



## **Employee Handbook**

**Scarborough Lumber**  
**Scarborough Home Center**  
**Scarborough Ace Hardware**  
**Carmel Ace Hardware**  
**Scarborough Building Supply**  
**Scarborough Gardens**  
**Carmel Valley Ace Hardware**  
**Scarborough Home & Garden**  
**North Shore Ace Hardware**  
**Fort Jones Ace Hardware**

**December 23, 2021**

## **A Word About This Handbook**

Welcome! As an employee of Scarborough Lumber and Building Supply, Inc. and Scarborough Home Center, Inc. DBA Scarborough Lumber (also referred to as "we" or "the Company"), you are an important member of a team effort. We hope that you will find your position with us rewarding, challenging, and productive.

This Employee Handbook has been developed to help you get acquainted with the Company and answer many of your questions. It is important that you read, understand, and follow the provisions of the Handbook.

As an employee, the importance of your contribution cannot be overstated. Our goal is to provide the finest quality products and services to customers and to do this more efficiently and economically than our competitors. By satisfying customers' needs, they will continue to do business with us and will recommend us to others.

We are glad you have joined us.

Sincerely,

The Scarborough Family

# EMPLOYMENT POLICIES AND PRACTICES

## Your Employment Rights Information

Local, state, and federally required postings regarding many of your employment rights and responsibilities are posted in the employee break room.

## At-Will Employment Status

We hope that you will find the employment relationship satisfying and rewarding in all respects. At the same time we recognize that relationships are not always mutually satisfactory. You are employed on an at-will basis. This means that the employment relationship may be terminated at any time with or without cause or advance notice either by you or the Company. Nothing in this Handbook limits the at-will nature of employment.

Nothing in this Handbook or in any other personnel document, including benefit plan descriptions, creates or is intended to create a contract, promise, or representation of continued employment for any specific period of time for any employee. Also, please understand that no manager or employee has any authority to enter into an agreement for employment with any employee for any specific period of time or to make an agreement for employment on other than at-will terms. Only an Owner has the authority to make any such agreement, which will be binding only if it is in writing and signed by an Owner.

## Integration Clause and the Right to Revise

This Handbook contains the Company's employment policies and practices in effect at the time of publication. All previously issued Handbooks and any inconsistent policy statements or memoranda are superseded.

The Company reserves the right to revise, modify, delete, or add to any and all policies, procedures, work rules, conditions of employment, or benefits stated in this Handbook or in any other document, except for the policy of at-will employment.

You will be notified in writing of any changes to the Handbook. No oral statements or representations can in any way alter the provisions of this Handbook.

We expect you will use good judgment and act appropriately as a representative of the Company. This Handbook outlines the primary work expectations, but it is not all inclusive. Violation of any Company policy, practice, or procedure (whether or not detailed in this Handbook) may be grounds for disciplinary action, up to and including termination of employment. You are encouraged to ask if you need clarification on appropriate workplace behavior.

Some of the policies in this Handbook are merely an overview of state or federal laws. The laws, regulations and case law may be referred to for more specific clarification and determination where there are conflicts.

## Equal Employment Opportunity/Reasonable Accommodation

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available person in every job. We prohibit discrimination based on race (including natural hair texture and hairstyles), color, sex/gender (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender identity or expression, transgender (including whether or not you are transitioning, have transitioned, or may be perceived to be in transition), religious creed (including religious dress and grooming practices), marital status, registered domestic partner status, age, national origin or ancestry, physical or mental disability, medical condition (including genetic characteristics or information, cancer or record or history of cancer, or AIDS/HIV status), sexual orientation, military or veteran status, or any other characteristic protected by applicable federal, state, or local laws, regulations or ordinances.

We also prohibit discrimination based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

**Reasonable Accommodation:** We recognize and support our obligation to reasonably accommodate employees with disabilities or religious beliefs or practices who are able to perform the essential functions of their positions, with or without reasonable accommodation. We will provide reasonable accommodation to any such employee, unless doing so would impose an undue hardship on the Company.

If you believe you need a reasonable accommodation to perform the essential functions of your job you should contact your manager and Human Resources to request such an accommodation without delay.

**Reporting Suspected Violations:** If you believe you have been subjected to conduct inconsistent with this policy, please immediately follow the Complaint Procedure discussed in the "Anti-Harassment, Discrimination and Retaliation" policy (below). We will promptly investigate and attempt to resolve the situation.

If we determine this policy has been violated, we will take effective remedial action commensurate with the severity of the offense. Appropriate action also will be taken in an effort to deter future violations.

**No Retaliation:** We will not retaliate against you for requesting an accommodation or bringing a good faith complaint, and will not knowingly permit retaliation by management, employees, or your co-workers. If you believe that you have been or are being subject to retaliation, you should immediately notify your manager or Human Resources.

## Anti-Harassment, Discrimination and Retaliation

All of the Company's employees, applicants, unpaid interns, volunteers and contractors ("workers") must be treated with respect and dignity. We are committed to providing an atmosphere free of harassment and discrimination based on race (including natural hair texture and hairstyles), color, sex/gender (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender identity or expression, transgender (including whether or not you are transitioning, have transitioned, or may be perceived to be in transition), religious creed (including religious dress and grooming practices), marital status, registered domestic partner status, age, national origin or ancestry, physical or mental disability, medical condition (including genetic characteristics or information,

cancer or record or history of cancer, or AIDS/HIV status), sexual orientation, military or veteran status, or any other characteristic made unlawful by applicable federal, state, or local laws, regulations or ordinances.

Harassment and discrimination are against the law. We strongly disapprove of and will not tolerate harassment or discrimination of our workers by managers, supervisors, co-workers, or third parties such as contractors or members of the public. Similarly, we will not tolerate harassment or discrimination by our workers against others with whom we have a business, service, or professional relationship. Because it is difficult to determine whether the conduct is unlawful, we also strive to eliminate any inappropriate and/or disrespectful conduct based on the characteristics identified above, even if such conduct may not violate the law.

The Company is committed to providing biennial training to all employees on this subject.

**Harassment Defined:** "Harassment" as used in this policy includes disrespectful or unprofessional conduct based on any of the protected characteristics listed above. Harassment can be verbal (such as slurs, jokes, insults, epithets, gestures, or teasing), visual (such as offensive posters, symbols, cartoons, drawings, computer displays, or e-mails) or physical conduct (such as physically threatening another person, blocking someone's way, etc.). Verbal, physical, and visual conduct that creates an intimidating, offensive, or uncomfortable working environment or interferes with work performance violates this policy, even if it is not unlawful. Employees are expected to behave at all times in a professional and respectful manner.

**Sexual Harassment Defined:** "Sexual harassment" as used in this policy includes all of the above actions as well as making any unwelcome advances and/or verbal, physical, or visual conduct of a sexual nature, offering employment benefits in exchange for sexual favors, or threatening reprisals after a negative response to a sexual advance. It includes many forms of offensive behavior, such as gender-based harassment of a person of the same sex as the harasser. Some examples of conduct that may violate this policy include demeaning sexual remarks, leering, making sexual gestures, displaying sexually suggestive objects or pictures, making or using derogatory sexual comments, epithets, slurs, or jokes, comments about an individual's body, touching, impeding, or blocking movements. Sexual harassment does not have to be motivated by a sexual desire to be considered in violation of this policy. Conduct or comments consistently targeted at only one gender, even if the content is not sexual or teasing or other conduct directed toward a person because of that person's gender, is also considered a violation of this policy.

Harassment such as that defined above is unacceptable in the workplace and in any work-related settings, such as trips and business-related social functions, regardless of who is engaged in the conduct.

**Complaint Procedure:** If you believe you have been subjected to or witnessed conduct that violates this policy, please immediately report such conduct to your manager. If you are not comfortable reporting to the conduct to your manager, report the conduct to Human Resources or an Owner. Your complaint should be specific and include the names of the individuals involved and the names of any witnesses.

Supervisors and managers are responsible for reporting any complaints of a violation of this policy to any of the persons named above as soon as possible.

**Investigation:** We will promptly conduct a fair, timely and thorough investigation by qualified personnel providing all parties appropriate due process to reach reasonable

conclusions based on the evidence collected. Documentation and tracking of the complaint process will be maintained to ensure reasonable progress. A timely response to each complaint will be rendered at the completion of the investigation. Every complaint will be taken seriously and investigated thoroughly. If suspected violations of this policy are not reported, they cannot be investigated. Workers are expected to participate in internal investigations and may not interfere with the complaint procedure. Everyone's cooperation is crucial.

To the extent possible, we will endeavor to keep the complaint and investigation confidential.

**Remedial Action:** If we determine this policy has been violated, we will take appropriate and effective remedial action to address the situation and deter any future inappropriate conduct; this may include disciplinary action, up to and including termination.

**No Retaliation:** We will not retaliate against you for bringing a good faith complaint under this policy, or for reporting such misconduct or cooperating in an investigation, and we will not knowingly permit retaliation against you. If you believe someone has violated this no-retaliation provision, you should immediately notify any of the persons named above.

**State and Federal Resources:** In addition to these internal policies and procedures, the State of California Department of Fair Employment and Housing (DFEH) and the U.S. Equal Employment Opportunity Commission (EEOC) provide additional information regarding the legal remedies and complaint processes available through the government agencies. If you believe you have been unlawfully harassed, discriminated or retaliated against, you may file a complaint or obtain additional information from the DFEH or EEOC. The phone number for the local DFEH office is located at [www.dfeh.ca.gov](http://www.dfeh.ca.gov) and the EEOC office is at [www.eeoc.gov](http://www.eeoc.gov). Training may also be found at the DFEH website address above.

## Employee Classifications

Employees are classified as either "exempt" or "non-exempt" depending on their job duties. This is necessary because, by law, employees in certain types of jobs are entitled to premium pay when they work overtime (i.e., more than eight hours a day or 40 hours per week).

**EXEMPT** employees fall within one of the exemptions specified by law and are paid on a salary basis without reference to hours worked. Exempt employees are not entitled to premium pay for overtime hours worked.

**NON-EXEMPT** employees do not fall within one of the exemptions specified by law. Non-exempt employees are entitled to be paid for each hour worked in accordance with state and federal law, including premium pay for all overtime hours worked (as described in the Overtime section below).

All Scarborough Lumber employees are employed at-will whether exempt or non-exempt, full-time, part-time or temporary.

### Types of Employment Categories

There are four types of employees at Scarborough Lumber.

**Introductory Employee:** A full-time or part-time employee who is hired for an ongoing (rather than temporary) assignment and who is in the first 60 days of employment or any extension of that period.

**Regular Full-Time Employee:** An employee who has completed the introductory period and regularly works at least 40 hours per week on a continuing basis. Regular full-time employees are eligible for benefits offered by the Company, including insurance, Paid Time Off ("PTO"), and state-mandated benefits (e.g., State Disability Insurance, Paid Family Leave Insurance, unemployment insurance, and some unpaid leave, such as Pregnancy Disability Leave).

**Regular Part-Time Employee:** An employee who has completed the introductory period and regularly works less than 40 hours per week on a continuing basis. A temporary increase in regularly-scheduled hours anticipated to be of short duration will not affect eligibility for benefits and leave. Regular part-time employees are eligible for some Company-sponsored benefits, Paid Sick Leave, and state-mandated benefits (e.g., State Disability Insurance, Paid Family Leave Insurance, unemployment insurance, and some unpaid leave, such as Pregnancy Disability Leave). Employees who work at least 30 hours per week will be eligible for health coverage on the first of the month following 60 days of employment.

**Temporary/Seasonal Employee:** An employee who works full-time or part-time for a pre-defined period of time as established in the job offer. The employee may work on an intermittent schedule dependent upon staffing needs. Normally, a temporary/seasonal assignment will not last beyond six months, but may be extended as needed. Temporary/Seasonal employees are eligible for Paid Sick Leave, but they are not eligible for Company-sponsored benefits.

Note: An employee may change job status or category only upon written notification by an Owner. There is no automatic conversion from one job status or category to another.

**Contractors:** Independent contractors are individuals/businesses retained to provide services to the Company on a contract basis. As they are not employees, they are not eligible for any Company-sponsored benefits.

## Introductory Period

The first 60 days of continuous employment at Scarborough Lumber is considered an introductory period. During the introductory period you will learn your responsibilities, get acquainted with fellow employees, and determine whether you are content with your job. Completion of the introductory period does not entitle you to remain employed by the Company for any definite period of time, but rather allows both you and the Company to evaluate whether or not you are right for the position.

Any significant absence will automatically extend an introductory period by the length of the absence. If we determine that the designated introductory period does not allow sufficient time to thoroughly evaluate your performance, the introductory period may be extended.

## Attendance and Punctuality

Our success depends upon the cooperation and commitment of each employee. Regular attendance and promptness are considered part of your essential job functions. Attendance and punctuality are extremely important. When you are late or absent other employees must bear the burden. You have the responsibility to report for work on time and continue to work until the end of your assigned shift. Unsatisfactory attendance (including reporting late, quitting early or extending meal periods or rest breaks) may be cause for disciplinary action, up to and including termination.

You are expected to be at your workstation and ready to begin work at the beginning of your assigned shift. If you are unable to report to work on time, you must call and speak directly with the manager on duty as far in advance as possible, but no less than one hour prior to your assigned shift, and give the expected time of arrival and the reason for the delay. Texting is not an acceptable means of notification. In addition, you must call in at the beginning of each day that you are absent, following the procedure above, unless otherwise notified by the Company. In appropriate circumstances as determined by Scarborough Lumber, any employee who is absent due to illness or injury may be required to submit documentation regarding the absence and/or a release from a health care provider prior to returning to work.

If you become ill while at work or find it necessary to leave the Company's premises during working hours for personal reasons (other than your meal periods and rest breaks), report to your manager. Absent extenuating circumstances, do not leave work before the end of your assigned shift without first securing approval from your manager. If your manager is not available, contact someone in authority for approval before leaving. If you are a non-exempt employee, when you leave the premises for reasons that are not related to your job, you must clock out when you leave.

If you do not report to work on a scheduled workday and do not report your absence within the allotted time set forth above you may be subject to disciplinary action, up to and including termination.

**Job abandonment:** If you are absent from work for two or more consecutively scheduled workdays without notice to the Company you may be considered to have voluntarily resigned.

## Timekeeping Records for Non-Exempt Employees

For payroll purposes all non-exempt employees are required to use the online timekeeping system to record their hours. If you are a non-exempt employee you must record your own time at the start and the end of each work period, including before and after a meal period. You also must record your time whenever you leave the building for any reason other than Company business or a paid rest break.

Any errors on your time record should be reported immediately to your manager.

Making unauthorized entries on another employee's time record, unauthorized clocking in/out in the timekeeping system for another employee, allowing another employee to make your time record entries without authorization, or altering a time record are prohibited. The only situation where it is permissible to have another employee clock in/out in the timekeeping system for you is when the timekeeping system is in use or occupied by another employee, then that employee may have authorization to clock you

in/out. Employees violating this policy will be subject to disciplinary action, up to and including termination.

## **Payment of Wages**

Employees are paid biweekly, on Fridays, for the pay period ending the previous Sunday.

If a regular payday falls on a holiday, you normally will be paid on the last workday preceding the holiday. Also, your check will not be released to anyone other than you unless you designate another person to Human Resources or an Owner.

### **Direct Deposit**

The Company offers automatic payroll deposit for employees, but it is not required. You may begin and stop automatic payroll deposit at any time. To begin automatic payroll deposit, you must complete a form (available from Human Resources at [accounting@scarboroughlumber.com](mailto:accounting@scarboroughlumber.com)) and return it at least 10 days before the pay period for which you would like the service to begin. You should carefully monitor the payroll deposit statements for the first two pay periods after the service begins.

To stop automatic payroll deposit, you must complete the form (available from Human Resources at [accounting@scarboroughlumber.com](mailto:accounting@scarboroughlumber.com)) and return it at least 10 days before the pay period you would like the service to end.

## **Pay Advances**

We do not permit pay advances of any type, including against paychecks or against PTO or sick leave that you have not yet accrued.

## **Reporting Time Pay for Non-Exempt Employees**

As required by state law, if you are classified as a non-exempt employee and report to work as scheduled but no work is available, we will pay you for one-half of your regularly scheduled workday, but no less than two hours and no more than four hours. By law, however, we are not required to pay you for reporting under either of the following circumstances:

- Interruption of work because of the failure of any or all public utilities; or
- Interruption of work because of natural causes or other circumstances beyond the Company's power to control.

## **Meal Periods and Rest Breaks for Non-Exempt Employees**

### **Meal Periods:**

All non-exempt employees who work more than five hours in a work period are entitled to an unpaid, duty-free meal period of at least 30 minutes. Employees are required to take a one hour meal period for work schedules occurring Monday through Saturday and a 30 minute meal period for work schedules occurring on a Sunday. The following rules apply to each meal period:

- You must not perform any work for the entire meal period. You may leave the work premises, but you must return to work on time.
- Your first meal period must begin before the end of the fifth hour of work (i.e., by 4 hours and 59 minutes). For example, if you begin your workday at 9:00 a.m., you must begin your meal period before 2:00 p.m.
- If your total work period for a given day will not exceed six hours, you may waive the meal period if you do so in writing.

If you work more than 10 hours, you must take a second, unpaid duty-free meal period of at least 30 minutes.

- The second meal period must begin before the end of the 10th hour of work (i.e., by 9 hours and 59 minutes).
- You may waive your second meal period in writing, if you took the first meal period of at least 30 minutes, and if your work for the shift will end in 12 hours or less. Please contact Human Resources for additional information about meal period waivers.

#### **Frequency and Timing of Meal Periods**

| # Hours Worked | # Meal Periods | Timing                                    |
|----------------|----------------|-------------------------------------------|
| 5 or less      | None           | Not applicable                            |
| +5 to 10       | 1              | Begin before end of 5 <sup>th</sup> hour  |
| +10            | 2              | Begin before end of 10 <sup>th</sup> hour |

#### **Rest Breaks:**

All non-exempt employees are entitled to periodic, paid duty-free rest breaks during their workday. A rest break is 10 minutes. You are entitled to one duty-free rest break for every four hours (or major fraction thereof) you work. Generally, if you work an eight-hour day, you will take one rest break before your meal period, and one rest break after your meal period. Exception: If your total daily work time is less than three and one-half hours, you are not entitled to receive a rest break.

A “major fraction” is defined as more than two hours and less than four hours.

#### **Frequency and Timing of Rest Breaks**

| # Hours Worked | # Rest Breaks |
|----------------|---------------|
| Less than 3 ½  | None          |
| 3 ½ to 6       | 1             |
| +6 to 10       | 2             |
| +10 to 14      | 3             |

You are relieved of all duty during rest breaks and are prohibited from working.

All meal periods and rest breaks should be taken outside your regular work area. If for any reason you are prohibited or discouraged from taking your applicable meal periods or rest breaks, or if you perform any work during your meal periods or rest breaks, you must notify your manager or Human Resources immediately.

You may not combine rest breaks or add them to meal periods, nor may rest breaks be used to arrive at work 10 minutes late or leave work 10 minutes early.

Please do not interrupt your colleagues with work-related matters while they are on rest breaks or meal periods. Similarly, if someone other than your manager interrupts your rest break or meal period with a work-related matter, please refer the individual to your manager. If your manager asks you to interrupt your rest break or meal period for work purposes, you will receive a replacement rest break or meal period, or compensation as required by law.

Meal periods and rest breaks are authorized and permitted and you are expected to take them as required by law. Failure to do so may result in disciplinary action, up to and including termination.

## **Lactation**

In accordance with state and federal law, Scarborough Lumber provides a reasonable amount of break time to accommodate your need to express breast milk for your infant child. The Company will also provide you with the use of a room or other location in close proximity to your work area for you to express milk in private. Please contact your manager or Human Resources to schedule break time and ensure you have appropriate space available. We will respond to your request as soon as possible.

The requested break time should, if possible, be taken concurrently with other scheduled rest break periods. Scarborough Lumber will provide lactation time beyond the scheduled rest breaks, but such break time will be unpaid for non-exempt employees. Non-exempt employees should clock out for any lactation breaks that do not run concurrently with normally scheduled rest breaks.

If you believe your lactation rights have been violated, you may file a complaint with the California Labor Commissioner's Bureau of Field Enforcement at <https://www.dir.ca.gov/dlse/DistrictOffices.htm>

## **Overtime for Non-Exempt Employees**

Non-exempt employees may be required to work overtime; however, our policy is to minimize the need for overtime. Accordingly, you must first obtain your manager's approval before working any overtime. Scarborough Lumber will attempt to distribute overtime evenly and accommodate individual schedules.

The Company provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal law as follows:

- For any workweek or workday, one and one-half times your regular rate of pay for hours worked in excess of 40 for the workweek, or in excess of eight and not more than 12 for the workday, and for the first eight hours worked on the seventh consecutive day of work you work in one workweek.

- For any workweek or workday, two times your regular rate of pay for hours worked in excess of 12 in one workday and/or in excess of eight hours on the seventh consecutive workday you work in the same workweek.

For purposes of computing overtime, Scarborough Lumber's workweek starts at 12:01 a.m. Monday and ends at midnight Sunday. Scarborough Lumber's workday begins at 12:01 a.m. and ends 24 hours later.

Working unapproved overtime, including working through a meal period that results in overtime, may result in disciplinary action, up to and including termination.

In all cases, *worked* hours, not earned hours, are to be used in calculating the overtime premium. Holiday, PTO, and sick hours are not considered *worked* hours (Example: If you are off sick or on a holiday on Monday and receive sick pay or holiday pay, and then work Tuesday through Saturday, 8 hours per day, your compensation for Saturday work will be at your base rate of pay, not at your overtime rate, since you actually worked only 5 days/40 hours. The 8 sick or holiday hours on Monday do not count as hours worked.)

Exempt employees are not entitled to overtime compensation, or any other fringe benefit based on their hours worked.

## Open Door

Suggestions for improving the Company are always welcome. At some time, you may have a complaint, suggestion, or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints, questions, and suggestions are welcomed by the Company. We ask you to first discuss your concerns with your manager, following these steps:

1. As soon as reasonably possible, but at least within a week of the occurrence, bring the situation to the attention of your immediate manager, who will then investigate and attempt to provide a reasonable solution or explanation.
2. If the complaint involves your manager or you do not feel comfortable bringing the concern to your manager, report your concern in writing to Human Resources or an Owner, who will attempt to reach a final resolution.

This procedure, which we believe is important for both you and the Company, cannot guarantee that every problem will be resolved to your satisfaction. However, we value your observations and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

If your complaint involves harassment or discrimination, please refer to the Company's "Anti-Harassment, Discrimination, and Retaliation" policy and the Complaint Procedure described there.

## Performance Evaluations

You will receive periodic performance evaluations conducted by your manager. Your first performance evaluation generally will take place around your 60<sup>th</sup> day of employment with the Company. Subsequent performance evaluations generally will be conducted annually, on or about the anniversary date of your employment with Scarborough Lumber. The

frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties, or recurring performance problems.

Your performance evaluations may review factors such as the quality and quantity of the work you perform, your knowledge of the job, your initiative, your work behavior, and your behavior toward others. After the review, you will be required to sign the evaluation simply to acknowledge that it has been presented to you, that you have discussed it with your manager, and that you are aware of its contents.

Performance evaluations are intended to make you aware of your progress, areas for improvement, and objectives or goals for future work performance. Favorable performance evaluations do not guarantee increases in pay or promotions. Compensation increases and promotions are solely within the discretion of Scarborough Lumber and depend upon other factors in addition to performance.

## **Voluntary Separation**

Voluntary separation results when you voluntarily resign your employment or fail to report to work for two or more consecutively scheduled workdays without notice to, or approval by, your manager.

If you anticipate having to resign, we would appreciate the professional courtesy of receiving at least two weeks' advance notice of the resignation date as well as the reason for your resignation. Although this notice is not required, it is requested to allow us time to find and train a replacement.

All Company-owned property must be returned immediately upon separation of employment.

## **Employee References and Verification of Employment**

All requests for references and verification of employment must be directed to Human Resources. No other supervisor, manager or employee is authorized to release references for current or former employees.

## COMPANY OPERATIONS

### Office Hours and Work Schedules for Non-Exempt Employees

The Company normally is open for business between 7:30 a.m. and 6:30 p.m., Monday through Sunday. Your manager will assign your individual work schedule. You are expected to be at your workstation at the start of your assigned shift, ready to work.

If you need to exchange schedules, you should fill out the authorization form and provide it to your manager who may authorize an exchange if possible. Work schedule exchanges will not be approved for the mere convenience of an employee or if the exchange interferes with normal operations or results in overtime.

### Dress Standards

You are expected to wear clothing appropriate for the nature of our business and the type of work performed. Clothing should be neat, clean and tasteful. Additionally, it is imperative that employees have good grooming practices. This includes arriving for your assigned shift not smelling of offensive odors.

Employees should wear the Company-provided shirt, jeans or shorts and close-toe shoes. Avoid clothing that may create a safety hazard. See your location's store manager for specific guidelines for your store and position.

You may request reasonable accommodation for religious dress or religious grooming standards which may be outside the Company's normal dress standards.

### Telephone/Cell Phone Use and Other Electronics

Personal telephone calls should be brief and kept to a minimum. If you bring your personal cell phone to work, you must not use your cell phone during business hours for calls or texts. Emergency calls made be made using Company phones; however, personal calls of a non-urgent nature should be made using your personal cell phone and only during rest breaks and meal periods and outside of the building or in the lunchroom only. It is considered unprofessional, and is not acceptable, to be talking or texting on your personal cell phone during working hours.

Electronic devices (e.g., MP3 players, iPods, smart phones, Bluetooth devices, headsets, electronic device ear plugs, etc.) must not be used during working hours.

Mobile devices (e.g., smart phones, cell phones, PDAs, etc.) and moving vehicles can be a dangerous mix. If you need to take or make a work-related phone call while you are operating a Company vehicle, or are driving on Company time, we expect you to exercise caution and care. **You must use a hands-free device, and may not text or dial while driving under any circumstances.** You may not hold a mobile device; it must be mounted on the dashboard, windshield, or console, and you may only activate or deactivate a feature or function with a single swipe or finger tap. If your mobile device is not mounted or does not have this capability, you may not use it while driving.

**No Working Off-The-Clock.** Non-exempt employees are not expected to work outside their scheduled hours. Accordingly, if you are a non-exempt employee, you may not use smart phones, computers, mobile devices, or cell phones to check work email or voicemail or send work-related text messages outside of your scheduled work hours, unless you have first received written permission from your manager.

## **Driving for Company-Related Business**

If you drive a Company vehicle or your own vehicle for Company-related business you will be required to show proof of a current valid California driver's license and current effective insurance coverage upon request.

We retain the right to transfer you to an alternative position, suspend, or terminate an employee whose license is revoked, who fails to maintain personal automobile insurance coverage, or who is uninsurable under the Company's policy.

When you drive your own vehicle on Company business you will be reimbursed at the allowable IRS rate per mile. To receive reimbursement, you must submit to Human Resources a monthly/quarterly log showing the date, the miles driven for which you are requesting reimbursement, and brief explanation of the Company-related business you were conducting. This does not include normal commute time from home to work and vice versa. The Company is not responsible for your traffic violations and fines.

## **Pay for External Meetings and Training for Non-Exempt Employees**

The Company will pay you for your attendance at meetings, lectures, and training programs when attendance is mandatory.

If you are required to attend such meetings, lectures, or training programs you will be notified of the necessity for such attendance by your manager.

During attendance at meetings, lectures or training programs, you will be compensated at your base pay for attendance at events covered by this policy. Overtime will be paid as required by law.

## **Solicitation and Distribution**

You may not solicit or promote support for any cause or organization during your working time or during the working time of the employee or employees at whom such activity is directed.

You may not distribute or circulate any non-work related written or printed material in work areas at any time, or during your working time or during the working time of the employee or employees at whom such activity is directed.

Non-employees are prohibited from soliciting or distributing written material for any purpose on Company property.

## **Your Personnel Records**

You have a right to inspect and receive a copy of certain documents in your personnel file, as provided by law, in the presence of a Company representative at a mutually convenient time. Access will be granted within 30 days of the written request. You may add your comments to any disputed item in your file.

Employees and former employees may be charged for the cost of copying personnel records.

The Company will restrict disclosure of your personnel file to authorized individuals within the Company. Any request for information contained in personnel files must be directed to Human Resources who are the only people authorized to release information about current or former employees. Disclosure of personnel information to outside sources will be limited; however, the Company will cooperate with requests from authorized law enforcement or local, state, or federal agencies conducting official investigations and as otherwise legally required.

The Company is required by law to keep current all employees' names and addresses. You are responsible for notifying Human Resources in the event of any change to your personal information (e.g., change in name, address, marital status).

## **Company Property - No Privacy Rights**

We provide you with the resources needed to do your job. All Company property, including desks, computers, telephones (including any Company-issued electronic devices), the voicemail system, and Company-owned vehicles are Company property and must be maintained according to Company rules. They must be kept clean and are to be used for work-related purposes.

We reserve the right to inspect Company property at any time and without advance notice in order to ensure compliance with our rules. Additionally, we may periodically need to assign and/or change "passwords" and personal codes, for example, to voicemail, e-mail, and computers. Thus you should not expect, and do not have, any privacy rights with respect to Company property, even if password protected.

Prior authorization must be obtained before any Company property may be removed from the premises.

Office equipment such as photocopiers, fax machines, computers, printers, postage meters, and supplies are provided for business use. Except as permitted in this Handbook, you should not use these resources to conduct personal business.

A break area is available for your use. You are expected to clean up after eating in this area so it is ready for the next person's use.

## **Employee Property**

For security reasons, you should not leave personal belongings of value in the workplace. The Company is not responsible for your personal property.

Personal items brought into the workplace may be subject to inspection and search, with or without notice or the employee's prior consent, when the Company has a reasonable suspicion that an employee is violating a Company policy.

Persons entering the premises who refuse to cooperate in an inspection conducted pursuant to this policy may not be permitted to enter the premises. Employees working on or entering or leaving the premises and who refuse to cooperate in an inspection will be subject to disciplinary action, up to and including termination.

When you are separating from the Company you should remove any personal items at the time you leave. Personal items left in the workplace are subject to disposal if not claimed at the time of your separation.

## **Safety and Health**

You are responsible for your own safety, as well as that of others in the workplace. To help us maintain a safe workplace, everyone must be safety-conscious at all times. Report all work-related injuries or illnesses immediately to a manager. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Program. The Injury and Illness Prevention Program is available for your review in the manager's office at each location.

Scarborough Lumber or our insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work-related duties.

## **Security/Preventing Violence in the Workplace**

We are committed to providing you a safe work environment. We will not tolerate any violent or threatening behavior by or toward our employees. This policy prohibits actual or threatened violence against any person on Company premises, at any Company-sponsored event, and/or while engaging in any Company-related activity. Safety and security in the workplace are every employee's responsibility. We rely upon all employees' compliance with this policy to achieve our goal of providing a violence-free workplace. Some examples of conduct that violates this policy include:

- Threats of any kind;
- Physically aggressive or violent behavior;
- Intimidating or harassing behavior, including bullying; or
- Sabotage or destruction of any Company property or property of any employee.

Additionally, we strictly prohibit the possession of any weapon, firearm, or other dangerous objects or material of any kind on Company premises or at any Company-related event.

Any conduct violating this policy, including any threats of or actual violence, either direct or indirect, must be reported as soon as possible to any member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. All suspicious individuals or activities must be reported as soon as possible to a manager. Anyone receiving a report of a violation of this policy must report the matter immediately to a manager.

## Electronic Resources

Scarborough Lumber provides our employees with the technological resources needed to do their jobs, called "Electronic Resources." Electronic Resources may include a variety of technologies, such as:

- Computers (desktops, laptops, tablets, etc.);
- Phones (desk phones, smart phones, etc.);
- Communication systems (Internet access, servers, voicemail, email, text messaging, instant messaging, etc.);
- Software; and
- Hardware (printers, fax machines, etc.).

### When Can I Use Electronic Resources?

Of course, you should use Electronic Resources as needed to perform your job. If you do not have access to an Electronic Resource and believe you need it for work, please let your manager know.

Practically speaking, we know that employees may sometimes use Company Electronic Resources for personal purposes. But, you cannot use Company time for personal use, so any personal use of Scarborough Lumber's Electronic Resources must be limited to non-work time. You may never use Scarborough Lumber's Electronic Resources to perform work on behalf of another employer. Also, you should read this policy carefully so you understand what to expect regarding personal privacy when using our Electronic Resources, and other restrictions on your use of these technologies.

Of course, your use of any Company Electronic Resources must always be legal. For example, if you do not have a license to download software, you may not download it and it is never permissible to download software to any of the Company's electronic resources without prior approval of Human Resources. Please use common sense, and ask Human Resources if you have questions.

### How Private is My Use of Company Electronic Resources?

Even though your use of Company Electronic Resources may feel private (for example, because you have a Company-issued smart phone that only you use to conduct business), Scarborough Lumber has the right to monitor your use of any of our Electronic Resources. So, you have no reasonable expectation of privacy in your use of Scarborough Lumber's Electronic Resources, or in any documents, data, or information created on, accessed from, or stored on these Electronic Resources (including pictures, videos, or audio files). For example, we may read your emails, track your Internet use, or review your text messages, even if deleted.

You may need a password or passwords to access Electronic Resources, but using a password does not mean your use of the resources is private. Scarborough Lumber may override the passwords or use other means to gain access at any time.

### When Will the Company Access Electronic Resources?

Scarborough Lumber may access our Electronic Resources, or anything created, accessed, or stored on them, for valid business purposes at any time. For example, Scarborough Lumber may obtain access to ensure employee production and discipline, maintain the system, prevent or investigate allegations of system abuse or misuse, ensure compliance with software copyright laws, or comply with legal or regulatory requests for information. You may not know if Scarborough Lumber accesses our Electronic Resources (including those assigned to you), and we do not need your permission to do

so. Of course, you cannot gain access to or attempt to access any Electronic Resource assigned to someone else, unless Scarborough Lumber has authorized you to do so in advance.

Scarborough Lumber may also store electronic communications or other documents, data, or information created on our Electronic Resources on magnetic media for a period of time after the communication is created. From time-to-time, magnetic media copies of communications or other documents, data, or information created on our Electronic Resources may be deleted.

### **When Do Company Rules Apply?**

Company rules apply anytime you are using our Electronic Resources, or when you are using personal Electronic Resources while working or representing Scarborough Lumber. Please exercise good sense. For example, Scarborough Lumber's policy prohibiting all types of harassment applies to the use of Scarborough Lumber's Electronic Resources, including Company email and Internet access. Just as you may not tell inappropriate sexual jokes at work, you may not use Company email to send an inappropriate sexual joke.

We also expect you to treat Company Electronic Resources with the same respect with which you treat other Company property. If any Electronic Resources assigned to you (e.g., phones, laptops, etc.) are lost or stolen, you must immediately notify your manager.

### **What about Mobile Devices?**

We recognize that the realities of business today mean it is often more convenient, or even necessary, for some employees to conduct business using mobile devices like smart phones, cell phones, and tablet computers. However, Scarborough Lumber also must ensure any use of a mobile device for Company business comports with our expectations for issues like security, privacy, and personal employee safety.

If you need a mobile device to do your job, Scarborough Lumber will provide one to you. Use of that device is subject to this policy. You may also receive other specific direction about your use of the device or your responsibilities regarding the device.

Unless you are specifically notified by Scarborough Lumber in writing, you are not authorized to use a personal mobile device for Company business. Of course, this policy does not prohibit you from using a personal mobile device to contact Scarborough Lumber at your own convenience—for example, to call your manager to explain that you will be late or absent. But, you may not access Company email from a personal mobile device without written permission, nor may you communicate with your manager or other business contacts about substantive work-related matters using a mobile device (e.g., via text messages or applications like Snapchat, Facebook Messenger, WhatsApp). If you have questions about the appropriate use of a personal mobile device for Company business, ask Human Resources before you use it for a work-related purpose.

## **Using Social Media**

We understand that social media can be a fun and rewarding way to share your life and opinions with family, friends and co-workers around the world. However, use of social media also presents certain risks and carries with it certain responsibilities. To assist you in making responsible decisions about your use of social media, we have established these guidelines for appropriate use of social media.

In the rapidly expanding world of electronic communication, social media can mean many things. Social media includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal website, social networking or affinity website, web bulletin board or a chat room, whether or not associated or affiliated with the Company, as well as any other form of electronic communication.

**Know and follow the rules:** Carefully read these guidelines, the "Electronic Resources" policy and the "Anti-Harassment, Discrimination, and Retaliation" policy to ensure your social media postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated.

**Be respectful:** Always be fair and courteous to fellow employees, clients, suppliers or people who work on behalf of the Company. Also, keep in mind that you are more likely to resolve work-related complaints by speaking directly with your co-workers or by utilizing our "Open Door" policy than by posting complaints to a social media outlet. Examples of disrespectful conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or Company policy. Threatening, intimidating, coercing, or otherwise interfering with the job performance of fellow employees or visitors is prohibited.

**Be honest and accurate:** Make sure you are always honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about the Company, fellow employees, clients, suppliers, and people working on behalf of the Company or competitors.

**Trade Secrets and Proprietary Information:** Maintain the confidentiality of the Company trade secrets and private or confidential information. Trade secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not disclose confidential financial data or other non-public proprietary Company information. Do not share confidential information regarding business partners, vendors or customers.

**Do Not Purport to Speak on Behalf of the Company:** Do not create a link from your blog, website or other social networking site to the Company website without identifying yourself as a Company employee.

Express only your personal opinions. Never represent yourself as a spokesperson for the Company. If the Company is a subject of the content you are creating, be clear and open about the fact that you are an employee and make it clear that your views do not represent those of the Company, fellow employees, clients, suppliers or people working on behalf of the Company. If you do publish a blog or post online related to the work you do or subjects associated with the Company, make it clear that you are not speaking on behalf of the Company. It is best to include a disclaimer such as "*The postings on this site are my own and do not necessarily reflect the views of the Company.*"

**Refrain from Using Social Media at Work:** Refrain from using social media while on work time or on equipment we provide, unless it is work-related as authorized by your manager or consistent with the "Electronic Resources" policy. Do not use the Company

email addresses to register on social networks, blogs or other online tools utilized for personal use.

**Retaliation is Prohibited:** The Company prohibits taking negative action against any employee for reporting a possible deviation from this policy or for cooperating in an investigation. Retaliation against another employee for reporting a possible deviation from this policy or for cooperating in an investigation is prohibited.

**Concerted Activity Not Prohibited:** The prohibitions in this policy do not apply to protected concerted activities and are not intended to discourage or prohibit such protected activity.

## **Confidentiality**

Our clients entrust us with important information relating to their businesses. The nature of this relationship requires maintenance of confidentiality.

Employment with the Company assumes an obligation to maintain confidentiality, even after leaving our employ. Therefore, please do not discuss the Company's lawful business with anyone who does not work for us, and never discuss business transactions with anyone who does not have a direct association with the transaction. Even casual remarks can be misinterpreted and repeated, so develop the personal discipline necessary to maintain confidentiality.

If you are questioned by someone outside the Company or your department and you are concerned about the appropriateness of giving them certain information, the request should be referred to your manager.

No one is permitted to remove Company records, reports, or documents from the premises without prior management approval.

If you leave employment with the Company for any reason, you should continue to treat as private and privileged any such sensitive information. You should not use, divulge, or communicate to any person or entity any such sensitive information without the express written approval of the owner. The Company will pursue legal remedies for unauthorized use or disclosure of sensitive, confidential information.

## **BENEFITS**

We offer a comprehensive benefits program including health care coverage, vision and dental coverage, life insurance, a retirement plan, and paid time off. This summary is intended to provide you with a basic overview of the plans we provide. More information is available through Human Resources.

You are eligible to participate in all of Scarborough Lumber's benefit plans if you are a full-time employee. If you are a part-time employee, you are eligible for some of the plans noted below.

Your eligible dependents include your spouse or registered domestic partner and your children or the children of your registered domestic partner.

**Important Note:** *This Handbook provides only a general overview of the benefits provided to eligible employees. You should refer to the Summary Plan Description for each benefit for more details. In the event there is a conflict between the Handbook and the Summary Plan Description, the Summary Plan Description will control. We reserve the right to alter, modify, suspend or eliminate any Company-sponsored benefits (this does not include State Disability Insurance or Paid Family Leave Insurance, which are operated by the State of California.)*

## Insurance Benefits

**Health, Vision and Dental Insurance:** We currently provide health, vision and dental insurance plans for eligible employees and their eligible dependents. Eligible employees will receive all information when benefits are offered to assist in selecting the best coverage for the employee and dependents.

Full-time employees, who work 30 hours per week or more, will be eligible to enroll in the plans on the first of the month following 60 days of employment or otherwise as required by law. If you are insured, we will pay a portion of the medical, vision and dental premiums for you and your family. You will be responsible for any medical, vision and dental premiums due to cover you, your spouse or registered domestic partner and dependents in excess of the portion paid by Scarborough Lumber. Deductions from your paycheck will be made to cover this cost. All or some of this additional premium may be eligible for a pre-tax payroll deduction through the Company's Section 125 Cafeteria plan.

When you choose insurance coverage, our insurance company provides a booklet describing the benefits.

Please direct any questions you have regarding the Company's health insurance to Human Resources.

**Life Insurance:** We offer group life insurance for eligible full-time employees beginning on the first of the month following 60 days of employment. The Company will pay a portion of the premium if an employee selects this benefit. This benefit is post tax on your payroll.

**State Disability Insurance ("SDI"):** You contribute to the State of California to provide disability insurance pursuant to the California Unemployment Insurance Code. Contributions are made through a payroll deduction. SDI benefits are payable when you cannot work because of illness or injury not caused by employment at the Company, or when you are entitled to temporary workers' compensation at a rate less than the daily disability benefit amount. Disabilities covered by workers' compensation are excluded from short-term disability coverage.

**Unemployment Compensation:** The Company contributes each year to the California Unemployment Insurance Fund on your behalf.

**Social Security:** Social Security is an important part of your retirement benefit. We pay a matching contribution to your Social Security taxes.

**Workers' Compensation:** The Company purchases a workers' compensation insurance policy to protect you if injured at work. The policy covers you in case of occupational injury or illness. It is your responsibility to immediately notify a member of management if injured while working.

## **401(k) Qualified Retirement Plan**

The Company currently provides eligible employees with a 401(k) Qualified Retirement Plan, which is an excellent means of long-term savings for retirement. Full-time employees, who are 21 years of age or older, are eligible to enroll in the Plan following the completion of 1,000 hours and 12 months of service. The Company's contribution, if any, is determined by the Company on an annual basis. You may obtain a copy of the Summary Plan Description containing details of the plan from Human Resources.

## **Paid Family Leave Insurance ("PFLI")**

PFLI is administered by the Employment Development Department ("EDD"). It is a partial wage replacement benefit paid when you suffer a wage loss to take time off work for either of the following reasons: (1) to care for a seriously ill child, spouse, parent, registered domestic partner, grandparent, grandchild, sibling, or parent-in-law, (2) to bond with a new child during the first year after the birth or placement of the child in connection with foster care or adoption, or (3) to participate in a qualifying event as a result of a family member's (spouse, registered domestic partner, parent, or child) military deployment to a foreign country. If eligible, you may receive up to a maximum of eight weeks of State-paid benefits in a 12-month period. These benefits are funded entirely through your payroll contributions that are deducted from wages pursuant to applicable law.

If you are permitted to be absent from work for a reason that qualifies you for PFLI benefits, you are required first to use any accrued and unused PTO, up to a maximum of ten days in a 12-month period. Thereafter, at your option, PFLI benefits may be supplemented with any accrued and unused PTO or PSL (as PFLI benefits do not replace all of your usual wages).

PFLI does not create any rights to a leave of absence or reinstatement, but simply provides partial wage replacement for qualified employees. You must meet all EDD eligibility requirements to qualify for PFLI benefits.

Human Resources has informational brochures created by the EDD for interested employees. You may contact the EDD or gather additional information regarding PFLI benefits by visiting [www.edd.ca.gov](http://www.edd.ca.gov).

## TIME OFF

### Holidays

We provide full-time employees with the following paid holidays each year beginning after the 60<sup>th</sup> day of employment. Eligible full-time employees will receive a day off with pay at their base rate on each holiday. Part-time and temporary/season employees are not eligible for holiday pay.

The Company observes the following holidays each year. The holidays noted with an asterisk indicate that a location may be open for business on these holidays. If you work are assigned to a location that is open on a holiday and you work, you will be paid for the hours you work plus an additional eight hours. Those working on the holiday will not receive an additional day off.

- New Year's Day – January 1
- Easter Sunday
- \*Memorial Day – Last Monday in May
- \*Independence Day – July 4
- \*Labor Day – First Monday in September
- Thanksgiving Day – Fourth Thursday in November
- Christmas Day – December 25

Part-time and temporary/seasonal employees who work on a Company-observed holiday will receive pay at double the hourly rate for hours worked on the holiday. Additionally, full-time non-exempt employees, who are in their first 60 days of employment, and work on one of the holidays listed above will receive double the regular hourly rate for the hours worked on the holiday. Temporary/Season employees who work on a holiday will receive pay only for the hours worked.

**Weekend and Vacations:** If a holiday occurs while you are on vacation, you will receive holiday pay (i.e., no vacation deduction will be charged for that day).

While you are on an unpaid leave of absence you are not eligible for holiday pay.

Non-exempt employees must work their scheduled workday before and after the holiday in order to be paid for the holiday, unless they are absent with prior permission from their manager.

**Computation of Overtime:** Holidays are not counted as hours worked (for purposes of overtime pay calculation) unless you actually worked on the holiday.

Holidays do not accrue and are not paid out at termination of employment.

### Paid Time Off ("PTO")

We recognize the value of rest and relaxation and encourage employees to use their earned PTO. Beginning on the first day of employment, full-time employees will

commence accrual of PTO each month as shown in the table below. Part-time and temporary/seasonal employees are not eligible for PTO benefits.

PTO may be used for any purpose, including vacations, unpaid holidays, illness or time away from work for personal or family matters. PTO may also be used on scheduled workdays for the diagnosis, care or treatment of an existing health condition, or preventative care for you and your family members. It may also be used if you are the victim of a crime, domestic violence, sexual assault or stalking. (Your family members include your parent, child, spouse, registered domestic partner, grandparent, grandchild, and sibling.)

On the first day of each successive month following your date of hire in which you are actively employed, your PTO accrual will post. You may use PTO beginning after the 60<sup>th</sup> day of employment and once it is accrued, subject to this policy. PTO accrual will continue throughout your employment unless the employment is broken by an absence without pay or separation of employment. PTO may not be taken before it is accrued.

The following table outlines the PTO accrual categories:

**Full-time Employees**

| <b>Months of completed active service</b> | <b>PTO accrual rate for full-time employees per month</b> | <b>Usual annual PTO accrual for full-time employees</b> |
|-------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|
| First day – 36 months                     | 6.67 hours                                                | 80 hours/10 workdays                                    |
| 37 months or more                         | 10 hours                                                  | 120 hours/15 workdays                                   |

Annually, at the end of the calendar year, PTO accounts with a balance in excess of the annual accrual noted above, will have excess hours automatically cashed out and paid on the last paycheck of the calendar year. For example, if you are in your fourth year of employment and you have 140 hours in your PTO account at the end of the year, 20 hours of PTO will be cashed out and paid to you. You will start the next calendar year with 120 hours of PTO available for use. You will be allowed to continue accruing throughout the calendar year.

Non-exempt employees will have all partial day absences deducted from their accrued PTO hours.

If you voluntarily or involuntarily separate from the Company without having used all accrued PTO, you will receive payment of your unused PTO accrual at the time your employment terminates. PTO is earned and paid out based on base pay only.

PTO must be scheduled with and approved by your manager in advance with at least a two-week notice for vacations. Although efforts will be made to accommodate your requests to take PTO at a specified time, your manager will consider the needs of the Company when evaluating PTO requests. If two or more employees request PTO at the same time, but your manager determines it is not feasible to grant both requests, your manager ordinarily should grant PTO requests based on the earlier date of the written PTO request.

If a holiday occurs during your PTO period, you will not be charged PTO for that day, but will be paid holiday pay for your regularly scheduled hours.

PTO will cease accruing during any period of unpaid time off, unless required by applicable law.

## **Sick Time Off when included in PTO**

Except when prohibited by law, you must exhaust all PTO before taking unpaid leave or having unpaid absences.

If you take time off for your own illness or injury, or to care for a family member who is ill or injured and you want to be paid, you must use PTO. Depending on the reason for your continued absence, you may be eligible for State-sponsored benefits such as PFLI or SDI. Contact Human Resources for additional information.

**Kin Care:** You may use any portion of your yearly PTO accrual to attend to the illness of a child, parent, spouse, registered domestic partner, grandparent, grandchildren, sibling or registered domestic partner's child. Designation of such time as kin care is at your sole discretion. Leave for this purpose may not be taken until PTO benefits have actually been earned.

**Medical Certification:** When you are returning to work from a lengthy period of illness or injury or your ability to safely perform your job may be at risk, you may be required to present a health care provider's statement that you can safely return to your full duties. This requirement may be made at the sole discretion of the Company, as permitted by law. If you cannot return to full duties, the health care provider must specify your limitations in sufficient detail to allow the Company to determine whether a reasonable accommodation can be made.

**Workers' Compensation and PTO:** Your work-related illness or injury is covered by workers' compensation insurance and these benefits are separate from PTO. Workers' compensation benefits usually do not cover absences for medical treatment. When you report a work-related illness or injury, you will be sent for medical treatment, if treatment is necessary. You will be paid your regular wages for the first day you spend seeking initial medical treatment.

Any further medical treatment for a work-related illness or injury will be under the direction of the health care provider. Any absences from work for follow-up treatment, physical therapy, or other prescribed appointments will not be paid as time worked. Rather, if you have accrued PTO, the additional absences from work will be paid with the use of your PTO.

If you do not have accrued PTO hours, an unpaid leave of absence may be requested.

## **Paid Sick Leave ("PSL") – Part-time/Temporary/Seasonal**

Each year part-time, temporary and seasonal employees will begin accruing Paid Sick Leave at the rate of one hour for every 30 hours worked as of July 1, 2015, or on your date of hire, if after July 1, 2015. Your accrual will post each payroll period. Your PSL balance is reflected on your paystub each pay period.

PSL may be used after 60 days of employment with the Company.

You may use up to 40 hours or five days, whichever is greater, of PSL each 12-month period. The 12-month period is January 1 through December 31 each year.

**Paid Sick Leave Use:** PSL may be used on scheduled workdays for the diagnosis, care or treatment of an existing health condition, or preventative care for you and your family members. It may also be used if you are the victim of a crime, domestic violence, sexual assault or stalking. (Your family members covered by PSL include your parent, child, spouse, registered domestic partner, grandparent, grandchild, and sibling.)

- PSL may be used only for the reasons noted above. It is not to be used for other "personal" absences.
- PSL must be used in increments of at least one hour.
- PSL is no longer useable if status changes to full-time once you have accrued PTO

**Requesting Paid Sick Leave:** You may request to use PSL orally or in writing with as much advance notice as possible to your manager. We request that you contact your manager, as stated in the Attendance and Punctuality policy, at least one hour prior to your assigned shift if you are not able to work.

If you exhaust your PSL hours but need additional time away from work, time off will be unpaid. If you are on FMLA/CFRA leave and receive a wage replacement via State Disability Insurance, Paid Family Leave Insurance, or workers' compensation insurance you have the option to use PSL.

**Maximum Accrual and Pay Out:** Forty-eight hours or six days, whichever is greater, is the maximum allowable sick leave accrual (or "cap"). Unused PSL may continue to be carried over, but the PSL accrual is capped at 48 hours or six days. Once this maximum/cap is reached, no further sick leave will be earned until some sick leave is used. No retroactive accrual will be earned. Sick leave accrual will cease during an unpaid leave of absence. You can only use 24 hours in a calendar year.

We do not pay cash compensation in lieu of unused sick leave at any time, including upon separation from employment.

**Rehire:** If you leave the Company's employment but are rehired within 12 months, then your prior PSL balance as of your separation date will be credited to you on your rehire date.

**No Retaliation:** You will not be retaliated or discriminated against for requesting or using accrued PSL.

**Return to Work Medical Certification:** When you are returning to work from a lengthy period of illness or injury that covers more hours than your PSL balance, or your ability to safely perform your job may be at risk, you may be required to present a health care provider's statement that you can safely return to your full duties. This requirement may be made at the sole discretion of the Company, as permitted by law. If you cannot return to full duties, the health care provider must specify your limitations in sufficient detail to allow the Company to determine whether a reasonable accommodation can be made.

**Workers' Compensation and Sick Leave:** Your work-related illness or injury is covered by workers' compensation insurance and these benefits are separate from PSL. However, you may use PSL for absences related to your own illness or injury, whether or not work related.

Workers' compensation benefits usually do not cover absences for medical treatment. When you report a work-related illness or injury, you will be sent for medical treatment, if

treatment is necessary. You will be paid your regular wages for the first day you spend seeking initial medical treatment.

Any further medical treatment for a work-related illness or injury will be under the direction of a health care provider. Any absences from work for follow-up treatment, physical therapy, or other prescribed appointments will not be paid as time worked. Rather, if you have accrued PSL available, you may request the additional absences from work be paid with the use of your PSL.

## Family and Medical Leave

Under the federal Family and Medical Leave Act ("FMLA") and/or the California Family Rights Act ("CFRA"), you may be eligible to take Family and Medical Leave.

### Who is Eligible?

You are eligible for Family and Medical Leave if you have worked for the Company for at least 12 months, and for at least 1,250 hours in the last 12 months.

In most cases, you may take up to 12 weeks of leave in a 12-month period. The 12 weeks may be taken in a rolling 12-month period measured backward from the date you first take Family and Medical Leave. When more than one type of leave of absence provides for leave, the time off will run concurrently (i.e., at the same time), unless otherwise required by law.

Although this policy provides general information about Family and Medical Leave, Human Resources can provide you with additional information at your request. We also will provide more information if you request leave for a qualifying reason.

### When Can I Use Family and Medical Leave?

You may take Family and Medical Leave for the following reasons:

- The birth, adoption, or foster care placement of your child ("bonding" leave must be taken within 1 year of the child's birth or placement);
- To care for a covered family member (spouse, registered domestic partner, child, child of your registered domestic partner, sibling, grandparent, grandchild, parent, or parent-in-law) with a serious health condition; or
- Because of your own serious health condition.

Below, we explain what some of these terms mean. But generally, if you have a new child or you or a family member are seriously ill, you probably will be able to take Family and Medical Leave for those reasons (provided you are eligible).

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either a stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents you from performing the functions of your job, or prevents your covered family member from working or participating in school or other daily activities.

The continuing treatment requirement may be met by a period of incapacity of more than three consecutive calendar days combined with at least two visits to a health care provider, or one visit and a regimen of continuing treatment, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment. (Pregnancy-related

disabilities generally are considered serious health conditions by the FMLA, but not the CFRA. Please refer to our "Pregnancy Disability Leave, Reasonable Accommodation, and Transfer" policy for more information about time off for pregnancy-related disabilities.)

You can find additional information about these terms and the other definitions that apply to this policy in the California Government Code section 12945.2, and the Code of Federal Regulations (29 C.F.R. section 825 et. seq.), both of which are available online. Or, you may speak with <Human Resources>.

### **Do I Have to Take the Leave All at Once?**

You may take leave for a serious health condition intermittently (in separate blocks of time) or on a reduced schedule (reducing your usual hours per workweek or workday), if medically necessary.

You also may take leave for the birth or placement of a child ("bonding") in two-week increments, and in smaller increments (at your request) on two occasions. But, you must conclude bonding leave within one year of the birth or placement of the child.

If you take intermittent or reduced-schedule leave for planned medical treatment, the Company may transfer you temporarily to an available alternative position that better accommodates your leave and has equivalent pay and benefits.

Unless otherwise prohibited by law, the Company may reduce your compensation during unpaid intermittent leave, if applicable.

### **How Do I Tell the Company I Need Leave?**

You must give us at least 30 days' notice of the need for foreseeable leave, preferably in writing. If that is not possible—for example, because you have a medical emergency—please let us know as soon as possible. If you have treatment or a procedure planned, please consult with us first about the dates.

We understand you may prefer to keep some details private. However, you must give us sufficient information to determine if the leave will qualify as Family and Medical Leave, and the anticipated duration and timing of the leave. For example, sufficient information may include that you are unable to perform job functions, your family member is unable to perform daily activities, or you or your family member require hospitalization or continuing treatment by a health care provider. You also must inform us if the requested leave is for a reason for which Family and Medical Leave was previously taken or certified.

### **What Happens after I Request Leave?**

The Company will notify you whether you are eligible for Family and Medical Leave and, if so, will provide additional information about the leave and your rights and responsibilities. If you are not eligible, we will explain why. The Company also will notify you when leave will be designated as Family and Medical Leave and the amount of leave that will count against your leave entitlement.

### **Do I Need to Provide a Medical Certification and Status Updates?**

For your own serious health condition or that of a covered family member, you may be required to provide a medical certification from the relevant health care provider, as permitted by law. We will provide a form for this purpose.

You (or your designee if you are not able) are expected to provide regular reports of your status and intent to return to work while on Family and Medical Leave. You are expected

to return to work on the date agreed to on the Leave Request Form or medical certification. In addition, you must give reasonable notice if the dates of leave change or are extended or initially were unknown.

#### **Will I Get Paid During Leave?**

Family and Medical Leave is unpaid by the Company, although you may be eligible for wage replacement benefits, such as workers' compensation, disability benefits, or Paid Family Leave Insurance. You also may use any accrued, unused paid time off (subject to the rules of the applicable policy). When you are not receiving any wage replacement benefits, the Company may require you to use PTO. But, using paid leave will not extend your leave, and you cannot receive more than 100% of your pay.

While on unpaid leave you do not continue to accrue PTO or sick leave and are not paid for holidays during the leave.

#### **Do I Still Get Company Health Benefits?**

While on Family and Medical Leave, the Company will maintain your existing health benefits (if applicable) as if you remained working. If you do not return to work when the Family and Medical Leave is over, you may be required to reimburse the Company for the cost of health benefit premiums.

Please contact <Human Resources> if you have any questions about other benefits during Family and Medical Leave.

#### **May I Work While on Leave?**

You may not perform work for another employer while on leave, unless you have first obtained the Company's permission to do so. If you take another job while on leave, it may be considered a voluntary resignation of employment.

#### **What Happens When My Leave is Over?**

When you return to work, you must provide a release from your health care provider stating that you are able to perform your duties and identifying any reasonable accommodation or accommodations you need. To allow us to properly plan for your return, generally you must notify us of your need for an accommodation or accommodations at least one week before your anticipated return date.

Usually, following Family and Medical Leave, you will be reinstated to your original job or to an equivalent job. Also, you will not lose any benefits that accrued prior to the start of your leave.

You must notify the Company when you are able to return to work. If you take another job while on Family and Medical Leave, or if you do not return at the conclusion of the leave without obtaining additional authorization for your absence, we may assume you have voluntarily resigned your employment.

#### **Unlawful Acts by Employers**

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

### **Enforcement**

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer. The FMLA does not affect any federal or state law prohibiting discrimination, or supersede any state or local law or collective bargaining agreement which provides greater family or medical leave rights.

## **Servicemember Leave**

In addition to time off as described in the "Family and Medical Leave" policy above, eligible employees may take time off for certain absences related to a covered family member's service in the Armed Forces ("Servicemember Leave"). Except as mentioned below, the "Family and Medical Leave" policy above applies to Servicemember Leave.

When more than one type of leave of absence provides for Servicemember Leave (such as the FMLA and CFRA), the time off will run concurrently (i.e., at the same time), unless otherwise required by law.

### **Who is Eligible?**

To be eligible for Servicemember Leave, you must meet the eligibility requirements described in the "Family and Medical Leave" policy, above. If you are eligible, you may take Servicemember FMLA as follows:

- Up to 12 weeks of leave in a 12-month period for a "qualifying exigency" (certain events related to a spouse's, parent's, or child's call to active military duty, or depending on applicable law, your domestic partner's); or
- Up to 26 weeks of leave in a 12-month period to care for a spouse, parent, child, or next of kin who is a "covered servicemember" with a "serious illness or injury" incurred in the line of duty.

Below, we explain what some of these terms mean. But, generally, if you have pressing personal business to attend to because a qualifying family member is deployed overseas, or if your qualifying family member is injured or seriously ill as a result of active military service, you probably will be eligible for Servicemember Leave (provided you meet other eligibility requirements).

- "Qualifying exigencies" may include attending military events, arranging for care of a parent or child, accompanying a qualifying servicemember on short-term, temporary, rest and recuperation leave in a foreign country (for up to 15 days), addressing certain financial and legal arrangements, attending certain counseling sessions, attending post-deployment reintegration briefings, or as otherwise provided by law.
- A "covered servicemember" with a "serious illness or injury" is:
  - A current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness\*; or
  - A veteran who was discharged or released under conditions other than dishonorable at any time during the 5-year period prior to the first date the eligible employee takes FMLA leave to care for the covered veteran, and

who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.\* For a veteran discharged prior to March 8, 2013, the period between October 28, 2009, and March 8, 2013, does not count toward determination of the 5-year period.

**\*The FMLA definitions of “serious injury or illness” for current servicemembers and veterans are distinct from the FMLA definition of “serious health condition.”**

Please contact Human Resources if you have questions about these definitions or your eligibility.

#### **How Do I Tell the Company I Need Leave?**

Please provide as much advance notice as practicable of your need for Servicemember Leave. If the leave is for the planned medical treatment of a covered servicemember, you must provide 30 days' advance notice, if you can. Otherwise, you must provide notice as soon as you can.

#### **Do I Need to Provide a Medical Certification?**

For leave for a qualifying exigency, the Company may require you to provide a copy of the covered servicemember's active duty orders or other documentation. The Company also may require you to provide a certification verifying eligibility for leave, or may contact the Department of Defense or an applicable third party for verification purposes.

For leave to care for a covered servicemember, the Company may require you to provide a medical certification from an authorized health care provider verifying certain information regarding the covered servicemember and their injury or illness. You can obtain more information about the certification and verification requirements from Human Resources.

## **Disability/Medical Leave**

You may request an unpaid leave of absence if time away from work is needed to accommodate your own medical condition or disability (i.e., Disability/Medical Leave) if: (1) you are not eligible for or have already exhausted your Family and Medical Leave, and if (2) you have already exhausted your PTO and PSL.

Upon receiving a request for Disability/Medical Leave, the Company will work with you to evaluate whether you have a disability or medical condition, whether leave is a reasonable accommodation and, if so, whether the leave would cause undue hardship to the Company.

This policy does not apply to Pregnancy Disability Leave (“PDL”), which is outlined elsewhere in the Handbook.

A leave under this policy is only for your own illness or injury and will require appropriate medical documentation. Appropriate medical documentation also may be required at points throughout the leave of absence and prior to return to work.

Disability/Medical Leave is unpaid; however, employees taking Disability/Medical Leave may be eligible for State Disability Insurance (“SDI”) benefits. You may contact the EDD at [www.edd.ca.gov](http://www.edd.ca.gov) to apply for SDI benefits.

We will continue to pay our portion of the health insurance premium while you are on approved Disability/Medical Leave through the last day of the month in which your leave

began (including time on other federal or state leaves such as FMLA/CFRA), unless state or federal law requires otherwise. You must pay your portion of the medical premium. After the first month in which your leave began, you may opt to continue your medical coverage and self-pay the full premiums under the provisions of COBRA. Human Resources can give you additional information.

Before returning from Disability/Medical Leave, you must submit a verification of your fitness to return to work signed by an appropriate health care provider. The verification must be submitted before you may return to work.

We cannot guarantee that a position will be available when you are ready to return from a Disability/Medical Leave, except where required by law. Upon your return you will retain all benefits you accrued prior to the commencement of your leave, but you do not accrue PTO, sick leave, seniority, or other benefits while on unpaid Disability/Medical Leave.

If you fail to return to work when Disability/Medical Leave ends, we will consider you to have voluntarily resigned.

## **Personal Leave**

If you are a regular full-time or part-time employee who has completed at least 12 months of service, you may request a Personal Leave for up to 10 days in a 12-month period for reasons other than those provided in any particular policies in this Handbook.

A Personal Leave is unpaid. You must exhaust your PTO before you begin an unpaid Personal Leave.

You should submit a request for Personal Leave as soon as possible before the leave is to begin. Approval is granted at the sole discretion of the Company before the leave begins.

While taking Personal Leave you are not guaranteed reinstatement. Upon your return you will retain all benefits you accrued prior to the commencement of your leave, but you do not accrue PTO, sick leave, seniority, or other benefits while on Personal Leave.

If you fail to return to work when Personal Leave ends or request an extension, the Company may consider you to have voluntarily resigned.

## **Pregnancy Disability Leave, Reasonable Accommodation, and Transfer**

If you are disabled by pregnancy, childbirth, or a related medical condition, you may be entitled to a pregnancy disability leave ("PDL"), reasonable accommodation, or transfer. Examples of pregnancy-related disabilities include prenatal or postnatal care; doctor-ordered bed rest; gestational diabetes; pregnancy-induced hypertension; preeclampsia; childbirth; postpartum depression; loss or end of pregnancy; or recovery from childbirth or loss or end of pregnancy.

Although this policy provides information about these rights generally, Human Resources can provide you with additional information at your request.

### **How Do I Tell the Company I Need Leave, an Accommodation, or a Transfer?**

As soon as you know that you may need PDL, a reasonable accommodation, or transfer, please let us know. It will help us plan and make the transition smooth for you and your co-workers. If you have planned appointments or medical treatment, please consult with your manager first, so we can do our best to coordinate schedules. In most cases, we expect you to notify us at least 30 days in advance.

We understand that emergencies come up. When that happens, please let us know as soon as you can.

### **How Much Leave Can I Take?**

You may take up to 17 1/3 weeks of PDL (based on the number of days you would normally work in a 4-month period). You may take the leave "intermittently," meaning in small blocks of time, if your health care provider determines it is necessary (for example, to attend medical appointments), in increments of no less than 1 hour.

If you are eligible for leave under the federal Family and Medical Leave Act ("FMLA"), your PDL may also be designated as time off under FMLA. Please contact Human Resources with additional questions.

If you exhaust your right to PDL under this policy, you may be entitled to additional time off such as Family and Medical Leave, as Disability/Medical Leave, and/or as Personal Leave. Please refer to those policies for additional information.

### **When Can I Transfer?**

You may temporarily transfer to a less strenuous or hazardous position or duties if your health care provider determines it is medically advisable, and it can be reasonably accommodated. However, it is generally not reasonable for us to transfer or promote you to a position for which you are not qualified, create a new position, discharge another employee, or transfer another employee with more seniority.

Also, we may require you to transfer temporarily to another position, if your health care provider determines you need to take leave intermittently or on a reduced schedule, and the other position better meets your needs. Of course, the alternative position must meet your needs, and you must be qualified for it. Even though you will receive equivalent pay and benefits, you may not have equivalent duties.

### **When Can I Get a Reasonable Accommodation?**

A "reasonable accommodation" is a change in the work environment or the way things are done that enables you to perform the essential (i.e., most important) functions of your job. We will provide a reasonable accommodation if your health care provider certifies that it is medically advisable. For example, we may modify work practices, rules, or existing job duties, or provide furniture of other modifying equipment or devices.

The right to an accommodation is separate from your right to leave. But, if you require time off as a reasonable accommodation (for example, you are a full-time employee and need to work part-time), it may be counted as PDL and reduce your 4-month leave entitlement.

### **Do I Need to Provide a Medical Certification?**

If you need PDL, reasonable accommodation, or transfer, we may require you to provide a certification. We can give you a form for this purpose. Also, before you return from PDL, we may require you to provide a release to return to work from your health care provider.

### **Will I Get Paid During Leave?**

PDL is unpaid by the Company, but you may use any accrued, unused paid time off before taking the remainder of your leave without pay. You can also contact the EDD to find out whether you are eligible for SDI benefits.

### **Can I Use PDL to “Bond” With My New Baby?**

PDL is for pregnancy-related disability only. However, after your baby is born, you may be entitled to additional time off to “bond” with your new baby. Please refer to the “Family and Medical Leave” policy for additional information, or contact Human Resources.

### **Do I Still Get Company Benefits?**

While on PDL, the Company will maintain your existing health benefits (if applicable) as if you remained working. If you do not return to work when the PDL is over, you may be required to reimburse the Company for the cost of health benefit premiums.

Anytime you are not using accrued paid time off during PDL, you will stop accruing paid time off.

Please contact Human Resources if you have any questions about other Company benefits or seniority.

### **What Happens When My Leave is Over?**

When your PDL, reasonable accommodation, or transfer ends, we will reinstate you to the same position or, in certain instances, to a comparable position. Also, you will not lose any benefits that accrued prior to the start of your leave.

You must notify the Company when you are able to return to work. If you take another job while on PDL, or if you do not return at the conclusion of leave without obtaining additional authorization for your absence, we may assume you have voluntarily resigned your employment. If you take additional, Company-approved leave immediately following your PDL, your right to reinstatement will be determined by the Company policy regarding that type of leave, not by this policy.

## **Jury or Witness Duty**

If you are a non-exempt employee and summoned to jury duty or to appear as a witness in court proceeding(s) unrelated to Scarborough Lumber business, time off will be unpaid while serving on jury duty. You must report anticipated jury or witness duty to your manager immediately upon receipt of any jury duty summons, subpoena, or notice to appear.

As a non-exempt employee who is summoned as a witness in connection with Company business, you will be paid your regular wage for such time.

If you are an exempt employee serving on a jury or as a witness you will be paid your normal salary for any week in which you have performed some work, as required by law.

## **Bereavement Leave**

In the event of a death in your immediate family, i.e., wife, husband, registered domestic partner, parents, brother, sister, children, grandparent, current in-laws, you may request

paid time off, through use of PTO, or unpaid time off. Time off should be arranged in advance, when possible, with your manager.

## School Activities Leave

If you are the parent or guardian of a child facing suspension from school and are summoned to the school to discuss the matter, you should alert your manager as soon as possible before leaving work.

You are encouraged to participate in the school activities of your child(ren). The absence is subject to all of the following conditions:

- Parents, guardians, stepparents, foster parents, *in loco parentis individuals* or grandparents having custody of one or more children in kindergarten, grades one to 12, or a licensed child care provider may take time off for a school activity, including finding, enrolling or reenrolling a child, and to address a child care or school emergency;
- The time off for school activity participation cannot exceed eight hours in any calendar month, or a total of 40 hours each school year;
- When planning to take time off for school visitations you must provide as much advance notice as possible to your manager;
- If both parents are employed by Scarborough Lumber, the first employee to request such leave will receive the time off. The other parent will receive the time off only if the leave is approved by his or her manager;
- You must use accrued PTO hours in order to receive compensation for this time off;
- If you do not have PTO hours available you may take the time off without pay; and
- You may be required to provide your manager with documentation from the school verifying that you participated in a school activity on the day of the absence for that purpose.

## Time Off to Vote

If you do not have sufficient time outside of working hours to vote in an official state-sanctioned election, you may take off enough working time to vote. Such time off should be taken at the beginning or the end of your regular working shift, whichever allows for more free time, and the time taken off will be combined with the voting time available outside of working hours to a maximum of two hours combined. Under these circumstances, you will be allowed a maximum of two hours of time off during an election day without loss of pay. When possible, you must give your manager at least two days' notice requesting time off to vote.

## **Military Leave**

We do not have a paid military leave policy; however, we will approve requests for time off without pay to meet military obligations, reserve or otherwise. If you wish to serve in the military and take military leave, you are asked to coordinate leave with the needs of the Company whenever possible with as much advance notice as possible. Please contact Human Resources for information about rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

## **California Family Military Leave**

If you work an average of 20 or more hours per week you may be eligible for an unpaid leave of absence for up to ten days to spend with your spouse or registered domestic partner who is a "qualified member" of the U.S. Armed Forces, National Guard or Reserves. A "qualified member" is a member of the U.S. Armed Forces who has been deployed during a period of military conflict to an area designated as a combat theater or combat zone by the President of the United States, or a member of the National Guard or Reserves who has been deployed during a period of military conflict.

You must provide the Company with a written request for the leave within two business days of receiving official notice that the qualified member will be on leave from deployment. You must also provide documentation certifying that the qualified member will be on leave from deployment during the time that you request the leave. Available PTO may be used during this leave.

## **Victims of Crime, Domestic Violence, Sexual Assault and Stalking Leave**

If you are a victim of domestic violence, sexual assault, stalking, or crime that caused physical injury or that caused mental injury and a threat of physical injury, or a person whose immediate family member is deceased as the direct result of a crime, then you are eligible for unpaid leave. You may request leave if involved in a judicial action, such as obtaining restraining orders, or appearing in court to obtain relief to ensure the health, safety, or welfare for yourself or your child. You will not be discriminated or retaliated against for taking time off to attempt to obtain relief.

You should provide reasonable advance notice, when feasible, and certification of the need to take leave under this policy. Certification may be sufficiently provided by any of the following:

- A police report indicating that you were a victim;
- A court order protecting or separating you from the perpetrator of the crime or abuse, or other evidence from the court or prosecuting attorney that you appeared in court;
- Documentation from a licensed medical professional, domestic violence counselor, sexual assault counselor, victim advocate, licensed health-care provider, or counselor that you were undergoing treatment or receiving services

for physical or mental injuries or abuse resulting in victimization from the crime or abuse; or

- Any other form of documentation that reasonably verifies that the crime or abuse occurred.

We will provide reasonable accommodation if you are a victim of domestic violence, sexual assault stalking or crime and request accommodation for your safety while at work. However, you must disclose your need for reasonable accommodation to your manager or Human Resources. We may require your leave request be in writing. Additionally, we may also request your accommodation be recertified every six months.

Any absence from work for this leave will be unpaid, unless you choose to take paid time off, such as PTO or PSL.

We will, to the extent allowed by law, maintain the confidentiality of employees requesting leave under this provision.

When time off is requested with reasonable notice, you may also be granted unpaid time off to:

- Seek medical attention for injuries caused by crime or abuse.
- Obtain services from a domestic violence shelter, program, rape crisis center, or victim services organization or agency as a result of a crime or abuse.
- Obtain psychological counseling or mental health services related to an experience of a crime or abuse.
- Participate in safety planning and take other actions to increase safety from future crime or abuse, including temporary or permanent relocation.

## STANDARDS OF CONDUCT

### Business Conduct and Ethics

**Gifts and Gratuities:** You may not accept a gift or gratuity in excess of \$30.00 value per month from any customer, vendor, supplier, or other person doing business with Scarborough Lumber because doing so may give the appearance of influencing business decisions, transactions, or service. Please discuss expenses paid by such persons for business meals or trips with your manager in advance.

**Personal Relationships:** Personal or romantic involvement with a competitor, customer, supplier, or subordinate employee of Scarborough Lumber may impair your ability to exercise good judgment and thus creates an actual or potential conflict of interest. Manager-subordinate romantic or personal relationships also can lead to managerial problems, possible claims of sexual harassment, and morale problems. It is required that you timely disclose any such relationship so that management can take appropriate action (e.g., change the reporting relationship/chain-of-command so there is no manager-subordinate issue.)

## Confidentiality

Our customers entrust us with important information relating to them. The nature of this relationship requires maintenance of confidentiality.

Employment with Scarborough Lumber assumes an obligation to maintain confidentiality, even after leaving our employ. Therefore, please do not discuss the Company's business with anyone who does not work for us, and never discuss business transactions with anyone who does not have a direct association with the transaction. Even casual remarks can be misinterpreted and repeated, so develop the personal discipline necessary to maintain confidentiality.

If you are questioned by someone outside the Company or your department and you are concerned about the appropriateness of giving them certain information, the request should be referred to Human Resources.

No one is permitted to remove Company records, reports, or documents from the premises without prior management approval.

If you leave employment with the Company for any reason, you should continue to treat as private and privileged any such sensitive information. You should not use, divulge, or communicate to any person or entity any such sensitive information without the express written approval of Human Resources. The Company will pursue legal remedies for unauthorized use or disclosure of sensitive, confidential information.

## Conflicts of Interest

Everyone at Scarborough Lumber has an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy only establishes the framework within which Scarborough Lumber wishes to operate. The purpose of these guidelines is to provide general direction so that you can seek further clarification on issues related to the subject of acceptable standards of operation. Contact your manager for more information or with questions about conflicts of interest.

A "conflict of interest" generally means a situation where the Company's interests and your interests are actually or potentially at odds. We rely on your integrity and good judgment, and trust you to observe ethical, professional and legal codes of good business practices in the conduct of Company affairs. You must take care to avoid not only actual impropriety, but also the appearance of impropriety. Situations of actual or potential conflict of interest are to be avoided by all employees.

Personal gain is one form of conflict of interest. Personal gain may result not only in cases where you or your relative has a significant ownership in a company with which Scarborough Lumber does business, but also when you or a relative receives any kickback, bribe, substantial gift, present, or special consideration as a result of any transaction or business dealings involving Scarborough Lumber. An actual or potential conflict of interest occurs when you are in a position to influence a decision that may result in a personal gain for you or for a relative as a result of Scarborough Lumber's business dealings.

For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with you is similar to that of persons who are related by blood or

marriage. No "presumption of guilt" is created by the mere existence of a relationship with outside companies or persons. However, if you have any influence on transactions involving purchases, contracts, or leases, it is imperative that you disclose to your manager as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

## Off Duty Conduct

While the Company does not seek to interfere with your off-duty and personal conduct, certain types of off-duty conduct may interfere with the Company's legitimate business interests. For this reason, you are expected to conduct your personal affairs in a manner that does not adversely affect the Company's or your own integrity, reputation, or credibility. Illegal off-duty conduct that adversely affects the Company's legitimate business interests or your ability to perform your job will not be tolerated.

While employed by Scarborough Lumber, you are expected to devote your energies to your job with the Company. The following types of employment elsewhere are strictly prohibited:

1. Additional employment that conflicts with your work schedule, duties, and responsibilities at the Company;
2. Additional employment that creates a conflict of interest or is incompatible with your position with the Company;
3. Additional employment that impairs or has a detrimental effect on your work performance with the Company;
4. Additional employment that requires you to conduct work or related activities on Company property during the Company's working hours or using Company facilities and/or equipment; and
5. Additional employment that directly or indirectly competes with the business or the interests of the Company.

Should you wish to engage in additional employment that may create a real or apparent conflict of interest, you first must submit a written request to your manager explaining the details of the additional employment. If the additional employment is authorized, the Company assumes no responsibility for it. The Company shall not provide workers' compensation coverage or any other benefit for injuries occurring from or arising out of additional employment. Authorization to engage in additional employment can be revoked at any time.

## General Standards of Conduct

People working together need standards to guide their behavior. While it is not possible to identify every possible violation of this policy, we expect everyone in the workplace to observe reasonable standards of conduct and comply with all Company policies and practices, whether or not described in this Handbook.

Employee discipline generally will be in the form of oral warnings, written warnings, or in the Company's sole discretion, termination of employment. However, pursuant to the Company's "At-Will Employment Status" policy, the Company reserves the right to impose

whatever form of discipline it chooses, or none at all in a particular instance. The Company will deal with each case individually, and nothing in this Handbook should be construed as a promise of specific treatment in a given situation.

Although it is not possible to provide an exhaustive list of all types of impermissible conduct, the following are some examples:

- Possession, distribution, sale, use or being under the influence of alcoholic beverages, marijuana, or illegal drugs while on Scarborough Lumber's property, while on duty, or while operating a vehicle or potentially dangerous equipment leased or owned by Scarborough Lumber.
- Inefficient or careless performance of job responsibilities or inability to perform duties satisfactorily.
- Release of confidential information or trade secrets about Scarborough Lumber or its customers.
- Any communication or interaction with customers that is deemed disrespectful, vulgar or unprofessional.
- Destruction, damage, theft or unauthorized removal or possession of property from Scarborough Lumber, fellow employees, customers or anyone on Company property.
- Altering or falsifying any timekeeping record.
- Falsifying or making a material omission on an employment application or any other Company record.
- Fighting on Company property.
- Bringing on Company property dangerous or unauthorized materials, such as explosives, firearms or other similar items.
- Dishonesty of any kind in relations with Scarborough Lumber or our customers.
- Violation of any Company policies, practices, or procedures, whether or not detailed in this handbook.

## **Interactions with Customers and Vendors**

The opinions and attitudes our customer and vendors have toward our Company may be determined for a long period of time by the actions of one employee. It is sometimes easy to take a customer or vendor for granted, but if we do, we run the risk of losing not only that customer or vendor, but also his or her associates, friends, or family who may also be customers or prospective customers.

The importance of professional conduct when working with customers or vendors cannot be emphasized enough. Professional conduct is a broad term that is open to many interpretations. The following are guidelines for appropriate conduct when working with customers and vendors:

- Internal affairs may not be discussed with customers or vendors.

- Comments or criticisms involving other competitors and their particular work or prices should be avoided.
- Refrain from discussing shortcomings or idiosyncrasies of customers or vendors.
- Avoid conversations involving customers matters in all public places.
- Avoid discussing procedural programs with management while customers or vendors are present.
- Purchases from a customer or vendor must be made at normal prices.
- Borrowing money from a customer or vendor is not permitted unless the customer's or vendor's business involves lending money.
- You may accept token gifts from customers. However, gifts must be non-monetary and valued at \$30.00 or less. Gift offers that exceed \$30.00 value per month must be reported to your manager.
- Entertaining customers is allowed. However, you must first receive approval from your manager.

You must be sensitive to the importance of providing courteous treatment in all working relationships.

## **Drug and Alcohol Abuse**

We are concerned about the use or abuse of alcohol, illegal drugs, or controlled substances as it can affect the workplace. Use of these substances, whether on or off the job can detract from your work performance, efficiency, safety, and health, and therefore impair you and your ability to competently perform your job. In addition, the use or possession of these substances on the job constitutes a potential danger to your welfare and safety and the welfare and safety of others, and it also exposes the Company to the risks of property loss or damage, or injury to other persons.

The Company policy prohibits the possession or use of any detectable amounts of any drugs that are illegal under state, federal or local law while working on Company property or Company business; this includes marijuana.

Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and may impair your ability to competently perform your job. The Company is not required to and does not accommodate the medical use of marijuana at places of employment or during working hours. If you are using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or may affect the safety or well-being of others, you must notify your manager of such use immediately before starting or resuming work.

The following rules and standards of conduct apply to all employees either on Company property or during the workday (including meal periods and rest breaks). Behavior that violates Company policy includes:

- Possession or use of alcohol or an illegal or controlled substance, or being under the influence of alcohol or an illegal or controlled substance while on the job;
- Driving for any work-related matter while under the influence of alcohol or an illegal or controlled substance; and

- Distribution, sale, or purchase of alcohol or an illegal or controlled substance while on the job.

Violation of these rules and standards of conduct will not be tolerated. We also may bring the matter to the attention of appropriate law enforcement authorities.

All employees are prohibited from reporting for duty or remaining on duty with any alcohol in their systems. Employees are also prohibited from consuming alcohol during working hours, including meal periods and rest breaks. This does not include the authorized use of alcohol at Company-sponsored functions or activities.

To enforce this policy we reserve the right to conduct searches of Company property or employees and/or their personal property and to implement other measures necessary to deter and detect abuse of this policy. Entry onto Company property is deemed consent to an inspection of person, vehicle, and/or personal property.

An employee's conviction on a charge of illegal sale or possession of any controlled substance while off Company property will not be tolerated because such conduct, even though off duty, reflects adversely on the Company. In addition, we must keep people who sell or possess controlled substances off Company premises in order to keep the controlled substances themselves off the premises.

**Reasonable Suspicion Testing:** In cases where your manager or other member of management has reasonable suspicion to believe that you may possess or are under the influence of drugs and/or alcohol and such use or influence may adversely affect your job performance or the safety of yourself, co-workers, or customers of the Company, drug and/or alcohol screening may be ordered. The suspicion will be based on objective symptoms such as factors related to your appearance, behavior, and/or speech. Refusal to submit to screening as ordered may result in immediate termination.

**Reasonable Accommodation:** We encourage and will reasonably accommodate employees with alcohol or drug dependencies to seek treatment and/or rehabilitation. Employees desiring such assistance should request a treatment or rehabilitation leave. The Company is not obligated, however, to continue to employ any person whose performance of essential job duties is impaired because of drug or alcohol use, nor is the Company obligated to re-employ any person who has participated in treatment and/or rehabilitation if that person's job performance remains impaired as a result of dependency. Additionally, employees who are given the opportunity to seek treatment and/or rehabilitation, but fail to successfully overcome their dependency or problem, will not automatically be given a second opportunity to seek treatment and/or rehabilitation. This policy on treatment and rehabilitation is not intended to affect the Company's treatment of employees who violate the regulations described previously. Rather, rehabilitation is an option for an employee who acknowledges a chemical dependency and voluntarily seeks treatment to end that dependency.

## Smoking/Tobacco Use

In keeping with the Company's intent to provide a safe and healthful work environment, smoking and tobacco use (including e-cigarettes and vaporizers) are prohibited on Company property except in designated areas.

## **Acknowledgement of Receipt**

### **- Employee's Copy**

I have received my copy of Scarborough Lumber's Employee Handbook. I understand and acknowledge that it is my responsibility to read and familiarize myself with the policies and procedures contained in the Handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the Company. Scarborough Lumber reserves the right to change my hours, wages, and/or terms and conditions of employment at any time in its sole discretion. I understand and acknowledge that other than an Owner, no manager or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only an Owner has the authority to make any such agreement and then only in writing, signed by an Owner.

I understand and acknowledge that nothing in the Employee Handbook creates or is intended to create a contract, promise or representation of continued employment and that employment at Scarborough Lumber is employment at-will; employment may be terminated at the will of either the Company or me, with or without cause or advance notice. My signature certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between Scarborough Lumber and me concerning the duration of my employment and the circumstances under which my employment may be terminated.

Employee's signature \_\_\_\_\_

Employee's printed name \_\_\_\_\_

Date \_\_\_\_\_

## **Acknowledgement of Receipt – for Personnel File**

I have received my copy of Scarborough Lumber's Employee Handbook. I understand and acknowledge that it is my responsibility to read and familiarize myself with the policies and procedures contained in the Handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the Company. Scarborough Lumber reserves the right to change my hours, wages, and/or terms and conditions of employment at any time in its sole discretion. I understand and acknowledge that other than an Owner, no manager or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only an Owner has the authority to make any such agreement and then only in writing, signed by an Owner.

I understand and acknowledge that nothing in the Employee Handbook creates or is intended to create a contract, promise or representation of continued employment and that employment at Scarborough Lumber is employment at-will; employment may be terminated at the will of either the Company or me, with or without cause or advance notice. My signature certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between Scarborough Lumber and me concerning the duration of my employment and the circumstances under which my employment may be terminated.

Employee's signature \_\_\_\_\_

Employee's printed name \_\_\_\_\_

Date \_\_\_\_\_

Please sign and date this page. It will be placed in your personnel file.

## Anti-Harassment, Discrimination and Retaliation Policy Acknowledgement

All of the Company's employees, applicants, unpaid interns, volunteers and contractors ("workers") must be treated with respect and dignity. We are committed to providing an atmosphere free of harassment and discrimination based on race (including natural hair texture and hairstyles), color, sex/gender (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender identity or expression, transgender (including whether or not you are transitioning, have transitioned, or may be perceived to be in transition), religious creed (including religious dress and grooming practices), marital status, registered domestic partner status, age, national origin or ancestry, physical or mental disability, medical condition (including genetic characteristics or information, cancer or record or history of cancer, or AIDS/HIV status), sexual orientation, military or veteran status, or any other characteristic made unlawful by applicable federal, state, or local laws, regulations or ordinances.

Harassment and discrimination are against the law. We strongly disapprove of and will not tolerate harassment or discrimination of our workers by managers, supervisors, co-workers, or third parties such as contractors or members of the public. Similarly, we will not tolerate harassment or discrimination by our workers against others with whom we have a business, service, or professional relationship. Because it is difficult to determine whether the conduct is unlawful, we also strive to eliminate any inappropriate and/or disrespectful conduct based on the characteristics identified above, even if such conduct may not violate the law.

The Company is committed to providing biennial training to all employees on this subject.

**Harassment Defined:** "Harassment" as used in this policy includes disrespectful or unprofessional conduct based on any of the protected characteristics listed above. Harassment can be verbal (such as slurs, jokes, insults, epithets, gestures, or teasing), visual (such as offensive posters, symbols, cartoons, drawings, computer displays, or e-mails) or physical conduct (such as physically threatening another person, blocking someone's way, etc.). Verbal, physical, and visual conduct that creates an intimidating, offensive, or uncomfortable working environment or interferes with work performance violates this policy, even if it is not unlawful. Employees are expected to behave at all times in a professional and respectful manner.

**Sexual Harassment Defined:** "Sexual harassment" as used in this policy includes all of the above actions as well as making any unwelcome advances and/or verbal, physical, or visual conduct of a sexual nature, offering employment benefits in exchange for sexual favors, or threatening reprisals after a negative response to a sexual advance. It includes many forms of offensive behavior, such as gender-based harassment of a person of the same sex as the harasser. Some examples of conduct that may violate this policy include demeaning sexual remarks, leering, making sexual gestures, displaying sexually suggestive objects or pictures, making or using derogatory sexual comments, epithets, slurs, or jokes, comments about an individual's body, touching, impeding, or blocking movements. Sexual harassment does not have to be motivated by a sexual desire in order to be considered in violation of this policy. Conduct or comments consistently targeted at only one gender, even if the content is not sexual or teasing or other conduct directed toward a person because of that person's gender, is also considered a violation of this policy.

Harassment such as that defined above is unacceptable in the workplace and in any work-related settings, such as trips and business-related social functions, regardless of who is engaged in the conduct.

**Complaint Procedure:** If you believe you have been subjected to or witnessed conduct that violates this policy, please immediately report such conduct to your manager. If you are not comfortable reporting to the conduct to your manager, report the conduct to Human Resources or an Owner. Your complaint should be specific and include the names of the individuals involved and the names of any witnesses.

Supervisors and managers are responsible for reporting any complaints of a violation of this policy to any of the persons named above as soon as possible.

**Investigation:** We will promptly conduct a fair, timely and thorough investigation by qualified personnel providing all parties appropriate due process to reach reasonable conclusions based on the evidence collected. Documentation and tracking of the complaint process will be maintained to ensure reasonable progress. A timely response to each complaint will be rendered at the completion of the investigation. Every complaint will be taken seriously and investigated thoroughly. If suspected violations of this policy are not reported, they cannot be investigated. Workers are expected to participate in internal investigations and may not interfere with the complaint procedure. Everyone's cooperation is crucial.

To the extent possible, we will endeavor to keep the complaint and investigation confidential.

**Remedial Action:** If we determine this policy has been violated, we will take appropriate and effective remedial action to address the situation and deter any future inappropriate conduct; this may include disciplinary action, up to and including termination.

**No Retaliation:** We will not retaliate against you for bringing a good faith complaint under this policy, or for reporting such misconduct or cooperating in an investigation, and will not knowingly permit retaliation against you. If you believe someone has violated this no-retaliation provision, you should immediately notify any of the persons named above.

**State and Federal Resources:** In addition to these internal policies and procedures, the State of California Department of Fair Employment and Housing (DFEH) and the U.S. Equal Employment Opportunity Commission (EEOC) provide additional information regarding the legal remedies and complaint processes available through the government agencies. If you believe you have been unlawfully harassed, discriminated or retaliated against, you may file a complaint or obtain additional information from the DFEH or EEOC. The phone number for the local DFEH office is located at [www.dfeh.ca.gov](http://www.dfeh.ca.gov) and the EEOC office is at [www.eeoc.gov](http://www.eeoc.gov). Training may also be found at the DFEH website address above.

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*I have read and understand this policy. I understand my responsibility to follow it. If I have any questions regarding the policy I may contact any of the persons named above.*

Employee's signature \_\_\_\_\_

Employee's printed name \_\_\_\_\_

Date \_\_\_\_\_

Please sign and date this page. It will be placed in your personnel file.