



PAUL MITCHELL® OHIO

dba SoutheasternSalonSuppliers Inc.

PERSONNEL POLICY MANUAL



Policy Manual Revised In Conjunction with
JK Evans & Associates LLC
07/01/09

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WELCOME & COMPANY HISTORY

Welcome to Paul Mitchell Ohio Inc. **Paul Mitchell Ohio...Who We Are!**

Paul Mitchell Ohio, Inc. dba Southeastern Salon Suppliers Inc., was founded in 1981 shortly after Paul Mitchell, the world's premier Hair Artist, also known as The Haircutter's Haircutter and the fashion visionary who changed the way Americans did their hair twice in his lifetime and John Paul DeJoria, business entrepreneur extraordinaire, owner of Patron Tequila and multi billionaire, founded John Paul Mitchell Systems.

Paul Mitchell Ohio Inc. is a business model for John Paul Mitchell Systems. The company adheres strictly to John Paul Mitchell Systems standards of core values, service and Education. Paul Mitchell Ohio Inc. is a Focus, or single line Distributor who sells only Paul Mitchell Professional Haircare Products, provides Nationally Award Winning Education to Professional Salons and Stylists and provides overnight service on product orders to licensed Salons and Stylists only.

Healthy client relationships, efficiency, honesty and transparency are most important to Paul Mitchell Ohio Inc. whose owner, Constance Lang brought to the business from her twenty years of being a salon owner and third generation licensed Hair Professional. "Even though I hear on a regular basis from industry people that you can't make it as a single line distributor, I say look at us, we have Sales Professionals making six figure incomes and we are in double digit gains after twenty eight years! It's all on what you focus!"

The company uses Client Relationship Management to track and maintain relationships and insists on personal contact and support rather than store business or telemarketing. PM Ohio provides well trained and personal Customer Service support on the phone which is always answered by a person. We believe this is imperative in making our clients feel appreciated and supported. Each Salon Service Professional has an internal Sales Assistant to help them in any way.

Every order is packed and shipped the same day it is received with no extra charge. Every salon is offered our Nationally Award Winning education and the company sponsors numerous Educational events year around.

The company is located in Southeastern Ohio right on Interstate 70, a great shipping location centered in their territories of Ohio and West Virginia. All orders are shipped same day the order is received. The company places a high emphasis on overnight service, education and healthy relationships with clients. The company's Mission Statement is "To help our clients reach their full potential with quality education, excellent service and the best products."

Our Vision at Paul Mitchell Ohio, Inc. dba Southeastern Salon Suppliers Inc. is to continue to be a model Distributor for John Paul Mitchell Systems Inc., strictly following all of their guidelines in education, customer support, ethics, philosophic and philanthropic endeavors. PM Ohio will continue to value relationships with clients and help every salon to grow their business, no matter the size or location. Partnering with clients, educating them and providing overnight service at no extra cost will always be our number one goal.

Paul Mitchell Ohio, Inc. will strive to attract the best people as employees and empower every employee to reach their full potential. We strive to continue to offer benefits to all employees such as paid vacations, paid personal days, health insurance and a 401k plan. The company operates efficiently and is transparent in doing so. The company takes great pride in treating

every employee the same as well as clients. No special deals or discounts, everyone is treated equally and the same whether you are an employee or a client.

It is the plan to grow and expand into surrounding states as they become available due to changes in the industry. The company is well funded and debt free.

On behalf of the management staff, we welcome you and hope that your employment relationship with PM Ohio will be a rewarding experience.

Connie Lang
President
Paul Mitchell Ohio Inc.

PAUL MITCHELL[®]

OHIO

dba SoutheasternSalonSuppliers Inc.

OUR MISSION:

"To help our clients reach their full potential with quality education, excellent service and the finest professional products."

OUR VISION:

"Continue to be a model Distributor for John Paul Mitchell Systems Inc. following the highest standards and values that have made us successful. To operate and grow the company in a fiscally sound manner and to treat all employees and customers equally; providing our employees with a positive working environment where they can reach their full potential."

IMPORTANT INFORMATION ABOUT THESE POLICIES

This policy manual was revised and adopted effective **July 1, 2009**. It applies to employees of Paul Mitchell Ohio Inc. dba Southeastern Salon Suppliers Inc. Each employee is provided opportunity to read and understand this policy manual, and is expected to follow these guidelines. Questions regarding any policy should be directed to the CEO or President before acting.

- These policies supersede all previously unwritten and written personnel policies, memos and directives. If there is a conflict between the matters expressed in this policy manual and any other applicable laws or requirements, the applicable law or requirement will prevail.
- Employment with the PM Ohio is “At-will”. Therefore, either the employee or the Company may terminate the employment relationship at any time, with or without cause or prior notice. Each employee who accepts employment with PM Ohio does so with the understanding that employment is “At-will”. Standard employment practices such as recognition of longevity, promotions, raises and favorable reviews do not constitute a guarantee or promise of employment.
- The contents of this policy manual are employment guidelines. They do not, and are not intended to create any contractual obligations on the part of the PM Ohio. Accordingly, the President or CEO may elect to apply or choose not to apply any of these policies, in whole or in part, depending upon the circumstances of each individual instance.
- Supervisors are generally expected to follow and consistently enforce these guidelines when managing their areas of responsibility. Exceptions in the application and enforcement of these policies should be prior approved by the CEO or President. The appropriateness of any exceptions made by a supervisor, without such prior approval, shall subsequently be reviewed by the President.
- No employee or any other person associated with PM Ohio is authorized to enter into a verbal contract of employment with an employee, nor is anyone authorized to make any verbal or written statement that promises or guarantees employment or any benefit of employment. Accordingly, no applicant or employee should construe any statement to mean or imply promise of guaranteed employment, employment benefit, or right.
- Only the President is authorized, and may enter into a written employment contract. Terms and conditions of a signed written employment contract shall supersede similarly applicable terms and conditions specified in this manual, however the employee shall remain subject to all other applicable guidelines specified in this manual which are not specifically addressed and superseded in the employee’s employment contract.
- These policies, and any term or condition of employment, may be amended, revised, or deleted by the President at her sole discretion, at any time, with or without prior notification. Only the President is authorized to approve a policy change. However, employees are a valued resource for suggesting policy; therefore, employees are encouraged to make suggestions to the President.
- Violation of any policy can result in disciplinary action, up to and including discharge.

POLICY MANUAL INTRODUCTION AND ADMINISTRATION

- A.** This manual provides guidelines for employees to channel and direct their work behavior, actions, and decisions. Therefore, each employee is responsible for being thoroughly familiar with this manual and for following its guidelines. Although an employee may normally use working hours to review these guidelines, employees are expected to gain prior approval from their supervisor so the time spent reviewing the manual does not interfere with the performance of work.
- B.** Each newly hired employee, as part of orientation, will review this manual. Each will be given opportunity to read and understand this manual's contents, and to ask questions pertaining to these guidelines, job responsibilities, and employment expectations with PM Ohio.
- C.** As a condition of employment with PM Ohio, each employee will be required to review and understand these guidelines, and to sign the *Personnel Policy Manual Acknowledgement and Understanding* form which substantiates that the employee understands the policies, terms, obligations of employment with PM Ohio, and agrees to abide by them. In addition, each new employee, as part of orientation, shall be given opportunity to review the manual, and will acknowledge understanding and agreement by signing the *Personnel Policy Manual Acknowledgement and Understanding* form. The signing of this form does not, and shall not be construed to constitute a contract of employment. The signed document shall be retained in the employee's personnel file.
- D.** A hardcopy policy manual will be retained in the office of the Controller/HR Manager; however, the official version of the manual is retained on the Internet at www.PMOhio.com and is password protected. Employees will be given the password for access. The password is considered to be confidential, and may not be shared with any person or entity other than with employees who are currently employed by PM Ohio. The password may be changed at the discretion of the President, in which case, the President will so notify current employees.
- E.** Employees shall refer to the web version of the manual for guiding their conduct and decisions at work. In the event that there is a conflict between the policy and the policy language expressed in a hard-copy version, the policy manual located on the Web will prevail.
- F.** Questions regarding the day-to-day interpretation and application of these guidelines are to be directed to the CEO or President. The President maintains final authority for determining the appropriate interpretation and application of policy.
- G.** When a policy changes, the hardcopy and web-based versions will both be updated and the policy change will be communicated to the affected employees. Employees will be required to review the change and are encouraged to ask questions to ensure understanding. Each employee will then be expected to sign a statement that acknowledges understanding and agreement to abide by the change. The signed acknowledgment will be returned to the Controller/HR Manager, who will retain the signed statement in the employee's personnel file.
- H.** This manual designates various responsibilities to the President, CEO, Controller/HR Manager and supervisors in monitoring, carrying out and enforcing these policies. Notwithstanding, the President or CEO may choose to delegate any obligations and responsibilities to any employee, except as otherwise required by

law or rule. Delegation of obligations and responsibilities may be made either on a case-by-case basis, or as a regular part of an employee's regular job duties.

Policy Manual Definitions:

The Company: means Paul Mitchell Ohio, Inc., dba Southeastern Salon Suppliers Inc.

PM Ohio: means Paul Mitchell Ohio, Inc., dba Southeastern Salon Suppliers Inc.

Distributor: means Paul Mitchell Ohio, Inc. dba Southeastern Salon Suppliers Inc.

s/he: means *she* and *he* and refers to female and male employees

SECTION 1
ORGANIZATIONAL STRUCTURE & AUTHORITY



ORGANIZATIONAL STRUCTURE

◆ POLICY 1.01 ◆

- A. PM Ohio's warehouse and home office facility is located at 627 Market Street in Zanesville, Ohio. The Company's current table of organization is included on the following page. The structure and operations of PM Ohio may change, however with evolving market conditions, customer needs, and other business factors. Employees are expected to grow and evolve with the company as the need for new or evolving skill sets and jobs change. Changes may include adding or deleting positions, changing job titles, reassignment of reporting relationships, and re-establishment of job duties and responsibilities. PM Ohio values employees, in part, upon their ability and willingness to embrace change, and the individual and team challenges that change presents.
- B. Each employee is assigned a position description which lists the essential duties, skill, knowledge, education and experience qualifications, and other job requirements. Each job is structured to provide services that are valued by PM Ohio and its customers. Each job works in combination with others to contribute to the whole operation. Accordingly, the Company expects each of its employees to respect the contributions of each employee, and to recognize how each job and employee contributes to the whole.
- C. Position descriptions provide general guidance about typical job responsibilities, but it may be necessary or required for an employee to perform duties, not listed in the employee's position description. Job assignments, outside of normal responsibilities may be offered to meet the Company's immediate workload need, but may also be assigned as opportunities for an employee to expand his job knowledge and skills. Employees with broad job knowledge and skills are valuable to PM Ohio; therefore, the Company appreciates and expects employees to be flexible in accepting job assignments and challenges.
- D. Prior to and as a condition of employment, each perspective employee is provided a copy of his position description to review and become familiar with position requirements. Upon initial employment, each employee will be requested to sign the job description indicating understanding of required responsibilities, as well as the responsibility to work outside the scope of the position as needed or assigned.
- E. The President will monitor position requirements, job assignments and organizational structure, and may create new positions, and restructure position description requirements to best meet the Company' needs. New or revised position descriptions or position requirements will be communicated to affected employees, who will be requested to review the description and sign it to signify understanding. When formal changes are made to a position, the President will determine whether or not an adjustment to the employee's compensation rate or structure is warranted.

Company Structure & Table of Organization:

Employee: a person who is hired for full-time or part-time employment with Paul Mitchell Ohio, Inc., dba Southeastern Salon Suppliers Inc. The term employee does not include temporaries hired through a temporary employment service, or those persons or firms who are hired on a contractual basis as independent contractors, in accordance with the IRS rules.

Supervisor: a person to whom an employee directly reports, and who is delegated responsibility for managing a work unit within one of the divisions of the Company.

Director of Education: a person who reports to the CEO and is responsible for

Web Designer/Marketing: a person who reports to the CEO and is responsible for design and maintenance of the Company's web site

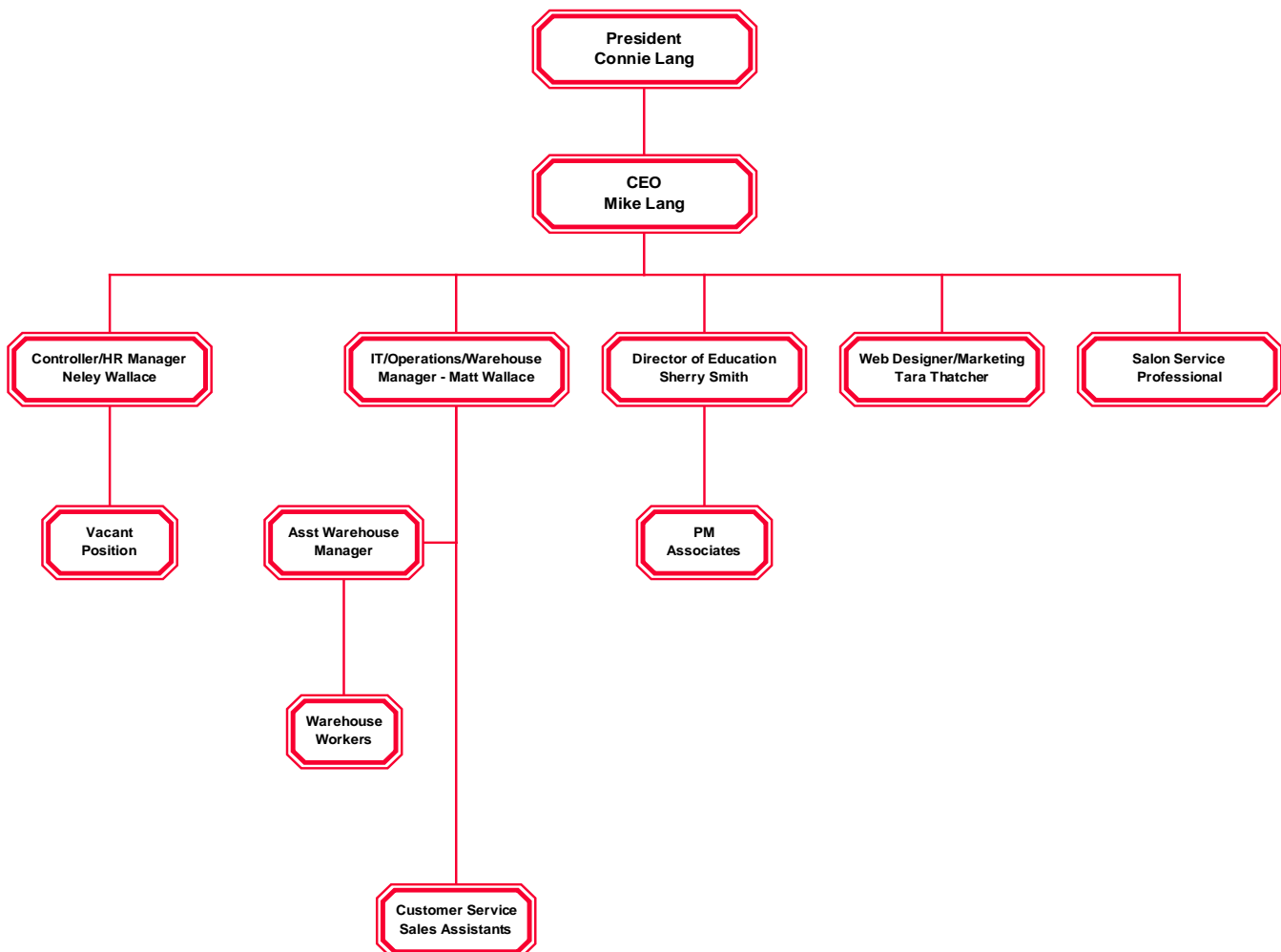
Salon Service Professional: a person who reports to the CEO and is responsible for

IT Director/Operations Manager/Warehouse Manager/Purchaser: a person who reports to the CEO and is responsible for managing the IT functions, warehouse operations including packaging and shipping, and controls purchasing for PM Ohio. The position oversees staff, assigns duties, and works within approved budget.

Controller/HR Manager: the person assigned various administrative responsibilities, reporting directly to the CEO at the Zanesville, Ohio facility. The Controller/HR Manager maintains responsibility for specific delegated administrative tasks as it relates to the records, bookkeeping, personnel, and administrative functions of facilities owned and operated by the Company.

CEO: is Mike Lang who assumes management authority over the personnel and facilities owned and operated by the Company.

President: is Connie Lang, founder and owner of Paul Mitchell Ohio Inc who assumes final authority over the finances, personnel, and facilities of the Company.



- A.** The President manages and operates the Company productively, responsibly, ethically and lawfully, and maintains final authority for decisions pertaining to any Company operation, policy, standard, procedure, or business practice. Specific authority retained and exercised by the President includes, but is not limited to the following:
- Approval of the company's mission and vision, and determining its services, work products and standards
 - Establishing the Company's organizational structure and positions, and assigning position requirements, including determining the size and composition of the workforce
 - Developing, approving, and enforcing policy and procedures, consistent with applicable laws and requirements
 - Establishing and enforcing standards of ethical conduct
 - Maintaining and improving the efficiency and effectiveness of operations
 - The selection of employees and independent contractors
 - Employee promotion and assignment
 - Disciplining, demoting, and discharging employees, and determining whether discipline is applied at-will, or in accordance with progressive disciplinary principles
 - Managing and coordinating the workforce, and determining work schedules, and hours and status of employment. Determining company hours and shifts
 - Assigning job duties, tasks, work projects, and determining work priorities and methods
 - Determining whether to layoff employees, and the layoff procedure and criteria
 - Establishing pay levels, and compensation philosophy and programs
 - Establishing performance standards, and evaluating job performance
 - Determining the utilization of technology
 - Approving the Company's expenditures, and managing the budget and assets
 - Entering into contracts with customers, vendors and other entities
 - Engaging in any lawful action necessary to carry out the mission of the Company and to protect its interests.
- B.** Although the President maintains ultimate and final authority, she may choose to delegate responsibilities to other company employees. In addition, employees may make suggestions and provide input into the management and operations of the business.

- A.** The Company values and expects open and honest communications among employees and management. The Company recognizes that employees have an interest in the success of PM Ohio, and therefore values each employee's participation, input, ideas, and suggestions. Employees are encouraged to seek and suggest new and better ways to provide services and improve how the company might best meet the needs of customers and employees.
- B.** As needed, the CEO, President, and supervisors schedule meetings with employees, individually or in groups, to coordinate work schedules and priorities, evaluate workload and work projects, discuss work issues, and for other matters. Employees are encouraged to discuss matters openly, constructively, and respectfully.
- C.** Work problems, concerns and issues will inevitably occur in the workplace. Dealing with these issues openly and constructively with your supervisor, the Controller/HR Manager, CEO or President is encouraged. We believe that when employees deal openly and directly with their supervisors, the work environment can be excellent, communications clear, and attitudes positive.
- D.** It is everyone's responsibility to help maintain good working relationships with coworkers by demonstrating respect and cooperation to resolve issues.
- E.** All supervisors and managers of PM Ohio have an open door policy which allows you to make suggestions, discuss problems, ask questions and file complaints that may arise as a result of your job.
- F.** An employee will not be retaliated against when the employee brings a work problem, issue, or concern, in good faith, to management. It is recommended that employees first attempt to resolve an issue with their immediate supervisor before taking it up the chain of command to the Controller/HR Manager, the CEO or President.

SECTION 2
SELECTION AND EMPLOYMENT



EQUAL EMPLOYMENT OPPORTUNITY

◆ POLICY 2.01 ◆

- A.** PM Ohio provides equal employment opportunity for all employees and job applicants, and complies with applicable employment laws and requirements. The Company will not discriminate, nor base any personnel decision in consideration of an individual's race, color, religion, sex, sexual orientation, national origin, age, marital status, military or veteran status or qualified mental or physical disability.
- B.** Decisions pertaining to training, compensation and benefits, recruitment, selection, promotion, job assignment, layoff, transfer, discharge, discipline, and all other personnel actions are made based solely on merit, fitness, and other non-discriminatory criteria.
- C.** Sexual, racial and any other form of harassment in the workplace by any employee or non-employee is absolutely forbidden. The Company does not tolerate, and will deal firmly and promptly in investigating and appropriately resolving allegations of harassment. In the event that an employee believes s/he has been subjected to harassment contrary to this policy, the employee is required to file a harassment complaint in accordance the process specified in the Harassment Policy 5.09.
- D.** The Company will provide a reasonable accommodation to an otherwise qualified employee (or job applicant) for a physical or mental disability for which the President or CEO is aware, in so far as the accommodation does not create an *"undue hardship"* on the Company. If an employee (or applicant) seeks an accommodation, the employee shall submit a request to the President or CEO. The President maintains sole responsibility and authority to determine if a proposed or considered accommodation is reasonable, or if it creates an undue hardship.
- E.** The Company will not discriminate against any person intending to become a citizen, in accordance with the Immigration Reform and Control Act, insofar as that person has completed a declaration stating that s/he intends to declare US citizenship within six (6) months of eligibility for naturalization.
- F.** All staff shares the responsibility, and is held accountable for following the spirit and intent of these EEO policies, and for promoting and supporting a working environment that is free from all illegal discrimination.
- G.** If an employee feels that s/he has been discriminated against, the employee may submit a complaint to the CEO or President. The complaint may be made verbally initially, although all complaints will subsequently be documented in writing by the person making the complaint. The President or designee will conduct an investigation and seek appropriate resolution. No employee will be subjected to any form of retaliation or retribution for filing a discrimination or harassment complaint in good faith.

DISABILITY ACCOMMODATIONS

◆ POLICY 2.02 ◆

- A.** The Company does not discriminate against any employee or applicant who has a qualifying disability under the Americans with Disabilities Act, and will make reasonable accommodations to otherwise qualified ADA disabled employees, in so far as the accommodation does not create an undue hardship on PM Ohio.
- B.** An employee who becomes physically or mentally unable to perform the essential duties of his position, and except for the covered disability, is otherwise qualified to perform essential job duties, may request a reasonable accommodation to perform essential job duties.
- C.** When an employee is unable to perform essential duties due to a disability, the employee is expected to inform the President. If the notification is not made in writing, the President will create a written record to document it, and the employee will be requested to sign the notification.
- D.** If a supervisor observes that an employee has difficulty performing essential duties, or is made aware of a disability, the supervisor may so notify the President who may approach the employee to determine if a disability precludes the employee from performing the job to expected standards, and the need for a reasonable accommodation.
- E.** When considering an accommodation, the President will initially determine if the disability is covered under the Americans with Disabilities Act. If the disability is not covered, the Company assumes no obligation for making a reasonable accommodation. Although the employee's preferences for an accommodation will be considered, the decision as to the appropriate accommodation, or whether to accommodate, shall be at the sole discretion of the President.

Medical Certification

- A.** The President may request that a qualified medical practitioner provide documentation regarding the disability, and request a prognosis to help determine the scope and type of reasonable accommodation needed to enable the disabled employee to perform essential job functions. The request for medical documentation will be limited to sufficient information to verify the existence of the disability, or the need and scope of accommodation.
- B.** An employee, who is being considered for an accommodation, will be requested to provide written authorization for the employee's professional health care practitioner to release the medical information to the Company. The providing of authorization is voluntary on the part of the employee; however failure to provide medical authorization may result in the employee being held to expected performance standards without reasonable accommodation.
- C.** An employee's medical records and condition, and circumstances surrounding the need for an accommodation shall be confidential, and shall be shared with management and other persons only on a business need-to-know basis. Physician statements and other medical information collected during the process of determining a reasonable accommodation shall be retained in the medical record file, separate from the employee's personnel file.

Employee Cooperation

- A.** Upon making a request, or when a need for an accommodation is obvious and the disability is known, an employee is expected and required to cooperate with the Company when investigating the facts about the disability, and in exploring possible reasonable accommodations.
- B.** The Company may refuse to provide an accommodation when an employee refuses to cooperate, including, but not limited to if the employee fails to provide needed information, or if the employee refuses to authorize release of, or provide the requested medical documentation.

Denial of a Request for Accommodation

- A.** In the event that a request for an accommodation is denied, the employee may, at his option, file a request for reconsideration with the President.
- B.** In the event that no reasonable accommodation can be made without creating an undue hardship, the employee will be voluntarily or involuntarily disability-separated from employment. Such action shall mean that the employee separated from employment in good standing with the Company, and shall not, in any manner, be considered a disciplinary action.

- A. PM Ohio complies with the requirements of the Immigration Reform and Control Act. Accordingly, the Company will not knowingly hire, recruit, or continue employment of any alien not eligible to work in the United States.
- B. As a condition of employment, the Company will verify the identity and employment eligibility of each newly hired employee, and will maintain a recordkeeping system, which documents compliance with the Act.
- C. Each newly hired employee on the first day of work is required to complete the biographical information requested by *Form I-9* and will be requested to attest that s/he is eligible for employment in the United States by present to the Company authentic or original documentation of identity and employment eligibility.
- D. The I-9 form and a copy of the documentation are to be retained for at least a period of 3 years after the effective date of hire, or for 1 year from the date of the employee's separation from service with PM Ohio, whichever is later.
- E. Form I-9 and copies of supporting documentation are confidential records and will not be used for any purpose or provided to any agency or person other than for the purpose of complying and documenting compliance with the Immigration Reform and Control Act.
- F. If the new employee is unable to produce the required document(s) within 3 days of the date of hire, the Company will require the employee to produce a receipt that substantiates that the employee has applied for the documents. The employee will be required to produce the required document(s) within 21 days after the date of hire.

NEW HIRE ORIENTATION

◆ POLICY 2.04 ◆

- A. Orientation begins on the employee's first day of work and continues until the employee is properly oriented to the job, or it is determined that the employee is not, or will not be able to perform the job to expected standards.
- B. New employees are offered training and on-the-job coaching to introduce the employee to the work culture, purpose and operations, and to encourage understanding of the terms, conditions and benefits of employment. The employee will also be oriented to these policies, conduct and performance standards, and job methods, responsibilities and processes.
- C. An orientation checklist will be followed to provide orientation structure and guidance, and to ensure that important areas of employment and the job are covered with the employee. Upon completion and signing by both the Company representative and the employee, the orientation checklist will be retained in the employee's personnel file. Likewise, new employees are required to complete new hire documents and forms and provide identification to substantiate eligibility to work in the United States.
- D. Although efforts are made to sufficiently orient and train employees regarding their job duties, and company standards and expectations, regardless of the amount and type of orientation and training provided, the employee is solely responsible for performing all essential duties to the required performance standards, and for conducting him or herself according to the Company policies. When unsure, a newly hired or promoted employee is encouraged to ask questions of his supervisor, before acting.
- E. As part of orientation, a new employee is required to acknowledge, in writing, understanding of this policy manual and the employee's position requirements. The new employee shall also be required to review and sign agreements that substantiate that the employee agrees not to divulge to unauthorized persons the confidential, sensitive and proprietary information to which the employee is made privy to during employment, including but not limited to PM Ohio's proprietary work methods, customer lists, product specifications, and other information.
- F. In addition to the required employment documents, PM Ohio employees are required to agree to and sign the following, as a condition of employment: *Anti-Diversion Policy and Agreement, Confidentiality and Employment Non-Compete Agreement, the Electronic Communications Policy, and the Personnel Policy Manual Acknowledgement and Understanding.*

Selection Philosophy

- A. PM Ohio employs the best suited and qualified people, who also demonstrate the competencies, values, work ethic and standards important to the Company. Selection decisions are not made based on any discriminatory factors.
- B. The President, in collaboration with the CEO, maintains authority for making selection and promotion decisions, and for determining the appropriate selection process for each opening. The President does however consider the recommendations of the Company's supervisory team who are delegated the responsibility for job interviews, and otherwise making recommendations for promotion or reassignment.

Recruitment

- A. The Company recruits applicants from the external labor market, and when possible selects employees from within its current workforce to provide reasonable opportunity to advance within the company.
- B. Entry level jobs will normally be filled from the external labor market, while position vacancies occurring above the entry level will be filled in the manner determined by the President, either by recruiting from the external labor market, or by appointing from within. The Company hires the person who is best suited for the position, regardless of whether that person is appointed from within, or from the external labor market.
- C. When recruiting externally, the Company will utilize various recruiting strategies including word-of-mouth, classified ads, Internet job posting, trade journals, employee referrals, job fairs, or other means. Advertisements will normally include the job title, a brief description of essential job duties and responsibilities, basic qualifications and competencies, along with instructions for submitting an application, and an EEO statement.
- D. Employees may also be selected from a temporary placement service, with opportunities for regular employment based on demonstrated competency in the position. Although temporary employees work for the temporary service, they are contractually expected to follow the policy guidelines specified herein.

Application Procedures

- A. Selection procedures are non-discriminatory, and shall be established by the President based on the nature of the job to be filled, and the needs of the Company.
- B. Applicants, recruited from the external labor market, are required to complete and sign an employment application to be considered for a position. Resumes will also be accepted by the Company; however they shall not replace the submission of the application form. Applicants may be required to submit additional job related and non-discriminatory information or documentation that the Company determines necessary.
- C. Unsolicited information contained on resumes regarding the applicant's race, color, religion, sex, national origin, age, disability, marital status, children, memberships, military status, or any other non-job related personal information or characteristics of

the applicant or the applicant's family is not considered during the selection process, and will not be used in any manner to unlawfully discriminate.

- D. Applicants recruited from outside will sign authorizations to check employment references and conduct background checks.
- E. Current employees, selected by the President, are not required to complete an employment application, as long as an application was completed in full and signed at the time of original employment with the Company. If a sufficiently completed and signed application is not currently on file, the employee will be required to complete and sign an application form.

Disqualification of Applicants

- A. An applicant may be eliminated during any of the above steps from further consideration if the applicant:
 - does not demonstrate the knowledge, skills and abilities necessary to effectively and proficiently perform the essential duties of the position
 - fails to provide a required authorization to conduct a job reference or background check (excepting a reference check from the applicant's current employer) or receives an unfavorable job reference check or background check
 - does not possess a bona-fide license or certification required to perform the job
 - has made a false statement, committed or attempted to commit a fraudulent act of material fact on the application form or otherwise during the selection process
 - is an alien without authorization to work in the United States
 - any other reasonable and lawful grounds relating to failure to meet selection requirements.
- B. When considering a current employee for reassignment or promotion, the President considers the applicable factors above, plus the employee's work record with the Company including demonstrated competency, production, skills, knowledge and abilities, qualifications, work record, commitment and work ethic, and other work characteristics valued by the Company. Employees with one or more current disciplinary actions on file are not considered for any open promotional position, but may be reassigned at the discretion of the President.
- C. If an applicant is hired into the position and it is subsequently discovered that any of the above disqualifying criteria apply, the employee may be discharged.
- D. Outside applicants who are disqualified for employment after a job interview will normally be issued a rejection letter to generally and tactfully communicate and document the decision and to maintain goodwill with the applicant.

Voluntary Separations

- A. An employee may resign or retire without prior notice in accordance with the at-will principle. However, an employee who chooses to voluntarily resign or retire is asked to provide two weeks advance notification to allow for scheduling and workload adjustments, or to plan for filling the vacant position.
- B. An employee who resigns is required to provide a written statement of resignation that includes that the employee chose to voluntarily resign, the date that the notice was given, the effective date of resignation, and the employee's signature. The letter of resignation will be retained in the employee's personnel file.

Voluntary Separations without Notification

- A. An employee who is absent without leave or without giving notice for any duration of time will be subject to appropriate disciplinary action. An employee will be considered to have voluntarily resigned without notice if absent three (3) consecutive scheduled workdays, without notification of absence or receiving approval for the absence. The effective date of resignation will be the last day on which the employee worked prior to the unauthorized absence.
- B. If an employee resigns without written notification, the President will send a dated letter to the resigning employee, at the employee's last known address, which accepts the employee's resignation. As applicable, the letter will instruct the employee to return any the Company property in possession by the employee, and may contain information pertaining to receipt of the final paycheck and other information as needed.

Involuntary Separations

- A. Involuntary separations may include:
 - a. discharge
 - b. layoff due to reorganization, abolishment of a job, or any other business reasons.

Returning Items Upon Separation

- A. An employee who separates from employment must turn in all assigned equipment including cell phones, keys, and other Company property. Items shall be returned to the employee's supervisor or other designated person on the last day worked, or prior to that day if otherwise directed.
- B. All electronic and hard-copy files are the property of the Company as explained in the Computers, Internet & Email Policy (6.01). Upon separation from service, the employee is prohibited from removing any electronic or hardcopy file from the Company, either physically or electronically by e-mail, memory stick, or other means.
- C. Likewise, all such proprietary property that the employee has used at home or other locations during employment with the Company shall be promptly returned.

SECTION 3
EMPLOYEE RECORDS, ASSIGNMENTS & WORK
SCHEDULES



APPOINTMENT STATUS

◆ POLICY 3.01 ◆

- A. Employees of PM Ohio are designated as full-time or part-time and may be exempt or non-exempt. Regular full-time and part-time employees are employed at will by the Company for an indefinite period of time, until the employee is separated from service due to resignation, layoff, disability separation, or discharge. PM Ohio also may use independent contractors, or temporaries through a temporary employment service. PM Ohio recognizes the following categories of personnel:
- **Full-time:** a regular full-time employee typically works forty (40) hours or more per week on a regularly scheduled basis. Notwithstanding, the President maintains authority, with or without notice, to reduce or increase the number of hours that an employee works in a workweek based on workload, company financial condition, and other business needs.
 - **Part-time:** a part-time employee typically works less than forty (40) hours per week on a regularly scheduled basis. The President maintains authority, with or without notice, to reduce or increase the number of hours that a part-time employee works in a work week based on workload, company financial condition, and other business needs.
 - **Temporary:** A person assigned to work with PM Ohio by a temporary agency to perform job responsibilities determined by the Company. A temporary may work either a full or part-time schedule for the duration of the assignment, and remains in the employ of the temporary service. At the option of the Company and in accordance with contractual arrangements with the temporary employment service, a temporary employee may be made a regular full or part-time employee of PM Ohio. Appointment to regular employment is made on a case-by-case basis, in consideration of business need and the temporary's job performance and conduct during the temporary assignment.
 - **Independent Contractor:** a person or entity who contracts to provide specialized services on behalf of the Company and who is not an employee under independent contracting standards established by the IRS. Independent contractors are solely and independently responsible for payment of all of their own salaries, benefits, taxes, unemployment insurance, withholding to any taxing authority, and compliance with employment laws.
- B. Full-time employees are eligible for benefits offered by PM Ohio based on the employee's length of service and number of hours that the employee works.
- C. Part-time employees do not participate in the 401-K plan, and are not eligible for paid vacation leave or paid holidays. Part-time employees however participate in the Company's worker's compensation program and contribute into social security. Part-time employees working more than 25 hours per week may be eligible for medical insurance.
- D. All employees are either exempt or non-exempt from the *Fair Labor Standards Act (FLSA)*. The determination as to whether an employee is exempt or non exempt is made by the Company by applying the exemption tests established by the Department of Labor. Exempt employees are paid on a salaried basis, which covers all hours worked and are not eligible for overtime. Non-exempt employees are paid hourly, and are eligible for overtime pay for time worked over 40 hours in the work period.

PERSONNEL FILES

◆ POLICY 3.02 ◆

- A.** A personnel file is maintained for each employee. This file includes, but is not limited to: individual employment and hiring documents, acknowledgement forms, signed orientation checklists, employment applications, signed position descriptions, resumes, performance evaluations, training records, and documents to record personnel actions including disciplines and promotions.
- B.** Personnel files are securely maintained in hard copy format, although some files may be maintained electronically.
- C.** An employee must advise the Controller/HR Manager of any change in name, home address, marital status, telephone number, citizenship, tax exemptions, birth or death in immediate family that affects insurance coverage, and emergency contact information.
- D.** Files are also maintained for employees that contain medical records, work schedules, time sheets, and payroll.
- E.** Personnel files are the sole property of the Company, and access to information contained within them is confidential. The Controller/HR Manager, CEO and President have routine access, and are responsible for their security, maintenance and administration. Employees are not permitted access to either the hardcopy or electronic versions, without authorization from the Controller/HR Manager, CEO, or President.
- F.** Nothing herein will prevent the dissemination of information contained in personnel files for the purposes of managing the company's human resource management system, for EEO reporting, and other impersonal survey purposes, or as otherwise required by a regulatory agency or court of competent jurisdiction.
- G.** An employee may request permission to view his/her personnel file, upon advance request to the Controller/HR Manager, CEO, or President. Reviews will be approved only during normal office hours. The employee may not remove his/her personnel file or any documents contained within the personnel file. Employees are permitted to receive a copy of documents in his/her file. An employee may not mark on any document contained in the file, but may include a signed and dated letter of explanation when the employee believes an explanation is necessary. Inclusion of defamatory explanations or scurrilous attacks upon any employee of the Company or any other person will not be permitted.
- H.** The Controller/HR Manager, CEO or President will remain present with the employee when the employee is reviewing his/her personnel record to monitor and ensure the security of the records and to answer questions.

WORK HOURS & SCHEDULES

◆ POLICY 3.03 ◆

Work Schedules

- A.** Although PM Ohio's office is normally open for business between the hours of 9:00 am and 5:00 pm, Monday-Friday, office and warehouse staff will work between the hours of 8:30 am and 5:30 pm Monday-Friday except for official, recognized holidays or special events.
- B.** Work schedules of employees are established by the employee's supervisor in consideration of Company needs. Non-exempt employees are typically scheduled during normal work hours and normally receive one unpaid lunch hour and two paid 15-minute breaks per day for a total of 40 paid hours per week. Although an employee may normally work a recurring schedule, the Company may change an employee's hours or work schedule at any time and without notice.
- C.** Non-exempt employees are not permitted to work beyond their assigned work schedule, except when prior approved by the employee's supervisor. Employees may occasionally be required to work overtime.
- D.** Exempt employees are expected to work all hours needed to complete job requirements and typically work five 8-hour days per week. Exempt employees are expected to work a minimum of 40 hours per week. Sales consultants are expected to average 15 calls per day up to 75 sales calls per week.

Lunch and Other Breaks

- A.** Non-exempt employees are normally provided a 1- hour unpaid lunch break, with the timing of lunch approved by the employee's supervisor in consideration of workload needs.
- B.** An employee is normally expected to take a full 1-hour lunch break; however, if necessary in exceptional or emergency situations, an employee may be approved by the employee's supervisor to take a shortened or extended lunch. This privilege is provided to help employees balance personal concerns that can't be taken care of during off hours. Requests to take a shortened or extended lunch should be infrequent, and will be considered for approval on a case-by-case basis in consideration of the facts and circumstances surrounding the request.
- C.** If determined necessary by the employee's supervisor, an employee may be required to work through part or all of lunch, to meet workload or other business needs with the time paid or flexed within the same work period.
- D.** Employees may take lunch in the break room, or may leave the premises, in so far as the employee returns on time.
- E.** During the course of the work day, employees are permitted reasonable flexibility for taking one informal 15 minute break in the morning and another in the afternoon. Breaks must be taken only with the supervisor's prior permission. Abuse of breaks, either in duration or frequency, is not permitted. Breaks shall not interfere with achieving timeframes and workloads, nor shall the employee interfere with employees who are working.

Recording Time

- A. Employees are required to electronically sign in and out to acknowledge that the time recorded reflects their actual times worked. Employees are prohibited from recording time for other employees. Falsification of a time record is a very serious offense and is strictly prohibited.

Personal Matters During the Workday

- A. Employees are normally expected to take care of personal matters on their personal time. However, when an employee must make an appointment or attend to personal matters during the course of the scheduled workday, the employee may request to use vacation leave, paid personal time, or sick leave if the reason for leave so qualifies.
- B. Time requested for vacation and sick leave must be made in accordance with the requirements specified in those policies.

Exempt Employee Schedules

- A. Exempt employees are expected to work the schedule assigned, and to work any additional hours necessary to complete work to expected performance and production standards.
- B. Exempt employees are paid on a salaried basis, and are not eligible for overtime pay; therefore, exempt employees are afforded reasonable flexibility in managing the work schedule for successfully balancing work and personal needs. Scheduling flexibility is a privilege, and shall not be abused.

SECTION 4
STAFF TRAINING, EDUCATION AND DEVELOPMENT



In General

- A. PM Ohio informally evaluates employees on an ongoing basis to give employees constructive performance feedback and to provide guidance for improving job performance to meet objectives important to the Company. PM Ohio also conducts formal reviews upon completion of 90 days with the Company and annually in January of each year. The informal and formal reviews document and substantiate promotions, raises, discipline and other personnel actions.
- B. Evaluations are prepared by the supervisor and reviewed by the CEO before being discussed with the employee. During a review, the supervisor and employee will discuss the employee's job performance including the employee's strengths and areas in need of improvement and may establish goals for the upcoming evaluation period.
- C. The employee will be given opportunity to review and discuss the evaluation with their supervisor. Employees are expected to sign the evaluation form to substantiate that it was reviewed with them. Signing the form does not necessarily substantiate that the employee agrees with the evaluation. When signing the form, the employee may add comments; however comments must be constructive, job related, and cannot personally attack or defame another. If an employee refuses to sign a review, the supervisor will make a notation of this on the review form. Refusal to sign the form does not preclude the employee from being accountable for performing job duties and responsibilities to the expected performance levels, and for effectively achieving established goals and objectives within the specified timeframes.
- D. A copy of the review, including goals will be given to the employee, with the original retained in the employee's personnel file.

Performance Evaluations and Merit Pay

- A. Although the Company has adopted a merit pay philosophy, pay raises are not given automatically in conjunction with a positive evaluation. An employee's job performance and work record is only one factor when determining eligibility for a merit pay increase. Other factors include (but are not limited to) the employee's current rate of pay compared to the labor market, job duties and responsibilities, willingness to accept new assignments, the current and projected financial strength of the Company, and other business factors determined appropriate by the President.

Philosophy

- A. The Company offers opportunities for its employees to broaden their job knowledge and skills in areas that meet business needs. Likewise, training opportunities can provide employees with opportunity for new job challenges, and personal professional growth.

On-the Job Training: In general, employees are expected to learn by doing. After an employee receives general instruction regarding work methods, an employee normally will learn on the job. Safety is a first priority however; therefore, employees will be required to receive sufficient safety instruction prior to operating equipment or performing any potentially dangerous job duty. When unsure of expected work methods, performance expectations or safety precautions, employees are expected to ask their supervisor before acting.

Mentoring & Coaching: Employees may work directly with, and under the general guidance of a more experienced employee. The experienced employee works with the learner, and provides direction and coaching as needed to develop job skills. Mentoring relationships will normally be assigned by the employee's supervisor. They may also occur informally as coworkers work together on an assigned project. Therefore, employees should expect that they may be required to perform, or assist in performing duties outside of the employee's regular position description.

Training Workshops and Programs: An employee may be required to attend trainings provided or sponsored by the Company. In addition, an employee may request to participate in a program that would improve or develop job skills relevant to the employee's current job, or a new job assignment. Participation may be approved if it is determined that the training is relevant to the employee's current or anticipated job responsibilities, and would be beneficial to the Company.

Supervisors may recommend training programs, but only the President or CEO have authority to approve that an employee attends a training workshop and program. The CEO will take into consideration the program content, business need, budgetary constraints, and other factors determined relevant. The Company pays for any training program or workshop that the President or CEO has prior approved.

If an employee voluntarily participates in a workshop or program, or takes an educational course during off-hours, the employee must receive prior approval if the employee intends for the Company to pay for the training program, or if a non-exempt employee intends to be compensated for time spent participating in the off-hours program

All training and workshop materials provided to an employee are the property of the Company, and shall be returned to the Company following the program.

- B. An FLSA exempt employee's salary is considered complete compensation for all time spent in the performance of job duties and responsibilities, including time spent in programs and workshops on behalf of the Company during the course of the workday and during off-hours. A non-exempt employee will be compensated at his

regular rate of pay (or at the overtime rate for time spent over 40 hours per week) for participation in prior approved workshops and training programs.

- C. Regardless of the amount and type of training offered, each employee is solely responsible for performing all essential job duties to required performance standards.

Educational Pursuits

- A. An employee may voluntarily take classes or pursue a degree during off work time in so far as the educational activity does not interfere with the effective and timely performance of job duties and responsibilities with the Company.
- B. Depending upon the employee's record of employment and performance with the Company, the President may consider approving a work schedule that accommodates the employee's school courses. However, in all cases, primary consideration will be given to the needs of the Company, including the ability of the employee to effectively and timely perform job duties and other job requirements.
- C. PM Ohio's computer equipment, Internet service, printers, copiers, data disks, and all other equipment, materials and supplies are for the use the Company business only, and may not be used for an employee's school work. Likewise, schoolwork shall not be performed during the employee's scheduled work time with the Company.

SECTION 5
EMPLOYEE CONDUCT



Section 5 – Introduction

Company Values and General Expectations

PM Ohio has established the following values to guide our work and conduct. Adhering to these values is fundamentally important to our continued success; therefore, each employee is expected to demonstrate each of these values daily, in their conduct and in the performance of their job duties.

- **Professionalism and Competency:** The Company strives to consistently provide excellent customer service and promote its reputation as a leader in its field. Therefore, we expect employees to consistently conduct themselves competently, ethically, and professionally and to take personal responsibility for positively promoting the reputation of PM Ohio.
- **Work Environment:** We strive to create a culture that encourages teamwork through professional, productive, and friendly working relationships and interactions between employees. PM Ohio encourages the personal growth and development of its employees, and we encourage employees to join in celebrating the success of coworkers and the Company.
- **Adaptation and Change:** The Company continually looks toward the future in a positive but realistic manner - during good and difficult times. We recognize that conditions evolve and that positive change is an essential part of business. We value employees who embrace and support change, and encourage each employee to consistently develop and improve their job skills to grow personally and professionally with the Company.
- **Communications & Trust:** Working relationships between PM Ohio and employees is based on trust and open communications. We value trustworthy and ethical employees, and are open to suggestions and input given constructively and respectfully pertaining to customer services, business strategies, and other terms and conditions of business or employment. Employees are encouraged to seek resolution to work problems through constructive and meaningful dialogue with their supervisor.

- A. The Company recognizes alcoholism and drug addiction as treatable diseases, and therefore encourages each employee, if the employee believes that s/he has a substance abuse problem, to voluntarily seek professional treatment before it impacts job performance or other aspects of the employee's life.
- B. The Company provides a safe, comfortable and productive working environment, free from illicit drugs and alcohol abuse. Drug and alcohol abuse, whether on or off the job, affects health, safety and job performance, and can negatively impact the operations and reputation of the Company. Therefore, employees are to abide by the following guidelines:
- Employees are prohibited from reporting to work under the influence of alcohol or any illegal drug
 - Employees are prohibited from using, manufacturing, distributing, possessing or dispensing alcohol or any illegal drug while on-duty or on work premises.
 - Employees are prohibited from drinking alcoholic beverages while on work premises, during or after work, except for some company sponsored events with the President's approval.
 - When representing the Company at meetings, conferences or other activities, where alcoholic beverages are served employees may on occasion drink alcoholic beverages in moderation in accordance with the social norm of the activity, in so far as the employee conducts himself professionally and appropriately, and does not operate a motor vehicle under the influence.
- C. The Company expects and requires its employees to work to expected performance, conduct and policy standards. Therefore, failure to meet expected performance and conduct standards may subject an employee to appropriate disciplinary action, regardless of whether or not the performance or conduct problem is caused by current substance abuse.
- D. Employees and job applicants who are former drug abusers, but currently are rehabilitated or who are actively and successfully completing substance abuse rehabilitation will not be discriminated against because of their former use or abuse.

Working Under the Influence

- A. No employee is permitted to work if the employee is reasonably suspected of being under the influence of drugs or alcohol. An employee, suspected of being under the influence, will be driven to a drug and alcohol testing facility, and will be required to undergo drug and alcohol testing in accordance with the provisions specified in these policies. After the employee is tested, the Company will call for a taxi or will make other arrangements to take an employee home to ensure the employee's safety and the safety of others. No person, who is suspected of being under the influence, will be permitted to drive him or herself to the testing facility, or to home.
- B. The employee will be instructed to return to work the next scheduled workday, or on another day determined by the CEO. The employee will be directed to report directly to the CEO, prior to beginning work. Upon receipt of positive test results, the employee will be subject to disciplinary action, up to and including discharge, at the discretion of the CEO or President. In addition to, or in lieu of discipline, based on

the facts and circumstances, an employee may voluntarily participate in an assessment and drug treatment program. Continued employment will normally be conditional upon the employee successfully completing assessment and treatment.

Assessment & Treatment

- A.** When an employee voluntarily seeks assessment and treatment, or is referred by the CEO, the employee will be placed on leave. If paid leave is exhausted, the employee may take unpaid leave up to the maximum allowed by policy.
- B.** An employee's return-to-service following treatment is conditioned upon the submission of a signed certification from the treatment program, confirming that the employee is now substance-free, and ready to return to perform job duties and responsibilities in accordance with the Company performance and policy standards.
- C.** The employee's return-to-service is also conditioned upon the employee remaining substance-free, and for performing his or her job in accordance with the Company performance and conduct standards.

Prescription Drugs

- A.** Use of legal prescription drugs can also adversely affect workplace production and safety. Prescription drugs shall be taken in prescribed amounts. Exceeding the prescribed amount or mixing prescription drugs without doctor's authorization, or other abuse of prescription drugs may subject the employee to disciplinary action including discharge, and/or referral for rehabilitation.
- B.** Before working, an employee who is taking prescription drugs is responsible for checking with his medical practitioner to assess whether or not the employee is able to physically and mentally perform job responsibilities to expected performance, conduct and safety standards. If, in the judgment of the medical practitioner, use of a legal prescription drug would affect job performance, safety or conduct, the employee should request and authorize the medical practitioner to provide to PM Ohio a written certification that substantiates the employee's job restrictions. The employee must provide the certification and restrictions prior to working under the influence of the prescription drug.
- C.** If an employee is suspected of being under the influence of prescribed drugs that, in the judgment of the employee's supervisor is affecting, or could affect job performance, conduct or safety, the supervisor shall so inform the CEO who will require that the employee submit a statement from the employee's medical practitioner that clears the employee to perform the job, or which substantiates job restrictions.
- D.** An employee, who is unable to work due to use of a prescription drug, will be placed on paid sick leave if available. If sick leave is exhausted, the employee will be placed on credited but unused paid vacation. If all paid leave is exhausted, the employee will be placed on unpaid time off as provided for in these policies.

Attendance

- A. Attendance is an essential job function; therefore by accepting employment with PM Ohio, each employee is required to meet attendance standards including a regular, recurring, predictable and dependable attendance record, and compliance with our absence notification policies. Absenteeism and tardiness place a burden on coworkers and the company operations. Violation of this policy may result in disciplinary action, up to and including termination.
- B. The Controller/HR Manager maintains attendance records that are periodically reviewed by the President and CEO to ensure compliance with attendance standards. Attendance and tardiness are fundamental criterion for evaluating an employee's job performance.
- C. There are occasions when an employee is not able to come to work because of illness, injury, weather emergencies or other reasons. An employee who is unable to come to work is to notify his/her supervisor as soon as possible and no later than 7:00 a.m. or at least 60 minutes prior to the scheduled starting time. Leaves are provided for these instances, in accordance with the terms and conditions specified in this manual.
- D. Leave patterns, excessive absences, using absences for reasons other than approved, taking leave without notification and approval, or other abuse of this policy is prohibited.
- E. Employees who are absent for more than three (3) consecutive workdays are required to provide a physician's statement to substantiate the need for leave. The Company may also require a physician's statement before returning to work.
- F. Failure to properly notify your supervisor is considered an unexcused absence and is in violation of policy. If you are absent from work for three (3) workdays without notifying your supervisor, you will be considered to have resigned effective the last day you worked.

Tardiness

- A. Dependability is essential to effective job performance. Employees are expected to regularly and predictably arrive to work at their approved normal starting time each scheduled workday, and to leave at the approved time. In the event that you will be absent or tardy, it is your responsibility to contact your supervisor no later than 60 minutes before your scheduled starting time. You must talk to your supervisor directly to receive approval. Leaving a voice mail message is not acceptable.
- B. When a non-exempt employee reports to work after his/her scheduled starting time, the employee is considered tardy. Tardiness on a recurring basis is not acceptable. When tardy, the employee will be subject to a reduction in pay corresponding to the amount of time s/he was late, and may be subject to appropriate disciplinary action.
- C. Exempt employees are paid on a salaried basis as compensation for all hours worked in the work period. Exempt employees are expected to normally arrive to work at their regular starting time and work during normal business hours; however exempt employees are afforded reasonable latitude in managing their work schedules. Abuse of scheduling privileges is prohibited.

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- A.** The Company has bulletin boards in its facilities to communicate information to and between employees. Official Company bulletin boards are to be used for legal postings and other official business of PM Ohio. The Company provides a bulletin board in the employee break room where employees may post items that are of a non-business nature, provided the postings comply with the terms and conditions of this policy.
- B.** Legal postings will be kept current and posted on the official company bulletin boards indefinitely in accordance with applicable requirements. All material posted on the employee's bulletin board must have the prior approval of the CEO, and shall normally be posted for a period not to exceed one month, except as otherwise prior approved.
- C.** Employee's material that is outdated, posted for more than four (4) weeks, or material posted contrary to this policy will be removed.
- D.** Bulletin board postings may not:
- contain any personal attack upon, or be scandalous or derogatory toward, any employee or any other person;
 - contain information or pictures that are offensive, or otherwise contrary to these policies;
 - adversely reflect upon the integrity or reputation of the Company, its management, employees, or any other person;
 - contain solicitations; and/or
 - any political statements.
- E.** Bulletin boards and the postings contained therein are the property of the PM Ohio. Therefore, employees, other than the President, CEO, or designee are not authorized to remove material from a bulletin board.

- A.** The Company values the long-term working relationships that it has built with its customers and others, and recognizes that the company's continued success depends upon its ability to promote and maintain excellent customer and public relations. Accordingly, each employee, regardless of job title or assignment, has a fundamental responsibility to cultivate and maintain effective working relationships with all customers, prospects and any job contact. The Company expects employees to treat all persons with respect and in a courteous and professional manner at all times.
- B.** Each employee is also expected to conduct himself, on and off the job, in a manner that reflects positively upon the Company's reputation, and represents the Company in a positive and supportive manner.
- C.** The Company expects every employee to take ownership in responding to problems, and for ensuring that customer problems and other matters are resolved promptly and appropriately. Therefore, employees should respond to complaints or problems received from customers and others within the scope of their delegated authority. If successful resolution extends beyond the employee's authority, or if the employee cannot otherwise successfully solve a problem or complaint, the employee must promptly refer the issue to their supervisor, the CEO or President.
- D.** All recurring, serious or unresolved customer complaints are to be promptly reported to the CEO. Likewise, persons who become abusive, unreasonable, or harassing are to be referred to the CEO or President who will resolve the issue.

- A.** Due to the nature of our business, an employee may be provided and have access to a customer's or prospect's business operations, financial condition, trade secrets, and other matters that are, or could be considered to be confidential information. Likewise, the Company provides and entrusts to its employees its intellectual property, work products and methods, customer and prospect lists, and other proprietary information. All such customer information and proprietary information is strictly confidential and shall not be disclosed to any person outside the employment of the Company, without specific written prior authorization from the President.
- B.** Confidential information includes, but is not limited to:
- Customer and prospect lists, addresses, names, and related information
 - Lists of, or personal information about Company employees, or other persons seeking employment with the Company.
 - Any proprietary information relating to company research, development, new products, purchasing, marketing, merchandising, selling or operations.
- C.** Employees will also gain access to *sensitive* information that is not necessarily confidential but which if disclosed, may be inappropriate or cause unnecessary problems for the customer or prospect, or which could be construed to reflect adversely upon the Company's reputation. Employees are expected to consider sensitive information to be confidential, and not disclose it to unauthorized persons.
- D.** Employees must also be aware not to purposefully or inadvertently disclose confidential or sensitive information about customers, prospects or other proprietary information of the Company to spouses, other family members, friends or other persons.
- E.** Employees need to be aware and guard against disclosure of confidential or sensitive information to unauthorized persons within the customer's or prospect's organization, as well. For example, prior to faxing a document containing confidential or sensitive information, the employee should prior contact the customer to gain concurrence that it is appropriate to fax the document to the fax number indicated, and that the fax will not be intercepted by their employees who are not authorized to receive it. Employees are also expected to be careful in e-mailing confidential or sensitive information by ensuring that the e-mail is directed only to authorized parties.
- F.** If an employee gains knowledge of information, the disclosure of which could adversely affect the reputation or operations of the Company, the employee is required to immediately report this information to the CEO. Upon receipt of the information, the CEO will confer with the employee to determine the appropriate action, in accordance with these policies and applicable laws and regulations, to maintain the Company's reputation and operations.
- G.** All employees are required to adhere to this and other Company policies and must sign the *Confidentiality and Employee Non-Compete Agreement*. If a violation of this policy occurs, an employee may be subject to discipline and legal action.
- H.** Any exceptions to this policy may be made only with prior permission of the President.

In General

- A.** Employees are expected to provide professional services for our customers. Professionalism is conveyed to others in a variety of ways, including individual job competence, reliability and friendliness, and how we present ourselves through dress and grooming. Therefore, the Company reserves the right to establish reasonable dress and grooming guidelines for employees to follow while working on behalf of the Company.
- B.** Specific dress and grooming standards may vary depending on the employee's job, therefore each employee is expected to know and follow the dress and grooming standards applicable to the employee's job. This policy sets forth general guidelines. However, whether or not a dress or grooming standard is covered by this policy, employees are expected to apply this policy in accordance with its intent. Any radical departure from conventional dress and grooming or from standard safety precautions is prohibited. The President has the authority to decide what is acceptable or unacceptable appearance or attire.

Standards Applicable to All Employees

- A.** All employees are expected to come to work clean and neatly groomed, using generally accepted personal hygiene standards. In general, hair shall be combed, clean and neatly trimmed.
- B.** Employees may wear earrings and jewelry, and other body piercing jewelry while working on behalf of the Company in so far as it complies with this policy.
- C.** Employees may display tattoos in so far as the tattoo does not expound any form of sexual, racial or other forms of harassment against any person or group, or display any image or words that are contrary to the Company's ethics or policies. Tattoos deemed inappropriate by the Company must be covered by clothing during working hours.

Standards Applicable to Office Employees

- A.** Office personnel are to wear business casual clothing while working in the office; slacks, skirts, shirts, blouses, sweaters and similar business casual wear is acceptable. Jeans and denim are acceptable but may be deemed inappropriate for some designated Company meetings and events.
- B.** Examples of inappropriate clothing for our office environment include (but are not limited to) cropped or mid-drift tops, t-shirts with inappropriate images or verbiage, very tight or revealing clothing, short-shorts, or any other casual wear deemed inappropriate by the CEO and not representative of a professional business environment.
- C.** In general, employees are expected to wear clothing that is suitable for the business situation and environment in which the employee is working. Therefore, office employees are expected to keep in mind that there are times that business meetings, conferences, tradeshows or circumstances dictate the wearing of more professional attire.

Standards Applicable to Sales Employees

- A. Sales employees are expected adhere to the dress and grooming standards applicable to all employees; however, when calling on customers, prospects or working at tradeshow or other events, where they are representing PM Ohio, they must wear more fashionable and professional clothing.

Standards Applicable to working in the Warehouse

- A. Employees working in the warehouse are expected to wear casual clothing conducive to safe and productive work. Suitable attire includes work slacks, jeans, casual shirts, plain t-shirts and other casual wear. In general, clothing is expected to not violate any safety standards, or any other policy in this manual.
- B. Loose fitting clothing, and loose fitting or large jewelry items are safety hazards and are prohibited.
- C. When called out to work at a customer location, employees are expected to comply with cleanliness and grooming standards specified in the section titled “Standards Applicable to All Employees” within this policy.
- D. Shoes shall, first and foremost, be selected based on concern for safety when working in the warehouse. Prohibited footwear for the warehouse includes flip flops, open toed shoes, and other foot wear not conducive to safety.

Violations

- A. The supervisor maintains authority to determine when an employee’s dress is inappropriate.
- B. If an employee reports for work in violation of any provision of this dress and grooming policy, the employee will be counseled, and may, at the option of the supervisor, be required to go home to change, or otherwise comply with this policy. In addition, the employee may be subject to appropriate disciplinary action.

- A.** The Company conducts business in an ethical and lawful manner. Its future success depends, to a large degree, on maintaining trust with its customers and general public, as earned through continued fair and ethical business dealings. Each employee shares in this responsibility. Accordingly, the Company expects all employees to conduct themselves, both on and off the job, in an ethical manner, and within the guidelines set forth below. Specifically, no employee shall:
1. act in any manner that discredits the operations, ethical standards or reputation of the Company, or be involved with, or engage in any illegal activity;
 2. disclose or provide any proprietary work product, work methods, customer or prospect lists, or any other proprietary information to a competitor, or other unauthorized person;
 3. use any confidential or proprietary information of the Company to advance the employee's. or any other person's or entity's personal financial or private interests;
 4. disclose confidential or sensitive information obtained about any customer to any unauthorized person, company or other entity;
 5. disclose any confidential or sensitive information about the company's business, operations or business affairs to any unauthorized person, company or entity;
 6. provide to any person or company any work product or service for which the Company has not entered into a written contract, and for which the Company was not appropriately compensated;
 7. engage in any business or personal transaction, or activity that conflicts with the employee's job, with the Company' interests or reputation; or with the Confidentiality & Non-Compete Agreement;
 8. accept any gift, favor, or item of value from any customer, prospect or other person or entity that could influence the employee's professional and proper discharge of duties;
 9. represent any private interest in any action or proceeding against the Company;
 10. engage in any employment or activity when that employment or activity is incompatible with the proper discharge of duties with the Company, or influences that employee's judgment or actions as it pertains to the operations and interests of the Company.
- B.** The Company recognizes and respects each employee's right to engage in activities outside of the employment relationship, provided those activities do not present an ethical issue or conflict of interest with PM Ohio.
- C.** The President maintains authority to determine when an employee's activities or actions are in conflict with the interests of the Company, or present an ethical issue prohibited by this policy.

- A.** Employees are expected to conduct themselves in accordance with these policies, perform their jobs to expected standards, and to follow any lawful verbal and written directives of management. Employees are advised of performance and conduct expectations through these policies, performance reviews, memos, verbal and written directives and other means.
- B.** Employment with the Company is at-will; therefore employees may be discharged with or without cause or prior notice. Whenever possible, the Company provides to the employee an opportunity to correct the conduct or performance problem through coaching, or administering formal disciplinary action.
- C.** Levels of disciplinary actions include informal counseling, formal written reprimand, unpaid suspension, or discharge. Discipline may be administered in any or no order, based on individual facts and circumstances. Nothing herein precludes omitting, skipping, or repeating any of the disciplinary levels.
- D.** The President has delegated authority to supervisors to coach employees, and to administer written reprimands. Only the CEO or President has authority to administer an unpaid suspension or discharge from employment.
- E.** The CEO will determine whether or not performance or conduct issues are addressed through the employment at will doctrine or through application of disciplinary action as appropriate to the situation and seriousness of the offense. Nothing in this manual requires the company to prove cause, or to use any form of progressive discipline in lieu of discharge.
- F.** When administering discipline, the supervisor will complete a record of the disciplinary action, and will meet privately with the employee to discuss the situation, and expected levels of conduct or performance.
- G.** Employees subject to discipline are expected to respond constructively, by performing their jobs to expected standards.
- H.** As appropriate to the situation, the supervisor and the CEO may develop a plan of corrective action for the employee to follow. The plan of corrective action will specify the standards and plan for the employee to meet the Company performance or conduct standards. Failure to sign the plan of corrective action shall be construed to mean that the employee chooses not to follow the Company standards, and has alternatively chosen to voluntarily resign effective on the date that the employee chose not to sign.

Prohibition Against All Forms of Harassment

- A. Harassment in the workplace by anyone is absolutely and strictly forbidden, and therefore, the Company will not tolerate, and will deal promptly and firmly with any type of harassment that occurs in the workplace. This policy sets forth the Company' position on harassment, reporting and investigation procedures and protections, and consequences.
- B. Harassment that is prohibited includes sexual harassment, and harassment that is based on race, creed, color, age, religion, gender, sexual orientation, national origin, disability or any other personal characteristics of a person.

Sexual Harassment

- A. It is against policy and illegal for any employee, male or female, to sexually harass another employee or applicant by making unwelcome sexual flirtations, advances, or propositions or by creating an intimidating, hostile, or offensive working environment through verbal abuse or physical conduct of a sexual nature.
- B. Furthermore, no one shall threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will affect, or have an adverse or positive impact upon that employee's job, evaluation, compensation, advancement, assigned duties, or any other condition of employment or career development.

Understanding Sexual Harassment

- A. The Company expects that all employees and management have an understanding of what constitutes sexual harassment to provide a broad basis of common understanding for administration and enforcement of this policy. Employees will be provided this policy during the employee's orientation period, and on a continued basis, the policy is available for reference on the Web. Employees will be provided training to ensure understanding of the policy and processes for reporting violations.
- B. The Company recognizes that sexual harassment can involve co-workers, managers, customers, prospects or members of the general public. It also recognizes that a harasser can be male or female, and can include harassment of persons between opposite sexes, or the same sex. There are 2 broad types of sexual harassment that the Company expects employees to understand.
 1. **Quid Pro Quo:** Harassment, of this nature, occurs when decisions regarding employment are promised, threatened or given, based upon whether or not one or more employees will submit to sexually-oriented conduct. It occurs when an individual's acceptance or rejection of sexual conduct, or submission to sexual conduct is made either explicitly or implicitly as term or condition of an individual's employment. Examples include sexual favors, in exchange for better working conditions, or threat of an adverse employment action for failure to provide sexual favors.
 2. **Hostile Work Environment:** Sexual harassment also occurs when sexually-oriented conduct is unwelcome and creates an offensive, hostile and unpleasant working environment that interferes with an individual's work performance. Examples of situations that cause a hostile work environment include the following.

Verbal Harassment

- Repeated sexual innuendo, obscene or off-color jokes, slurs, lewd remarks, and language, and other offensive sexual comments
- Sexual propositions, insults and threats
- Sexually oriented demeaning names
- Persistent unwanted sexual or romantic overtures
- Leering, whistling; or other sexually suggestive sounds or gestures.

Non-Verbal Harassment

- Content in letters, notes, faxes, and e-mail that is sexual in nature or sexually abusive
- Displaying pornographic or sexually suggestive pictures, calendars, cartoons, or other sexual material in the workplace
- Graffiti that is of a sexual nature or sexually abusive
- Subtle or overt pressure for sexual favors.

Physical Harassment

- Coerced or unwelcome touching, patting, brushing up against, pinching, stroking, massaging, squeezing, fondling and tickling
- Unwelcome or coerced kissing
- Coerced sexual intercourse.

Examples of sexual harassment specified in this section are for illustrative purposes only, and are not all-inclusive. All forms of sexual harassment are prohibited, whether listed or not.

Assurance of No Retaliation

- A. Employees are required to report incidences of harassment when the employee believes, in good faith, that s/he has been subject to sexual, racial or other form of harassment. An employee is assured of no retaliation for filing a complaint made in good faith.
- B. Any employee or other person who retaliates against another employee for filing a harassment complaint, serving as a witness, or otherwise cooperating during an investigation, is subject to disciplinary action.

Reporting Sexual Harassment

- A. Employees are required to report instances of sexual harassment in accordance with the following provisions. If an employee believes that s/he has been sexually harassed, s/he is required to report the alleged incident, within three (3) workdays after it occurs, to one of the following persons.
 - President
 - CEO
 - Controller/HR Manager

Investigations

- A. Upon receipt of a complaint, the Company will conduct an investigation. All reported incidents of harassment will be investigated immediately and as confidentially and objectively as possible. The type, nature and course of the investigation will be dependent upon the facts and circumstances of the allegation.

- B. During the course of the investigation, the employee, against whom the charge is made, may be placed on leave. Such leave may continue throughout the investigation, and up to its completion and resulting decision.
- C. The employee making the charge of harassment will be expected to cooperate during the investigation, as will any witnesses and other employees who are called upon to provide information during the investigation. If an employee hinders the investigation or fails to cooperate, s/he may be subject to disciplinary action.
- D. If, after investigation, it is established that the employee has been harassed, the employee, who committed the harassment, will be subject to appropriate disciplinary action, up to and including discharge for the first offense.

Racial, Religious, Gender & Other Forms of Harassment

- A. No employee shall harass another employee, member of the general public or other person, through conduct, words or action, based on that person's race, creed, color, age, religion, gender, national origin, disability or sexual orientation.
- B. Verbal or non-verbal remarks or conduct that is offensive or objectionable to the recipient, or which interferes with the recipient's work performance is strictly prohibited. Included are innuendoes, slurs, threats, demeaning or disparaging remarks, names and language, or harassment that includes any type of physical threats or actions against an employee based upon that person's race, creed, color, age, religion, gender, national origin, disability or sexual orientation. Harassment is also strictly prohibited as content in letters, notes, faxes, and e-mail, or in the display of pictures, calendars, graffiti, cartoons, or other materials.
- C. If an employee believes that s/he has been harassed because of that person's race, creed, color, age, religion, gender, national origin, disability or sexual orientation, s/he is required to report the alleged incident, within three (3) work days after it occurs, in accordance with the procedures specified for reporting incidences of sexual harassment.

Third Party Harassment

- A. Sexual, racial and other forms of harassment can also involve a third party. Therefore, the Company strives to provide to its employees a work environment - free from unlawful discrimination and hostility - as it pertains to the working relationships between employees and persons who do business with the Company such as customers, prospects, vendors, contractors and others.
- B. If an employee experiences unlawful discrimination or an unlawful hostile work environment in dealing with a non-employee doing business with the Company, the employee is required to notify the CEO or President.
- C. If the non-employee is found to have unlawfully harassed or discriminated against the employee, or has created an unlawfully hostile work environment, the CEO or President shall resolve the problem by informing the violator, and ordering him to cease the unlawful behavior.
- D. Repeated unlawful discrimination or harassment, or the continuation of creating an unlawful hostile work environment shall result in the Company ceasing to do business with this person or company.

Secondary Employment

- A.** An employee's full-time position with the Company is considered that employee's primary job. Therefore, full-time employment with the Company takes precedence over all other employment. An employee may accept a secondary job, or engage in his own part-time business, as long as these activities comply with the terms and conditions of this policy. Employees are required to inform the HR Manager/Controller of outside employment for which the employee is contemplating.
- B.** Employees may not accept employment or engage in any business that impairs the employee's effective and timely performance of job duties and responsibilities with the Company. Likewise, secondary employment may not interfere with the employee's work schedule with the Company, present a conflict of interest, violate the Ethical Conduct policy, or be contrary to any other policy specified in this Policy manual.
- C.** Work demands sometimes require work on evenings, Saturdays or Sundays to fulfill job requirements. Therefore, secondary employment entered into by an employee must accommodate the extended workload and work schedule demands imposed by the employee's primary job with the Company.
- D.** The Company' computer equipment, Internet service, printers, copiers, data disks, and all other equipment, materials and supplies are for the use the Company business only, and may not be used for conducting a secondary job. Likewise, the secondary job shall not be performed during the employee's scheduled work time with the Company.
- E.** In the event that the secondary job presents an ethical, scheduling, or other conflict with the employee's primary job, the President shall discuss the situation with the employee. Should the employee choose to accept or continue employment with the secondary employer, the employee shall be considered to have resigned from the Company.

Anti-Diversion Activities

- A.** The diversion of products sold by a Distributor is damaging to the Distributor, to its legitimate salon customers, and to the beauty industry. Employees are to use their best efforts to protect against diversion.
- B.** Employees are prohibited from participating in the diversion of products and are to immediately report to their supervisor any salon customers that they suspect may be diverting products.
- C.** Each employee upon hire and as a condition of employment must read and sign the Anti-Diversion Policy and Agreement.

Personally Owned Property

- A.** Employees may bring selected personal items into work. Permissible items include pictures of family, desk accessories, and personal items such as purses, wallets and personal care items. Personal property items must be in good taste, and not violate any policy or law, be excessive in number, and cannot interfere with business operations, safety, or productivity.
- B.** The Company is not responsible for loss, damage, or theft of personal belongings. Therefore, employees are expected to exercise reasonable care to safeguard their personal items that they bring to work. Employees are discouraged from bringing into work items of significant financial or sentimental value.
- C.** Employees are encouraged to lock their vehicles while working. The Company does not assume responsibility for damage to, or theft of any vehicle or personal property left in a vehicle while the employee is working on, or off premises. The Company assumes no responsibility for payment of tickets received for parking illegally.
- D.** Employees are prohibited from bringing onto the Company premises explosives, guns, knives, and other weapons or items that could affect the safety or health of coworkers or others. This includes carrying weapons in the employee's private automobile parked on or near the Company premises while the employee is working in the office, or when traveling on Company business. Employees may, however, carry on their person pepper spray or mace for personal protection purposes.
- E.** The CEO and President may search any item on Company premises or confiscate any property that violates safety and security, or is contrary to this or any other policy, and may use the item to substantiate violation of this or any other policy.

Company Owned Property

- A.** The Company owns all furnishings, equipment and materials within its facilities. Employees are expected to use Company property and equipment for business purposes, in the manner intended, and to take proper care of Company property as outlined in this manual.
- B.** The Company reserves the right to inspect the contents of any file cabinet, computer, desk, work station and other furnishing or equipment at any time, without notice. Therefore, employees should expect no right of privacy as it pertains to items kept on Company property.

Outside Sales Representatives & Other Non-Employees

- A.** The Company strives to maintain a productive and secure working environment for its employees. Therefore, soliciting any item or service by outside sales representatives or any other person, not employed with the Company, is prohibited on the company's premises. Likewise, non-employees are prohibited from distributing their products, materials, literature or other items within the premises of the Company.
- B.** Should a non-employee attempt to solicit or distribute items on the Company property, employees are authorized and expected to respectfully request that the person cease the activity and to leave the premises. If the person refuses to leave, or otherwise fails to comply with this policy, the employee is expected to report the violation immediately to the President or CEO, who shall require that the violator leave the premises.
- C.** An exception to this policy may be made for representatives selling office equipment, furnishings, supplies or services, necessary for conducting Company business and operations.
- D.** The Company expects its employees to discourage telephone solicitations during their workday. Calls from sales representatives, recruiters, or other persons disrupt work, and may not be in the interest of the Company. Therefore, employees are expected to promptly and courteously inform the caller that the Company is not interested and disengage the call. If the caller is selling products or services to be used by the Company, the call may be forwarded to the Controller/HR Manager.

Employee Solicitation

- A.** An employee may sell and distribute items to other employees for fund-raising activities on behalf of a school, church, girl scouts, or other non-profit or educational association, but only while employees are on an approved break and in so far as the conditions specified in this section are followed.
- B.** Employees are prohibited from leaving catalogues, flyers and other promotional materials on Company premises. Sales and distribution of items shall not be permitted when employees are working, or in any work area. Employees are expected to respect the wishes of other employees who express that they do not wish to participate in solicitations or distribution of materials during their working or non-working time.
- C.** Soliciting and selling for-profit items on behalf of an employee's secondary employment, is prohibited within any work or break area.

Soliciting or Distributing Items through the Company's Communication Systems

- A.** The Company provides various means for employees to communicate to each other, customers, and other job contacts. Communication systems include e-mail, fax machines, computer networks, on-line services, cell phones and landline phones. These communication tools are generally for business use, and may not be used to solicit or distribute non-business related literature or information by either employees or non-employees.

SECTION 6
EQUIPMENT & SUPPLIES



In General

- A. The Company provides assigned employees electronic access into its computer system, which includes internal communications, Internet access and e-mail. This policy cannot address every possible situation. It is designed to provide employees guidelines for computer use and electronic access.
- B. The security and integrity of the computer system, customer files, and other data contained within is proprietary and extremely valuable. Therefore, the Company expects each employee to know and follow these guidelines and standards. Likewise, each employee is required to read, sign, and follow the *Electronic Communication Policy* in section ten (10) of this manual.
- C. By accepting an account password and accessing the Company's network or Internet systems, the employee agrees to follow the terms of the computer policies, and to immediately report any suspected abuse to the CEO or President. Employees are expected to keep their own passwords confidential, and shall not provide passwords, or permit computer access to anyone who is not authorized.
- D. The Company reserves the right to suspend or revoke access at any time, without notice, and for any or no reason.

Use of Computer System

- A. Company computers and the data within them may be used and accessed only by authorized employees of the Company, and it's authorized computer technicians.
- B. Company computers, software, printers and other peripherals are provided solely for business purposes. The Company prohibits use of its computer system for any purpose that is contrary to the policies or interests of the Company.

Ownership of Files and Information

- A. All files and information stored, created, sent, or received via the Company's computer system, e-mail system, Internet, or internal communication is the sole property of the Company.
- B. Accordingly, employees must expect no right of privacy pertaining to any information or files stored in, or accessed through a company computer, including Internet sites, files, e-mails sent and received, electronic folders and files, and any or all information stored, or accessed on an company's computers.
- C. The Company may at any time, and without cause or prior notice, access and monitor any company computer and the information contained within it. The Company reserves the right to read, review, copy and use any and all files and information stored in, or accessed through the Company computer system.

E-mail

- A. The Company's e-mail system is provided to improve service to our customers, enhance internal communications, and reduce paper documentation. It is intended for business use. Employees are not permitted to send personal e-mails during times that the employee is expected to be working.
- B. The Company owns all e-mails on the Company system, including the messages and information contained in them. The Company may at any time, and without prior notice, monitor, read, and otherwise access an employee's e-mail. However, the

right to access another employee's e-mail is given to only those management persons specifically authorized. No person may access another employee's e-mail without prior authorization from the President.

- C. When using the Company e-mail system, employees are expected to adhere to the following guidelines.
- Employees are expected to use caution to ensure that the e-mail address is correct, and the e-mail is being sent to only those parties for whom the e-mail is intended.
 - All messages or files sent via e-mail must include the name of the employee who generated the e-mail.
 - Employees are expected to exercise sound judgment when distributing messages. Client related messages should be carefully guarded and protected.
 - E-mails must comply with all policies specified in this manual, including copyright laws, ethics rules, and other applicable laws.
- D. E-mail generated on behalf of the Company represents the Company in the same manner as traditional written correspondence. Therefore, e-mails must contain professional and appropriate language, and employees are expected to use proper grammar, capitalization, punctuation and should spell-check their e-mails prior to sending.
- E. Employees are strictly prohibited from sending or forwarding any e-mail that is in any way abusive, harassing, intimidating, threatening, racist, discriminatory or otherwise offensive or in violation of any policy within this manual.

Internet Access and Use

- A. The Company provides Internet access to authorized employees. Internet access is provided for business use, surfing the net or accessing web sites for personal reasons, for extended periods of time is prohibited.
- B. No employee shall use the Internet to download or access games, pornography, or any other materials whose use in the workplace would violate Company policy. The Company reserves the right to block access to Web sites that are determined to be not in the best interests of the Company, or contrary to policy.
- C. Employees may not access chat rooms, blogs, news groups, electronic bulletin boards, or other electronic messaging system through the Company's computer system. Employees are not permitted to post resumes, respond to job advertisements, search career websites, or otherwise engage in job searches on Company computers, or on the Company's Internet system.

Personal Web Pages and Blogs

- A. Use of Internet blogs, social networking sites such as Facebook, My Space or other personal web pages as a private citizen are prohibited on Company computers and on work time. Employees' opinions and views posted on such sites must be kept separate and distinct from communications expressed as an employee or representative of the Company and must not impact negatively, in any way, on the Company, or on its management, employees, customers or other persons associated with PM Ohio.

Care and Security of Equipment and Files

- A.** Employees are expected to care for, and properly maintain the computer system to keep it operating effectively and efficiently. Employees are prohibited from engaging in any activity that could purposefully or inadvertently introduce a virus, harmful component, or corrupted data into the system, or engage in any malicious tampering of the computer system to cause harm to the Company and its files.
- B.** Generally, computer data shall be accessed and worked on at the work site of the company. However, some employees may have need to work off site, or to gain access remotely from other work locations. Employees must gain authorization from the CEO or President prior to copying any computer file for transport out of the office on memory sticks, CD Roms, by e-mail and other means. Rather on a case-by-case basis, the CEO may give a blanket authorization to certain employees to transport data, and to work off site on laptops and at other computer locations.
- C.** No files shall be copied for any other purpose other than for the purpose of a working on a project or other assignment made by the President. Computer files shall not be stored indefinitely on home computers to maintain the security and confidentiality of the Company and customer records and work product.

EQUIPMENT, FURNISHINGS & SUPPLIES

◆ POLICY 6.02 ◆

- A.** The Company provides tools and equipment needed for an employee to perform job duties and responsibilities. Furnishings, such as desks, chairs, and other items are also provided, along with needed supplies and raw materials.
- B.** If an employee wishes to bring into work personally-owned equipment, tools or furnishings for use on the job (other than a vehicle for business use), the employee must request prior approval. If approved for Company use, the Company is not responsible for the damage, wear and tear, or loss of any personally-owned equipment, tools or furnishings, and shall not be responsible for its maintenance or repair.
- C.** Copiers, printers, fax machines, other general office equipment, and paper and supplies are provided for the Company business use only.
- D.** Employees are expected to use equipment, tools, and furnishings in the manner in which they are designed. Misuse, abuse or carelessness in operating equipment and tools is prohibited. Questions regarding proper operation should be directed to the supervisor prior to use. In addition to being subject to appropriate disciplinary action, an employee may be required to pay for Company owned equipment, tools or furnishings that are lost or damaged as a result of misuse, abuse, or carelessness.

Mailing and product shipping

- A. PM Ohio provides postage meters for convenience in mailing envelopes and packages. Equipment is to be used for business correspondence only. Likewise, the Company also purchases stamps, letterhead, envelopes and other mailing supplies to conduct its business, which will be used only for business purposes.
- B. Employees are generally expected to follow the delivery schedules and mailing instructions including the procedures for overnight or other express mail delivery to PM Ohio customers. Use of company mailing supplies and express mail services paid for by the Company or its customers shall be restricted for business purposes only.
- C. Sales consultants are to use the following procedures for returns and pickups:
 - 1. All boxes are to be taped shut.
 - 2. All boxes must be marked clearly with the name of the sales consultant.
 - 3. All boxes must be numbered for accuracy – individual boxes numbered along with the total. (Example: if you have 5 boxes, mark them: 1 of 5, 2 of 5, 3 of 5, etc.)
 - 4. All appropriate and accompanying paperwork must be in each box.
 - 5. Good and bad products must be put in the appropriate boxes marked “good” or “bad.”
 - 6. Driver picking up the boxes will date the log sheet and mark the number of boxes that were picked up.
 - 7. The warehouse team will accept boxes sent via UPS and log the date and the number of boxes.
- D. Sales consultants are to use the following procedure when picking up their boxes on meeting days.
 - 1. All boxes will be taped shut with the sales consultant’s name on the boxes.
 - 2. A log sheet will be prepared with the following information on it:
 - a) The name of the sales consultant
 - b) The number of boxes for the sales consultant
 - c) The invoice number and who packed the boxes
 - d) The literature, samples, etc. that are in the boxes
 - e) The column for the sales consultant’s signature
 - f) The date of the meeting or the date of the pick up.

Landline Telephones

- A. Office telephones are to be answered promptly and courteously, and shall generally be reserved for business purposes, except for limited and reasonable personal use. If personal calls are necessary, they shall be brief in duration, limited in number, and reserved for important, urgent, or emergency situations. Casual conversation for extended periods is not permitted. Employees are expected to inform family members and friends of this requirement.
- B. Employees are generally expected to return business telephone calls and their voice mails within the same business day whenever possible, or no later than the next business day, unless not practicable or otherwise requested by the caller.
- C. The Company does not pay the telephone charges for personal long distance or toll calls. Employees who make personal long distance and other toll telephone calls are to pay for these calls with their personal telephone calling card, or by reversing the charges. If a calling card or reversing the charges is impracticable, the employee shall promptly notify the Controller/HR Manager that the call was made, and arrange for reimbursement of charges.

Cell Phones

- A. Employees owning personal cell telephones are permitted to carry their phones while working. However, if personal calls are necessary, they shall be brief in duration, limited in number, and reserved for important, or urgent situations. Casual conversation for extended periods is not permitted during work time.
- B. Employees are required to make their personal cell phone number available to the Company for contact in case of emergency, or when working out of the office on business. The Company will not release the employee's personal cell phone number to anyone without permission from the employee.

- A. Employees may be required to use their personal vehicles for the purpose of traveling to and from locations on business. When using their personal vehicles for business use, the employee shall be compensated in the manner prescribed under the policy titled "Expenses."
- B. Mileage reimbursement provided for business travel shall be considered complete compensation for the use of the vehicle. Therefore, any maintenance, repairs and damage to a personal vehicle used on the Company business shall be the responsibility of the owner of the vehicle.
- C. An employee is permitted to operate a personal vehicle for business use only when that employee has a current and valid State motor vehicle operator's license, and holds current collision and liability insurance in at least the minimum amount required by the State in which the vehicle is registered.
- D. A newly hired employee, who is expected to drive on the job, is required to submit his current driver's license to the Controller/HR Manager, along with proof of insurance, during orientation. The Controller/HR Manager shall retain a copy of the license and insurance documentation in the employee's personnel file. Failure to provide a valid driver's license and proof of insurance, upon initial employment, will result in rescinding the offer of employment.
- E. Each employee, who is required to operate a vehicle on behalf of the Company, is required to notify the Controller/HR Manager of any temporary or permanent suspension of driver's license and driving rights, or of any change to the employee's insurance coverage, including loss of coverage or change in coverage limits. If an employee does not possess a driver's license or liability insurance that is required to perform job duties and responsibilities, the employee will be required to acquire such license/insurance within a reasonable time frame established by President, or will be subject to disciplinary action, including discharge.
- F. Notwithstanding the license and insurance submission requirements specified herein, reasonable accommodations will be made for employees who are or become disabled under the ADA, and accordingly unable to acquire or hold a State motor vehicle operator's license or insurance coverage. The Company shall not provide any accommodation, however, if the accommodation creates an undue hardship on the Company.
- G. Employees who use personal vehicles on Company business must adhere to posted speed limits, and follow all traffic rules and regulations. Employees are expected to operate vehicles in a safe and controlled manner, in consideration of driver, passenger and public safety. The driver and all passengers are required to wear seatbelts or restraints as provided in the vehicle when traveling in a vehicle on the Company business.
- H. Traffic and parking fines, and arrests and convictions for illegal or improper use of vehicles while on the Company business are the sole responsibility of the employee.
- I. Should an employee be involved in a vehicular accident while operating or traveling in a vehicle on business, the employee shall report the accident, as soon as feasible, to the supervisor. The accident shall be reported regardless of the apparent seriousness, or extent of damage or injury. The employee shall complete an incident report to document the accident, witnesses, and other pertinent information. The

supervisor shall review the report, verify the information, and shall make any additions or changes to the report to ensure that it is recorded accurately and completely. In the event that the employee is injured and unable to promptly report and record the accident, any employee who is aware of the accident shall report it and provide known information, pending report from the employee when able.

- J.** An employee is expected to focus on driving, and avoid being distracted when operating a vehicle on the Company business. Therefore, when receiving or placing a cell phone call while traveling, an employee should do so only if it can be done safely, or should first safely pull the vehicle over to a safe location.

SECTION 7
WORKPLACE HEALTH AND SAFETY



- A. The health and safety of the employees of PM Ohio is a top priority. The Company provides safe, healthy and secure working conditions for its employees, and will respond promptly to an employee's concern about safety, health or security issues. The Company also makes reasonable efforts to provide for the safety and security of customers and other members of the general public while visiting on the Company premises.
- B. While the Company is willing to provide the resources needed for accident prevention, it is also necessary that all employees cooperate in maintaining a safe work environment. Each employee must adhere to safety and health policies, and assist the Company in identifying any existing or potential health, safety or security concern. General safety and security guidelines and policy include the following:

General Health and Safety Guidelines

- Employees are expected to follow all Company safety, health and hazard policies and procedures, and OSHA standards.
- Employees are expected to take reasonable care for their own protection while working, the protection of their coworkers, and the protection of personal and Company property.
- Employees are prohibited from bringing onto the Company premises items that could affect the safety or health of coworkers or others.
- Employees must use Company equipment and machinery in accordance with its purpose, and report any equipment or machinery that is not working properly or appears to be unsafe.
- Employees are expected to operate vehicles safely and in accordance with traffic laws and regulations when driving on Company business. Safety precautions and expectations pertaining to the operation of vehicles while on the Company business are included in the policy titled "Vehicles for Business Use."

General Security Guidelines

- If an employee feels unsafe in any situation while performing job responsibilities, the employee is requested to inform the supervisor or CEO who will take appropriate action to ensure the employee's safety.
- Employees shall refrain from any behavior or conduct that is offensive or undesirable, or which sacrifices the security or safety of any person. Employees shall not physically or verbally assault another employee, member of the general public or any other person while working, or on the premises of the Company.
- If an employee feels an immediate threat, or feels unsafe while traveling into a general neighborhood or area, the employee may cease performing responsibilities and leave the area. If appropriate to the situation, the employee may contact local law enforcement. The employee shall, as soon as feasible, contact the supervisor, CEO or President to inform of the situation.

Safety or Security of Others

- A.** When there are reasonable grounds to believe that an employee is engaged in serious misconduct, or conduct that involves security or safety, the Company reserves the right to search an employee's personal property brought onto the premises. Searches of personally owned property will be conducted only when it is reasonably expected to result in evidence of the serious misconduct, security or safety issue.
- B.** When a supervisor or any employee suspects misconduct that involves the security or safety of others, that person is responsible for immediately notifying the CEO or President who shall initiate appropriate action. When there is reasonable suspicion of illegal activity, the CEO or President may notify law enforcement authorities to conduct the search or perform other law enforcement activities as they deem appropriate.
- Any employee found to be in violation of Company policy affecting the safety and security of others will be subject to appropriate disciplinary action, up to and including discharge. If an employee is found to have committed a criminal offense, the employee will be subject to both discharge from employment, and possible criminal or civil prosecution
- C.** Employees are expected to know and follow all safety and health policies, the Material Safety Data Sheets procedures included in this manual. Employees receive periodic training regarding safety practices and expectations. Supervisors and employees are expected to keep safety as the first priority, and will be evaluated in part, on their efforts and results in keeping the workplace safe, and free from hazards.
- D.** The Company delegates to workplace supervisors, where possible, the responsibility for recognizing job hazards and grant them the authority to abate the hazards.
- E.** Safety inspections are conducted periodically. During the inspections, employee comments and suggestions will be encouraged. Job hazards that are detected as a result of the inspection will be corrected as soon as possible. Unsafe conditions will not be tolerated. Accidents are investigated promptly and thoroughly by supervisors.
- F.** All employees are encouraged to participate and cooperate in the Company's efforts in making the workplace free from accidents and illnesses. Employee concerns will be addressed in a timely manner.
- G.** In the event of an accident, Southeastern Salon Suppliers will provide guidance or assistance to the injured worker for obtaining medical treatment. The Company will also regularly monitor the injured worker's progress during recuperation. Every effort will be made to provide for a productive return to work. We expect employees to return to work as soon as possible.
- H.** The Company's policy is aimed at minimizing the exposure of our employees, customers and visitors to health or safety risks on our facilities. To accomplish this objective, all employees are expected to work diligently to maintain safe and healthful working conditions and to adhere to proper operating practices and procedures designed to prevent injuries and illnesses. Company employees are responsible for the following:

1. Maintaining clear pathways around work areas
2. Reporting and seeking first aide for all injuries, regardless of how minor
3. Reporting unsafe conditions or equipment
4. Providing notice to your supervisor before beginning the workday, of any medication that may cause drowsiness or other side effects that could lead to injury to yourself or your co-workers.

Emergency or Special Medical Needs

- A. In the event of emergency situations such as fire or an accident, immediately contact your supervisor. If you have a personal or medical emergency or you have any physical limitations, medical allergies or any other special medical needs, advise the Controller or Human Resources and clearly specify what reasonable accommodations will meet your need.
- B. All accidents, personal or property, are to be immediately reported to your supervisor and the office. Personal injury assistance will be provided. When necessary, you will be transported to the nearest physician or hospital, and your family will be notified at your request. If you are critically injured, we will follow your instructions that are on file. Please inform us of any change in who you want notified or change of phone numbers. If you are unable to make your own choice and your family cannot be located to assist you, we will arrange for the best care available.
- C. Do not overlook an accident. Since untreated injuries can turn into major health problems, the Company requires that all personal injuries, including minor accidents, be reported within the same workday as the incident. If an employee is away from the office when an accident occurs, the employee must report the incident within 24 hours. **Employees failing to report a personal injury within the specified time frames are in violation of Company policy.**
- D. As a commitment to its employees and the community, the Company has established this Hazard Communication Program. The Safety Director has primary responsibility for coordinating the program. This program is included in the employee handbook, which all employees are provided.

Access to the Written Program

- A. Every employee has the "right to know" of chemicals in the workplace which may present a physical or health hazard. The Company will see to it that every employee knows the location of this **Hazard Communication Program** and has access to it. It is included in the employee handbook for all employees to reference. This includes the list of hazardous chemicals and material safety data sheets (MSDS).

Hazard Determination

- A. The Company does not manufacture, import, or evaluate chemicals which may be used in their workplace and which are described as hazardous. The Company has no expertise for this specialized activity. As a result, the Company will rely upon those who manufacture, import, or evaluate the chemicals to establish their toxicity. The Company will depend upon its vendors for Material Safety Data Sheets and other information on the hazards of various chemicals that the Company uses in our workplace.

- B. Every hazardous chemical used by this Company and present in the workplace will be listed on the Company's List of Hazardous Chemicals. This inventory will serve as the index to the MSDS files.

Labeling

- A. Chemical manufacturers, importers, and distributors shall ensure that each container of hazardous chemicals leaving their workplace is labeled, tagged, or marked with the following information:
1. Identity of the hazardous chemical
 2. Appropriate hazard warnings
 3. Name and address of the chemical manufacturer, importer, or other responsible party
- B. The Company will not receive any chemical not labeled. All in-Company containers of hazardous chemicals will be labeled with at least the following information:
- Identity of the hazardous chemical
 - Appropriate hazard warnings
- C. In the Company, the Safety Director is responsible for assuring compliance with these labeling requirements. This includes the requirement that "the employer shall not remove or deface existing labels on incoming chemicals....."

Material Safety Data Sheets

- A. The Company keeps a Material Safety Data Sheet containing the information required by the Hazard Communication Standard for each chemical listed on the List of Hazardous Chemicals. If an MSDS is not included with a particular chemical that has been purchased by the Company, one will be requested, and the product cannot be used until an MSDS is received.
- B. The Company maintains copies of the required Material Safety Data Sheets for each hazardous chemical in the workplace and ensures that they are accessible to employees at any time during the work shift. Employees are informed of their "right to know" about the Material Safety Data Sheets and where in the facility they are located. The Safety Director is responsible for presenting the necessary information to the employees.

Employee Information and Training

- A. The Company provides all employees with information and training on hazardous chemicals in their workplace to which they may be exposed. A specific part of new employee orientation includes information and training on chemicals used by the Company. Whenever new chemicals are introduced into the workplace or there is a change in use or process, all employees will be informed and retrained.

Information

- A. PM Ohio provides information to employees about workplace safety and health issues through regular internal communication channels such as employee meetings, bulletin board postings, memos, or other written and oral communications. Employees will be informed of:

- This Hazard Communication Program both by receipt of this handbook and in new employee orientation;
- Any operations in their work area where hazardous chemicals are present;
- The location and availability of the written Hazard Communication Program, including Material Safety Data Sheets.

Training

A. Employee training will include:

- Details of the Company Hazard Communication Program including an explanation of labeling, Material Safety Data Sheets and how employees can access and use the information;
- The physical and health hazards of the chemicals in the work area;
- The measures employees can take to protect themselves from chemical hazards, including appropriate work practices, emergency procedures, and Personal Protective Equipment

Contractor Policy

- #### **A.**
- The Company recognizes its responsibility to provide outside contractors all necessary information concerning the presence of chemicals in its workplace and the possibility for their exposure. When appropriate, the Company will provide the outside contractor with a List of Hazardous Chemicals and Material Safety Data Sheets. The Company will use its Hazard Communication Program to fulfill its responsibilities to any outside contractor.

MEDICAL EXAMINATIONS

◆ POLICY 7.02 ◆

- A.** Physical and/or mental examinations may be required during employment to ensure that an employee has the physical and mental capability (with or without a reasonable accommodation) to perform all required essential job duties. The Company may require an employee to submit to a physician's examination when there is a question as to the employee's physical or mental capability, or when an employee is unable or unwilling to admit to a physical or mental condition that appears to affect the employee's ability to perform essential job duties.
- B.** When an employee is under the care of a healthcare provider, the employee may be required to provide a statement from the attending health care provider that attests to the employee's physical ability to perform job duties and responsibilities safely and to expected performance standards. The cost of this statement, if any, shall be borne by the employee.
- C.** The Company may also require an employee to submit to an examination by a health care provider selected by the Company. The Company will pay the cost of this examination.
- D.** An employee is required to cooperate and comply with a directive to submit to a physical or mental examination, and is requested to authorize the health care provider to release the results of such examination to the Company. Failure to submit to a required examination, or to release the medical information may result in delay or denial of leave, denial of a work restriction or ADA accommodation, or appropriate disciplinary action, up to and including discharge from employment.
- E.** The results of the medical examination will be used to:

 - determine the employee's capability to perform essential job duties, and whether or not a reasonable accommodation is available to assist the employee in performing essential job duties that would not create an undue hardship on the Company,
 - identify job restrictions that the Company may reasonably accommodate, or
 - substantiate the need for a voluntary or involuntary disability separation.
- F.** Medical examination results shall be maintained in a file, separate from the employee's personnel file. The results of the examination shall not be used to discriminate against any person with disabilities.
- G.** The President may waive this medical examination requirement when an employee submits valid acceptable documentation that substantiates an objection to the examination based upon a bona fide religious tenet or religious affiliation. The President reserves the right to investigate and confirm the validity of the documentation submitted. In such case, the President will make the determination as to the employee's capability to physically or mentally perform job duties, and availability of reasonable accommodations based upon the information available.

SMOKING AND TOBACCO PRODUCTS

◆ POLICY 7.03 ◆

- A.** The Company complies with Ohio's smoke free workplace act and strives to provide a safe and healthful working environment for its employees, customers and general public. Therefore, employees and all visitors are prohibited from smoking on Company premises. Likewise, employees are prohibited from using chew, snuff or any other tobacco products while working or on Company property. Employees may use tobacco products off Company grounds or in areas that the Company specifically designates.
- B.** Employees may smoke only during authorized breaks off Company premises. When smoking, employees are expected to take precautions so that tobacco smoke does not enter any area of the Company's buildings, or enclosed areas through entrances, windows, ventilation systems, or through other means. Employees are expected to keep Company premises free from cigarette butts and other tobacco litter.
- C.** All employees are required to respect the needs and rights of others to a safe and healthful working environment. Upon request by another employee or client, an employee is expected to extinguish his/her cigarette, cigar, pipe, or refrain from using any other tobacco product while in that person's presence.
- D.** Any smoking controversy that cannot be resolved by the individuals involved or their immediate supervisor should be referred to the CEO.
- E.** Employees shall not abuse smoking breaks, either in the number of breaks or their duration. A smoking employee's breaks are expected to not exceed the number and duration of breaks afforded to non-smoking employees (Work Hours and Schedules Policy 3.03).
- F.** Employees and all visitors to the Company facilities are specifically prohibited from smoking cigarettes, cigars, pipes, or using any other tobacco products:
 - inside of the Company's buildings
 - at entrances and exits to the buildings
 - in all other areas of Company property
 - in Company vehicles
 - in personally owned vehicles when an employee is conducting business for the Company and another employee, customer, or other person is in the vehicle.
 - at customer worksites, except in areas that are specifically designated as a smoking area.
- G.** In accordance with Ohio law, PM Ohio has posted no-smoking signs at all building entrances and exits, throughout its buildings, and throughout areas where smoking is prohibited by law to inform individuals that smoking is prohibited. Additionally, the posting states that violators may be reported to the Ohio Department of Health by calling 866-559-6446.

SECTION 8
COMPENSATION



- A. Employees are reimbursed for authorized expenses incurred while traveling on Company business in accordance with the terms and conditions specified in this policy. Reimbursable expenses are considered for approval when the employee submits an expense form that itemizes the reimbursable expenses, with true and actual receipts attached to document the business expense. Reimbursement checks are issued to employees promptly after the submission of properly documented expense reports.
- B. Expense forms shall be submitted to the Controller/HR Manager by the fifth (5th) day of the month following the month that the expenses were incurred.
- C. The Company maintains authority to disapprove any expense that it determines to be insufficiently documented or incurred contrary to the terms, conditions and provisions specified in this policy.
 - **Mileage (personal vehicles):** An employee is reimbursed for miles traveled in the employee's personal vehicle while on official company business at the current rate of 16 cents per mile. Such payment is considered total reimbursement for all vehicle-related expenses. An accounting of actual miles traveled showing the starting point, destination, and total miles traveled must be submitted by the employee incurring the mileage expense. There is a weekly cap on miles driven and may vary by territory, please contact the Controller/HR Manager for more information on the most current cap levels.
 - **Overnight travel meals and lodging:** Actual expenses incurred for meals, while on official overnight business for PM Ohio, will be paid with receipts up to the daily per diem maximum of \$25.00. Employees will be reimbursed for overnight stays when the stay is 3 hours or more away from their home. Employees are expected to select accommodations that are reasonably priced.
 - **Registration for meetings, conferences and conventions:** The Company will pay the registration fees for job-related meetings, conferences and conventions when the employee has prior approval to attend.
 - **Non-reimbursable travel expenses:** The Company will not reimburse personal entertainment, room service, dry cleaning and laundry charges, alcoholic beverages, and tips (other than for meals). Miles traveled to and from the employees regular work site are not eligible for reimbursement.

In General

- A. The Company maintains a compensation program that is competitive with the labor market, and complies with all applicable employment laws and regulations. The compensation program and compensation decisions do not discriminate on the basis of race, color, religion, gender, sexual orientation, national origin, age, marital status, veteran or military status, or qualified mental or physical disability.
- B. Non-exempt employees are compensated on an hourly basis, while exempt employees receive a salary.

New Hire Rates

- A. Entry level pay rates are set for new hires in consideration of the available payroll budget, and the employee's job duties, relevant work experience, previous work record, and other job-related criteria.

Pay Increases

- A. Employees have opportunity to grow financially with the Company, either through pay increases in the employee's current position, by promotion to a position with greater responsibility, by increasing their sales, or by increasing job knowledge and skills that are of value to the Company.
- B. Employees are expected to share in both the success of business and risks of the business. Pay increases are not automatic or across the board. Pay increases are given as individually warranted, at the discretion and timing of the CEO, in consideration of the Company's financial success, available budget, and each individual's performance, work record, and commitment.

Bonuses

- A. PM Ohio believes in sharing its success with employees who are productive and contribute to the Company's profitability. While Company profitability is dependent on many factors, each employee plays an important role.
- B. Based on profitability, PM Ohio periodically pays bonuses to employees. These payouts vary and are in addition to the wages already earned. Bonuses are not guaranteed.

Non-Cash Compensation

- A. In addition to pay, employees receive various benefits of value including vacation leave, holidays, sick leave, medical and life insurance. The Company also makes a contribution, on each employee's behalf, to Social Security, Medicare, worker's compensation, and unemployment insurance.

Non-Exempt Employees

- A. FLSA non-exempt employees are paid on an hourly basis for each hour worked at the straight time rate for up to 40 hours per week. Time worked over 40 hours per week is paid at the time and one half rate.
- B. The work period for the purpose of calculating overtime is the consecutive 168-hour period that extends from Sunday through the following Saturday. For the purposes of calculating overtime, time taken off for paid holidays, sick days, vacation, and other paid time off is not counted as time worked.
- C. A non-exempt employee is not permitted to begin work prior to the employee's scheduled starting time, unless prior approved by the employee's supervisor. Likewise, working past the employee's scheduled quitting time is prohibited, unless the time is prior approved. All overtime must be prior approved by your supervisor.
- D. If a non-exempt employee works hours over and above the normally assigned schedule, the employee may be required to re-schedule work hours so that the employee does not work more than forty (40) hours during a work period.
- E. Mandatory overtime may be required at times. If a non-exempt employee is assigned or scheduled to work overtime, the employee is expected to report at the requested or scheduled time. Failure to do so may subject the employee to disciplinary action. No employee will be compensated for scheduled overtime that is canceled.
- F. Nothing contained in this policy is to be construed as a guarantee of overtime.

Exempt Employees

- A. Some employees are exempt from the Fair Labor Standards Act (FLSA) since their duties and responsibilities and other characteristics of their jobs meet the FLSA exemption standards. Accordingly, these employees are paid on a salaried or commission basis, with no additional compensation for time worked over 40 hours in the workweek. Exempt employees are normally expected to work their normally assigned schedule, plus any other hours necessary to successfully accomplish work requirements.
- B. Exempt employees are not required to seek prior permission to work beyond their normal schedule, since they are compensated on a salaried basis.

General Guidelines

- A. Employees are paid every other Friday by direct deposit. If the payday falls on a Company-observed holiday, employees will normally be paid the day preceding or after the holiday, at the discretion of the Company.
- B. Employees receive a pay stub or statement showing gross pay, deductions and net pay. Certain automatic deductions are made from an employee's pay, as required by law, or in accordance with group benefit plans. Deductions include, but are not limited to medical insurance, federal, state, and local income taxes, Social Security, Medicare, court-ordered garnishments, child support, and other deductions.
- C. The Company may refuse to make deductions, not required by law, that are below certain prescribed minimum amounts, or at irregular intervals, or for other cause, which the Company determines to be administratively cumbersome, time-consuming, or otherwise not in its best interest. All requests for payroll deductions must be presented to the Controller/HR Manager.
- D. Questions regarding an employee's pay are to be directed to the Controller/HR Manager.

Payroll Adjustments

- A. The Company follows applicable requirements pertaining to employee compensation, payroll deductions, and other pay matters, and makes every good faith effort to be accurate and to make proper deductions from its employee's pay. However, the Company recognizes that payroll errors may happen inadvertently from time to time, therefore, the following procedure is to be followed when an employee feels that payroll has been miscalculated, or that deductions have been improperly taken.
- B. If an employee has been compensated in error, the employee must, as soon as practicable, bring the error to the attention of the Controller/HR Manager, who will investigate the error. The Controller/HR Manager will communicate the findings to the employee, normally by no later than the end of next pay period.
- C. If the Controller/HR Manager confirms a payroll error that results in a shortage of pay to the employee, the employee will be compensated for the full amount of any shortage on or before the end of the next pay period. If the payroll error has resulted in overpayment, the Controller/HR Manager will work with the employee to make arrangements for reimbursement of the amount back to the Company.
- D. The Controller/HR Manager will review the reason for the payroll errors, and will make adjustments to pay processes, procedures, and policies so that the payroll errors will not be made in future payrolls.

- A.** The Company participates in a comprehensive worker's compensation program, at no cost to employees. This program is designed to provide compensation and medical coverage for employees who sustain injury or illness during the course of their employment.
- B.** An employee may file a workers' compensation claim for any job related injury or occupational illness. Approval for each claim is made by the Bureau of Worker's Compensation in accordance with its guidelines. The Bureau also determines the amount and duration of payments.
- C.** If an employee is injured on the job, the employee is expected to immediately notify his or her supervisor, if practicable. The supervisor or other persons shall see to the employee's well-being, including, if necessary, seeking qualified medical attention. Employees are also authorized to seek medical attention for themselves or a co-worker, if necessary. As soon as practicable, the CEO shall be informed of the injury.
- D.** As soon as practicable, and within 24 hours of the incident, the injured employee will complete injury report to document the extent of injury, how it occurred and other required information. If the injured employee is unable to complete the form, because of the injury, the form may be completed by a supervisor, in collaboration with the injured employee if possible, and any witnesses to the injury incident.
- E.** When an employee is involved in a workplace accident, the employee will be tested for the use of alcohol and drugs as soon as medically possible. An employee found to be under the influence of alcohol or an illegal substance may be ineligible for Workers' Compensation.
- F.** An employee who has been approved for worker's compensation is required to keep the Company apprised of changes to the employee's status, relevant to the injury, duration of leave and other matters. All notifications are to be in writing, and signed by the employee. The employee must submit to the Company a medical statement that specifies the employee's expected date of return-to-work, and prognosis, and will submit any document or correspondence received from the attending physician, hospital, Bureau of Workers' Compensation, and all other pertinent information and documents.
- G.** Questions regarding worker's compensation should be directed to the Controller/HR Manager.

SECTION 9
LEAVES AND OTHER BENEFITS



PM Ohio strives to provide its employees with the best employee benefits available. Benefits are designed to assist employees and their eligible dependents in meeting the financial burdens that can result from illness and death, and to help them plan for retirement, deal with job-related or personal problems, and enhance job-related skills.

The benefits listed here are detailed more fully in this section of the manual and in the summary descriptions provided by the insurance carriers. Some benefits are offered to regular full-time employees only.

While the Company pays the cost of most benefit programs, the employee may also contribute a portion. Many benefits listed are a privilege and may be changed or discontinued at the discretion of management, while other benefits are provided in compliance with applicable laws and regulations.

Benefits currently offered by PM Ohio include:

- ✓ **Group Hospitalization including Major Medical Coverage**
- ✓ **Term Life Insurance**
- ✓ **Short-Term and Long-Term Disability Insurance**
- ✓ **Time Off:**
 - **Bereavement Leave**
 - **Civil Leave/Jury Duty**
 - **Holidays**
 - **Sick Leave/Personal Leave**
 - **Vacation Leave**
- ✓ **Bonus Plan**
- ✓ **401-K Plan**
- ✓ **Direct Deposit**
- ✓ **Approved Seminar Reimbursement**
- ✓ **Wholesale Prices on Products**
- ✓ **No Charges on Damaged Goods**
- ✓ **Company T-Shirts**
- ✓ **Complete Kitchen & Break Room with Microwave & Refrigerator**
- ✓ **Company Picnic or Annual Employee Event**
- ✓ **Health Benefit Conversion at Termination**
- ✓ **Free Parking**

PM Ohio also contributes to government benefits including:

- ✓ **Social Security**
- ✓ **Medicare**
- ✓ **Workers Compensation**
- ✓ **State Disability Insurance**
- ✓ **Unemployment Insurance**

The Company's contribution for employee benefit programs constitutes a silent but significant addition to each employee's paycheck. We urge participating employees to read their summary plan descriptions and familiarize themselves with these benefits.

BEREAVEMENT LEAVE

◆ POLICY 9.01

- A.** An eligible employee may request up to three (3) days of unpaid bereavement leave in the event of a death in the employee's immediate family. Immediate family, in this instance, is defined as your spouse, son, daughter, father, mother, father-in-law, mother-in-law, sister, brother, grandfather or grandmother.
- B.** In the event of death of an extended family member, or other person who is not an immediate family member, an employee may request 1 day of unpaid bereavement leave.
- C.** An employee may choose to substitute his/her available paid leave for bereavement leave purposes. Time off must be approved by the employee's supervisor.

Voting

- A. The Company encourages its employees to fulfill their civic responsibilities by voting in elections. Employees are expected to find time to vote either before or after work, or on their lunch break, to avoid disruption to the employee's work and to Company operations.

Jury Duty Leave

- A. If an employee is called for jury duty or as a witness, during any portion of the employee's regularly scheduled workday, the Company will allow the employee unpaid time off.
- B. An employee may request to use any available vacation or paid personal leave for the period of jury duty absence. When an employee takes vacation, or is on unpaid leave during the period of jury duty, the employee may retain any money received from the court for serving on jury duty.
- C. Requests for paid or unpaid time off for jury duty shall be submitted in writing to the employee's supervisor, and must include a copy of the jury duty summons. The request should be submitted as soon as possible after the employee receives the summons to allow for scheduling and workload adjustments.
- D. An employee who is on jury duty, is expected to report for work after being released by the court, if a reasonable amount of time remains in the employee's scheduled workday. If an employee is approved for vacation leave for jury duty purposes, the employee may take the entire work day off.
- E. The Company will request that the employee be excused from jury duty only if the employee's absence would cause serious difficulties to the Company's operations.

Testimony in Matters Pertaining to the Company

- A. If an employee is subpoenaed to testify in a court of law, or before a regulatory or administrative hearing on behalf of the Company during the employee's normal scheduled workday, the employee will be paid for such time at the employee's regular rate.
- B. Time spent that a non-exempt employee spends testifying outside of the employee's normal work schedule will be compensated at the employee's regular rate of pay (or overtime rate if applicable) for all time that the employee is required to spend testifying, waiting to testify and preparing to testify. Exempt employees are paid a salary, and therefore such time is covered by the employee's regular weekly salary.

Testimony in Conjunction with Personal Matters

- A. An employee is not paid witness leave when appearing in court for criminal or civil cases regarding individual personal matters of the employee such as traffic court, divorce proceedings, custody, bankruptcies, and other personal legal matters, or when the employee is one of the principles in the case.
- B. These absences will be considered unpaid leave, or if eligible, the employee may elect to request accrued, but unused vacation or personal leave for such absence.

HOLIDAYS

- A. PM Ohio recognizes the following holidays to allow employees time to celebrate the holiday, and spend time with their family and friends.

HOLIDAY	DATE
New Year's Day	January 1
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Friday after Thanksgiving	4 th Friday in November
Christmas Day	December 25

- B. The Company closes on the official holidays and provides paid holiday leave to its full-time employees and unpaid time off to part-time employees. Full-time employees are eligible for holiday pay after 90 days of full-time employment with the Company.
- C. An employee receives holiday pay at the employee's regular hourly rate or salary, based on the number of hours that the employee is normally scheduled to work on the day that a holiday falls.
- D. When an employee is on approved sick leave or vacation on the day that the holiday falls, the holiday shall be paid, and the time spent on the paid holiday will (not) be deducted from the employee's vacation or sick leave balance. If an employee is on an unpaid leave of absence on the day that the holiday falls, the employee will not be paid for the holiday.
- E. When one of the recognized holidays falls on a Saturday or Sunday, at the discretion of the President, it may be observed on the preceding Friday or the following Monday.
- F. Time spent on paid holidays is not counted as time worked for the calculation of overtime.

Working on a Holiday

- A. Employees are not normally required to work on any of the recognized holidays. However, when workload, deadlines or other business reasons dictate, it may occasionally be necessary to work on a holiday. Employees who are required to work on the holiday shall not be paid over and above their regular wage or salary for the holiday that is worked.

Group Medical & Life Insurance Coverage

- A. PM Ohio currently offers eligible employees the opportunity to participate in its group health insurance plan after 90 days of employment with the Company. The insurance carrier will provide eligible employees a detailed summary of the insurance coverage including premium information and deductibles.
- B. The cost of group health insurance coverage varies and is shared with employees. An employee may also select family coverage that is offered under the group plan, with the employee sharing in the premium through payroll deduction, in an amount determined by the Company. PM Ohio provides life insurance and pays 100% of the premium. Questions regarding health or life insurance plans should be directed to the insurance carrier, or to the Controller/HR Manager.
- C. Upon resignation or any other separation from employment with the Company, the employee's insurance coverage will terminate effective their last day of work, unless the employee is eligible for and elects to continue health coverage as provided for by state or federal law.

Short-term/Long-term Disability Insurance

- A. A regular full-time employee who has completed 90 days of continuous employment with the Company and who has a serious health injury or illness that precludes the employee from performing essential job duties, may be eligible for compensation benefits under the Company's short-term or long-term disability insurance plan. Details and eligibility requirements for receipt of benefits under this plan is described in the plan document.
- B. The insurance carrier determines an employee's eligibility for disability insurance, and the employee will be required to provide full and complete information, and may be required to submit to one or more examinations by a qualified physician selected by the insurance carrier. Failure to follow and comply with eligibility determination requirements specified by the carrier may jeopardize the employee's eligibility. Questions regarding the plan should be directed to the insurance carrier, or to the Controller/HR Manager.
- C. If an employee is drawing benefits under the disability insurance plan, unpaid medical leave provided for in this policy shall run concurrently with the time taken off from work under the disability insurance plan.

Understanding upon Acceptance of Coverage

- A. When an employee elects coverage under the Company's group medical or life or disability insurance plans, the employee is subject to, and is agreeing to all of the terms and conditions of the agreement between the Company and its insurance carrier. The offering of insurance coverage is an optional benefit, not required by State or Federal law. Therefore, by accepting the terms and conditions of this benefit plan, the employee agrees to hold the Company harmless for any and all omissions of coverage, or other limitations of coverage benefits offered through the plans.

Plan Review and Changes

- A. The Company periodically reviews its insurance plans and reserves the right to change carriers, terms of the plans, the percentage of the premium paid by the

Company, and any other insurance term and condition including the option of providing or not providing any or all insurance benefits.

Continuing Health Insurance Coverage

- A.** Employees and their qualified beneficiaries have an opportunity to continue or convert health insurance coverage under PM Ohio's group plan when there is a "qualifying event" that would cause the loss of eligibility. Qualifying events that may cause employees to lose coverage include resignation, termination, reduction in hours, the death of an employee, divorce or legal separation, or loss of eligibility for some other reason.
- B.** Employees who lose coverage will be contacted by the administrator concerning their options. However, in the event that you become divorced or legally separated or one of your dependents ceases to be eligible for coverage, it is your responsibility to so notify the Controller/Human Resource Manager.

401-K Plan

- A. The Company currently offers a 401(k) plan to full-time employees to help them plan and save for their retirement. Employees are eligible to sign up for the 401-k plan following one (1) year of continuous employment.
- B. Terms and conditions of the 401-K plan are described in the Summary Plan Description which will be provided to employees when they become eligible, so they may review the plan's terms, investment opportunities, and risks. Questions regarding the plan should be directed to the plan administrator, or to the Controller/HR Manager.
- C. By investing into the 401-K plan, the employee is subject to, and is agreeing to all of the terms, conditions and risks of the plan. The offering of this retirement vehicle is an optional benefit, not required by State or Federal law. Therefore, by signing up for this plan, and investing into it, the employee agrees to accept the risks inherent with any defined contribution plan, and to hold the Company harmless for any investment loss.
- D. The Company reserves the right to change carriers, terms of the 401-K plan in accordance with applicable law and requirements, and to exercise its option of providing or not providing any retirement plan at its discretion.

SICK LEAVE/ PERSONAL TIME OFF

◆ POLICY 9.06 ◆

- A.** The Company provides paid leave for regular full-time employees to cover periods of temporary absences due to illness, injury, or to attend to urgent personal matters of the employee. An employee may request personal time or sick leave for the following reasons:
1. illness or injury of the employee
 2. illness or injury of the employee's child or spouse where the employee's care or presence is necessary.
 3. medical, dental, or optical treatments or examinations of the employee, or the employee's child or spouse that cannot practicably be scheduled during non-working hours. Employees are expected to make every effort to schedule appointments at times that cause the least disruption to their work responsibilities;
 4. child birth, prenatal care, and complications of pregnancy, childbirth and/or related medical conditions.
 5. Important personal business that cannot be scheduled during the employee's off time.
- B.** Regular full-time employees are eligible for three (3) sick days and three (3) personal days per year. Leave must be taken in ½ day minimum increments. An employee, approved for paid sick leave, will be paid the employee's normal hourly rate or salary, for all hours that the employee was normally scheduled to work on the day of absence. Time spent on sick leave does not count as time worked for the purpose of calculating overtime.
- C.** Accrued but unused sick leave and personal time shall not be carried over from one year to the next.
- D.** An employee must request sick or personal leave in accordance with the following guidelines. When an employee is unable to work due to an unforeseeable illness or injury, the employee should, if practicable, so notify the employee's supervisor prior to the employee's scheduled starting time. The supervisor must also be contacted on each additional day of absence.
- E.** When need for leave is foreseeable, the employee shall notify the employee's supervisor at least 2 weeks before the start of leave, if practicable. When the leave will be for an extended period, the employee is expected to inform the company the starting and ending date of leave, if known.
- F.** The Company keeps and monitors records of each employee's attendance and sick leave use. Use of sick leave for any purpose other than the reasons specified in this policy is prohibited. Therefore, applying for sick leave with the intent to defraud the Company shall result in disciplinary action up to and including discharge, and refund of any sick leave paid for the period of absence in which the Company was defrauded.
- G.** The President or designee may investigate any employee's absence. The Company may require an employee to furnish a satisfactory written, signed medical certification that justifies the use of sick leave. Medical certification may be required when there is a pattern of absence, excessive absenteeism, extended absences for more than 3 days, and for any other reason determined appropriate by the Company. The certification must be from a licensed physician. The physician statement must be provided sufficient information for the Company to determine if sick leave is justified. In the case of

extended leave of any duration, the physician statement must also include the probable date of return. Forging or altering false physician's certificate is strictly prohibited.

- H.** Failure to comply with sick leave rules will disqualify an employee from being paid for time spent on sick leave

Unpaid Medical leave

- A. Upon written request and prior approval, an employee may take up to 6 weeks of unpaid leave annually for pregnancy, childbirth, or related medical conditions, for a serious health condition or disability of the employee, or for a serious health condition or disability of the employee's spouse, child or parent where the employee's care is medically necessary.
- B. The combination of any paid and unpaid leaves taken for medical purposes shall be limited to no more than 6 weeks in a calendar year.
- C. Prior to going onto unpaid medical leave, an employee is required to exhaust any available paid leave prior to being placed on unpaid medical leave for the remainder of the up to 6-week period. All paid and unpaid leaves shall run concurrently with the 6 weeks of unpaid medical leave.
- D. The six weeks of unpaid medical leave may be taken within any 12 month period, looking backward from the date that the leave is taken.
- E. Leave for medical purposes may be taken intermittently in one hour increments with the approval of the supervisor and CEO.
- F. As a condition for taking unpaid medical leave, the employee is required to inform their supervisor as to the employee's intention to return to work, and the date that the leave is to start and end. The employee will be required to attach a substantiating medical certification from the attending physician. The cost of an examination and completion of the medical certification shall be at the employee's expense. The statement shall include relevant medical information that substantiates the need for medical leave, the expected duration of the leave, prognosis for return, and other relevant medical information.
- G. The employee will be requested to authorize the employee's physician to release the employee's relevant medical information to the Company. Failure to provide this authorization may result in a delay or denial of the leave.
- H. Personal medical information released to the Company will remain confidential and will not be discussed or released to any other person, except on a business need-to-know basis in conjunction with the administration and operation of the Company.
- I. The Company may require a second medical opinion as a condition for further considering the approval of leave. In such case, the employee will be required to submit to an examination, conducted by a doctor selected by the Company. The costs of this second opinion examination, if required, shall be paid by the Company. Upon receipt of the first and second certification, the CEO will review the information, and will make a determination to approve or disapprove the request for leave based upon the facts submitted.
- J. At the conclusion of unpaid medical leave, the Company may require the employee to submit a fitness for duty certification from the employee's doctor to substantiate the employee's ability to perform job duties and responsibilities, and any restrictions.
- K. An employee is responsible for returning from unpaid medical leave effective on the date approved by the CEO. Failure to return on such date shall be considered a voluntary resignation without notice.

Unpaid Personal Leave

- A.** The Company provides unpaid leave for eligible full-time employees for reasons other than medical, depending on the employee's work record with the Company and the individual facts and circumstances surrounding the need for leave. Employees must have completed 90 days of continuous employment and submit a written request for leave to their supervisor who will in conjunction with the CEO approve or disapprove the leave.
- B.** The supervisor and CEO shall approve or disapprove unpaid leave based upon the facts and circumstances, and documentation submitted that substantiates the need and purpose for leave. Prior to approving the unpaid leave, the employee must exhaust all available paid leave (including sick leave if the reason for the leave so qualifies).
- C.** Except for emergencies or unforeseen circumstances, unpaid leave is to be requested at least 30 calendar days prior to the requested starting date. When the need for unpaid leave is unforeseeable, an employee is expected to submit the request as soon as practicable.
- D.** The Company will normally try to reinstate the employee to his/her most previously occupied position at the rate of pay that the employee was paid prior to going on leave when possible. However, nothing herein is a guarantee of reinstatement. Nothing precludes the company from reorganizing, reducing its workforce, or making and carrying out business decisions that would affect or preclude reinstatement during the period of unpaid personal leave. An employee, who is on unpaid personal leave, is subject to any layoff, wage cut or freeze, reduction or reassignment of position, or any other personnel action which would have occurred regardless of whether the employee was on leave or not.
- E.** If an employee fails to return to work at the expiration of an approved unpaid leave, the employee will be considered to have resigned without notice, effective the last day the employee actually worked.
- F.** An employee may return to work before the scheduled expiration of unpaid leave, provided a request to return early is approved by the supervisor and President.

Abuse of Unpaid Leave

- A.** If the employee is found to not be using the unpaid leave for the purpose for which it was granted, or otherwise is found to be abusing the leave, the employee will be subject to appropriate disciplinary action, up to and including discharge. Alternatively, the employee may be have the leave canceled and be directed to immediately return to work.
- B.** Failure to return to work at the appointed place and time will be considered a resignation without notice.

- A. PM Ohio provides paid vacation leave to its eligible full-time employees to recognize their length of service and permit them time away from the job for rest, relaxation and personal pursuits. Employees earn vacation, based on length of service in accordance with the following schedule:

Years of Service	Annual Allowance
Upon completion of 1 year	5 Days
Upon completion of 2 years	10 Days
Upon completion of 5 years	15 Days

- B. For the purpose of calculating vacation leave, PM Ohio shall only consider time worked for PM Ohio. When an employee has a break in service and is rehired by the Company, the prior service time typically will not count toward calculating vacation leave. Employees on unpaid leave do not earn time towards vacation, with the exception of employees on military leave.

Increments and Pay

- A. Vacation pay is equal to the number of hours that the employee is normally scheduled to work at the employee's current hourly rate of pay, or salary. Vacation pay does not include scheduled or unscheduled overtime over 40 hours per week. An employee is not paid vacation leave for any time that the employee is not normally scheduled.
- B. Vacation leave may be taken in minimum increments of no less than 4 hours per day.
- C. Time spent on paid vacation is not counted as time worked for the purpose of calculating overtime.

Requests

- A. Requests for vacation leave shall be in writing, and submitted to the employee's supervisor on the leave request form. When the vacation leave is foreseeable, the request shall be submitted as soon as possible and at least 2 weeks in advance of the date that the employee wishes to start vacation. Exceptions to this notification requirement may be made if vacation leave is required for emergency or unforeseen circumstances.
- B. Vacation scheduling is subject to the approval of the employee's supervisor who may deny any request based upon operational needs, workload requirements, or other business reason. Vacation requests are reviewed and approved on a first-come, first-served basis.
- C. Sales representatives are not permitted to take vacation leave three weeks prior or three weeks after a Hair Show.

- D. If an employee is approved to take vacation during a week in which a holiday falls, the employee is paid for the holiday, and the vacation day is not deducted from the employee's vacation leave balance.
- E. No employee shall take vacation leave prior to notification of approval.

Carryover

- A. Employees are to use their credited vacation leave during the year that it is credited. Employees may not carryover credited, unused vacation into the next year. In the event that an employee does not take vacation leave prior to the end of the year in which it was credited, the employee will forfeit the balance of the vacation leave.
- B. An employee who resigns with the Company will be compensated, at his current rate of pay, for the portion of any earned, unused vacation leave to his credit at the time of separation from service.

SECTION 10

FORMS



PAUL MITCHELL[®] OHIO

dba SoutheasternSalonSuppliers Inc.

ANTI-DIVERSION POLICY AND AGREEMENT

As an employee of **Paul Mitchell Ohio** (“Distributor”), I agree to police actively my sales area and my customers to ensure against diversion of products sold by Distributor. I understand and acknowledge diversion of products sold by Distributor is damaging to Distributor, to its legitimate salon customers and to the beauty industry. Consequently, I will use my best efforts to protect against diversion, including doing the following:

1. Monitor orders placed by my salon customers to ensure the size and nature of the order is commensurate with legitimate professional needs of the salon.
2. Immediately report to my supervisor any salon customers I suspect may be diverting products, even if those products were not purchased from Distributor.
3. Immediately report to my supervisor any product sold by Distributor that I see or otherwise learn is being sold in an unauthorized location.
4. Actively counsel my salon customers about the negative impact diversion has on them and the beauty industry and ask them to report to me any encounters they have with “collectors” or other diverters.
5. Upon Distributor’s request, actively assist Distributor in requiring my salon customers to execute an agreement, in form acceptable to Distributor in Distributor’s discretion, containing provisions combating diversion of products sold by Distributor.
6. I, myself, will not purchase products from Distributor to sell to a collector or diverter.

I further agree if diverted products are repurchased by Distributor from an unauthorized location and it is determined by Distributor the diverted product was originally sold to one of my salon customers and subsequently sold to a “collector” or other diverter because I did not use my best efforts to protect against diversion, that I am held personally responsible for the financial harm suffered by Distributor. I understand this could be a large amount, such as the full cost incurred by Distributor to repurchase the diverted products.

I also acknowledge that persistent or substantial diversion of products by my salon customers will constitute a full and complete basis for immediate termination of my employment for cause.

Date

Employee’s Signature

Employee’s Printed Name

PAUL MITCHELL[®] OHIO

dba SoutheasternSalonSuppliers Inc.

CONFIDENTIALITY AND EMPLOYEE NON-COMPETE AGREEMENT

WHEREAS, the work of Paul Mitchell Ohio involves confidential and privileged information of the utmost sensitivity, the disclosure of which to third parties could have serious legal and financial consequences to Paul Mitchell Ohio and John Paul Mitchell Systems; and

WHEREAS, the undersigned may have continuing exposure or access to such information in connection with such assignment or engagement.

NOW THEREFORE, in consideration of the assignment or engagement or the continued assignment or engagement by Paul Mitchell Ohio to work here, the receipt of or access to confidential information and customer lists, some or all of which is privileged and for other good and valuable considerations, the undersigned agrees as follows:

1. During and after my assignment or engagement to work in or with Paul Mitchell Ohio, I will maintain in strictest confidence and unless **not** specifically authorized to do so in writing by Paul Mitchell Ohio's attorney, will not disclose to or discuss with persons other than Paul Mitchell Ohio's principals and attorneys and other employed or engaged by Paul Mitchell Ohio, will not use, except in the performance of my assigned duties in connection with such work, any of the following:
 - a. Any documents, data, information or materials of any kind including the content thereof, with the undersigned may see in connection with the performance of the undersigned's duties, or the content of any materials which the undersigned may have created in connection with the work performed while assigned or engaged to work in or with Paul Mitchell Ohio.
 - b. Any materials which are processed in Paul Mitchell Ohio's computer-based support systems (hereinafter "the System"), all output from the System derived from or related to such materials, the informational content of the materials, all copies of the materials, and computer access to the materials.
 - c. Any information concerning the design, establishments and operations of the System, including special programs and procedures for processing, indexing, storing and retrieving materials.
2. I understand that Paul Mitchell Ohio is entitled to take legal action for damages or for injunctive or other relief for any violations of this Agreement.
3. I will immediately notify Paul Mitchell Ohio of any attempt to obtain information concerning Paul Mitchell Ohio or its work from me or from any other person presently or previously associated with Paul Mitchell Ohio.

4. If any provision or provisions of this Agreement shall be held to be invalid, illegal, in violation of public policy or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
5. My obligations under this Agreement shall survive my employment or engagement by Paul Mitchell Ohio.
6. I understand that any breach of this Agreement will cause irreparable harm to Paul Mitchell Ohio and that Paul Mitchell Ohio will prosecute me to the fullest extent of the law for any breach of confidentiality or release of trade secrets.
7. I agree that any sale of merchandise to a buyer who does not meet the qualifications of Paul Mitchell Ohio shall constitute diversion and shall be sufficient grounds to terminate my employment, along with other penalties which may include, but not be limited to, prosecution.
8. This Agreement will be governed by the laws of the State of Ohio, with any litigation over its terms to be venued in Muskingum County.

EMPLOYEE NON-COMPETE AGREEMENT

FOR GOOD CONSIDERATION, and in consideration of my being employed by Paul Mitchell Ohio (Company), I, the undersigned hereby promise and agree that I will not, while in the service of the Company, or at anytime thereafter, disclose to any person the business methods, sales procedures, names or addresses of customers and/or clients, the accounting methods and/or computer programs of the Company, or any part thereof;

And I further agree that during my employment with the Company and for a period of one (1) year after leaving the service of the Company and within any territory which I serve for the Company or in any territory which is served by the Company, being all of Ohio and Western West Virginia, I will not under any circumstances or conditions whatsoever, engage in, or be, or become interested, directly or indirectly, as an individual, partner, stockholder, director, principal, agent, employee, trustee, lender of money, or in any other relation or capacity whatsoever, in or to any business which competes directly or indirectly with the Company's business; and that I will not in any way, directly or indirectly, divert, take away or attempt to divert or take away any of the employees or customers and/or clients or patronage of the Company.

By signing this Agreement, I acknowledge that I understand my obligations hereunder and will abide by them.

Employee's Printed Name

Witness' Printed Name

Employee's Signature

Witness' Signature

Date

Date



Electronic Communication Policy

To remain competitive, better serve our customers and give our talented workforce the best tools to do their jobs, Paul Mitchell Ohio continues to adopt and make use of new means of communication and information exchange. This means that many of our employees have access to one or more forms of electronic media and services, including computers, e-mail, telephones, voice mail, fax machines, external electronic bulletin boards, wire services, on-line services, and the Internet.

The Company encourages the use of e-mail and other media and associated services because they can make communication more efficient and effective. **However, everyone connected with the organization should remember that electronic media and services provided by the Company are Company property and their purpose is to facilitate and support Company business. The Company's e-mail and other electronic media systems are to be used for official company business only. Employees have no privacy rights in communications sent, received or stored on the Company's systems, including, but not limited to, e-mail messages, information or materials created or stored on the Company's network computer system or an employee's personal computer.**

This policy cannot lay down rules to cover every possible situation. Instead, it is designed to express the Company's philosophy and set forth general principles employees should apply when using electronic media and services.

All communications, information or materials delivered via such resources must be of an appropriate business nature, must not violate the legal rights of the Company or third parties, and must be transmitted, stored and accessed in a manner that safeguards confidentiality and complies with applicable law.

The following are examples of misuse of Paul Mitchell Ohio's electronic communication resources:

- **Transmission of sexually explicit or obscene images or messages; racial, ethnic or other slurs; anything that could be construed as harassment or harmful or insulting to others;**
- **Solicitation of others for non-work related activities;**
- **Unauthorized transmission or copying of materials or information belonging to the Company or third parties; and**
- **Any communication that is illegal, unethical or inconsistent with the Company's policies.**
- **Permitting any unauthorized individual to access the Company's system.**

The Company respects its employees' desire to work without "big brother" looking over their shoulders. However, in order to assure compliance with the law, this policy and other Company

policies, the Company reserves the right, subject to applicable law, to monitor at any time, without prior notice, all communications delivered via the Company's resources, including but not limited to, e-mails, information or materials created or stored on the Company's network computer system or an employee's personal computer.

Employees must respect the confidentiality of other individuals' electronic communications. Except in cases in which Management has granted explicit authorization, employees are prohibited from engaging in, or attempting to engage in:

- Monitoring or intercepting the files or electronic communications of other employees or third parties;
- Hacking or obtaining access to systems or accounts they are not authorized to use;
- Using other people's log-ins or passwords;
- Breaching, testing or monitoring computer or network security measures; and
- Internet chat room discussions.

No e-mail or other electronic communications can be sent that attempt to hide the identity of the sender or represent the sender as someone else.

All employees are expected and required to protect the Company's confidential proprietary information. The Company's confidential proprietary information should never be transmitted or forwarded to outside individuals or companies not authorized to receive the information. Employees must exercise greater care when transmitting confidential proprietary information using e-mail than with other communication means because e-mail makes it easier to redistribute or misdirect confidential information to unauthorized individuals.

The Company also requires its employees to use e-mail in a way that respects the confidential and proprietary information of others. Employees are prohibited from copying or distributing confidential and proprietary information, e.g., software, database files or documentation using the Company's electronic resources including, but not limited to, the e-mail system.

Any individuals violating the Company's electronic communications policy are subject to discipline, up to and including immediate termination as determined in Management's sole discretion. Employees using the electronic communications systems for defamatory, illegal or fraudulent purposes and employees who break into unauthorized areas of the Company's computer systems are also subject to civil liability and criminal prosecution.

Signature: _____ Date: _____

PAUL MITCHELL[®] OHIO

dba SoutheasternSalonSuppliers Inc.

PERSONNEL POLICY MANUAL ACKNOWLEDGEMENT AND UNDERSTANDING

I have read and understand the personnel policy manual which outlines my obligations and privileges of employment. I understand that these policies supersede any other policy manual or individual policies that were prior enacted and communicated to me, and that I am expected to follow these policies as a condition of my initial and continued employment with Paul Mitchell Ohio, Inc.

I understand that these policies are guidelines, and do not create a contractual relationship between the Company and me. I further acknowledge that employment with PM Ohio is at-will, meaning that I may terminate my employment at any time and the Company has the same right. I also understand that these policies do not confer any guarantee of employment, benefits, privileges, or obligation other than those required by law.

I understand that these policies and any terms and conditions of employment may be changed at any time, within the requirements of applicable employment laws, and that I will normally be notified of changes, as well as my obligations, when and in the manner deemed appropriate by the President.

In situations not covered by policy, or if I question the application of any policy to a situation, I will consult with my supervisor before acting. I understand that policy questions and interpretation of policy is subject to the final determination by the Company President.

Employee's Signature

Employee's Printed Name

Date

Revised 06/09