Hardware reserves the right to inspect lockers, at any time and with or without an employee’s permission. If necessary, P&P Hardware reserves the right to remove any lock placed on a locker even if it means destroying the lock.

Additionally, P&P Hardware reserves the right to inspect the contents of packages, handbags, or other hand-carried items of an employee. Refusal to allow inspection of hand-carried items may result in administrative action, up to and including termination. Please understand that periodic company inspections of employee lockers and hand-carried items are undertaken as part of our ongoing efforts to provide a **SAFE AND SECURE WORK ENVIRONMENT** for all. Your cooperation is expected and appreciated.

GIFTS

Under no circumstance is an employee able to accept any gifts without written permission from the Marketing Manager. If you receive gifts (examples may include but are not limited to tickets or discounts) must be immediately reported to the Marketing Manager.

HOUSEKEEPING

Neatness and good housekeeping are signs of efficiency. Employees are expected to keep work areas neat and orderly at all times – it is a required safety precaution. Easily accessible trash receptacles are located throughout the facilities. Place all trash in the appropriate receptacles and containers.

A good employee should:

1. Always be aware of good health and safety standards, including fire and loss prevention.
2. Clean and straighten all work areas at the end of each workday.
3. Dispose of all trash and debris in trash receptacles.
4. Keep the restrooms clean and stocked with necessary supplies at all times.
5. Report anything needing repair or replacement to supervisor / manager immediately.
6. Wash utensils and cutlery after use.
7. Clean up any crumbs and / or personal spills.
8. Remove any personal lunch containers from the refrigerator regularly.
9. Empty kitchen trash and replace bag if full.

Notify supervisor / manager if cleaning supplies are running low.

OUTSIDE EMPLOYMENT

Employees are permitted to engage in outside work or to hold other jobs, subject to certain restrictions as outlined below.

Activities and conduct away from the job must not compete with, conflict with, or compromise the company interests or adversely affect job performance and the ability to fulfill all job responsibilities. Employees are prohibited from performing any services for customers on nonworking time that are normally performed by P&P Hardware. This prohibition also extends to the unauthorized use of any company tools or equipment and the unauthorized use or application of any confidential information. In addition, employees are not to solicit or conduct any outside business during paid working time.

Employees are cautioned to carefully consider the demands that additional work activity will create before accepting outside employment. Outside employment will not be considered an excuse for poor job performance, absenteeism,

tardiness, leaving early, refusal to travel, or refusal to work overtime or different hours. If P&P Hardware determines that an employee's outside work interferes with performance, the employee may be asked to terminate the outside employment or leave employment with P&P Hardware.

PERSONAL MAIL

Employees are forbidden from using any P&P Hardware location as a personal mailing address either for incoming mail or as a return address (including e-mail). All mail delivered to the company is considered to be company mail.

Employees are forbidden from placing personal mail in the stacks to be run through the company postage meter. Although the amount may seem small, it is considered theft and will be treated as such.

P&P Hardware stationery must not be used for personal correspondence. Any communication sent out on company stationery must be official company business.

PERSONAL VISITORS WHILE WORKING

P&P Hardware discourages personal visitation by friends / relatives while employees are on duty. Abuse of visitations may result in disciplinary action.

POINT OF SALE (POS) RULES

EMPLOYEES ARE PERMITTED TO USE THEIR ACCOUNT LOGIN – ONLY.

What you need access to will already be accessible in your login settings. If you do not have access to it, you will not be allowed to complete the task you're trying to do. If you believe your login needs additional items taken off the security settings, please contact your supervisor / manager.

Employees must never ring up their own purchases. Failure to comply with this rule will result in discipline up to and including termination. **This is a terminable offense on the first occasion.**

All merchandise should be removed from the store once the sale transaction is complete. Under no circumstance will an employee be able to process or charge their own purchase with their login. Another employee must conduct the sale with their point of sale login.

PROGRESSIVE DISCIPLINE

Every employee has the duty and the responsibility to be aware of and abide by existing rules and policies. Employees also have the responsibility to perform his / her duties to the best of their ability and to the standards as set forth in his / her job description or as otherwise established.

P&P Hardware supports the use of progressive discipline to address issues such as poor work performance or misconduct. Our progressive discipline policy is designed to provide a corrective action process to improve and prevent a recurrence of undesirable behavior and / or performance issues. Our progressive discipline policy has been designed consistent with our organizational values, HR best practices, and employment laws.

Outlined below are the steps of our progressive discipline policy and procedure. P&P Hardware reserves the right to combine or skip steps in this process depending on the facts of each situation and the nature of the offense. The level of disciplinary intervention may also vary. Some of the factors that will be considered are whether the offense is repeated despite coaching, counseling and / or training; the employee's work record; and the impact the conduct and performance issues have on our organization.

The following outlines P&P Hardware's progressive discipline process:

- **Counseling & Verbal Warning** – A supervisor / manager verbally counsels an employee about an issue of concern and a written record of the discussion is placed in the employee's file for future reference. The supervisor / manager should discuss with the employee the nature of the problem or the violation of company policies and procedures. The supervisor / manager is expected to **CLEARLY DESCRIBE EXPECTATIONS AND STEPS** the employee must take to improve performance or resolve the problem.

Within three (3) business days of this meeting, the supervisor / manager will prepare written documentation of the discussion. The employee may be asked to sign this document to demonstrate his or her understanding of the issues and the corrective action.

- **Formal Written Warning** – Written warnings are used for behavior or violations that a supervisor / manager considers serious or in situations when a verbal warning has not helped change unacceptable behavior. Written warnings are placed in an employee's personnel file. Employees should recognize the grave nature of the written warnings.

The direct supervisor / manager will meet with the employee to review any additional incidents or information about the performance, conduct, or attendance issues as well as any prior relevant corrective action plans. They will outline the consequences for the employee of his or her continued failure to meet performance or conduct expectations. Specific terms for how the employee should correct their problem must be outlined as well as a reasonable timeline for these corrections to be implemented.

- **Suspension and / or Final Written Warning** – There may be performance, conduct, or safety incidents so problematic and harmful that the most effective action may be the temporary removal of the employee from the workplace. When immediate action is necessary to ensure the safety of the employee or others, the immediate supervisor may suspend the employee pending the results of an investigation.

Depending on the seriousness of the infraction, the employee may be suspended without pay in full-day increments consistent with federal, state, and local wage-and-hour employment laws. Nonexempt employees may not substitute or use an accrued paid vacation or sick day in lieu of the unpaid suspension. Due to Fair Labor Standards Act (FLSA) compliance issues, unpaid suspension of exempt employees is reserved for serious workplace safety or conduct issues.

Pay may be restored to the employee if an investigation of the incident or infraction absolves the employee.

- **Termination of Employment** – The last and most serious step in the progressive discipline procedure is a recommendation to terminate employment. Generally, P&P Hardware will try to exercise the progressive nature of this policy by first providing warnings, a final written warning or suspension from the workplace

before proceeding to a recommendation to terminate employment. However, P&P Hardware reserves the right to combine and skip steps depending on the circumstances of each situation and the nature of the offense. Furthermore, employees may be terminated without prior notice or disciplinary action.

PERFORMANCE IMPROVEMENT PLAN

Whenever an employee has been involved in a disciplinary situation that has not been readily resolved or when he / she has demonstrated an inability to perform assigned work responsibilities efficiently, the employee may be placed on a performance improvement plan (PIP). This is done in conjunction with either a Formal or a Final Written Warning. PIP status will last for a predetermined amount of time not to exceed 90 days. Within this time period, the employee must demonstrate a willingness and ability to meet and maintain the conduct and / or work requirements as specified by the supervisor and the organization. At the end of the performance improvement period, the performance improvement plan may be closed or, if established goals are not met, dismissal may occur.

P&P Hardware reserves the right to determine the appropriate level of discipline for any inappropriate conduct, including oral and written warnings, suspension with or without pay, demotion and discharge.

APPEAL PROCESS

Employees will have the opportunity to present information that may challenge information management has used to issue disciplinary action. The purpose of this process is to provide insight into extenuating circumstances that may have contributed to the employee's performance or conduct issues while allowing for an equitable solution.

If the employee does not present this information during any of the meetings or discussions wherein the warnings are given, he or she will have three (3) business days after that meeting to present such information.

PERFORMANCE AND CONDUCT ISSUES NOT SUBJECT TO PROGRESSIVE DISCIPLINE

Behavior that is illegal is not subject to progressive discipline, and such behavior may be reported to local law enforcement authorities.

Similarly, theft, substance abuse, intoxication, fighting, and other acts of violence at work are also not subject to progressive discipline and may be grounds for immediate termination.

DOCUMENTATION

The employee will be provided copies of all progressive discipline documentation, including all PIPs. The employee will be asked to sign copies of this documentation attesting to his or her receipt and understanding of the corrective action outlined in these documents. Copies of these documents will be placed in the employee's official personnel file.

EXAMPLES OF PROHIBITED CONDUCT REQUIRING DISCIPLINARY ACTION

Violation of any rule of the company may result in discipline, up to and including termination. The list of rules below does not contain every rule or possible standard of conduct expected from our employees, but it states many of the

more fundamental rules. If you are unsure about what is expected of you in a certain circumstance, please ask your supervisor / manager.

Nothing in this listing of company work rules is intended to conflict with the Employment at Will Policy. The company's interpretation and judgment of whether or not a rule has been violated is final and binding on both you and the company.

Prohibited conduct includes, but is not necessarily limited to, the following:

1. Violating safety rules or safety practices.
2. Violating substance abuse policy which includes possessing, distributing, or being under the influence of controlled substances while on company premises
3. Consuming, distributing, and / or possessing alcoholic beverages, over-the-counter drugs, and / or prescription drugs in violation of the policy outlined within this handbook.
4. Engaging in horseplay, scuffling, or throwing things.
5. Failing to immediately and accurately report an industrial injury.
6. Being tardy or absent without authorization or notification.
7. Missing three (3) consecutive scheduled workdays without notifying the company.
8. Contributing to unsanitary conditions or poor housekeeping.
9. Smoking, eating, or drinking in unauthorized areas.
10. Causing loss or waste of material or parts due to carelessness.
11. Unauthorized use of company phones and / or equipment.
12. Posting, altering or removing any matter on bulletin boards on company property unless specifically authorized.
13. Being dishonest or committing a fraudulent act or breach of trust.
14. Recklessly driving or exceeding safe driving rules while on company property.
15. Threatening, intimidating, coercing, or interfering with fellow employees on company property or on company business.
16. Using profane, abusive, or threatening language.
17. Leaving company premises during the work shift without permission.
18. Working overtime without authorization or failure to work assigned overtime.
19. Failing to follow job instructions, verbal or written; insubordination.
20. Stealing, misusing, destroying, or removing from company premises without authorization any company property or the property of any employee.
21. Using company's facilities, equipment time or materials without authorization.
22. Provoking or instigating a fight or fighting during work hours, on company property or on company business.
23. Engaging in criminal conduct whether or not it is related to job performance.
24. Sleeping on the job during work hours.
25. Falsifying any company records, including employment information.
26. Recording the work time for another employee, allowing any other employee to record your work time or allowing falsification of any time card / punch, whether your own or another employee's.
27. Engaging in any other conduct or omission that the company, in its sole discretion, believes to be adverse to the best interest of the company.
28. Carrying firearms or any other dangerous weapons at any time on company property without permission.

29. Violating any company rule, standard of conduct, policy, or procedure.

Misconduct or violation of company policies, standards of conduct, or procedures may result in a verbal or written warning, a suspension with or without pay, or termination. The company will base the type of discipline it administers upon the facts of each particular case as determined by the company.

None of the above standards of conduct or work rules are intended, nor shall they have the effect, of interfering or inhibiting any employee in the exercise of any right guaranteed or protected by law.

NOTHING IN THIS POLICY PROVIDES ANY CONTRACTUAL RIGHTS REGARDING EMPLOYEE DISCIPLINE OR COUNSELING, NOR SHOULD ANYTHING IN THIS POLICY BE READ OR CONSTRUED AS MODIFYING OR ALTERING THE EMPLOYMENT-AT-WILL RELATIONSHIP BETWEEN P&P HARDWARE AND ITS EMPLOYEES.

SOLICITATIONS, DISTRIBUTIONS AND POSTING OF MATERIALS

P&P Hardware prohibits the solicitation, distribution, and posting of materials on or at company property by any employee or nonemployee, except as may be permitted by this policy. The sole exceptions to this policy are charitable and community activities supported by P&P Hardware management and company-sponsored programs related to P&P Hardware's products and services.

Provisions:

- Nonemployees may not solicit employees or distribute literature of any kind on company premises at any time.
- Employees may only admit nonemployees to work areas with management approval or as part of a company-sponsored program. These visits should not disrupt workflow. An employee must accompany the nonemployee at all times. Former employees are not permitted onto company property except for official company business.
- Employees may not solicit other employees during work times, except in connection with a company-approved or sponsored event.
- Employees may not distribute literature of any kind during work times or in any work area at any time, except in connection with a company-sponsored event
- The posting of materials or electronic announcements are permitted with approval from management.

Violations of this policy should be reported to the Human Resources Manager.

THEFT

P&P Hardware will not tolerate property theft from the company, fellow employees, or customers. Property theft is considered to be any unauthorized use of company services or facilities as well as the taking of any company, fellow employee, or customer property for personal use.

No item purchased or supplied by P&P Hardware should ever be removed from company premises without written authorization. This rule applies to all company property including, but not limited to, manuals, computer disks, software, computers, office supplies, and products. Employees must receive authorization from management to

borrow company equipment or to take samples of their work home. A checkout procedure will be used, and if you fail to return any item on schedule you may be subject to disciplinary action for theft.

Any theft of company property, fellow employee's personal property, or customer's property must be reported to management immediately. Anyone committing theft or attempting theft will be subject to the penalty clause below.

PENALTY CLAUSE

The penalty for any incidence of unauthorized possession or removal of company property may include immediate dismissal. If you are dismissed because of unauthorized possession or removal of company property, you may be subject to prosecution to the full extent of the law.

WORKPLACE SAFETY

P&P Hardware places the highest emphasis on employee safety and strives to ensure all working areas are safe and healthful. Each employee's responsibility is to work safely and to do everything possible to prevent accidents or injuries. Every employee is expected to report unsafe conditions, think before acting, and conscientiously avoid unnecessary risks.

Accidents can be prevented. Most accidents result from actions of people rather than the failure of equipment. No matter what or how much the company provides in safety devices and training, the effort is not effective unless everyone considers "SAFETY" their responsibility. It is each individual's duty to promptly report perceived safety problems to their supervisor / manager.

P&P Hardware management encourages everyone to be very aggressive with self-protection. To that end, nobody is to use a piece of machinery or a tool without understanding how to use it. Personal Protective Equipment (PPE) is provided with each machine / tool or as required by job function. The company is dedicated to providing all employees with a safe workplace and abides by all government safety laws and guidelines.

ACCIDENT AND INCIDENT REPORT

It is the responsibility of the employee to complete an Accident and Incident Report for each safety and health infraction that occurs by that employee or that the employee witnesses. Incidents must be reported within 48 hours of the event to ensure prompt remediation. Failure to report such an infraction may result in employee disciplinary action, including termination.

Supervisors / Managers must provide an injured employee with the Accident and Incident Report Form within one (1) day of learning of the injury. The completed forms must be turned into the supervisor / manager or the Human Resource Manager within 48 hours of the incident.

DRUG AND ALCOHOL POLICY

Drug and alcohol abuse poses a serious threat to the safety and welfare of all employees (not just the user). Specifically, drug and alcohol use lowers productivity, lessens reliability, increases absenteeism, impairs the ability of employees to perform their work, increases the likelihood of accidents, and impairs good judgment. Our policy

establishes P&P Hardware as a drug- and alcohol-free workplace. This is in the best interest of our employees, employees of companies doing business with us, and our customers.

While on store premises and while conducting business-related activities off of store premises, no employee may use, possess, distribute, sell or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an associate's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

DEFINITIONS

The following definitions are provided to ensure clarity on all parts when discussing this topic.

- **Abuse** – the misuse, maltreatment, or excessive use of alcohol or drugs for nontherapeutic effect.
- **Alcohol** – any alcoholic beverage or substance containing alcohol.
- **Company Premises** – all areas in which P&P Hardware has a proprietary interest, including, but not limited to, all Company property, including automobiles either owned, leased, rented or being used by P&P Hardware as well as customer or vendor facilities visited while representing the Company.
- **Controlled Substance** – are all forms of narcotics, depressants, stimulants, hallucinogens, and cannabis, whose sale, purchase, transfer, use, or possession is prohibited by law.
- **Drug** – any substance recognized as a drug in the United States Pharmacopoeia, the National Formulary, or other drug compendia or supplement to any compendium
 - The use, possession, or sale of which is illegal; or
 - That which cannot legally be purchased over-the-counter, and which is not prescribed or being used under the supervision of a physician; or
 - That which, even if purchased over-the-counter or prescribed, is being used other than as prescribed or directed.
- **Drug Paraphernalia** – any items that are used for the administration or storing of prohibited drugs.
- **Employee** – all individuals employed by P&P Hardware in any capacity whatsoever including management and applicants.
- **Medically Authorized (Prescription) Drugs** – are those drugs that are used during medical treatment and are prescribed and authorized for use by a licensed physician, practitioner, or dentist.
- **Over-the-Counter Drugs** – are those generally available without prescription from a medical doctor and are limited to those drugs that can impair the judgement of an employee to safely do their job.
- **Presence** – means any detectable level of alcohol or drugs in an employee's blood, hair, or urine as determined by the testing agency.
- **Under the influence** – means having consumed any drug or alcohol as evidenced by behavior, appearance, attendance, performance, and/or having a detectable level – in excess of a trace – of alcohol, drugs or controlled substances in the body as determined by urine or other appropriate test.

PROHIBITED BEHAVIOR

The following clearly outlines P&P Hardware's position regarding drugs and alcohol and the behaviors prohibited by this policy.

EMPLOYEES SHALL NOT:

- Report for work or remain at work with any detectable level of alcohol, controlled substance, intoxicant, or drug in their system.
- Engage in the unauthorized use of any alcohol or drug on company premises or during company time, including rest and meal periods.
- Possess or attempt to distribute, sell, obtain, manufacture, transfer, share or receive any alcohol, controlled substance, drug, or any other substances that impair job performance or pose a hazard to the safety and welfare of the employee, coworkers, customers or members of the community. The company prohibits the use of drug paraphernalia or alcohol containers while you are on company property or company time.
VIOLATION OF THIS RULE WILL RESULT IN IMMEDIATE TERMINATION.
- Use medically authorized (prescription) drug or over-the-counter drug in a manner inconsistent with the directions for the medication.

MEDICALLY AUTHORIZED (PRESCRIPTION) DRUGS & OVER-THE-COUNTER DRUGS

When your doctor prescribes prescription drugs, you must ask whether the drugs will impair your ability to safely perform your job. If so, get the doctor's statement in writing. The doctor should be familiar with your work duties before signing the statement. The statement need not identify the drug, but may simply say that you are unable to perform safety-sensitive functions due to your prescription medication. The company may ask the physician to complete a fitness-for-duty form indicating when we can expect you back at work. Where possible, the company may temporarily assign other work consistent with your medical condition.

Some over-the-counter drugs also may impair job performance. Please read the instructions carefully to determine if any drug you are taking will impair your ability to safely perform your job. The company may require a physician's written certification from employees requesting a job reassignment or time off for medical reasons or because they are taking an over-the-counter drug that impairs performance or safety. The certification need not identify the name of the drug.

Abuse of medically authorized or over-the-counter drugs is a violation of this policy. Using another person's prescription medication is also considered abuse.

NOTIFICATION

As a condition of your employment with P&P Hardware, you must abide by the terms of this policy regarding use and abuse of drugs and alcohol. Consistent with the Drug-Free Workplace Act of 1988, should you be convicted under any criminal drug statute or law for conduct occurring in the workplace, including convictions pertaining to the use of drugs or drug paraphernalia, you must notify the Company of such conviction no later than five (5) days after such conviction.

DRUG AND ALCOHOL TESTING

REQUIRED TESTING

A requirement of employment is the completion of a "Consent to Drug and Alcohol Testing" form which remains in effect throughout the individual's employment, thereby granting consent to drug and alcohol testing. P&P Hardware retains the right to require the following tests:

PRE-EMPLOYMENT

As a precondition to obtaining employment with P&P Hardware, and at Company expense, all applicants who have been given a conditional offer of employment with the Company must successfully complete a pre-employment screen for use and / or abuse of drugs and / or alcohol by testing negative through urinalysis or similar testing administered specifically for the purpose of detecting the use or abuse of drugs and / or alcohol. Such pre-employment testing bears a direct, material, and timely relationship to an applicant's capacity to perform his or her duties safely and effectively. If the job offer is subsequently withdrawn, P&P Hardware will inform the applicant of the reason for its actions.

REASONABLE SUSPICION

P&P Hardware, at its expense, will require employees believed to be under the influence of drugs and / or alcohol, which may be impairing their ability to perform job duties to undergo appropriate testing to detect the use or abuse of such controlled substances. Such testing will be limited to instances where the Company has reasonable grounds to believe an employee is under the influence of drugs or alcohol, which are impairing job performance and the employee is in a position where such impairment presents a clear and present danger to the physical safety of the employee, or another employee, or to a member of the public.

An employee's performance, appearance, behavior, speech, mood, odors, etc., can provide reasonable suspicion of a drug and / or alcohol policy violation. The basis for reasonable suspicion can include, but is not limited to, the following:

- Absenteeism or tardiness
- Declining work performance (after unsuccessful supervisor / manager intervention)
- Physical indicators (for example, pinpoint pupils, dilated pupils, change in skin coloration, bloodshot eyes, excessive perspiration, etc.)
- Behavioral indicators (for example, stumbling, slurred speech, incoherent speech, rapid speech, apparent confusion, moodiness, weariness, fatigue, unusually energetic, unfocused, lack of concentration, disorientation, emotional outburst, hostility, unexplained changes in behavior, inability to do normal job tasks, the unsafe handling of equipment or tools, etc.)
- The smell of alcohol or drugs

When there is reasonable suspicion, the employee is not to return to work until fitness for duty is established. The company will treat this time as a suspension pending the outcome of the drug and alcohol testing. In the absence of any other concurrent disciplinary action, the company will pay for the straight time lost from work if the test results are negative.

POST-ACCIDENT

Any employee in a safety-sensitive position, who is involved in a work-related accident and whose faculties are impaired on the job may, at P&P Hardware discretion, be required to undergo a drug and / or alcohol test

immediately. If, due to injuries, the employee cannot submit to testing within the prescribed time, the employee will provide the Company with necessary authorization required to obtain hospital reports and other documents indicating the presence or non-presence of any drugs and / or alcohol in the employee's system at the time of the accident.

FOLLOW-UP

Employees who have tested positive, or otherwise violated this policy, are subject to discipline up to and including discharge. Depending on the circumstances and the employee's work history / record, P&P Hardware may offer an employee who violates this policy or tests positive the opportunity to return to work on a last-chance basis pursuant to mutually agreeable terms, which could include follow-up drug testing at times and frequencies determined by the company to be reasonable. If the employee either does not complete his / her rehabilitation program or tests positive after completing the rehabilitation program, he / she will be subject to immediate discharge from employment.

CONSEQUENCES

Employees who refuse to cooperate in required tests or who use, possess, buy, sell, manufacture or dispense an illegal drug in violation of this policy will be terminated. The first time an employee tests positive for alcohol or illegal drug use under this policy, the result will be discipline up to and including discharge.

Employees will be paid for time spent in alcohol / drug testing and then suspended pending the results of the drug / alcohol test. After the results of the test are received, a date / time will be scheduled to discuss the results of the test; this meeting will include a member of management and the Human Resource Manager. Should the results prove to be negative, the employee will receive back pay for the times / days of suspension.

REFUSAL TO TEST

The company will terminate an employee or withdraw any offer of employment to an applicant who refuses to submit to drug and alcohol testing under the conditions described in this policy or who otherwise fails to comply with this policy, the testing requirements, or the company's related requests.

Refusal to submit to a test includes failing without valid medical explanation to give enough urine, breath, blood or other approved physical sample for a drug or alcohol test and / or engaging in conduct that clearly obstructs the testing process.

APPEAL PROCEDURE

When a sufficient sample is available, the employee or applicant, at his or her expense (but maintaining an independent chain of custody), will have the opportunity to have the sample sent from the original laboratory to a second licensed or approved facility for testing or other approved confirmatory test. An employee may request an independent test by notifying the Human Resource Manager in writing within five (5) calendar days after the day the employee is informed of the test results. The test result will be kept confidential and will be available only to the employee and designated company representatives. If disciplinary action is executed for reasons other than the test

results, the appeal will have no effect on such action. THERE IS NO APPEAL PROCEDURE FOR A CONFIRMED POSITIVE BREATH ALCOHOL TEST.

RETEST RIGHTS

Any employee or applicant who has received a positive test result on a confirmatory test may submit information, at his / her expense, to P&P Hardware explaining the reasons for the result within three (3) business days after notification of a positive result. This is in addition to any information submitted previously by the employee or applicant.

CONFIDENTIALITY OF EMPLOYEE INFORMATION

P&P Hardware believes the privacy of its employees is of paramount importance. The Company will take all appropriate steps to ensure medical and personal information obtained pursuant to this policy shall be held confidential. Such information will be disseminated only to authorized personnel on a "need to know" basis.

An employee or applicant may request and receive from P&P Hardware test results report copies on any drug or alcohol test connected directly to the employee or applicant.

ALCOHOL AND COMPANY RELATED FUNCTIONS

On occasion, managerial and executive staff may entertain during work hours or after work hours as representatives of the company. These occasions may include lunches, dinners and business conferences. On any such occasion, only the moderate and limited use of alcoholic beverages is acceptable. The Company does not require employees to consume alcohol at these functions; it is up to the discretion of the employee. Managers and executives are expected to remain responsible, professional and sober at all times.

An employee should not operate a motor vehicle or otherwise engage in any hazardous activity if alcohol is consumed.

EMERGENCIES

In case of armed robbery, earthquake, medical, severe weather, fire, or other safety emergencies during normal working hours, employees should call 9-1-1, then immediately notify their supervisor / manager. When an emergency arises, **be calm; walk, do not run!** Always direct and meet the emergency vehicle at the facility.

ARMED ROBBERY

There are generally two types of armed robbery; professional and non-professional. The professional robber will generally be someone organized, having thought through the robbery in advance, will get in and out quickly and be sure of themselves. The professional robber will convince you that they are armed and may not show you a weapon. This type of robber has staked out the business and know where the safe is, who has keys / codes, and when deposits are made.

The non-professional robber will generally be someone who is very nervous and usually disorganized. The non-professional robber may have a weapon. This is a potentially dangerous situation due to the inexperience and emotional state of the thief.

P&P Hardware requires all employees to assume the statements made by the robber are true. If they claim to have a weapon then accept it as fact. Below are suggested steps to take during an armed robbery:

- **Keep it short.** The average robbery is less than two minutes.
- **Do exactly what the robber demands.** The longer the robbery takes the higher the risk of injury.
- **Advise the robber of surprises.** Let them know if there are employees in back rooms or restrooms, for example.
- **Be observant.** Try to get a good description of the robber. Note physical characteristics such as height, weight, hair color, skin color, scars, tattoos, etc. as well as the type and color of clothing.
- **Hands off.** Avoid touching anything the robber has touched.
- **Keep the cash loss confidential.** All employees are forbidden, under any circumstances, from discussing the amount of money taken or left in the business by the robber with anyone except the police and management.

EARTHQUAKE

Drop, Cover and Hold On. Minimize movements to a few steps to a nearby safe place and if indoors, stay there until the shaking has stopped and are sure exiting is safe.

IF INDOORS

DROP to your hands and knees.

COVER your head and neck with your arms. This position protects you from falling and provides some protection for vital organs. Because moving can put you in danger from the debris in your path, only move if you need to get away from the danger of falling objects. If you can move safely, crawl for additional cover under a sturdy desk or table. If there is low furniture, or an interior wall or corner nearby and the path is clear, these may also provide some additional cover. Stay away from glass, windows, outside doors and walls, and anything that could fall, such as lighting fixtures or furniture.

HOLD ON to any sturdy shelter until the shaking stops.

- Stay away from glass, windows, outside doors and walls, and anything that could fall, such as lighting fixtures or furniture.
- **DO NOT** get in a doorway as this does not provide protection from falling or flying objects and likely will not be able to remain standing.
- Stay inside until the shaking stops and it is safe to go outside. Do not exit a building during the shaking. Research has shown that most injuries occur when people inside buildings attempt to move to a different location inside the building or try to leave.
- **DO NOT** use the elevators.
- Be aware that the electricity may go out or the sprinkler systems or fire alarms may turn on.

IF OUTDOORS

- If possible, move away from buildings, streetlights, and utility wires.
- Once in the open, Drop, Cover, and Hold On. **STAY THERE** until the shaking stops. This might not be possible in some circumstances, if necessary duck inside a building to avoid falling debris.

MEDICAL

P&P Hardware will make every effort to ensure the workplace is safe and healthy for all employees. In the event of a medical emergency such as chest pains, loss of consciousness, fall from a height, uncontrolled bleeding, etc. employees are to follow the priorities listed below:

1. 1st Priority – **CALL 9-1-1** immediately for emergency services.
2. 2nd Priority – **STAY WITH THE PERSON**. At least one employee, either the supervisor / manager or someone designated by them, should stay with the injured person. The employee should render what help they can while avoiding contact with bodily fluids.
3. 3rd Priority – **ASSIGN A GREETER**. One person should be directed to await the arrival of emergency personnel at the entrance to the business and direct them to the injured person.
4. 4th Priority – **CONTACT HUMAN RESOURCES**. The Human Resource Manager will attempt to contact the employee's designated emergency contact person.

Here are ways to assist in a medical emergency:

- Identify and/or remove any dangers to the safety of the victim or others in the vicinity. **DO NOT** move the victim unless their life is endangered by their current location.
- Attend to the victim as needed / able until someone more qualified can take over (this may just be talking to them reassuringly or holding their hand). If conscious ask for permission before giving care.
- Take note of specifics (who was involved, what happened, when did it occur, where did it occur). This information may be needed by EMS, first responders, or HR.
- Reduce unnecessary employee and customer traffic around the area.

An incident report must be completed within 48 hours by the employee's supervisor / manager. Statements should be obtained by others involved and witnesses to include with the incident report.

SEVERE WEATHER

There are numerous types of severe weather which could affect the business. Depending upon how this weather is impacting business and customers as well as staff, the supervisor / manager may decide to close early.

SMOKE OR FIRE

Heat and smoke from fire can be more dangerous than the flames. Inhaling the super-hot air can sear your lungs. Fire produces poisonous gases that make you disoriented and drowsy. Instead of being awakened by a fire, you may fall into a deeper sleep. Asphyxiation is the leading cause of fire deaths, exceeding burns by a three-to-one ratio.

Personal safety and discretion should be considered before attempting to extinguish any fire. Fire extinguishers are located throughout the building and employees should acquaint themselves with their locations and operations. Once the fire has reached a point beyond consideration of putting it out with an extinguisher, employees should evacuate. Remember:

- Smoke is toxic. If it is necessary to escape through smoke, get low and go under the smoke to the way out.
- Crawl low under any smoke to the exit - heavy smoke and poisonous gases collect first along the ceiling.
- Before opening a door, feel the doorknob and door. If either is hot, leave the door closed and use another way out.
- If there is smoke coming around the door, leave the door closed and use another way out.
- When opening a door, do so slowly. Be ready to shut it quickly if heavy smoke or fire is present.
- If it is impossible to get to someone needing assistance, leave the business and call 9-1-1 or the fire department. Tell the emergency operator where the person is located.
- If escape isn't possible then close the door, cover vents, and cracks around doors with cloth or tape to keep smoke out. Call 9-1-1 or the fire department.
- If clothes catch fire, stop, drop, and roll – stop immediately, drop to the ground, and cover the face with hands. Roll over and over or back and forth until the fire is out. Use cool water to treat the burn immediately for 3 to 5 minutes. Cover with a clean, dry cloth. Get medical help right away by calling 9-1-1 or the fire department.

P&P Hardware may schedule emergency drills from time to time for employee safety.

It is important for employees to make sure employment records reflect current contact information so that in the event of an emergency they or their family can be reached.

HEALTH EXAMINATIONS

P&P Hardware reserves the right to require an employee to participate in a health examination to determine the employee's fitness to perform his / her essential job functions. All such health exams shall be paid for by the company.

SECURITY

Maintaining the security of P&P Hardware is every employee's responsibility. Develop good habits ensuring security as a matter of course. For example:

- Know the location of all alarms and fire extinguishers, and familiarize yourself with the proper procedure for using them should the need arise.
- When leaving company premises, make sure all entrances, vehicles, tools, equipment, etc. are properly locked and secured.
- Avoid blocking any exits with hazardous materials or conditions, etc.

Depending on your given position, P&P Hardware may require you have access to the store safe and building to fulfill your job requirements. Once your security code is given, it is imperative that only you access what's needed and

that the secrecy of your code is kept. If an employee breaks this confidentiality agreement, it is punishable by termination.

SMOKE-FREE WORKPLACE

It is the policy of P&P Hardware to prohibit smoking on all company premises in order to provide and maintain a safe and healthy work environment for all employees. According to the Surgeon General of the United States there is clear evidence that establishes the dangers of smoking for the smoker as well as the harmful effects of secondhand smoke. The law defines smoking as the "act of lighting, smoking, or carrying a lighted or smoldering cigar, cigarette or pipe of any kind". In view of this risk, all employees and visitors who smoke are expected to be considerate of non-smokers.

The smoke-free workplace policy applies to:

- All areas of company buildings.
- All company-sponsored off-site conferences and meetings.
- All vehicles owned or leased by the company.
- All visitors (customers and vendors) to the company premises.
- All contractors and consultants and / or their employees working on the company premises.

Employees who violate the smoking policy will be subject to disciplinary action up to and including immediate discharge.

WORK-RELATED ACCIDENTS AND INJURIES

REPORTING ACCIDENTS & INJURIES

Employees are to report all on-the-job accidents, injuries, or illnesses –no matter how slight– to their supervisor / manager immediately or no later than the end of their shift. Failure to follow this procedure may affect the employee's right to workers' compensation benefits and subject them to disciplinary action up to and including termination. The following are examples of must be reported:

- Personal injuries to employees, contractors, customers, and vendors
- Property damage
- Product damage
- Any accident or near miss that you have observed

In the event that someone becomes injured or ill at work, the supervisor / manager will provide assistance and ensure that proper care is provided. The supervisor / manager will assist in arranging for first aid treatment or necessary transportation. In the event of a serious injury accident, the supervisor / manager will assist in notifying emergency medical services.

In the event that an employee suffers a workplace injury or illness that requires immediate medical attention and the symptoms did not appear until after work hours (e.g. flash burns to the eyes), they must report the injury as

soon as possible following treatment. Failure to follow this procedure may affect the employee's right to workers' compensation benefits and subject them to disciplinary action up to and including termination.

When employees are unable to complete their shift because of a workplace injury or illness, only a supervisor / manager can excuse them from work. All employees who require medical care resulting from a workplace injury or illness, except in the case of emergency treatment, must obtain a Treatment Authorization Form from their supervisor / manager.

All employees returning to work following treatment for a workplace injury or illness must present a Return-to-Work Slip, signed by the treatment provider. This slip must stipulate any and all restrictions imposed on the employee by the physician. Any employee attempting to return to work without a signed Return-to-Work Slip will be referred back to his or her treatment provider and the company may consider time away from work as unexcused.

Federal law ("OSHA") requires P&P Hardware to keep records of all illnesses and accidents that occur during the workday. OSHA also provides for the right to know about any health hazards which might be present on the job. All employees are encouraged to contact their supervisor / manager if you have questions or concerns.

TIME OFF FOR TREATMENT AND RECOVERY

Employees injured at work will receive regular wages for any time lost to obtain medical attention on the day of their accident. The injured employee will receive wages as if he or she completed the regularly scheduled shift.

The company requires all employees excused from work as the result of an industrial injury or illness to maintain daily contact by phone and in person weekly with their supervisor / manager and / or the Human Resource Manager unless other arrangements have been agreed upon. Failure to follow this procedure may subject employees to disciplinary action up to and including termination.

All employees off work as the result of an industrial injury or illness must supply their supervisor / manager with a current phone number and an address where they will be during treatment. This can be done through the HRIS system.

EARLY RETURN TO WORK—TRANSITIONAL, MODIFIED, OR ALTERNATE DUTY

Whenever possible, the company will provide temporary transitional, modified, or alternate work to qualified employees who have sustained an industrial injury or illness. Transitional, modified, or alternate work may be limited to thirty (30) days or until the injured or ill employees receive a full-duty release returning them to their usual and customary jobs. If, at the end of thirty (30) days, the employee has not returned to regular duty, the company will re-evaluate the case. Following the evaluation, the company may extend the offer of temporary transitional, modified, or alternate work for two (2) weeks at a time for a period not to exceed an additional thirty (30) days.

Employees released to temporary transitional, modified, or alternate work must report to work for their next regularly scheduled shift. In addition, employees must provide their supervisor / manager with their temporary transitional, modified, or alternate duty release forms, including detailed work restrictions.

Once the physician releases an employee to an available position within the employee's restrictions, the employee must abide by the physicians' restrictions and to follow through on necessary medical treatment.

Employees must notify their supervisor / manager and the Human Resource Manager if they are using any prescription drugs that may jeopardize job performance or safety. It is not necessary, however, that the employee specify the exact drug an employee is taking or why, but only that the employee can safely work.

Employees must notify their supervisor / manager if they notice an increase in pain or disability or if they have any problems performing their job.

The company encourages employees to schedule any needed follow-up medical care during non-work hours. Employees must give adequate notice to their supervisor / manager to be relieved from work for doctors' appointments.

COMPENSATION & PERFORMANCE

ATTENDANCE POLICY

P&P Hardware expects all employees to be on time, at work, and ready to work a full shift as a condition of hire and continued employment. Absenteeism, early departures, and late arrivals burden fellow employees. While it is recognized that it may be necessary for occasional absences, it is important that they be kept to a minimum.

Personal affairs and obligations are to be taken care of at a time other than during working hours. However, if it is necessary to be off for personal convenience, prior approval must be received from an immediate supervisor / manager. In reviewing that request, he or she will take into consideration the operating needs of his or her department.

CALL-IN REQUIREMENTS

Employees must personally notify their supervisor / manager a minimum of two (2) hours before the start of a scheduled shift if they will be absent from work for any reason; unless an unforeseeable event or an emergency prevents them from giving advance notice. In the case of an unforeseeable event or emergency, the employee must personally notify their supervisor / manager within two (2) hours after the event or emergency. Notice of the employee's absence from a spouse, parent, or other person is **NOT ACCEPTABLE**, unless an emergency prevents the employee from personally contacting their supervisor / manager.

When contacting the supervisor / manager, the employee must state why they are unable to attend work and must leave a phone number where they can be reached. Notifying the company of an absence or tardiness does not excuse the absence or tardiness. Upon request, they must furnish proof satisfactory to the company to substantiate the reason for absence or tardiness. Any employee who knowingly falsifies information relating to their absence will be disciplined. Incarceration for any alleged criminal or civil law violation is not a valid excuse for not following this call in policy.

Failure to call in violates the call-in policy and will lead to disciplinary action up to and including discharge. Failure to either call in or report to work for three (3) consecutive work days will mean immediate termination.

DOCTOR'S RELEASE AND STATUS REPORTS

A doctor's release may be required after any illness but the release will be required following an injury or illness resulting in three (3) or more consecutive days' absence. This release must verify that the employee is able to return to work.

If off work due to an injury or illness, the employee is required to contact their supervisor / manager once each week to report the status of the ailment and anticipated return-to-work date. This reporting requirement is the same for both on the job and off the job injuries and illnesses.

P&P Hardware may grant reasonable accommodation in complying with these policies to individuals with disabilities if it does not cause undue hardship to the company's operations or cause a direct threat to health and safety.

REGULAR ATTENDANCE AND PROMPTNESS ARE CONSIDERED PART OF EACH EMPLOYEE'S ESSENTIAL JOB FUNCTIONS.

EXCESSIVE ABSENTEEISM OR LATENESS

Excessive absenteeism or tardiness may lead to disciplinary action, up to and including termination of employment. Other continuing patterns of absences, early departures or tardiness, regardless of the exact number of days, may warrant disciplinary action. The company will consider record of tardiness, unexcused absences, excessive excused absences, suspensions, personal days off, leave of absence (except when provided according to state and federal law) and nonindustrial sickness or injury resulting in time missed.

In general, three (3) unexcused absences in a year will be considered excessive, and the reasons for the absences may come under question. Tardiness or leaving early is as detrimental to P&P Hardware as an absence. Three events of tardiness in a 90-day period are considered a "tardiness pattern" and carry the same weight as an absence. Other factors, like the degree of lateness, may be considered.

If an employee leaves his/her post without notifying management, they are forfeiting their employment with P&P Hardware.

WORK SCHEDULE

Schedules are posted Sunday – Saturday which corresponds to the company's work week calendar.

Schedules of daily work hours will be posted in the employee break room, at least two (2) weeks ahead of time. Employees will be notified promptly whenever a change is necessary. Should there be any questions concerning the work schedule employees should consult their supervisor / manager.

HOLIDAY HOURS

For each entity within the P&P Hardware umbrella there are slightly different rules regarding holiday hours. Please refer to the section "Holidays" under Paid Time Off (PTO) in this handbook.

BREAKS / REST PERIODS

The company provides one (1) 15-minute rest break for every four (4) hours worked each day. Normally these rest breaks will be scheduled in mid-morning and mid-afternoon. These will be determined by the supervisor / manager. Always be sure to return to work on time at the end of any break.

While on a 15-minute break, employees are required to stay on company premises. In the unlikely event of an emergency or unusual condition, the supervisor / manager may require the break period be changed or postponed.

LACTATION BREAKS

The company will provide a reasonable amount of break time to accommodate a female employee's need to express breast milk for the employee's infant child. If possible, the break time should be taken concurrently with other break periods already provided. The company will also make a reasonable effort to provide the employee with the use of a room, or other location in close proximity to the employee's work area, for the employee to express milk in private.

Employees should notify their immediate supervisor / manager if they are requesting time to express breast milk under this policy. The company does, however, reserve the right to deny an employee's request for a lactation break if the additional break time will seriously disrupt operations.

LUNCH PERIOD

Employees who work longer than five (5) hours, will be given an unpaid duty-free lunch period of at least thirty (30) minutes, but a maximum of forty-five (45) minutes. The time when lunch periods are scheduled varies among departments, depending on the needs of each. Supervisors / Managers will determine lunch period schedules.

Everyone is expected to take their full allotted time for lunch. Nobody is allowed to perform any work during their regularly scheduled lunch period, unless specifically requested to do so by their supervisor / manager. In that event, their lunch will be rescheduled. Under no circumstance can an employee who has already worked five and one-half (5 ½) consecutive hours not take a thirty-minute duty-free meal period by the sixth hour worked.

Employees are allowed to leave the premises during lunch periods, however, they must record the time or clock in and out. It is important to return to work on time at the end of a lunch period.

TIME RECORDS

Non-exempt employees are required to record their "punches" via the time record system used by P&P Hardware. Each employee is given an Employee ID number upon hire. This number corresponds to the clocking in and out function within the time record system.

No employee may clock in another employee. All work must be recorded accurately on his / her time record daily. Any employee who fails to clock in or out at the prescribed times and neglects to complete their daily punches more than two (2) times per pay period will be subject to disciplinary actions.

GENERAL PAY INFORMATION

PAY CYCLE

There are twenty-four (24) pay periods in a year. A work week, for pay and overtime purposes, extends from 12:00 a.m. on Sunday to 11:59 p.m. the following Saturday. Our pay period is twice monthly on the 5th and 20th of each month. If the 5th or the 20th falls on a weekend, all employees will be compensated the Friday before that weekend. The checks are normally available by the afternoon. Paychecks will be for the payroll period immediately prior to payday. (1st of the month thru the 15th will be compensated on the 20th and the 16th thru the last day of the month will be compensated on the 5th.)

PAYCHECK DISTRIBUTION

Paychecks / stubs are distributed directly to employees on payday. Paychecks will NOT be mailed, unless prior arrangements have been made. If an employee is absent on payday, they may have someone pick up their check on payday by authorizing a specific individual in writing to do so. This person must sign for the check and provide picture identification such as a driver's license for identity verification.

A regular employee who may be home for a week or two on a rotating shift, vacation, leave, etc., should call the office on Monday to make arrangements to pick up his/her paycheck.

PAYCHECK CASHING

EMPLOYEE PAYCHECKS MAY NOT BE CASHED AT ACE HARDWARE, P&P UNIFORMS, OR THE CORPORATE OFFICE. It is company policy not to cash an employee's paycheck.

DUPLICATE PAYCHECKS

Employees requesting duplicate paychecks to be issued for lost or stolen paychecks will be charged the current "Stop-Pay" fee as charged by the bank. This fee must be paid to P&P Hardware before the duplicate check will be issued or it will be deducted from the duplicate check.

PAYROLL ADVANCES AND PERSONAL LOANS

P&P Hardware does allow for payroll advances and loans for the purchasing of dress code approved items. Employees are encouraged to inquire with their supervisor / manager regarding these terms. All other advances and loans are at the sole discretion of the company.

We do not release payroll checks to anyone other than the employee, except with the written authorization from the employee. P&P Hardware is required by law to make deductions from paychecks for federal and state withholding taxes, and Social Security taxes (FICA) as well as any court ordered deductions.

WAGE & SALARY POLICIES

P&P Hardware has a competitive wage and benefit policy within the retail industry. All wage payments are made by check or direct deposit (electronic funds transfer); the pay stub reports the amount of gross pay, itemized deductions made and net pay.

DEDUCTIONS FROM PAYCHECK (MANDATORY)

P&P Hardware, like all employers, is required by law to make certain deductions from employee paychecks. Among these are income taxes, Social Security, and Medicare. Changes in name, address, telephone number, marital status, or number of exemptions must be reported via the HRIS or to the Human Resource Manager immediately, to ensure proper credit for tax purposes.

Any other mandatory deductions made from employee paychecks, such as court-ordered attachments, will be explained whenever the company is ordered to make such deductions.

DEDUCTIONS FROM PAYCHECK (OTHER)

Employees enrolled in P&P Hardware benefit plan(s) will have the amount detailed in the plan(s) for premiums deducted from their pay each payday.

Any remaining balance on an employee's Charge Account will be deducted from their final paycheck.

ERROR IN PAY

Every effort is made to avoid errors on paychecks but in the event one is made employees must notify their supervisor / manager immediately. The manager will take the steps to research the problem and ensure necessary corrections are made for the next pay period.

OVERTIME PAY

Occasionally, employees may be asked to perform overtime work. The Supervisor / Manager must approve all overtime in advance. When it is necessary to work overtime, employees are expected to cooperate as a condition of employment. There are two types of overtime work:

- **Scheduled Overtime:** Scheduled overtime work is announced in advance. This type of overtime becomes part of the required workweek. If an employee needs to be excused from performing scheduled overtime, they must speak with their supervisor / manager. The supervisor / manager will consider the situation and the requirements of the department or operation when deciding whether or not to excuse the employee from performing the scheduled overtime.
- **Incidental Overtime:** Incidental overtime is not scheduled but becomes necessary in response to extenuating circumstances. Incidental overtime may become necessary when an illness or emergency keeps co-workers from being at work, as anticipated. The opportunity to perform incidental overtime is normally given first to employees who usually perform the task. If that employee cannot perform overtime, the supervisor / manager will offer overtime to a suitably qualified person available to perform overtime.

OVERTIME PREMIUM

The company pays an overtime premium at the rate of one and one-half (1½) times a non-exempt employee's straight-time rate of pay for the time actually worked in excess of eight (8) hours in a single workday and any work in excess of forty (40) hours per work week. Only an hour actually worked and paid at the employee's straight-time

non-exempt wage rate is counted in applying this pay premium. Employees should consult the Human Resource Manager if they have any questions.

Should an employee take a vacation day, a personal day during a workweek, or when a paid holiday falls in a workweek, those day(s) do not count as part of the 40 hours worked for the purpose of determining overtime hours.

PERFORMANCE – WHAT IS EXPECTED?

Employees are expected to perform to the requirements of their position. While specific requirements will vary, they will be explained within each job description. Some general expectations would be, for all P&P Hardware employees to provide good customer service, keep company equipment well-maintained & in good working condition, maintain a neat & clean work area, be effective “salespeople” of all company services, and be productive during all working hours.

While mistakes are made by everyone, it is the belief of P&P Hardware that errors can and will be eliminated through conscientious efforts on the part of everyone to do their best; admit the mistake and focus on improvement. It is the failure to comply with this expectation that most often leads to disciplinary action.

CUSTOMER RELATIONS

P&P Hardware grew out of the ACE Hardware ethos and as a result places customer service as everyone’s number one priority. The customers are the basis for business and thus everyone must be committed and passionate about servicing their expectations.

The success of P&P Hardware depends upon the quality of the relationships between the company, her employees, and customers. Customer impressions of the company and their interest and willingness to make purchases or use her services are greatly influenced by the people who serve them. Each employee is an ambassador for the company. The more goodwill an employee promotes, the more the customers will respect and appreciate the company and its products and services.

Here are several suggestions to help give customers and the general public a good impression of P&P Hardware:

- Act professionally and deal with customers in a courteous and respectful manner.
- Avoid offensive language and / or implications.
- Communicate pleasantly and respectfully with coworkers at all times.
- Follow up on orders and questions promptly, provide businesslike replies to inquiries and requests, and perform all duties in an orderly manner.
- Take great pride in the work.
- Maintain a neat appearance in dress and grooming.

These are the building blocks for continued success and will help make the company successful.

PERFORMANCE REVIEWS

Your supervisor / manager is continuously evaluating your job performance. Day-to-day interaction between you and your supervisor / manager should give you a sense of how they perceive your performance. However, to avoid

any misconceptions, P&P Hardware will conduct a formal review once each year. Additional evaluations may be conducted at any time at the discretion of your supervisor / manager.

All employees are reviewed during these review periods regardless of anniversary dates. New employees are reviewed at least once during their 90-day Introductory Period. A review may also be conducted in the event of a promotion or change in duties and responsibilities or at the request of any supervisor / manager.

During performance evaluations, supervisors / managers consider the following things, among others:

- Attendance, initiative, and effort
- Knowledge of your work
- Attitude and willingness to work
- Quality and quantity of your work
- Work habits
- Adherence to the policies in the Company Employee Handbook and the duties and responsibilities stated in their job description
- Records of performing work safely without injury to oneself, fellow workers other people or damage to property.

The primary reason for performance reviews (evaluations) is to identify your strengths and areas of improvement, to reinforce your good habits, and to develop ways for you to improve. This review also serves to make you aware of, and to document, how your job performance compares to P&P Hardware goals and the description of your position. This is a good time to discuss your interests and future goals. Your supervisor / manager is interested in helping you progress and grow to achieve personal and work-related goals.

In addition to individual job performance reviews, the company periodically conducts a review of position descriptions to ensure awareness of any changes in duties and responsibilities of each position.

SENIORITY

Layoffs and promotions will not be based on seniority. These decisions will be made solely on an individual's skills, abilities, evaluations, attitude, and job performance. Seniority will only be used as a basis for benefits if all other circumstances are equal.

HOLIDAYS, VACATIONS, & LEAVE

In the interest of morale, health, and efficiency, it is the desire of P&P Hardware that all employees take advantage of holidays, vacations, and leave to rest and recuperate. This period is important for both the body and mind. What follows is an outline of paid and unpaid leave with the company as well as eligibility.

PAID TIME OFF (PTO)

Each full time, exempt and nonexempt employee will be provided with a Paid Time Off (PTO) account. This is an account that holds all stated benefits and will roll over from year to year until it reaches the maximum, which is two-hundred (200) hours. This account can be viewed and managed within each employee's HRIS account.

Requests for PTO of three (3) consecutive days or fewer must be made to the employee's supervisor / manager at least two (2) weeks in advance. Requests of four (4) consecutive days and up will require at least a month's notice.

In this context "consecutive days" is meant to be adjoining days wherein the employee is available to work. All employees are considered available to work whenever the business is open regardless of the employee's personal agreement with management. Therefore, regardless of whether the employee is "normally" scheduled to work, if the business is open and the employee is requesting PTO for consecutive days beyond three, they must give a month's notice.

ALL TIME OFF REQUESTS ARE AT THE DISCRETION OF MANAGEMENT.

HOLIDAYS

The following paid holidays are recognized by P&P Hardware and will be given to our full-time, exempt and non-exempt employees. P&P Hardware corporate offices will be closed all seven (7) listed days.

- **New Year's Day (Jan. 1)**
- Easter (March/April)
- Memorial Day (May)
- Independence Day (July 4th)
- Labor Day (Sept.)
- **Thanksgiving Day (Nov.)**
- **Christmas Day (Dec. 25)**

The ACE Hardware retail stores will be closed on those holidays listed in **bold**; the P&P Uniforms stores will be closed on those holidays underlined. The retail stores will be open and operating under normal business hours otherwise. The only exception will be Independence Day in which the retail stores will observe Sunday hours.

In addition to the recognized holidays above, the following non-paid holidays will have a special observance by P&P Hardware. Corporate offices will be closed while all ACE Hardware and P&P Uniforms locations will observe Sunday business hours.

- New Year's Eve
- Christmas Eve
- Designated Company Event Days (i.e. Holiday Party)

EMPLOYEE HOLIDAY PAY

Nonexempt and exempt employees, who have completed ninety (90) days of continuous service and have been categorized as full time, will be eligible for paid holidays. Exempt employees as well as nonexempt corporate employees will be eligible for paid holidays in the form of a "floating" holiday. These employees will be able to use the "floating" day off whenever they have approval to do so.

In order to receive this benefit, an employee must work their scheduled shift immediately before and after the announced holiday. If an employee calls out or uses leave prior to a holiday then they will not receive the holiday pay.

Once holiday compensation is granted it is not necessary to request that time be paid. Holiday pay will automatically be represented on the appropriate paycheck.

VACATIONS

Vacation is a time for our full time employees to rest, relax, and pursue personal interests. P&P Hardware provides a paid vacation as one of the many ways we show our appreciation for your loyalty and continued service.

YEARS OF SERVICE	VACATION ALLOWANCE
1 st – 3 rd Year	40 – Straight Time Hours
4 th – 6 th Year	80 – Straight Time Hours
7 th – 12 th Year	120 – Straight Time Hours
13 th Year+	160 – Straight Time Hours

Exempt and non-exempt employees will be eligible for 40, 80, 120, or 160 straight-time hours of vacation on your hire date of the calendar year within which you celebrate the appropriate anniversary as noted in the above schedule.

The vacation year is defined as the twelve (12) month period beginning with your date of hire.

Vacation approvals during high volume sales periods such as between Thanksgiving and Christmas will be severely limited. If too many employees request vacation at the same time, first choice will be given to exempt employees with the longest service on a first come first serve basis.

An employee will not receive additional vacation time off due to illness or disability occurring while on vacation.

Total Leave(s) of Absence, time away from work for a non-work related medical reason, in excess of six (6) weeks during the calendar year (12 weeks for a work related LOA(s)), will reduce an employee's vacation benefit for the following calendar year, on a pro rata basis.

All vacation times are subject to company approval. The scheduling of vacations is at the discretion of the Company in accordance with the needs of the business. No vacation advances are permitted. If you do not have the time accumulated, your pay will be docked.

Vacation / PTO requests must be completed, via the HRIS system, and submitted to the employee's immediate manager at least fourteen (14) days prior to the desired vacation start date.

An employee may not receive more than forty (40) hours a week. The forty (40) hour week may consist of hours worked, vacation and/or sick leave, however, the total amount may not total over forty (40) hours in a week. The only exception to this rule is if an employee were to work on a holiday and receive holiday pay. The employee would

be able to collect their stated amount of hours for that week, and still be able to receive holiday pay even if that amount exceeds forty (40) hours for that week.

If an employee accrued overtime on a single day of that week they would be paid the overtime rate for that time but the total hours for the week would still not exceed forty (40) unless holiday pay was received.

SICK LEAVE

Every employee, exempt and non-exempt, who works a minimum of thirty (30) hours per year will receive three (3) days of sick time, upon the completion of their ninety (90) day probation period. After the first year, the employee will receive three (3) sick days on January 1st. Sick days do not roll over year to year.

BEREAVEMENT (FUNERAL) LEAVE

P&P Hardware provides employees with three (3) days off for the Bereavement of an immediate family member (father, mother, spouse, child, brother or sister). Requests for Bereavement leave must be made via the HRIS system. If additional Bereavement leave is needed, a request for the additional paid time beyond three (3) days must be in writing and is at the sole discretion of the company for approval.

These days must be consecutive and only cover scheduled days. Meaning, only the first three (3) days following the need for bereavement are available to be paid and require the employee to have already been scheduled to work all of those days.

UNPAID LEAVES OF ABSENCE

Occasionally, for medical, personal, or other reasons, an employee may need to be temporarily released from job duties with P&P Hardware, but may not wish to submit their resignation. Under certain circumstances, an employee may be eligible for an unpaid leave of absence. There are several types of unpaid leaves for which someone may be eligible.

FAMILY AND MEDICAL LEAVE ACT

Upon hire, P&P Hardware provides all new employees with notices required by the U.S. Department of Labor (DOL) on Employee Rights and Responsibilities under the Family and Medical Act.

The function of this policy is to provide employees with a general description of their FMLA rights. In the event of any conflict between this policy and the applicable law, employees will be afforded all rights required by law.

If you have any questions, concerns or disputes with this policy, you must contact the Human Resource Manager in writing.

GENERAL PROVISIONS

Under this policy, P&P Hardware will grant up to twelve (12) weeks (or up to twenty-six [26] weeks of military caregiver leave to care for a covered service member with a serious injury or illness) during a 12-month period to

eligible employees. The leave may be paid, unpaid, or a combination of paid and unpaid leave, depending on the circumstances of the leave and as specified in this policy.

ELIGIBILITY

To qualify to take family or medical leave under this policy, the employee must meet the following conditions:

- The employee must have worked for the company for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. Separate periods of employment will be counted, provided that the break in service does not exceed seven years. Separate periods of employment will be counted if the break in service exceeds seven years due to National Guard or Reserve military service obligations or when there is a written agreement, including a collective bargaining agreement, stating the employer's intention to rehire the employee after the service break. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll for only part of a week or if the employee is on leave during the week.
- The employee must have worked at least 1,250 hours during the 12-month period immediately before the date when the leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave should not be counted in determining the 1,250 hours eligibility test for an employee under FMLA.
- The employee must work in a work site where 50 or more employees are employed by the company within 75 miles of that office or work site. The distance is to be calculated by using available transportation by the most direct route.

TYPE OF LEAVE COVERED

To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

- The birth of a child and in order to care for that child.
- The placement of a child for adoption or foster care and to care for a newly placed child.
- To care for a spouse, child or parent with a serious health condition (Under the FMLA, a "spouse" means a husband or wife as defined under the law in the state where the employee resides, including same-sex marriages in states that legally recognize such civil unions).
- The serious health condition (described below) of the employee.

An employee may take leave because of a serious health condition that makes the employee unable to perform the functions of the employee's position.

A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or as a condition that requires continuing care by a licensed health care provider.

This policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition that would result in a period of three consecutive days of incapacity with the first visit to the health care provider within seven days of the onset of the incapacity and a second visit within

30 days of the incapacity would be considered a serious health condition. For chronic conditions requiring periodic health care visits for treatment, such visits must take place at least twice a year.

Employees with questions about what illnesses are covered under this FMLA policy or under the company's sick leave policy are encouraged to consult with the Human Resource manager.

If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid leave as provided under this policy, the company may designate all or some portion of related leave taken as leave under this policy, to the extent that the earlier leave meets the necessary qualifications.

- Qualifying exigency leave for families of members of the National Guard or Reserves or of a regular component of the Armed Forces when the covered military member is on covered active duty or called to covered active duty.

An employee whose spouse, son, daughter or parent has been notified of an impending call or order to covered active military duty or who is already on covered active duty may take up to 12 weeks of leave for reasons related to or affected by the family member's call-up or service. The qualifying exigency must be one of the following: a) short-notice deployment, b) military events and activities, c) child care and school activities, d) financial and legal arrangements, e) counseling, f) rest and recuperation, g) post-deployment activities, and h) additional activities that arise out of active duty, provided that the employer and employee agree, including agreement on timing and duration of the leave.

Covered active duty means:

- 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 under a provision of law referred to in Title 10 U.S.C. §101(a)(13)(B).

The leave may commence as soon as the individual receives the call-up notice. (Son or daughter for this type of FMLA leave is defined the same as for child for other types of FMLA leave except that the person does not have to be a minor.) This type of leave would be counted toward the employee's 12-week maximum of FMLA leave in a 12-month period.

- Military caregiver leave (also known as covered service member leave) to care for an injured or ill service member or veteran.

An employee whose son, daughter, parent or next of kin is a covered service member may take up to 26 weeks in a single 12-month period to take care of leave to care for that service member.

Next of kin is defined as the closest blood relative of the injured or recovering service member.

The term covered service member means:

- A member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation or therapy or is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness.
- A veteran who is undergoing medical treatment, recuperation or therapy for a serious injury or illness and who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of five years preceding the date on which the veteran undergoes that medical treatment, recuperation or therapy.

The term serious injury or illness means:

- In the case of a member of the Armed Forces (including a member of the National Guard or Reserves), an injury or illness that was incurred by the member in line of duty on active duty in the Armed Forces (or that existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that may render the member medically unfit to perform the duties of the member's office, grade, rank or rating.
- In the case of a veteran who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during a period when the person was a covered service member, a qualifying (as defined by the Secretary of Labor) injury or illness that was incurred by the member in line of duty on active duty in the Armed Forces (or that existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that manifested itself before or after the member became a veteran.

AMOUNT OF LEAVE

An eligible employee may take up to 12 weeks for the first five FMLA circumstances above (under heading "Type of Leave Covered") under this policy during any 12-month period. The company will measure the 12-month period as a rolling 12-month period measured backward from the date an employee uses any leave under this policy. Each time an employee takes leave, the company will compute the amount of leave the employee has taken under this policy in the last 12 months and subtract it from the 12 weeks of available leave, and the balance remaining is the amount of time the employee is entitled to take at that time.

An eligible employee can take up to 26 weeks for the FMLA military caregiver leave circumstance above during a single 12-month period. For this military caregiver leave, the company will measure the 12-month period as a rolling 12-month period measured forward. FMLA leave already taken for other FMLA circumstances will be deducted from the total of 26 weeks available.

If a husband and wife both work for the company and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent (but not a parent "in-law") with a serious health condition, the husband and wife may only take a combined total of 12 weeks of leave. If a husband and wife both work for the company and each wishes to take leave to care for a covered injured or ill service member, the husband and wife may only take a combined total of 26 weeks of leave.

EMPLOYEE STATUS AND BENEFITS DURING LEAVE

While an employee is on leave, the company will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work.

EMPLOYEE STATUS AFTER LEAVE

An employee who takes leave under this policy may be asked to provide a fitness for duty (FFD) clearance from the health care provider.

LEAVE IS GENERALLY UNPAID

Family/medical leave is generally unpaid. However, accrued vacation and other personal paid time off (except personal leave) may be substituted for unpaid leave for any type of family/medical leave. In addition, accrued personal leave may be substituted for unpaid leave when the family/medical leave is for your own serious health condition, and you may elect to substitute paid personal leave for the care of a family member, or for military caregiver leave, or for any other situation for which paid personal leave is normally available under P&P Hardware policies and procedures or as required by state or federal law. The term "substitute" means that the paid leave will run concurrently with the unpaid FMLA leave.

The use of paid leave for family/medical leaves is, in all circumstances, subject to the terms and conditions contained in P&P Hardware's usual policies and procedures and restrictions applicable to that type of paid leave.

Depending on the circumstances, you may be eligible for other wage-replacement benefits, including short- or long-term disability insurance payments, workers' compensation benefits, State Disability Insurance benefits, or Paid Family Leave (PFL) benefits. Eligible employees participating in the PFL program may receive up to six weeks of partial wage replacement when taking leave from work to bond with a new child or to care for a seriously ill parent, child, spouse, or domestic partner. You will be required to use up to two weeks of accrued, unused vacation time before receiving PFL benefits, one of which shall run concurrently with the one-week waiting period.

Note that neither the substitution of paid leave nor the integration of other wage-replacement benefits for unpaid leave shall extend the maximum family/medical leave period or result in your receiving more than 100% of your salary.

USE OF PAID AND UNPAID LEAVE

All paid vacation, personal and sick leave runs concurrently with FMLA leave.

Disability leave for the birth of a child and for an employee's serious health condition, including workers' compensation leave (to the extent that it qualifies), will be designated as FMLA leave and will run concurrently with FMLA.

INTERMITTENT LEAVE OR A REDUCED WORK SCHEDULE

The employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the workweek or workday, resulting in a reduced-hour schedule. In all cases, the leave may not exceed a total of 12 workweeks (or 26 workweeks to care for an injured or ill service member over a 12-month period).

CERTIFICATION FOR THE EMPLOYEE'S SERIOUS HEALTH CONDITION

The company will require certification for the employee's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

CERTIFICATION FOR THE FAMILY MEMBER'S SERIOUS HEALTH CONDITION

The company will require certification for the family member's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

CERTIFICATION OF QUALIFYING EXIGENCY FOR MILITARY FAMILY LEAVE

The company will require certification of the qualifying exigency for military family leave. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

CERTIFICATION FOR SERIOUS INJURY OR ILLNESS OF COVERED SERVICE MEMBER FOR MILITARY FAMILY LEAVE

The company will require certification for the serious injury or illness of the covered service member. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

MEDICAL AND OTHER BENEFITS DURING FMLA

During an approved family/medical leave, P&P Hardware will maintain your health benefits as if you continued to be actively employed. If paid leave is substituted for unpaid family/medical leave, P&P Hardware will deduct your portion of the health plan premium as a regular payroll deduction. If your leave is unpaid, you must pay your portion of the premium. Your healthcare coverage will cease if your premium payment is more than 30 days late. If your payment is more than 15 days late, we will send you a letter to this effect. If we do not receive your co-payment within 15 days after the date of this letter, your coverage may cease. If you elect not to return to work for at least 30 calendar days at the end of the leave period, you will be required to reimburse P&P Hardware for the cost of the premiums paid by P&P Hardware for maintaining coverage during your unpaid leave, unless you cannot return to work because of a serious health condition or other circumstances beyond your control.

During family/medical leave, you will accrue benefits, such as personal and vacation days, only when paid leave is substituted for unpaid leave and only if you would otherwise be entitled to continuing accruing benefits. The use of family/medical leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

RECERTIFICATION

The company may request recertification for the serious health condition of the employee or the employee's family member when circumstances have changed significantly, or if the employer receives information casting doubt on

the reason given for the absence, or if the employee seeks an extension of his or her leave. Otherwise, the company may request recertification for the serious health condition of the employee or the employee's family member every six months in connection with an FMLA absence.

PROCEDURE FOR REQUESTING FMLA LEAVE

All employees requesting FMLA leave must provide the HR manager with verbal or written notice of the need for the leave. Within five business days after the employee has provided this notice, the HR manager will provide the employee with the DOL Notice of Eligibility and Rights.

When the need for the leave is foreseeable, the employee must provide the employer with at least 30 days' notice. When an employee becomes aware of a need for FMLA leave less than 30 days in advance, the employee must provide notice of the need for the leave either the same day or the next business day. When the need for FMLA leave is not foreseeable, the employee must comply with the company's usual and customary notice and procedural requirements for requesting leave.

DESIGNATION OF FMLA LEAVE

Within five (5) business days after the employee has submitted the appropriate certification form, the Human Resource Manager will provide the employee with a written response to the employee's request for FMLA leave.

INTENT TO RETURN TO WORK FROM FMLA LEAVE

The company may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work.

EMPLOYER RESPONSIBILITIES

P&P Hardware is required to inform employees requesting leave whether they are eligible for family/medical leave. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the notice must provide a reason for the ineligibility.

P&P Hardware must inform employees if leave will be designated as FMLA/CFRA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA/CFRA-protected, the employer must notify the employee.

UNLAWFUL ACTS BY EMPLOYERS

It is unlawful for any employer to: interfere with, restrain, or deny the exercise of any right provided under FMLA/CFRA; or to discharge or discriminate against any person for opposing any practice made unlawful by FMLA/CFRA or for involvement in any proceeding under or relating to FMLA/CFRA.

ENFORCEMENT

An employee may file a complaint with the U.S. Department of Labor or the California Department of Fair Employment and Housing, or may bring a private lawsuit against an employer. FMLA/CFRA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

MILITARY RESERVES LEAVE OF ABSENCE

Employees serving in United States military organizations may take necessary time off, without pay, to fulfill this obligation, and retain all their legal rights for continued employment under existing laws, when they return within the stipulated time frame. Employees may apply accrued vacation time (if any) to the leave if they wish, but are not obliged to do so. You are expected to notify your supervisor / manager as soon as you are aware of the dates you will be on duty so arrangements can be made for replacement, if necessary, during this absence.

JURY DUTY

It is your civic duty as a citizen to report for jury duty whenever called. If you are called for jury duty, you will be granted the necessary time off. You **must** present a statement of jury service to your supervisor / manager upon completion of your service. This document is issued by the Court. You must notify your supervisor / manager within forty-eight (48) hours of receipt of the jury summons. P&P Hardware will grant an employee time off for mandatory jury duty. It is at the discretion of the company whether or not jury duty will be paid or unpaid leave.

ELECTION DAY

We encourage you to exercise your voting privileges in local, state, and national elections. However, since the polls are open for long periods, you are encouraged to vote before or after regular working hours. Although taking time off to vote is generally without pay, if you do not have sufficient time outside of working hours to vote at a statewide election, you may take up to two (2) hours of working time off to vote. The time off for voting shall be only at the beginning or end of the regular working shift **AND AT THE DISCRETION OF THE SUPERVISOR / MANAGER**. If you have reason to believe that time off will be necessary to be able to vote on Election Day, you should notify your supervisor / manager at least two (2) working days before Election Day.

PREGNANCY DISABILITY LEAVE

An employee who is disabled from working because of pregnancy, childbirth, or related medical conditions shall be granted, upon request, a leave of absence for up to 4 months during the period of disability. Pregnancy disability leave may consist of leave without pay and/or paid leave.

If an employee on an approved pregnancy disability leave also is eligible for family and medical leave, up to 12 workweeks of pregnancy disability leave shall run concurrently with family and medical leave under Federal law. Upon termination of a pregnancy disability leave that runs concurrently with Federal family and medical leave, an employee is also entitled to up to 12 workweeks of State family and medical leave for any covered reason except pregnancy or related medical conditions.

When medically necessary, an employee may take pregnancy disability leave on a reduced work schedule or on an intermittent basis. The Company may require an employee who is on a reduced work schedule or intermittent leave to temporarily transfer to an alternative position if the alternative position better accommodates the required work schedule than the employee's own position. Leave bank deductions shall be made for any hours or partial hours taken by an exempt employee who elects or is required to substitute paid leave for unpaid pregnancy disability leave taken on an intermittent basis or reduced schedule. An exempt employee who elects or is required to take unpaid

pregnancy disability leave shall not be paid for any hours or partial hours taken on an intermittent basis or reduced schedule.

Whenever possible, an employee shall provide at least 30 days advance notice. If 30 days' notice is not practicable because of a medical emergency, for example, notice shall be given as soon as practicable.

Reinstatement shall be to the same position provided that the employee returns to work within 4 months and immediately following termination of pregnancy disability leave. If the employee would have been laid off or terminated had the employee remained on pay status during the leave period, reinstatement shall be to a similar job at the same location. If a similar position is not available, the employee shall be afforded the same considerations afforded other employees who are laid off or terminated.

EDUCATIONAL LEAVE OF ABSENCE

An educational leave of absence may be approved if the desired curriculum is of mutual benefit to you and P&P Hardware. Apply in the same manner as you would for a personal leave of absence. Whether paid or unpaid is at the sole discretion of the company.

FAMILY SCHOOL PARTNERSHIP LEAVE

We encourage all employees to be involved in the education of their children. Parents, guardians, and grandparents with custody of school age children (K-12) are eligible for up to forty (40) hours of unpaid leave each school year to participate in school-related activities of their children, provided the following criteria are met. You must personally notify your supervisor as soon as you learn of the need for the planned absence. Employees will be denied time off if they do not provide their supervisors with adequate notice. P&P Hardware may require verification of the school-related activity. Employees are requested to schedule individually-scheduled activities, such as parent/teacher conferences, during non-work hours. Employees who request leave for unauthorized purposes will be subject to discipline, up to and including separation of employment.

PERSONAL LEAVE OF ABSENCE

In very special circumstances, P&P Hardware may grant a leave for a personal reason, but never for taking employment elsewhere or going into business for yourself. You should request an unpaid personal leave of absence from your supervisor / manager. A personal leave of absence must not interfere with the operations of your department or P&P Hardware. Your manager will submit your request to the appropriate member of management for final approval.

A personal leave of absence may be granted for up to 30 days. If your leave is extended for more than 30 days, vacation and other benefits will no longer continue to accrue. Consult your group insurance booklet to determine your insurance coverage during a leave of absence. Failure to return from a leave at the time agreed will result in separation of employment.

BENEFITS

In addition to receiving an equitable salary and having an equal opportunity for professional development and advancement, you may be eligible to enjoy other benefits that will enhance your job satisfaction. We are certain that you will agree that the benefits program described in this Handbook represents a very large investment by P&P Hardware.

A good benefits program is a solid investment in P&P Hardware and its employees. It not only insures the loyalty of long-time capable employees, it also helps to attract talented newcomers who can help P&P Hardware grow. P&P Hardware will periodically review the benefits program and will make modifications as appropriate.

We strive to keep our benefit programs balanced, that is, a good mixture of immediate benefits such as health care, vacation, holidays, and merchandise discount as well as long-term benefits such as our 401 (k) plan. Our objective is to keep our overall program competitive, and responsive to employee needs.

Insurance plans and 401(k) plan eligibility as well as the benefits themselves are outlined in more detail in the separate plan materials you will receive as you become eligible for each plan. The actual terms of the insurance policy or plan should be consulted in the event you have a question. The legal policy or plan documents will govern in the event any discrepancy exists between it and the particulars provided in the separate plan materials.

The following is, by design, only a brief, general description of benefits in effect at the time this book was written and therefore, should not be considered as the complete and total information on each benefit. Consult with the Human Resource Manager on any questions you may have regarding benefits.

TRAINING & DEVELOPMENT

Training and development are foundational to the P&P Hardware ethos. All employees are encouraged to seek out educational and skill building opportunities throughout their time with the company. The individuals who rise the quickest within P&P Hardware have always been those that seek out self-improvement opportunities – constantly. Online training sessions and webinars are available 24 hours a day for those interested. Employees are strongly encouraged to take these classes during their off hours in order to improve their knowledge and skills at work.

All exempt and non-exempt employees may be required to attend training programs or development seminars. Such required training will be provided at P&P Hardware expense and on company time. Topics of training may be recommended by the employee's supervisor / manager or selected by the employee and approved by the manager.

Courses or programs considered for the fulfillment of this requirement:

- Must be relevant to the employee's present job or potential promotional opportunities.
- May include job-related training courses offered by vendors, suppliers, or hired consultants for the purpose of learning a new process or operating new equipment.
- May be performed in-house by a hired educator or an officer of P&P Hardware or their designee.

P&P Hardware will reimburse employees in full for any job-related training required by the Company (following approval by the employee's supervisor / manager prior to registration, and upon satisfactory completion of the program). If the training is conducted out-of-town, expenses for travel, meals, and/or lodging will be paid by the

Company. Fees paid by the Company in advance will be paid back to the Company via payroll deduction if the employee does not satisfactorily complete the program.

Training requirements will be determined at three levels: Company, department, and/or individual. Training will be performed either in-house or outside. In-house training includes on-the-job training as well as special training sessions in a more formal classroom environment. Outside training is any external training required where resources are not available within P&P Hardware. Any materials acquired at an outside training session remain Company property.

For all training, there will be some measurement of effectiveness put in place with feedback provided to the trainees. It is the intent of P&P Hardware to provide training for all employees to help them to develop a broader knowledge base and become more valuable employees.

EMPLOYEE CHARGE ACCOUNTS

Once an employee has completed their Introductory Period they may request an Employee Charge Account from the Controller. If approved the employee will have the right to charge store merchandise onto their account up to their approved balance and providing they remain in good standing. Employee Charge Accounts carry minor financing charges if a balance carries over month-to-month.

Only the approved employee and individuals named on the account may charge and use the discounts. Employee names will be added at the time of hire, additional names must be approved by the Controller. No one else will be approved to use this employee benefit and therefore will be breaking company policy by doing so.

If your account is more than ninety (90) days past due, P&P Hardware reserves the right to deduct ten (10) percent, or five (5) dollars, of your account balance from your check until the amount is paid in full. Please see a member of our accounting department for further details.

If your employment is terminated, either voluntary or involuntary, and you have a remaining balance on your employee charge account, your final amount owed will be deducted from your final pay check. Please see our accounting department for answers to any of your questions.

MERCHANDISE DISCOUNT

Upon completion of your ninety (90) day Introductory Period all employees may purchase either from store inventory or directly from a warehouse (non-stocked merchandise) at a discount. Certain low margin items do not receive a discount. Sale merchandise, coupon items, close-outs, and other marked-down items that are already reduced at or below cost will not have any additional discount.

For purpose of obtaining the employee discount an account will be opened in the employee's name. **This is not an open charge account.** Open charge accounts can be applied for separately and only after completion of the ninety (90) day trial period.

Under no circumstance will an employee be able to double discount.

In order to receive the discount the following employee purchase policy must be followed:

- The Employee's account must be in Good Standing as per Company Standards

- The purchase can be made by the approved employee only.
- Merchandise must be for the employee's direct use or that of their housemates only.
- Merchandise can never be purchased for resale.
- All employee purchases are to be recorded at the established price.
- Purchases may only be made on the employee's off-duty time or at the end of their work shift. The sale must be recorded on a store invoice.
- Pricing on any Special Order or "Big Ticket" items will be handled on a case by case basis by the CFO prior to ordering with payment due at time of delivery.

Violation of this policy can result in a suspension up to separation of employment.

No Employee Charge Account will be reinstated without the Controller's approval.

No Employee Charge Account that is delinquent will be overridden at Point of Sale (POS); this will lead to an immediate suspension of both employees.

NON-EXEMPT EMPLOYEES

- Sodas & Candy are discounted from your first day of employment.
- After completion of your Introductory Period, your discount will be 10% off retail (for most non-sale items) through your first year.
- After one (1) year of continuous service, your discount will increase to 20% off retail (for most non-sale items).
- After two (2) years of continuous service, your discount will be equal to cost plus a certain percentage.

EXEMPT EMPLOYEES

- Sodas & Candy are discounted from your first day of employment.
- After completion of your Introductory Period, your discount will be 20% off retail (for most non-sale items) through your first year.
- After one (1) year of continuous service, your discount will be equal to cost plus a certain percentage.

ACE REWARDS PROGRAM

ACE Hardware has a loyalty program called ACE Rewards. Participants of the system are rewarded with points for the money they spend within the store and online. These points are redeemed for coupons and discounts. ACE Hardware employees are encouraged to use the loyalty program and to earn points which they redeem for discounts. However, they may only use the Reward card for their own purchases. Any employee found to be abusing the loyalty program will be terminated.

INSURANCE

MEDICAL, DENTAL AND VISION BENEFITS

Exempt and nonexempt full time employees are eligible to participate in the Company's medical, dental and vision benefit programs effective after ninety (90) days of employment working an average of thirty (30) hours weekly. Employees are eligible to sign up for group insurance coverage at ninety (90) days after the date of hire but coverage will not become effective until the following month after becoming eligible.

The Company pays 50% of the exempt and non-exempt's employee's entire coverage cost. Should the employee elect to cover dependents, the employee is obligated to pay for the entire dependent coverage cost. A summary of the coverage available via these programs and the corresponding premium co-sharing costs will be provided to eligible employees.

For complete information regarding P&P Hardware insurance benefit plans, consult the Human Resource Manager.

COBRA ELECTION

In the event of your separation of employment with P&P Hardware or loss of eligibility to remain covered under our group health insurance program, you and your eligible dependents may have the right to continued coverage under our health insurance program for a limited period of time at your or their own expense.

TERMINATION OF INSURANCE

Your insurance policy will terminate when you cease to be eligible for coverage under the terms of our group insurance program, or when you cease to be employed as a regular employee eligible for insurance per the requirements of the federal law known as COBRA (Consolidated Omnibus Budget Reconciliation Act.) Please see the insurance plan description for more details. The Human Resources Manager can provide details concerning your rights and responsibilities under COBRA.

INSURANCE PREMIUM PAYMENT DURING LEAVES OF ABSENCE

P&P Hardware continues to make payments on behalf of the employee; however, the employee is obligated to pay the normal contribution that was previously agreed upon in order to maintain the coverage. Failure to do so may result in loss of coverage and possible refusal by the insurance carrier to reinstate your coverage.

WORKERS' COMPENSATION

The State of California requires employers carry workers' compensation coverage. This is designed to provide you with benefits for any injury you may suffer in connection with your employment. Under the provisions of the law, if you are injured while at work, you are eligible to apply for workers' compensation. Should you need to file a claim for a job-related injury, speak to your manager immediately so proper claims forms can be completed and filed. You must report your injury within 24 hours or your workers' compensation claim may be denied, and the cost of the medical treatment would be under your medical insurance, if any.

Please note that California law makes it a crime to file a knowingly false or fraudulent claim for Workers' Compensation benefits, or to submit knowingly false or fraudulent information in connection with any Workers' Compensation claim. Violation of this law is punishable by imprisonment of up to five (5) years, a fine of up to

\$50,000 or both. Filing a false or fraudulent workers' compensation claim is also a violation of Company policy, and will result in disciplinary action, up to and including immediate separation of employment.

UNEMPLOYMENT COMPENSATION

P&P Hardware pays a percentage of its payroll to the Unemployment Compensation Fund, according to Company employment history. If you become unemployed, you may be eligible for unemployment compensation, under certain conditions, for a limited period of time. Unemployment compensation provides temporary income for workers who have lost their jobs. To be eligible you must have earned a certain amount over a specified period, and be willing and able to work. You should apply for benefits through your local State Unemployment Office as soon as possible. The Company pays the cost of this insurance.

SOCIAL SECURITY

The United States Government operates a system of contributory insurance known as Social Security. As a wage earner, you are required by law to contribute a set amount of your weekly wages to the trust fund from which benefits are paid. As your employer, P&P Hardware is required to deduct this amount from each paycheck you receive. In addition, the Company matches your contribution dollar for dollar, thereby paying one-half of the cost of your Social Security benefits.

RECEIPT & ACKNOWLEDGMENT OF EMPLOYEE HANDBOOK

This Employee Handbook is an important document intended to help you become acquainted with P&P Hardware. This Handbook will serve as a guide; it is not the final word in all cases. Individual circumstances may call for individual attention.

This Employee Handbook provides information to you, as an employee of P&P Hardware, about certain terms and conditions of your employment. It is not, and should not, be considered an employment contract. Your continued employment, and the conditions of your employment, are solely within the discretion of P&P Hardware and is at will. This handbook summarizes the major policies and programs related to your employment. Additional information about many of these policies and programs is available from the Human Resource Manager of P&P Hardware. Please take advantage of these resources to ensure that you are fully aware of your rights and responsibilities as an employee of P&P Hardware.

While P&P Hardware will make every effort to keep the Employee Handbook current, the information and policies described in this handbook may be changed in any way at any time at the sole discretion of P&P Hardware without notice to you. The most recent version of the Employee Handbook will supersede all previous versions. You are responsible for complying with current P&P Hardware policy at all times.

Read the statements below and sign to indicate your acknowledgment of the P&P Hardware Employee Handbook.

- I have read a copy of the P&P Hardware Employee Handbook. I understand the policies, rules, and benefits described in it are subject to change at the sole discretion of the Company at any time without notice.
- I further understand my employment is terminable at will, either by the Company, or myself regardless of the length of my employment or the granting of benefits of any kind, including but not limited to any benefits, which provide for vesting based upon length of employment.
- I understand no contract of employment other than "at will" has been expressed or implied, and no circumstances arising out of my employment will alter my "at will" employment relationship unless expressed in writing, with the understanding specifically set forth and signed by myself and the President of P&P Hardware.
- I am aware during the course of my employment confidential information may be made available to me, i.e., marketing strategies, customer lists, pricing policies, and other related information. I understand this information is critical to the success of the Company and must not be given out or used outside of the Company premises or with non-Company individuals. In the event of separation of employment, whether voluntary or involuntary, I hereby agree not to utilize or exploit this information with any other individual or Company. I understand it is forbidden to copy this Employee Handbook and it must be returned upon my separation of employment.
- I understand that, should the content of the Employee Handbook be changed in any way, the Company may require an additional signature from me to indicate I am aware of and understand any new policies.
- I understand my signature below indicates I have read and understand the above statements of the P&P Hardware Employee Handbook.

Employee's Printed Name

Employee's Signature