



**“QUALITY AT A DISCOUNT”**

# **EMPLOYEE HANDBOOK**

**WELCOME**

**FAMILY OWNED SINCE 1959**





**“QUALITY AT A DISCOUNT”®**

## **EMPLOYEE MANUAL**

**COMPANY CONFIDENTIAL - V:6-2018**

### **OUR MISSION STATEMENT**

To be the favorite retailer in our communities, stocking a great diversity of products, putting quality first, and servicing what we sell, always at a fair price.

### **OUR VISION**

We are creating exceptional, modern-day retail experiences that are firmly rooted in our past. As we grow, we will always remain a small company at heart by treating people according to the Golden Rule.

### **OUR VALUES**

Listen to Needs, Create Value, Provide Quality, Be Fair, Find Solutions, Value Honesty & Integrity.

### **PREFACE**

The contents of this manual are not contractual, but rather they are written for the purpose of giving all employees a brief description of Company benefits, policies, procedures, practices, and expectations. The terms of the manual are implemented at the sole discretion of management, and they may be withdrawn or changed at any time and without notice. In the event that the Company offers employment to an individual, any such offer is, and shall continue to be expressly subject to the right of management to supplement, modify or discontinue existing wages, benefits, hours and working conditions. Employees may resign their employment at any time for any reason or no reason, and the Company reserves the same right to terminate the employment of any employee and under the same conditions. Nothing in this informational manual shall be interpreted to be in conflict with or to abrogate or modify in any way the employment at will status of employees of this Company.

This manual does not supersede the Company’s Human Resource Policy Manual nor the actual provisions of any benefit plans or amendments to the plans, which in all cases are the final authority. Any changes to the policies summarized in this manual, must be authorized in writing by the Co-Owners/Operators of this Company.

We hope that your employment with L&M Supply is marked with success and satisfaction. Please make a conscious effort to follow the rules and procedures contained in this manual.

This manual supersedes and revokes all previously published L&M Supply Employee Manuals.

## **EQUAL EMPLOYMENT OPPORTUNITY STATEMENT**

This statement is to reaffirm L&M Supply's policy of providing equal opportunity to all employees and applicants for employment in accordance with all applicable equal employment opportunity laws, directives and regulations in Federal, State and local governing bodies or agencies thereof.

L&M Supply will not discriminate against any employee or applicant for employment because of race, color, religion, gender, age, national origin, disability, creed, marital status, status with regard to public assistance, sexual orientation, laws covering disabled veterans of the Vietnam era, or any other protected classification.

The responsibility for administration and interpretation of Company policies is delegated to the Human Resource Director. Questions or complaints should be directed to the Human Resources Department.

# OUR HISTORY

**L&M Supply takes this opportunity to welcome you. We are pleased you joined our organization and hope our association will be a mutually rewarding one.**

L&M Supply was established in 1959 by Delbert Matteson and James Luthen. The current Co-Owners/Operators are Del Matteson, Shawn Matteson, and Erik Andersen. Since the inception of the Company, the primary business philosophy has remained the same. L&M Supply sells a quality product at discount prices on all product lines. All products sold at L&M Supply are priced so our customers always get a fair value on their purchase.

- In 1959, the first L&M Supply store was a 30' x 60' wood building in Grand Rapids, MN. The Grand Rapids, MN location was moved in February, 2009 to its new location at 1400 Pokegama Avenue South. This new location now includes 97,000 square feet of retail sales space.
- The Cloquet facility was added in 1961. The actual location of the Cloquet store changed four times before it settled into its present 60,000 square foot location in 1998.
- The Virginia store was added in 1963. In November, 1995, a new 43,000 square foot facility was built and replaced the previous Virginia store location. In 2007, 35,000+ more square feet were added to enhance the sales and merchandising areas. The store now has approximately 82,000 square feet of retail and warehouse space.
- The Hibbing store was added to the L&M Supply chain in 1968. In 2005 the store moved to its current location and now has 70,000 square feet of retail and warehouse space.
- The Bemidji store was added in 1985. In 1998 a 25,000 square foot expansion was completed. The Bemidji store location is now approximately 70,000 square feet.
- The Park Rapids store was added in 1985. It also was moved to newly built facilities after joining the Company, and in October, 1998 underwent an expansion that more than doubled its size. The Park Rapids location now includes almost 40,000 square feet of sales and warehouse space.
- In 1994 the Corporate Distribution Center was built. This addition originally included the L&M Supply Corporate/Buying offices as well. With the addition of the old store space the Distribution Center now encompasses 102,500 square feet of warehouse and office space.
- The Detroit Lakes store was opened on May 10, 2004. The store has 63,000 square feet of retail and warehouse space. This was the first time L&M Supply built a brand new store in a location we had never had a presence in before.
- In February, 2012, our first Wisconsin location was opened in Hayward. This 42,000 square foot store would lay the groundwork for our expansion east.
- The Ashland store was added in May, of 2016. This 57,000 square foot facility is our second Wisconsin Location.
- The Thief River Falls store was added in the late fall/early winter, 2018. This 80,000 square foot facility is our 10<sup>th</sup> store location.

L&M Supply has come a long way since 1959. Today, to appropriately operate the ten stores, the Distribution Center, the Corporate Office and serve our customers, the Company employs approximately 750 employees. Our goal and mission remain the same today as it was in 1959, when L&M Supply was founded. We believe this philosophy and our continuing high level of service will be the catalyst that will drive our growth well into the future.

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## **SECTION I: BUSINESS CONDUCT**

- A. NON DISCLOSURE OF CONFIDENTIAL INFORMATION
- B. BUSINESS ETHICS AND EMPLOYEE CONDUCT
- C. CONFLICT OF INTEREST
- D. ALCOHOL & DRUG-FREE WORK PLACE POLICY
- E. SMOKE & TOBACCO FREE WORK PLACE POLICY
- F. ELECTRONIC INFORMATION
- G. USE OF SOFTWARE AND/OR PROGRAMS

## **A. NON DISCLOSURE OF CONFIDENTIAL INFORMATION**

Employees shall keep confidential and shall not disclose to anyone or use, either during employment or after employment with L&M Supply, any confidential information of L&M Supply, except as required by employees to perform their duties at L&M Supply. Confidential Information is defined as any information or compilation of information which derives independent economic value from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Examples of CONFIDENTIAL INFORMATION not to be disclosed or used without the specific permission of L&M Supply include, but are not limited to:

- \* Information regarding L&M Supply's pricing of its products and services, including price lists and pricing strategies;
- \* Information regarding L&M Supply's product costs, sales volume, profit margins, etc.;
- \* Store operations information;
- \* Information concerning L&M Supply's sales activities and strategies, marketing activities and strategies, and strategic business planning activities;
- \* Vendor and supplier information including the names, addresses, and telephone numbers of L&M Supply's vendors and suppliers, information regarding L&M Supply's relationship with its vendors and suppliers, the contents of contracts and agreements between L&M Supply and its vendors and suppliers, the financial information concerning its vendors and suppliers, and identity, quantity and prices of products purchased by L&M Supply from its vendors and suppliers;
- \* Information regarding L&M Supply's customers, customer accounts, etc.
- \* Personnel/Employee records and data;
- \* L&M Supply Compensation Program Information;

## **B. BUSINESS ETHICS AND EMPLOYEE CONDUCT**

L&M Supply is committed to a high standard of conduct, business ethics, and integrity. This standard begins with each individual employee whose job performance and personal conduct while on work time reflects upon the reputation of the Company as well as the individual and his/her work group. Employees are expected to adhere to all work rules, Company policies, and to conduct themselves in a professional and respectful manner at all times. Exercising sound judgement while performing their job duties will have a positive impact on Company operations and is expected of all employees as they interact with customers, coworkers, supervisors, vendors and other parties.

L&M Supply defines sound judgement as workplace behavior and personal conduct that the average reasonable person would agree as being acceptable. It is also recognized that there will be behavior and personal conduct that may be expected of an employee that is reflective of the job classification, or level of authority, that may not necessarily be expected of other employees. For example, the standard of discretion and good judgement may be different for supervisors than it would be for other employees.

In all cases an individual situation will be evaluated to determine compliance with the Company's policies and whether or not the standard of good judgement, as defined above, has been met. Whenever a Company policy has been violated L&M Supply will investigate the violations and the offending employee may be subject to disciplinary action, up to and including termination, as determined appropriate by the Company.

With that in mind, employees should follow these simple guidelines. Please note these guidelines are in no way exhaustive.

1. Avoid any activity, outside of employment with the Company, that would adversely affect performance on the job or involve a conflict of interest.
2. Never give misleading statements, omit any facts, falsify time records on your hours of work or hours of work of others, etc.
3. Never remove Company property without the approval of L&M Supply management.
4. Never misuse or abuse Company equipment or property.
5. Stealing, damaging, or destroying Company property or the property of others is inappropriate and prohibited.
6. Having possession of or using illegal drugs on Company property is prohibited.
7. Harassment of any individual (including, but not limited to physical, verbal, or sexual) and discrimination of any individual is inappropriate and prohibited.
8. Violating safety rules and policies is unacceptable.
9. Disrespectful behavior or failure to work harmoniously with co-workers is unproductive and unacceptable.
10. Unauthorized tardiness or absenteeism is inappropriate behavior.
11. Performing unsatisfactory work is unacceptable behavior.
12. Any other offense or behavior that is detrimental to the interest of L&M Supply is prohibited.

### **C. CONFLICT OF INTEREST**

A conflict of interest would exist for an employee if they had any interest or activities outside L&M Supply that could advance them at the expense of L&M Supply's interests. Some examples of conflict of interest situations are: Marketing, selling, or servicing products or services in competition with L&M Supply products and services, or performing outside work while on L&M Supply premises or L&M Supply time. Employees should not allow themselves to be placed in a dual interest position. It is the employee's responsibility to review with their Manager any activities which may result or could result in a conflict of interest.

### **D. ALCOHOL & DRUG-FREE WORK PLACE**

Employees are expected and required to report to work on time and in an appropriate mental and physical condition. L&M Supply firmly believes the use of illegal drugs and the misuse of legal or physician prescribed drugs, including alcohol, is a source of danger in the work place and a threat to the Company's goal of maintaining a productive and safe work environment.

The unlawful manufacture, distribution, dispensation, possession, use or impairment by use of a controlled substance on Company premises or while conducting Company business off Company premises is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.

L&M Supply expects a high level of professionalism from all employees. In keeping with that standard, L&M Supply prohibits the use of alcohol or impairment by use of alcohol during working hours. Violations of this policy will result in disciplinary action up to and including termination.

L&M Supply may conduct pre-employment drug tests; reasonable suspicion drug and alcohol tests; and post-accident or incident drug and alcohol tests as permitted by applicable state law. If employees have any questions regarding this policy, they should contact their manager or the Human Resource Director.

### **E. SMOKE & TOBACCO FREE WORK PLACE**

To insure compliance with the MINNESOTA CLEAN INDOOR AIR ACT and to insure a comfortable and safe work environment, L&M Supply has established a smoke & tobacco free work environment.

Smoking or the use of tobacco will not be permitted on L&M Supply property, except in an employee's personal vehicle or at a Company designated smoking area while the employee is on their lunch or supper off-duty time, or their 15 minute evening break. These are the only exceptions to this policy.

If a customer is smoking on L&M property, please bring this to the attention of your Manager or Assistant Manager.

Failure to honor this policy may result in disciplinary action.

## **F. ELECTRONIC INFORMATION**

L&M Supply's electronic information resources, including all information systems, computers, software, e-mail, and voice mail systems are the property of the Company and are to be used primarily for Company business only.

There should be no expectation of personal privacy on the part of employees with respect to their use of these resources. The Company also reserves the right to conduct video and other electronic surveillance on the property at the discretion of management.

The Company reserves the right to monitor the use of its electronic information resources, including the right to override individual passwords or other security techniques. All passwords and codes must be disclosed to the Company, upon request, in order to facilitate the Company's access to these resources. Employees using L&M Supply's electronic resources, including its telephone systems, cell phones, and e-mail, to communicate outside the Company are explicitly or implicitly representing L&M Supply. This communication should be a positive reflection of L&M Supply. Employees should therefore take care to be professional in all communications outside the Company as well as within.

E-mail, voice mail, the internet, and any other electronic information resource may not be used for illegal activities or in any way that would be considered harmful to the working environment or in contradiction to any Company policy. For example, the display or transmission of sexually explicit images, ethnic slurs, or racial/sexually inappropriate comments are not allowed. Employees are prohibited from accessing or attempting to access the e-mail, voice mail, internet mail, or other electronic files of other employees without prior authorization from a manager

Use of the Company's e-mail, voice mail, internet/intranet access and other electronic information resources constitutes the employee's acknowledgment of and consent to this policy and the Company's right to monitor as described above.

## **G. USE OF SOFTWARE AND/OR PROGRAMS**

Only authorized software and/or programs can be installed on any L&M Supply computer. Information or programs currently on L&M Supply computers are not to be copied or removed without prior permission from senior management. Because of potential virus contamination and infringement law violations, loading personal and unauthorized software or programs on L&M Supply computers is prohibited. Down-loading executable files, software, and programs from the internet is prohibited without prior approval from senior management.

## **SECTION II: CUSTOMER RELATIONS**

- A. CUSTOMER SERVICE
- B. TELEPHONE ETIQUETTE
- C. 2-WAY RADIO ETIQUETTE
- D. TEN RULES OF HUMAN RELATIONS

## A. CUSTOMER SERVICE

You, our employee, are the key to providing excellent service to our customers. You are now part of the L&M Supply team whose purpose is to serve the needs of our customers. Each year L&M Supply spends a substantial sum of money on advertising and new business development to attract our customers. Your role in creating a satisfied customer is a critical one. Our business is based on CREATING EXCEPTIONAL, MODERN-DAY RETAIL CUSTOMER EXPERIENCES. Therefore, whatever your position is, your conduct and behavior must reflect high standards of customer service, which will impact the customer's comfort and interest in coming back to L&M to do future business.

No work is more important than serving our customers. The smile, personal greeting, interest, attention and cheerfulness you give the customer will stand out because they are so rarely given.

Show each customer the merchandise they are looking for. Avoid pointing in the general direction of the merchandise. Don't be hesitant to call for assistance if necessary.

Be honest and accurate with your customer. This will allow you to serve your customer confidently. Never force a sale or never represent a product as being better than it really is.

Be attentive and listen to the needs of the customer. Let the customer know you are there to help them find a solution to their needs. Always thank the customer for shopping at L&M Supply and invite them to return and shop at L&M Supply again. These things will keep our customers coming back.

A customer generally recognizes the possibility of an occasional slip or error in our service, but will never excuse rude or discourteous behavior and inattention. If a customer complaint develops that you are unable to handle, do not hesitate to get your Store Manager, Assistant Manager, Key Holder or person in charge involved.

Remember, without our customers we will be unable to conduct our business.

## B. TELEPHONE ETIQUETTE/PROCEDURE

Treat every telephone call as a potential customer. Telephone contacts warrant special consideration since the person calling cannot see the person on the other end. They can only draw an impression from the voice and manner. Our objective is to have that first impression be one of courtesy, honesty and helpfulness. When answering a telephone call at L&M Supply, please use the following example:

“Good morning, L&M Supply. This is \_\_\_\_\_, may I help you?”

It is extremely important that you provide the caller with your name when answering a phone call. Everyone generally likes to know who they are talking to.

Remember that all information we provide to our customers over the phone is assumed to be accurate and truthful. Customers very often drive long distances to purchase merchandise at our stores. It is very irritating to the customer if they drive a long distance to purchase merchandise we told them we have in-stock when in fact we are out of it. If you can not accurately answer a customer's question on the phone, page for someone that can, or obtain the customer's name and phone number and tell them you will find the answer and **get back to them.**

The employee who answers a phone call is responsible for that call. If the customer has to be put on “hold” while you page for someone else to help them, monitor the length of time the customer is on “hold” to ensure this is not excessive. If no one answers the page, obtain the customer’s name and phone number, and tell the customer you will get an answer to their question or the information they requested and will get back to them shortly. Then do it.

### **C. 2-WAY RADIO ETIQUETTE**

L&M Supply provides each store with 2-way radios to be used by employees. These radios are intended to be used to expedite exceptional customer service, improve business related communication between employees, and reduce the time spent locating additional resources and help. When using these radios, communication should be clear, concise, polite, and never offensive. Any misuse or abuse of these radios will result in disciplinary action which may include termination.

### **D. TEN RULES OF HUMAN RELATIONS**

Remember, our customers are what keep us in business. We are counting on our employees to serve our customers so that L&M Supply becomes the favorite retailer in our communities. With this in mind, adherence to the Ten Rules of Human Relations, as listed below, is of the utmost importance.

1. **SPEAK TO PEOPLE:** There is nothing so nice as a cheerful word or greeting.
2. **SMILE AT PEOPLE:** It takes 72 muscles to frown and only 14 to smile.
3. **CALL PEOPLE BY NAME:** The sweetest music to anyone’s ears is the sound of his/her own name.
4. **LISTEN TO THE NEEDS OF THE CUSTOMER:** Treat everyone as you would like to be treated.
5. **BE CORDIAL, FRIENDLY AND HELPFUL:** Speak and act as if everything you do is a genuine pleasure.
6. **BE GENUINELY INTERESTED IN PEOPLE:** You can like almost everybody if you try.
7. **BE GENEROUS WITH PRAISE:** And cautious with criticism.
8. **BE CONSIDERATE** of the feelings of others. There are usually three sides to a controversy: yours, the other fellow’s and the correct side.
9. **BE ALERT** to give service. What counts most in life is what we do for others.
10. **MAINTAIN A GOOD SENSE OF HUMOR,** a big dose of patience and a dash of humility, and you will be rewarded many-fold.

#### **Add to these the five wonders of customer relations:**

1. Listen carefully to each customer’s request and needs.
2. Service each customer as soon as possible.
3. Always suggest - never order.
4. Give each customer your undivided attention, create value.
5. If you are unable to help, refer the customer promptly and correctly.

**And success with others will be yours!**

### **SECTION III: EMPLOYMENT GUIDELINES**

- A. SELECTION PERIOD
- B. PROOF OF U.S. CITIZENSHIP AND/OR RIGHT TO WORK
- C. EMPLOYMENT STATUS/CLASSIFICATIONS
- D. EMPLOYMENT OF RELATIVES
- E. PERSONAL RELATIONSHIPS
- F. ATTENDANCE
- G. TRANSFERS
- H. CHANGE IN STATUS
- I. TERMINATION OF EMPLOYMENT-RESIGNATIONS
- J. REST PERIODS
- K. WORK WEEK AND WORK HOURS
- L. WORK ATTIRE/DRESS CODE
- M. PERSONAL APPEARANCE

## **A. SELECTION PERIOD**

L&M Supply considers the first ninety (90) calendar days of employment, from the date of hire, to be a period of training and orientation to the job. If necessary, this selection period may be extended or shortened at the Company's discretion. The purpose of this selection period is to determine whether or not we think you have the knowledge, ability, aptitude, skills, and interest in the job for which you were hired. As an employee in training, you should also carefully analyze the job, the work environment and the Company as a whole to judge whether you are ready and willing to commit yourself to employment with L&M Supply.

Completion of the selection period does not guarantee employment for any length of time. Employees remain at-will-employees.

Generally, at the start of the first pay period after completing the selection period your performance will be reviewed with you. This performance review will give you formal feedback on how you have progressed, compared to expectations, during your first 90 days of employment. It will also provide you with further suggestions and comments on how you can improve your performance and become fully integrated into the Company. If appropriate, a merit increase may be granted at this time.

## **B. PROOF OF U.S. CITIZENSHIP AND/OR RIGHT TO WORK**

Federal regulations require that (1) before becoming employed, all applicants must complete and sign a Federal Form I-9, Employment Eligibility Verification Form; and (2) all applicants who are hired need to present appropriate documents of identity and eligibility to work in the United States.

## **C. EMPLOYMENT STATUS/CLASSIFICATIONS**

Each employee of L&M Supply is classified as either a regular full-time employee, a regular part-time employee, a part-time employee, or a temporary employee. Your classification generally determines your eligibility for Company benefits.

### **1. Regular Full-Time (FT) Employee:**

Those employees who have satisfactorily completed the selection period and are scheduled to routinely and consistently work a minimum of 42.5 hours per week for a normal fifty-two week calendar year. Regular full-time openings are available based on store needs as determined by senior management.

### **2. Regular Part-Time (RPT) Employee:**

Those employees who have satisfactorily completed the selection period and are scheduled to routinely and consistently work in excess of 39 hours, but generally less than 42 hours per week for a normal fifty-two week calendar year.

### **3. Part-Time (PT) Employee:**

Those employees who have satisfactorily completed the selection period and are scheduled to routinely and consistently work less than 39 hours per week for a normal fifty-two week calendar year.

4. Temporary Employee:

Those employees who are hired for a specific period of time, or for a specific project or assignment.

**D. EMPLOYMENT OF RELATIVES**

L&M Supply recognizes the sensitive nature of having relatives employed by the same company and wishes to avoid conflicts and charges of nepotism, favoritism or discrimination. Therefore, L&M Supply will evaluate these situations on a case-by-case basis. Under no circumstances will it be allowed where one employee has supervisory responsibilities for a relative or someone they have a personal/intimate relationship with. These situations are uncomfortable for all parties involved. If this situation develops, management will provide the involved employees with options on how to resolve the issue. If both parties are unable to agree on a way to resolve the issue, L&M management retains the right to determine the appropriate option to take.

For more information, consult with your Store Manager or the Human Resources Department.

**E. PERSONAL RELATIONSHIPS**

An employee who is involved in a personal/intimate relationship with another employee may not work directly for or supervise the employee with whom he or she is involved. Personal relationship is defined as a relationship between individuals who have or have had a continuing relationship of a romantic or intimate nature. L&M Supply reserves the right to take prompt actions if an actual or potential conflict of interest arises concerning individuals who occupy positions at any level (higher or lower) in the same line of authority that may affect employment decisions. Management personnel are prohibited from having a personal relationship of a romantic or intimate nature with subordinates and may be disciplined for such actions up to, and including, termination.

When a conflict, or the potential for conflict, arises because of a personal relationship between employees, the employees may be separated by reassignment or terminated from employment. If such personal relationship is established after employment, it is the responsibility and obligation of the employees involved to disclose the existence of the relationship to their manager. When a conflict, or a potential conflict, arises because of the relationship affecting employment, the individuals concerned will be given the opportunity to decide who is to be transferred to another location or terminated if no position is available. If the decision is not made within 21 calendar days, management will decide who is to be transferred or, if necessary, terminated from employment.

**F. ATTENDANCE**

It is the policy of L&M Supply, Inc. that all employees report to work on time and be at work every day they are scheduled to work. It is recognized, however, that a reasonable amount of absence due to illness, family, or emergency situations are often beyond the control of the employee. If it is necessary to be absent or tardy, it is the responsibility of the employee to give as much advance notice as possible. At a minimum you are required to notify your Manager, Assistant Manager or person in charge of your absence no later than fifteen (15) minutes after your scheduled starting time. Excessive absences and tardies without proper notification are grounds for dismissal.

Keep in mind that attendance and punctuality play an important role in both determining your job performance and in the Company's pay-for-performance philosophy.

## **G. TRANSFERS**

Employees may request a transfer to another company location when such a transfer is deemed to be in the best interests of the Company and/or the employee. Such requests must be submitted in writing to your immediate Manager. Transfer requests will be reviewed and approved based on the individual situation and on location staffing needs. All transfer requests must be reviewed and approved by the Director of Store Operations and Merchandising, Human Resource Director, and the appropriate Managers.

## **H. CHANGE IN STATUS**

The immediate Manager and the Human Resources Department are to be notified of all changes to an employee's name, address, telephone number, marital status, number of dependents, and all other information necessary to maintain proper employee records. When a change in status occurs, employees are to use a status change form. Employees can access this electronic form through the Company's HR Actions system.

## **I. TERMINATION OF EMPLOYMENT-RESIGNATIONS**

If you voluntarily terminate your employment, it is expected that you will provide L&M Supply with a minimum of a two-week notice. All resignations must be in writing, dated, and submitted to your immediate Manager.

## **J. REST PERIODS**

Rest periods and meal breaks are determined by the number of hours that you are scheduled to work. Employees scheduled to work an 8-hour shift will have a 30-minute paid meal period scheduled during their work shift.

Employees with a work shift scheduled for more than 4 hours but less than 8 hours will be allowed to take a 15-minute paid break at the time authorized and approved by a member of management.

Employees that are scheduled to work a 10.5 hour shift will be allowed:

- 1 30-minute paid meal period scheduled during the work shift
- 1 30-minute unpaid meal period scheduled during the work shift
- 1 15-minute paid break at a time authorized and approved by a member of management, generally towards the end of the scheduled work shift.

Paid and unpaid breaks are determined based on your scheduled work hours and not the hours actually worked. Occasionally, you will work overtime and your actual working hours will exceed what you were scheduled to work. Nonetheless, rest periods and meal breaks will be scheduled and provided based on the original scheduled hours for the day.

## **K. WORK WEEK AND WORK HOURS**

The work week begins on Sunday and ends on the following Saturday.

Listed below are the normal work hours for each of the L&M Supply store locations. However, as in all retail situations, occasions may arise when you will be asked to work different hours than what are described below. We expect your cooperation and support in filling our staffing needs. We will provide you with as much advance notice as practical under the circumstances.

Hours of operation are:

Monday-Friday 7:30 am - 8:30 pm

Saturday 7:30 am – 7 pm

Sunday 9:00 am – 5 pm

As we expand into new markets, the working hours may be extended to meet the needs of that particular market area.

Your individual work day schedule may change periodically. However, we will make every effort to provide you with a fairly consistent schedule from month to month. If you request changes to your schedule or additional time off, these requests must be approved by your Manager. Every effort will be made to try and accommodate your requests. However, L&M Supply reserves the right to set work schedules based on business and staffing needs.

The Wage and Hour Law requires L&M Supply to maintain a record of daily hours worked by all employees except those classified as exempt. Employees are classified as exempt or non-exempt in accordance with regulations issued by the Federal Wage and Hour Law. All employees are classified as non-exempt, except those few positions whose duties meet certain executive, administrative or professional criteria, and salary levels, that makes them exempt from time reporting and overtime requirements.

Each employee is responsible for clocking-in and clocking-out to record their daily hours worked. Location managers are responsible for ensuring employees clock-in and clock-out appropriately, for each shift worked.

## **L. WORK ATTIRE/DRESS CODE**

It is important that all L&M Supply employees dress in a manner which projects a favorable impression to the customer.

There is no substitute for good judgment in appropriate dress. Employees are expected to be neat and clean in appearance at all times. Good personal appearance exudes confidence. Our customers expect to shop in a pleasant, professional-appearing, and courteous environment. The continued success of L&M Supply relies on our ability to attract and retain our customers business.

L&M Supply has standards of appearance for all employees. Listed below are the Company's guidelines that are to be followed in all locations:

1. Employees who work on the sales floor or in the warehouse are required to wear L&M Supply uniforms. Shirts, smocks, or vests will be provided for employees at no cost to the employee. Employees may purchase knit work shirts. L&M Supply will pay for half the cost and the

employee will be responsible for half the cost of these knit shirts if they choose to purchase them. Uniform maintenance is the responsibility of the employee. Name badges are produced and distributed to all employees and are required to be worn at all times.

Due to the uncomfortable weather that is common in Minnesota and Wisconsin, L&M Supply will allow employees to wear shorts while at work. Employees are allowed to wear shorts that are presentable; neat in appearance and not worn or torn; clean; hemmed and not ragged around the pant edges; and length-wise are approximately half way between the knee and crotch or longer.

2. Employees who work in the shop/garage are required to wear L&M supplied shirts and/or protective coats. These will be provided by the Company at no cost to the employee. Steel toed shoes/boots are also required when working in the shop/garage. L&M Supply will pay for a pair of steel toe boots that have a retail cost of \$74.99 or less. If an eligible employee chooses to purchase a more expensive steel toe boot, they will be required to pay the difference between the actual purchase price and \$74.99.

If the shop employees want to wear blue Dickie work pants, L&M Supply will provide two (2) pairs of Dickie work pants at no charge. These employees will be eligible for two (2) pairs of Dickie work pants each year.

3. Employees who work in the distribution center or in a branch store warehouse, and who drive a forklift are also required to wear steel toed shoes/boots when working. L&M Supply will pay for a pair of steel toe boots that have a retail cost of \$74.99 or less. If an eligible employee chooses to purchase a more expensive steel toe boot, they will be required to pay the difference between the actual purchase price and \$74.99.
4. Employees who work in a branch store office or the corporate offices should maintain personal appearance and dress that reflects appropriate concern for our Company image. It is important that employees dress in a manner that will reflect good taste and business professionalism, with consideration of position and frequency of public contact. Attire should be non-distracting.

While L&M Supply does not wish to dictate policies concerning office dress, it does consider the following to be inappropriate business attire:

<p><b><u>Branch stores &amp; D.C.:</u></b></p> <ul style="list-style-type: none"> <li>* Thongs and sandals</li> <li>* Sweat pants</li> <li>* Off-the-shoulder or excessively bare shoulder styles</li> <li>* Tube or halter-like dresses and blouses</li> <li>* Any blouse/shirt that allows exposure of stomach/midriff area</li> </ul>	<p><b><u>Corporate offices:</u></b></p> <ul style="list-style-type: none"> <li>* All mentioned under "Branch store offices"</li> <li>* Tennis shoes</li> <li>* Sweatshirts/sweatpants</li> <li>* T-shirts</li> <li>* Shorts</li> </ul> <p>Note: Jeans are allowed, however they must not be tattered, torn, dirty or severely faded or have holes in them. On Fridays the no sweatshirts/no tennis shoe guideline is relaxed.</p>
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The above information is a guideline. Inappropriate work attire is not limited to the above examples. Management has the discretion to determine whether work attire is appropriate or inappropriate. If you have any questions feel free to talk with your manager or any member of Senior Management.

## **M. PERSONAL APPEARANCE**

L&M Supply employees should have pride in their personal appearance, as well as pride in their work. Therefore, it is important for everyone working at L&M Supply to be aware that we have standards of appearance for all employees. This includes, but is not limited to:

- \* Employee's hair must be clean, well groomed and neat in style and color;
- \* Excessive body piercing is considered to be inappropriate. Employees are discouraged from wearing nose rings or tongue, cheek, or eyebrow pierced ornaments while on the job;
- \* All employees are expected to follow proper personal hygiene at all times.
- \* Tattoos must not be excessive and must be in good taste.

In general, personal appearance and appropriate grooming should be a matter of concern for each employee. Employees are to avoid projecting an offensive or un-groomed appearance. If a manager feels an employee's attire or grooming is inappropriate, that employee may be asked to leave the workplace until they are properly attired and groomed. Violation of this policy will be subject to appropriate disciplinary action.

## **N. REFERRAL BONUS**

All employees are eligible to receive up to \$250 as a cash incentive when they refer an employee for hire at an L&M Supply location when the criteria as outlined below are met.

- Upon hire of a referred employee, the referring employee will receive \$100.
- Upon completion of 90 days of employment the referring employee will receive an additional \$150.
- The referral must be made by completing an applicant referral form and must occur prior to the application being submitted.

## SECTION IV: COMPENSATION

- A. PAY FOR PERFORMANCE PHILOSOPHY
- B. SALARY GRADE AND RANGES
- C. OVERTIME POLICY
- D. PERFORMANCE REVIEWS AND FREQUENCY
- E. PAYROLL
  - \* Pay Periods and Pay Frequency
  - \* Accuracy of Payroll
  - \* Changes in Personal Information

## **A. PAY FOR PERFORMANCE PHILOSOPHY**

The L&M Supply Compensation Program is designed to reward your individual job performance and contributions. Jobs are assigned an appropriate salary grade based on an analysis of the duties, responsibilities, skills, and education required for the positions. Each grade has a salary range that is based on surveys of wages paid by other companies for comparable jobs. Senior Management, with feedback from Store Managers, reviews jobs and salary grades on an as needed basis.

The frequency and size of your salary increase, if any, is based on your job performance compared to the standards and expectations established by management. It is L&M Supply's objective to reward employees based on their actual job performance. L&M Supply also encourages employees to exhibit a desire to improve performance and to prepare for and accept greater responsibilities.

## **B. SALARY GRADES AND RANGES**

All jobs at L&M Supply are slotted into a salary grade, based on the relative internal value of that job. A salary range is associated with each grade level. The salary range is developed based on information obtained from other sources detailing what the local market is paying for similar work. The range is broad enough to allow for recognition of individual differences in job performance. Normally an entry-level employee is hired into salary grade 1 at or near the bottom 50% of the salary range. However, as job knowledge increases and performance is improved, he/she may move to higher salary levels within the range.

## **C. OVERTIME POLICY**

All regular full-time employees are regularly scheduled to work overtime each work week. Due to the nature of our business, occasionally it may be necessary to ask regular full-time employees to work additional overtime and regular part-time and part-time employees to work overtime. An employee may not refuse to work overtime, however volunteers will be asked initially. Refusal to work overtime can be reason for disciplinary action. It is up to the Manager to determine if you can be excused from working overtime.

If you are a non-exempt employee, you will be paid at the premium rate of one and one-half times your actual hourly rate for all time worked in excess of 40 hours during a work week. Saturday work does not necessarily qualify you for overtime compensation. Overtime compensation is granted only when the total time worked, in a work week, exceeds 40 hours. L&M Supply's work week runs from 12:00 a.m. Sunday through 11:59 p.m. Saturday.

All unscheduled overtime hours must be approved by the Manager or person-in-charge before it is worked.

## **D. PERFORMANCE REVIEWS AND FREQUENCY**

Performance reviews are granted for a number of reasons. Including:

1. To provide feedback to the employee on their level of performance compared to expectations;
2. To help employees understand their strengths and developmental needs across the various performance factors. The objective is based on a concern for employee development and to maximize utilization of your skills and abilities;
3. To serve as input into future individual compensation and staffing decisions;
4. To provide clear performance objectives and expectations for the next performance review period.

Normally, new hires will have their first formal performance review at the start of the first pay period after completing their initial 90 days of employment, their selection period. Thereafter, formal performance reviews will be generally completed at least on an annual basis for all employees. A merit increase may or may not be given depending on the employees' performance level and their position in the salary range.

Please remember that your Managers are here to, among other things, provide feedback to you on your performance on an ongoing basis. Please take the initiative and let them know if you are having any problems or would like more frequent feedback than you are currently receiving.

## **E. PAYROLL**

Pay Periods and Pay Frequency:

L&M Supply employees are paid on a bi-weekly basis, therefore, there are generally twenty-six (26) pay periods per year. The pay dates are every other Friday. The paycheck of every other Friday reflects hours worked through the Saturday just previous to the pay date.

**Example:** Employees will be paid on Friday, March 16, 2018 for all hours worked from Sunday, February 25, 2018 through Saturday, March 10, 2018.

Accuracy of Payroll:

Accurate and timely paychecks are a priority at L&M Supply. However, despite the best intentions, inadvertent errors occur. Employees are encouraged to review their pay stubs every pay period to make sure the pay information is correct. Report any errors to your Manager immediately. Also, each employee is responsible for reporting time worked accurately. Falsification of time worked is grounds for disciplinary action, including termination.

Direct Deposit:

L&M Supply encourages employees to have their earnings deposited directly into a checking account or a savings account, each pay day. Employees still have access to an earnings statement showing gross earnings, taxes, and other deductions, and net pay. If you intend to sign up for this you need to complete a Direct Deposit form. Earnings are directly deposited in your account the morning of each pay date.

Changes in Personal Information:

Because of social security, payroll, insurance, income tax, and other requirements each employee is expected to keep their demographic information updated through HR Actions. This includes changes to the following:

- \* Name
- \* Telephone number
- \* Marital status
- \* Address
- \* Number of dependents
- \* U.S. employment eligibility or authorization
- \* Date on which a dependent reaches the age of maturity.
- \* Person and phone number to contact in the event of an emergency.

Misrepresentation of employment records, time worked, or other records will be considered a dishonest act and dealt with accordingly, which may include termination.

## SECTION V: BENEFITS

All active regular full-time employees are eligible to participate in the following benefit programs, provided they have met the eligibility requirements. Regular part-time and part-time employees may be eligible to participate in the benefit plans listed below that are marked with an asterisk (\*), provided they have met the eligibility requirements of each plan.

- A. HOLIDAYS
- B. VACATION
- C. PERSONAL TIME OFF\*
- D. SHORT TERM DISABILITY
- E. LONG TERM DISABILITY
- F. GROUP LIFE INSURANCE AND ACCIDENTAL DEATH OR DISMEMBERMENT INSURANCE
- G. SUPPLEMENTAL BENEFITS
- H. MEDICAL BENEFIT PLAN
- I. DENTAL PLAN
- J. RETIREMENT SAVINGS PLAN \*
- K. SOCIAL SECURITY (FICA) \*
- L. FUNERAL LEAVE \*
- M. JURY DUTY \*
- N. FAMILY AND MEDICAL LEAVE OF ABSENCE (FMLA) \*
- O. VOTING
- P. MILITARY LEAVE
- Q. UNPAID LEAVE OF ABSENCE – WINTER MONTHS
- R. OTHER LEAVES OF ABSENCE
- S. TUITION REIMBURSEMENT – SMALL ENGINE REPAIR

## A. HOLIDAYS

L&M Supply, Inc. recognizes and observes the following six (6) paid holidays each year:

- New Years Day      - Memorial Day      - Fourth of July
- Labor Day            - Thanksgiving Day   - Christmas Day

Stores will be closed on Easter Day (not a paid holiday), Thanksgiving Day, and Christmas Day.

All regular full-time employees are eligible to receive a paid regularly scheduled day off for the Company's observed holidays. Full-time employees will be paid for the holiday at their normal rate of pay for an eight (8) hour day.

Special rules apply when L&M Supply stores are open on a holiday. Regular full-time employees who work on a holiday will be paid double time for all hours worked on a holiday, plus they will be paid for 8 regular hours of Holiday pay.

Regular part-time and part-time employees will be paid double time for all hours actually worked on an observed holiday.

## B. VACATIONS

L&M Supply recognizes that you need to relax and enjoy a change of pace from your daily work. Therefore, non-exempt full-time employees begin accruing vacation time starting in the calendar year in which they will reach one (1) year of service with the company. Vacation accruals occur per day of the calendar year on a completed pay period basis, as outlined in the schedule below:

YEARS OF SERVICE	NON-EXEMPT EMPLOYEES VACATION ACCRUED PER DAY PER COMPLETED PAY PERIOD
1-2 YEARS	.1199 Hours (Equivalent to 1 week/yr)
3-9 YEARS	.2397 Hours (Equivalent to 2 weeks/yr)
10-14 YEARS	.3596 Hours (Equivalent to 3 weeks/yr)
15+ YEARS	.4795 Hours (Equivalent to 4 weeks/yr)

All vacations are to be scheduled on a calendar year basis.

Eligible employees may take vacation time up to their annual equivalent accrual rate prior to actually accruing the vacation time, as well as any carry-over vacation time from previous years.

Accrued vacation time that is unused will roll-over into the next calendar year. The maximum annual roll-over limit is equivalent to six (6) weeks. Any hours accrued over the maximum annual roll-over limits identified above will be forfeited and cannot be used, nor paid-out.

Terminating employees will be paid for accrued unused vacation time when they leave their employment at L&M Supply. Subsequently, terminating employees are required to pay back, any vacation time that had previously been paid out to them but wasn't accrued and which resulted in a negative accrual balance. This will be deducted from their final paycheck. *-Please see your Manager for further details on the Company Vacation policy.*

## **C. PERSONAL TIME OFF**

After satisfactorily completing 90 days of employment, regular full-time and regular part-time employees are eligible for personal time off, that can generally be used for most missed time. This includes sick hours, family issues, personal hours, school conferences, etc. Managers have the discretion to approve or not approve requests for personal time off based on their analysis of store staffing levels and business needs.

Eligible employees will accrue PTO per day on a completed pay period basis, up to a maximum accrual of 24 hours in a calendar year.

Unused PTO hours, up to a maximum of 48 per year, will be allowed to roll-over from one calendar year to the next calendar year. Any hours accrued, and unused, over a maximum limit of 48, at the end of a calendar year will be forfeited by the employee.

Eligible employees hired in the current calendar year will accrue PTO per day for every completed bi-weekly pay period, starting with their hire date. Eligible employees must complete a minimum of ninety (90) days of employment before they are eligible to use accrued PTO.

The immediate manager is responsible for approving missed time and authorizing the use of PTO time under this policy.

Managers have the discretion to approve or not approve requests for personal time off based on their analysis of store staffing levels and business needs.

Employees are required to provide as much advance notice as possible to ensure that proper work schedules can be maintained. Employees will be required to provide a minimum of twenty-four (24) hours advance notice of PTO requests.

Employees terminating their employment during the year will be paid for accrued, but unused personal time off as of the date of their termination.

Employees terminating their employment during the year, and who have used more PTO than they have accrued for that calendar year will owe the over-used PTO time back to the company on their final check.

## **D. SHORT-TERM DISABILITY**

A regular full-time employee who becomes totally disabled off the job by an illness or non-occupational injury for five (5) or more consecutive work days may be eligible to receive full pay for a period of time that is determined by their length of service with L&M Supply. If eligible, short-term disability pay commences no earlier than the 6<sup>th</sup> work day of the total disability period. Regular full-time employees accumulate short-term disability coverage at a rate of one week of pay for each year of service with L&M Supply, Inc. up to a maximum accrual of twelve (12) weeks. Employees must use available paid personal time off and paid vacation time prior to becoming eligible to use accrued short-term disability pay.

Eligible employees are advanced short-term disability days at the beginning of each calendar year based upon their years of service as of their anniversary date in that year.

Employees must provide medical certification, from a doctor, confirming the total disability condition. This certification must include the following information:

1. A statement that the employee is totally disabled;
2. 1<sup>st</sup> day of total disability period;
3. Projected return to work date, or estimated length of the total disability period.

A new period of short-term disability coverage for each eligible employee will commence at the beginning of each calendar year provided the employee has actively worked at least five (5) consecutive working days during the new calendar year. Unused short-term disability coverage is not carried over from a previous calendar year to the next calendar year.

An employee on short-term disability at the end of a calendar year will continue to receive accumulated short-term disability coverage into the new year for the duration of this absence to the extent of the eligibility for coverage available for the calendar year in which the absence commenced. The accumulated short-term disability will be reinstated for the new year when the employee returns to regular full-time employment for at least five (5) consecutive work days in the new calendar year.

No short-term disability pay is to be made for an absence caused by:

1. Intentional or self-inflicted injury.
2. Illness or injury incurred while committing a felony.
3. Illness or injury resulting from any unlawful conduct.
4. Illness or injury resulting from paid employment of any kind.

Short-term disability is intended to protect employees from loss of income during times of total disability. Therefore, employees will not be paid for unused short-term disability at the time of termination.

## **E. LONG-TERM DISABILITY**

The L&M Supply Long-Term Disability Benefits Plan provides income protection in the event that you are unable to work because of a total disability. After the benefit qualifying period, you are eligible to receive 60% of your average monthly income up to the plan's maximum.

All regular full-time employees are automatically enrolled in this plan after satisfactorily completing 90 days of employment.

In order to qualify for long-term disability, an employee must: 1) Be a regular full-time L&M Supply employee; 2) Be unable to work due to a total disability; 3) Submit an application for benefits; and 4) Satisfy a benefit qualifying period of continuous total disability.

More information will be provided to you as part of the health care benefit package. If you would like more information before that time, contact the Human Resources Department.

## **F. GROUP LIFE INSURANCE AND ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE**

All regular full-time employees are automatically enrolled in the L&M Supply Group Term Life Insurance plan on the first day of the month after achieving full-time status as long as they have satisfactorily completed 90 days of employment.

Coverage begins on the first day of the month after achieving full-time status.

In addition, each eligible employee is also insured for Accidental Death or Dismemberment Insurance in the same amount as the Group Term Life Insurance.

For additional information, refer to the Group Term Life Insurance Plan and the Accidental Death or Dismemberment Insurance Plan documents.

## **G. SUPPLEMENTAL BENEFITS**

L&M Supply offers enrollment opportunities in employee paid voluntary life insurance, critical illness insurance, accident insurance and vision insurance participation on a semi-annual basis.

All full-time and regular part-time employees may be eligible to participate in the benefits. If interested call the Human Resources department and ask when the next enrollment period will occur.

## **H. MEDICAL BENEFIT PLAN**

If you are classified as an active regular full-time employee, you have completed an application form listing all eligible dependents, and all other pertinent information, and you successfully complete a 60 day waiting period, you and any eligible dependents will be eligible to participate in the L&M Supply Health Insurance Programs. L&M Supply pays for a significant portion of the premium of medical and dental insurance and 100% of the premium for life, accidental death and long-term disability insurance.

If you are a regular full-time employee, coverage begins on the first day of the month after achieving full-time status as long as you have satisfactorily completed a minimum of 60 days of employment.

Generally, the L&M Supply Health Plan provides for payment of covered expenses after an annual deductible per person has been met. A maximum deductible per family may also apply.

A complete description of the plan is contained in your Summary Plan Description (SPD). Please refer to this SPD for more detailed information on plan coverage. These will be provided to each eligible employee upon meeting the eligibility requirements of the plan.

## **I. DENTAL PLAN**

All regular full-time employees are eligible to participate in the L&M Supply Dental Plan. An application form must be completed, listing all eligible dependents and all other pertinent information, before coverage can become effective.

Coverage begins on the first day of the month after achieving full-time status as long as you have satisfactorily completed a minimum of 60 days of employment.

As participants, regular full-time employees and each of their eligible dependents are eligible for up to \$1,000 in dental benefits per calendar year.

The plan will generally pay:

100% of Preventive Care: Routine dental examinations, cleaning of teeth and dental X-Rays.

80% of Basic Restorative Care: Dental fillings, extractions, anesthesia as required, etc.

50% of Major Restorative Care: Crowns, Full or partial dentures, bridgework, etc.

There is no deductible for Preventive Care expenses. For Basic Restorative Care expenses and Major Restorative Care expenses, the deductible is \$50 per person, each calendar year, up to the maximum of \$150 per family. Payments are subject to usual and customary allowance for covered services.

A complete description of the plan is contained in the Dental Plan section of the Health Care Plan Summary Plan Description booklet.

## **J. RETIREMENT SAVINGS PLAN**

The L&M Supply Retirement Savings Plan is a 401K savings plan which allows you to plan for your retirement. Employees can save for the future while enjoying immediate tax breaks.

You are eligible to join the plan as an active member on the first day of the month, after you meet these requirements:

- \* You are an employee;
- \* You have completed six (6) months of service with the company;
- \* You are age 21 or older.

Once eligibility requirements have been satisfied, the L&M Supply Retirement Savings Plan allows employees to invest 0-100% of their earnings (up to the annual IRS deferral limit) into different investment vehicles offered by the plan.

Employees may chose to make pre-tax salary deferral contributions and/or ROTH after-tax salary deferral contributions.

In addition, the Company may make a matching contribution equal to your contribution level, up to a maximum of 10% of your pre-tax earnings on your behalf. The first 6% of the employer matching contributions is a qualified matching contribution which means it is 100% vested immediately. There is a six (6) year vesting period for any additional discretionary matching contributions of up to an additional 4% of your pre-tax earnings.

The six (6) year vesting schedule is as follows:

YEARS OF VESTING SERVICE	VESTING PERCENTAGE
Less than 2	0
2	20
3	40
4	60
5	80
6 or more	100

#### **K. SOCIAL SECURITY (FICA)**

Full Social Security retirement benefits for you start at age 65 to 67, depending on your date of birth. Your spouse, at age 65 to 67, depending on their date of birth, is entitled to an additional benefit, equal to one half of yours-- or a benefit based on his or her own covered earnings, if greater. Permanently reduced benefits can start as early as age 62. Social Security payments to you are in addition to the benefits you receive from the L&M Supply Retirement Savings Plan.

Social Security payments are also available to you and your family if you become totally disabled. And, following your death, before or after retirement, your eligible spouse and children may be entitled to survivor's benefits.

You and the Company equally share the cost of Social Security by paying taxes on your earnings covered under the law.

#### **L. FUNERAL LEAVE**

Regular full-time and regular part-time employees are eligible to receive paid funeral leave for the purpose of attending the funeral of a family member and to take care of personal matters related to the death of a family member.

In the event of the death of an eligible employee's immediate family member, the employee may be eligible for paid funeral leave of up to three (3) regularly scheduled working days off with full pay.

In the event of the death of an eligible employee's other extended relative, the employee may be eligible for paid funeral leave of up to one (1) regularly scheduled work day off with full pay.

Please note that Managers have the right to determine whether the maximum amount of paid time off is needed by the employee. Additional paid time off (personal time off or vacation pay), or unpaid time off may be granted depending on the individual circumstances.

The definition of immediate relative and other extended relatives is defined in the Funeral Leave policy. Consult with your Manager for further information.

## M. JURY DUTY

Regular full-time employees will be paid the difference between the amount paid for jury duty or witness duty and their normal base compensation for regularly scheduled work hours, for required jury service. All regular part-time and part-time employees shall be eligible for time off for the purpose of serving on a jury or as a subpoenaed witness; however, this time off will not be paid.

Employees are expected to report to work on any scheduled work day the jury is not in session or when you are released early from jury duty, early enough to make such a return to work practical. The minimum standard considered worthwhile for returning to work is one hour.

An employee who has received a jury duty summons, or subpoena, must provide a copy to their Manager immediately upon its receipt, and no later than five (5) days prior to the scheduled absence. This notification will help us make arrangements to cover an employee's workload while they are absent.

## N. FAMILY AND MEDICAL LEAVE OF ABSENCE (FMLA)

L&M Supply meets the definition as a covered employer and complies with the **Family and Medical Leave Act (FMLA)**. Where applicable, L&M Supply also complies with the **Minnesota Parental Leave Act (MPLA)** and the **Wisconsin Family and Medical Leave Act (WFMLA)**.

### Amount of leave

In general employees eligible for leave under the Family and Medical Leave Act will be eligible for up to 12 weeks of leave in a 12-month period of time. This 12-month period of time is defined as the 12-months immediately preceding the commencement of an approved leave. This method is generally considered to be the "rolling look-back" method.

### Types of leave

The types of leave covered under L&M supply's Family and Medical Leave policy are *Medical Leave*, *Parental Leave*, *Family Leave*, and *Military Family Leave*.

1. **Medical Leave** is defined as leave approved for the employee's serious health condition. Not all medical issues or conditions will be considered a serious health condition and a medical certification form will generally be required when a medical leave is requested.
2. **Parental leave** is defined as a leave approved when an employee needs time off from work due to the birth or adoption of a child. Parental leave could also be taken when a child is placed in foster care with the employee.
3. **Family leave** is defined as a leave approved when an employee needs time off from work to care for an employee's spouse or domestic partner\*, child, or parent that has a **serious health condition**. The care provided by the employee must be medically necessary and the term "to care for" doesn't simply mean to be present during a time that a **serious health condition** exists.
4. **Military Family Leave** is defined as leave approved for the following situations
  - a. Qualifying Exigency Leave
  - b. Military Caregiver Leave

In addition to the types of leave as defined above, employees on an approved medical leave may also be eligible to take leave on an intermittent or reduced schedule basis.

### Use of paid time off benefits

In most cases, when an employee is on an approved family or medical leave they will be required to use accrued PTO and accrued vacation time.

### Requesting leave

A request for family or medical leave must be made on a ***Request for Leave Form*** and must be made with at least 30 days advance notice when the need for leave is foreseeable. Unless an employee is medically unable to do so, company call in procedures must be followed and should not assume their leave is approved until the Human Resources Department provides formal notification of approval or denies the leave request.

### Leave paperwork and documentation

The circumstances specific to each employee's need for leave will determine the specific paperwork and documentation that are required. It is the employee's responsibility to provide the appropriate paperwork as requested by the Human Resources department and to ensure that the paperwork and documentation meets the deadlines as noted in communications from the HR department. Failure to provide requested information in a timely manner may result in their leave being delayed or denied.

### Return to work

Employees are expected to be at work during all scheduled shifts unless a leave of absence has been approved. When an approved leave ends employees will return to work on their next regularly scheduled shift, or at the time that reasonably would be considered or known to be their next regularly scheduled shift.

When an approved leave of absence exceeds 15 calendar days the next scheduled performance evaluation and merit increase will be adjusted forward by the length of time that the employee was on leave.

## **O. VOTING**

Employees of L&M Supply may be eligible for time off in order to cast a ballot in an election for public office. An employee must be eligible to vote in the election and your time away from work will be in accordance with applicable state law.

Employees should review their need to be away from work with their direct supervisor prior to an absence to vote and should try to coordinate their absence so as to minimize workplace disruptions. The use of accrued PTO or accrued vacation time will not be granted for an absence when the absence is for the purpose of voting.

## **P. MILITARY LEAVE**

As required by federal law, L&M Supply provides military leave to any employee who must perform military duty training or who enlists, is inducted, or is recalled to active military service of the United States. An employee who anticipates beginning a military leave should provide his or her supervisor with as much advance notice as possible. A request for a military leave should be in writing and accompanied with a copy of the employees official orders.

Military leave will be without compensation from L&M Supply; however, individuals may take their accrued vacation or accrued personal time off. L&M Supply will adhere to all applicable laws with regard to the re-employment rights of veterans.

## Q. UNPAID LEAVE OF ABSENCE – WINTER MONTHS

From January 1<sup>st</sup> thru March 31<sup>st</sup>, at the discretion of your manager and Sr. Management, all non-exempt employees may request, and upon approval, take an unpaid leave of absence. Generally, the amount of unpaid leave available is equal to the amount of vacation that you would be eligible for if you were a full-time employee.

- All requests are subject to approval by the location manager, or Sr. Management of L&M Supply.
- Requests for 2 days or less must have at least 24 hours' notice by the employee.
- Managers must submit all approved requests for time off exceeding 2 days per week to HR on a PCN a minimum of 1 week prior to the start of the affected pay period and must be signed by both the employee and the manager.

Unpaid leave of absence is for scheduled and pre-approved purposes only. Absences, such as for illness, last minute personal needs, medical leave/FMLA, or other unplanned absences are not considered as unpaid leave. Employees may not take unpaid leave in lieu of following the company's FMLA policy nor can unpaid leave be taken when unplanned absences occur and PTO usage is required.

Full-time employees who have approved unpaid leave exceeding 2 days in any given week will have their bi-weekly medical premiums increased on a pro-rate basis, based on the number of days of unpaid leave out of the 10 work days in the bi-weekly paid period. FT employees receiving a waiver payment in lieu of health insurance will have the waiver payment reduced on a pro-rata basis based on the number of days of unpaid leave that is approved and taken.

If approved unpaid leave exceeds 15 consecutive days the next regularly scheduled performance review date will be adjusted forward by the number of days that an employee is away from work on leave.

## R. OTHER LEAVES OF ABSENCE

If you wish to take a leave of absence for a reason not described above, please contact your Store Manager or the Human Resources department to request approval and further information.

## S. TUITION REIMBURSEMENT – SMALL ENGINE REPAIR

Eligible employees enrolled in an approved post-secondary academic program focused on **small engine repair** may be eligible for reimbursement of a portion of tuition and academic related expenses each calendar year they are enrolled. Please see your manager or contact the Human Resources Department for information on this program.

## **SECTION VI: EMPLOYEE RELATIONS**

- A. AT-WILL EMPLOYMENT
- B. OPEN DOOR POLICY
- C. PROBLEM RESOLUTION PROCEDURE
- D. EEO COMPLAINT PROCEDURE
- E. DISCIPLINARY PROCEDURES
- F. HARASSMENT POLICY AND COMPLAINT PROCEDURE
- G. PERSONNEL RECORDS
- H. PERSONNEL FILES

## **A. AT-WILL EMPLOYMENT**

As recognized under applicable state law, employment with L&M Supply is voluntary and “at-will”. This means employees have the right to resign their employment at any time, with or without cause. This also means that L&M Supply has the right to discharge an employee at any time, with or without notice or cause. Changes in compensation, location, job duties, or other changes do not modify the right of employees or the Company to terminate the employment relationship at any time, with or without notice or cause.

No manager, supervisor, or other employee of the Company has the power or authority, either verbally or in writing, to alter an employees “at-will” employment status.

## **B. OPEN DOOR POLICY**

At L&M Supply, management’s door is always open to employees. If you have a suggestion, a thought, or need an explanation; do not hesitate to consult with your Store Manager, the Human Resource Director, the Director of Store Operations and Merchandising, or the Co-Owners/Operators of the Company.

## **C. PROBLEM RESOLUTION PROCEDURE**

L&M Supply is committed to a policy of fair and equitable treatment of all employees. Therefore, management has established a three-step procedure to ensure that Company decisions or practices which present uncertainty or difficulty to you in your job will be fully explored and appropriately resolved.

**STEP 1:** An employee having questions or difficulties should first discuss this with their manager. Because your immediate manager is most familiar with you and your particular situation, most problems can and should be resolved at this time on an informal basis. Often, a discussion with your manager is the best and most effective way to deal with a situation.

**STEP 2:** If you do not get a prompt reply from your manager, or if you prefer not to discuss the problem with your manager, please present a written statement of your problem to the Director of Store Operations and Merchandising or Human Resource Director. Please remember to keep a copy of your documentation for your records. You will normally be contacted within ten (10) working days after you submit your complaint in writing.

**STEP 3:** If the problem is still not resolved or you are not satisfied with previous responses, you should prepare another written complaint and contact the Co-Owners/Operators of the Company. They will review the facts and will respond accordingly. The most desirable levels of employee relations involve consultation and explanation on a personal basis, and L&M Supply is committed to making all employees feel free to discuss any aspect of their job with management. However, we aren’t perfect. Managements response and recommendations may not always be what you had hoped. We cannot guarantee that your complaints will change Company policy, practices, or a specific interpretation of a Company policy. This resolution procedure is set up to keep the lines of communication open, to try and keep the Company running smoothly, and to provide employees with a fair and sympathetic hearing. The primary purpose of this procedure is to deal with small issues before they become major problems.

## **D. EEO COMPLAINT PROCEDURE**

It is the policy of L&M Supply to provide a working atmosphere free of any discrimination or harassment. The following complaint procedure should be used by any employee or applicant for employment who feels they have been discriminated against or harassed in connection with their employment or potential employment.

When an employee or applicant feels they have been harassed or discriminated against because of their race, color, religion, gender, age, national origin, disability, creed, marital status, status with regard to public assistance, sexual orientation, laws covering disabled veterans and veterans of the Vietnam era, or any other protected classification they should notify the Human Resource Director or the Co-Owners/Operators of the Company.

- \* The Human Resource Director will counsel the complainant as to the process. The Human Resource Director will attempt to resolve the matter to the satisfaction of all parties concerned. Should no resolution be reached, the Human Resource Director shall immediately advise the complainant of their right to have the complaint and all factual information gathered during the investigation referred to the Co-Owners/Operators of the Company.
- \* The Co-Owners/Operators shall attempt to resolve the matter. If no resolution is achieved, the Human Resource Director shall notify the complainant in writing that no resolution of their complaint is achievable internally.

## **E. DISCIPLINARY PROCEDURES**

L&M Supply has developed rules and practices for employees to follow, concerning employee conduct and behavior, which are necessary to provide a framework and work environment under which we can all work together. When these rules and practices are not followed or adhered to, L&M Supply will administer disciplinary procedures that are intended to correct the inappropriate behaviors. Disciplinary action may include but is not limited to verbal counseling, written warning, suspension or discharge.

Examples of conduct that may lead to disciplinary action, including termination, can be found on pages 10 & 11. Please note that these examples are in no way exhaustive.

## **F. HARASSMENT POLICY AND COMPLAINT PROCEDURE**

L&M Supply is committed to providing a work environment free of discrimination and harassment, and employment opportunities that are based on skill, ability and work performance. Accordingly, be advised that harassment, including sexual harassment, is against the law and, further, will not be tolerated by L&M Supply. In addition, L&M Supply is committed to trying to protect employees, to the extent possible, from reported harassment by non-employees in the work place.

Sexual harassment refers to behavior of a sexual nature that is unwelcome and personally offensive to its recipient. Sexual harassment is a form of employee misconduct that is demeaning to another person and undermines the integrity of the employment relationship. Therefore, it is illegal and against the policies of this organization for any employee, male or female, to sexually harass another employee by making unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature where:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
- Submission to or rejection of such conduct is used or threatened to be used as the basis for employment decisions affecting such individual; or
- Such unreasonable conduct that substantially interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment.

Any employee who believes there has been a violation of this policy should follow the following procedure:

1. Report the alleged act immediately to your immediate manager. If you do not feel comfortable talking to that individual, you should contact the Human Resource Director, or the Co-Owners/Operators of the Company.
2. The Company will complete an investigation with interviews conducted with both the complainant and the alleged harasser. The investigation will be conducted as confidentially as is reasonably possible, by senior management or by an outside investigator appointed by the Co-Owners/Operators of the Company.
3. If the alleged harasser admits the harassment, the investigation will cease and appropriate disciplinary action will be taken against the harasser. The level of the disciplinary action will depend upon the severity of the behavior; however, it may include termination.
4. If the alleged harasser denies the allegations, the investigation will continue.
5. Following completion of the investigation, the Company will then take appropriate disciplinary and/or corrective action based on its findings. Disciplinary action may include termination.

L&M Supply prohibits retaliation against any individual who reports harassment or discrimination or participates in the investigation of such complaints. Retaliation against an individual for reporting harassment or discrimination will subject the person engaging in the retaliation to disciplinary action, up to and including termination.

Any disciplinary action taken in response to the findings of a harassment complaint will be based on the individual circumstances of each situation. Disciplinary actions may include, but are not limited to, written warnings, suspension with or without pay, termination, or a combination of the above.

In addition, if it is determined that a person had falsely and intentionally accused someone of harassment, appropriate disciplinary action may also be taken, which may include termination.

## **G. PERSONNEL RECORDS**

Employee records are kept in, and by, the Human Resources Department. Store Managers may also retain some records of store employees at their store location. L&M Supply retains only job-related information on its employees and such information is maintained in strictest confidence. Information about you is not given to outsiders unless the Company is satisfied with the validity of the request, or it is requested by law, or you have personally requested that information be supplied for reference purposes. Only your dates of employment and position with the Company will be released on telephone inquiries regarding employment reference checks and credit approval. Information about you is used within the Company only for legitimate business reasons.

To assure that our files are kept up-to-date, you should work with your manager immediately whenever there are any changes in your home address, telephone number, marital status, person to notify in case of emergency, etc. By keeping this information up-to-date, you will avoid problems concerning your taxes, employee benefits, and other important matters.

## **H. PERSONNEL FILES**

L&M Supply creates a personnel file for all employees. The personnel file includes such information as the employee's job application, performance related documents, and other employment records.

Upon written request, an employee may review their personnel file once every six months. Within seven (7) working days of a written request, L&M Supply will make available the personnel file during normal hours of operation at the employee's normal employment location. A Company representative may be present while the employee reviews their personnel file. Upon written request, an employee may receive a copy of their personnel file.

If the employee disputes any information in their file, one of the following resolutions may be sought:

- The employee and L&M Supply may agree to remove or revise the disputed information; or
- The employee may submit a written statement identifying the disputed information and explaining their position. This written statement will be included along with the disputed information in the employee's personnel file.

Employees who have separated from L&M Supply may request to review their personnel file once every 12 months for as long as the personnel file is maintained.

## **SECTION VII: EMPLOYEE SERVICES**

- A. EMPLOYEE PURCHASES
- B. EMPLOYEE DISCOUNT PROGRAM
- C. EMPLOYEE CHARGE AND CREDIT LIMIT PROGRAM
- D. LUNCH ROOM/EATING ON THE JOB
- E. COMPANY NEWSLETTER
- F. EMPLOYEE TRAINING AND DEVELOPMENT
- G. PERSONAL PHONE CALLS
- H. L&M PAYROLL CHECK CASHING
- I. EMPLOYEE USE OF GARAGE/SHOP
- J. LOCKERS/STORAGE OF EMPLOYEE PROPERTY

## **A. EMPLOYEE PURCHASES**

Employees are allowed to shop or purchase merchandise before their work shift starts, during their lunch breaks, or after the work shift ends.

Purchasing merchandise during work shifts is not allowed. However, management understands that there are occasions when employees will not be able to purchase needed goods after their shift is over due to them working until the store closing time (late nights, Saturdays, and Sundays). During these times employees, with management approval and when customer flow allows, can purchase a limited number of items that they need immediately. These items have to be rung through POS, the merchandise bagged, and a sales receipt stapled to the bag. The paid for and bagged merchandise should then be left at the service counter until the employee is ready to leave for the day. The only other purchases that can be made during a work shift are consumables, and they must be taken to the break room with a sales receipt attached.

Employees can only hold merchandise at the service desk for 24 hours. If not paid for, or put on layaway, this merchandise must be returned to stock. Holding or stashing merchandise on the floor, in the warehouse, or anywhere else in the store is prohibited and is considered misconduct and subject to disciplinary action. Items placed on layaway must follow procedures already established and in place as for any normal customer layaway or purchase. This includes expected down payment and payments at regular or expected intervals per the company's current layaway procedure. Employees are prohibited from knowingly using the layaway process to take advantage of clearance, markdowns, upcoming advertised sales, or other discontinued or planned discounting in price.

All non-consumable purchases must be taken directly out through the front store entrances.

Please note that items on Company property (i.e. pallets, shelving, packing materials, junk tires, junk batteries, boxes, defective merchandise or any other item on L&M property) are L&M property and cannot be removed without a manager's prior written approval.

## **B. EMPLOYEE DISCOUNT PROGRAM**

L&M Supply allows a discount of 10% off for merchandise purchased by employees and to everyone in the employee's immediate household, at any L&M Supply store.

All employee purchases must be processed through the normal point of sale system. This applies to cash sales as well as charge sales. All employee purchases are to be processed by another employee or authorized person. Under no circumstances is an employee allowed to process their own purchases. It is the employees' responsibility to ensure that all of their purchases are properly processed through the point of sale system.

Please note that an employee's 10% discount extends to everyone in the employee's immediate household. "Immediate household" is defined as an employee's spouse or dependents under 23 years of age. If you are living at home with your parents, your parents may not use this benefit. This discount may not be used when purchasing merchandise for a business.

### C. EMPLOYEE CHARGE AND CREDIT LIMIT PROGRAM

L&M Supply has established an employee charge account program. Employees must be eighteen (18) years old or older to be eligible to participate in this program. Eligible employees can participate in this program after satisfactorily completing 90 days of employment. L&M Supply has set credit limits as a part of the employee charge program. These credit limits are based on the employee's length of service and are the maximum value of charged purchases that can be on an employee's account at one time. If an employee reaches this credit limit, they will not be able to charge additional purchases until they pay down their charged purchases to below their credit limit. Employees are not allowed to charge to their account when they are at or above their credit limit.

L&M Supply allows only the employee and individuals in the employee's immediate household to charge to the employee's account. "Immediate Household" is defined as an employee's spouse or dependent under 23 years of age. If an employee is living at home with their parents, their parents are not eligible to use this benefit. Employees are not authorized or allowed to charge to another employees account, even with that employee's approval, at any time.

When an "Immediate Household" member is charging to the employees account they are required to sign their own name to the charge slip, not the employee's name.

Employees are responsible for paying off their employee charges as soon as possible. Do not abuse this benefit. If the Company determines this benefit is being abused, it reserves the right to alter or discontinue its use at the Company's discretion.

L&M Supply encourages employees to use the automatic per pay period paid on account payroll deduction to make timely payments on their company charge account. Please see your manager for further information on this payment option.

If there is a balance on an employee's charge account when they leave employment with L&M Supply, the employee is required to pay off the balance, or as much of it as possible, with a payroll deduction from their last pay check.

The employee credit limits are as follows:

LENGTH OF SERVICE	CREDIT LIMIT
Less than 90 days of employment	\$0
90 days to 1 year of service	\$100
1 year thru 4 years of service	\$300
5 years thru 9 years of service	\$500
10 years thru 14 years of service	\$700
15 years of service and greater	\$900

When you become eligible, your Manager will instruct you on the proper charge procedure.

### D. LUNCH ROOM/EATING ON THE JOB

An employee break room is available in each location for employee use during lunch, dinner and break periods. Consumption of food or drink is not allowed on the sales floor, warehouse, garage, or office areas unless approved in advance by your manager.

## **E. COMPANY NEWSLETTER**

“News and Views”, the Company newsletter, is distributed to each employee on a quarterly basis. It contains news of the Company’s current activities, feature articles on specific employees or areas, human interest stories on employees, friends, etc.

“News and Views” is published by the Grand Rapids Office staff. If you would like to submit an article or information about yourself, your fellow employees, or a happening at your store contact your Store Manager or a member of the Grand Rapids Office staff.

## **F. EMPLOYEE TRAINING AND DEVELOPMENT**

L&M Supply recognizes that in order to facilitate the achievement of our company’s mission, vision and values we must encourage a culture of learning and growth for our employees. To do this, we provide various training and development opportunities throughout the year. Examples of these opportunities include (but are not limited to): on-the-job-training, in-store product knowledge training, safety training, seasonal seminars, participation in off-site seminars and conferences, employee coaching, and web-based learning.

A majority of our web-based training, as well as intercompany communication, is delivered through our internal website called “The Lodge”. This portal gives all employees individual access to a multitude of learning modules/courses covering a wide variety of topics (product knowledge, operations, human resources, positional training, safety training, etc.). It also provides a platform for employee engagement and communication. Therefore, we encourage our employees to access The Lodge often to keep up with available information.

## **G. PERSONAL PHONE CALLS**

L&M Supply has an effective telephone system in our stores, distribution center and offices for conducting Company business. Personal phone calls should be kept brief, to a minimum, should occur infrequently, and may be used for personal use only when it is absolutely necessary. If you need to make a personal phone call, you should try and make it during the time you are on a break. Emergency calls regarding illness or injury to family members, changed family plans, or calls for similar reasons may be made at any time. This applies to both incoming and outgoing calls. Personal long distance phone calls are not allowed altogether, except in the case of an emergency and with prior management approval.

Personal cell phone usage and text messaging is only allowed during work hours for business/work related purposes. L&M Supply provides phones for Company business and limited personal use as described above.

Please note that the above cell phone guidelines apply to the usage of all phones when you are driving a Company vehicle, or your own vehicle while on Company time.

## **H. L&M PAYROLL CHECK CASHING**

L&M Supply encourages employees to receive their bi-weekly pay through the use of the direct deposit pay option. However, if you choose to receive your pay in check form checks are not to be cashed at any company store. Employees should use their own personal financial institution to cash their check. If you experience problems cashing your payroll check, please contact your manager.

## **I. EMPLOYEE USE OF GARAGE/SHOP**

Employees are not allowed to use the Company garage or shop to work on vehicles (theirs or others) on their personal time. Employees are not to perform work on their own vehicle at anytime. If work needs to be done on an employee's vehicle or other items, the employee is required to notify the Store Manager. The Store Manager will schedule the work/repairs with another shop or garage employee.

## **J. LOCKERS/STORAGE OF EMPLOYEE PROPERTY**

Each L&M Supply location has secured lockers available for employees to use. Employees should store their valuables and personal belongings in these lockers at all times. L&M Supply has made these available for employee use with the desire to help protect employee valuables from theft and as a place to store other personal items. Personal property should not be stored at an employee's work station. L&M Supply is not responsible for any loss of personal property. Management reserves the right to inspect lockers at any time without notice.

More information on employee lockers is available from your Store Manager.

## **SECTION VIII: GENERAL L&M POLICIES & PRACTICES**

- A. ENTERING AND LEAVING THE STORE
- B. SAFETY
- C. EMPLOYEE THEFT
- D. SHOPLIFTING
- E. LOSS PREVENTION PROGRAM (EXTERNAL & INTERNAL)
- F. SECURITY
- G. ROBBERIES
- H. LOST AND FOUND
- I. MONEY FOUND AT L&M SUPPLY
- J. GIFT CARDS FOUND AT L&M SUPPLY
- K. SOLICITATION
- L. HOUSEKEEPING
- M. BUSINESS TRAVEL

## **A. ENTERING AND LEAVING THE STORE**

Employees are required to always use the front entrance when reporting to work for the start of a work shift, when leaving for lunch/dinner breaks, and when leaving work at the end of a work shift. All purchases are required to go through the front, check-out entrance of the store. Note that the only exception to this is when an employee purchases a consumable item to be consumed over lunch break in the store break room.

When it is necessary to leave work for any reason before the end of a regular scheduled work day, permission must be obtained from the Store Manager, Assistant Managers, or person in charge before leaving. At no time should an employee go to their vehicle during their work shift unless they are on their break or they have obtained permission from the Store Manager, Assistant Manager, or person in charge. To do so is failure to follow this policy, and could lead to disciplinary action.

## **B. SAFETY**

L&M Supply has detailed Safety Plans in place. Your Manager will direct you to view all safety programs on The Lodge. It is imperative that you review these in detail.

Safety is every employee's responsibility regardless of their title or position. L&M Supply does not take employee safety for granted and requires the same approach from each and every employee. If you are aware of any unsafe conditions, bring these to the attention of your Manager immediately. It is the Company's responsibility and intentions to provide a safe place to work and shop.

However, when a work-related accident or illness does occur, or a customer sustains an injury in the store or on the premises, employees are required to notify their Store Manager or person in charge immediately. All Workers Compensation reports will be filed, per the Workers Compensation policy, and they must be filed at the time of the accident. All customer accidents will be investigated and addressed by the Company's Director of Safety/Loss Prevention and/or property liability insurance carrier.

## **C. EMPLOYEE THEFT**

Theft, shoplifting, etc. reduces the Company's profitability, increases merchandise prices, reduces wages, and could ultimately put the Company out of business.

Any employee involved in theft will be dismissed immediately and legal action may be pursued. If you are apprehensive about questionable activities of other employees, you are required to bring this to the attention of your Store Manager or the Director of Safety/Loss Prevention. Any information provided will be treated as confidentially as is reasonably possible, subject to the necessary investigation.

Also, only authorized employees are allowed behind checkout counters.

## **D. SHOPLIFTING**

The best deterrent to shoplifting is good customer service. Always acknowledge our customers presence with a simple greeting such as "Good morning. May I help you?" This simple approach lets the would-be shoplifter know that you see them. Your presence, even if they refuse your offer of service or assistance, will discourage theft.

However, L&M Supply, like other retail organizations, suffers losses to shoplifters on a daily basis. It is our policy to prevent shoplifting from occurring whenever possible and to apprehend and prosecute shoplifters when appropriate. If you observe someone taking merchandise or concealing it, alert your Store Manager, the Director of Store Operations and Merchandising, or the Director of Loss Prevention and Safety immediately. We enhanced our Loss Prevention Awards Program in 2013 to include \$25.00 gift cards for employees who prevented losses from shoplifters.

Also, all of our stores have (EAS) security systems in place to deter shoplifting. Management personnel are provided specific Loss Prevention training on how these systems work and on the L&M procedures on handling shoplifting incidents. Management also may, from time to time, employ plainclothes security officers to provide undercover surveillance of store activities. We also emphasize the importance of employee safety in responding to these situations.

#### **E. LOSS PREVENTION PROGRAM (EXTERNAL & INTERNAL)**

L&M Fleet Supply believes it is each employee's responsibility, and obligation, to help protect the assets of the Company at all times, and to respect the property of fellow employees. However, L&M Supply recognizes that this responsibility can put employees in sensitive situations. Therefore, L&M Supply will reward employees for their help in identifying and preventing internal theft and shoplifting incidents at any L&M Supply location. Our primary goal is to provide customer service to suspicious customers suspected of shoplifting to get customers to "ditch and drop" merchandise prior to leaving the store. We pay out L&M gift cards of \$25 or \$100 to employees who initially suspect and report suspicious activity to management resulting in a recovery of merchandise that otherwise would be stolen.

Any employee directly responsible for providing the initial information resulting in the dismissal of another employee for theft (from L&M Supply or from another employee), without use of the Company's alarm systems, will receive a reward of \$1,000 (gross amount).

All incidents, and rewards, are first subject to review and approval by management prior to any reward being paid. All incidents must be reported to the Director of Safety/Loss Prevention by the Store or Assistant Manager. The Director of Safety/Loss Prevention will review LP awards and determine payouts for nominated LP Award incidents. In addition we also train all managers and employees to exercise caution in responding to shoplifting or LP incidents. We should gather information and call 911 vs. making apprehensions.

#### **F. SECURITY**

L&M Supply will attempt to provide adequate security protection at all of its facilities. As part of this program, you may occasionally be required to, for example, open brief cases, desks, lockers, lunch boxes or other personal items on Company property.

#### **G. ROBBERIES**

Nothing at L&M Supply is as valuable as the lives of our employees. Therefore, in the event of a robbery, remain calm. Give the robber anything they ask for. Never antagonize or challenge the individual. Always remain alert. If at all possible, obtain a good description of the individual and any other details that will help in their apprehension.

## H. LOST AND FOUND

All items found within an L&M Supply store or on Company premises are required to be turned over to the immediate Manager for proper disposition.

Any loss of personal property by an employee or customer should be reported to the immediate Manager.

## I. MONEY FOUND AT L&M SUPPLY

If a customer or an employee finds **money** in the store in a non-cash handling area or in the parking lot of L&M Supply and turns it in, please follow this procedure:

- 1) If a customer or an employee brings money that he/she found to your attention and you are not a member of management, please get management involved. Once a manager is involved, please take down the customer or the employee's name and phone number.
- 2) Place the money in an envelope with the name of the customer or employee, phone number, and the date the money was found written on the envelope. Have the customer or employee sign the envelope and put it in the safe. Tell the customer or employee that L&M Supply will hold the money for one week to see if someone will come in to claim it.
- 3) Tell the customer or employee that a manager will check our tills to make sure we were not short for that specific date's business transactions.
- 4) If not claimed after one week, that money will be given to the person who turned it in.
- 5) If there are any variations or explanation needed to this policy, please contact a member of senior management.

## J. GIFT CARDS FOUND AT L&M SUPPLY

If a customer or an employee finds a **Gift Card** in the store or in the parking lot of L&M Supply, please follow this procedure:

- 1) Employees are required to turn Gift Cards found in to Management as soon as possible. It is considered stealing if not turned in and will be treated as such. If an employee finds a Gift Card and uses it for their personal purchases, this will be considered theft.
- 2) If a customer or another employee brings a Gift Card that they have found to your attention you are required to bring this to the attention of Management immediately.
- 3) Management should obtain and hold any found Gift Card and research to see if the owner can be located. If the Gift Card owner is located, return the Gift Card to them.
- 4) Gift Cards found on L&M Supply property are considered L&M Supply property if an owner is not located.

## **K. SOLICITATION**

Soliciting by one employee of another, circulating petitions or collecting from one employee or another is prohibited while either employee is on work time. Sale of merchandise is prohibited at anytime. Distributing literature during work time or in work areas at anytime is also prohibited. Trespassing, soliciting or distributing literature by anyone not employed by L&M Supply is prohibited on Company premises.

## **L. HOUSEKEEPING**

The appearance of each L&M Supply facility is very important. Our customers expect to shop in a facility that has merchandise attractively displayed, orderly, and clean; and our employees expect to work in a neat, clean and comfortable environment. Therefore, each employee is not only responsible for the care of merchandise in their assigned work area, but also for assisting with the upkeep and cleanliness of the entire facility.

Housekeeping is a daily task that cannot be neglected.

## **M. BUSINESS TRAVEL**

Non-exempt employees that are required to travel for business purposes will be compensated, and reimbursed for travel related expenses as outlined below.

- All hours of travel will be considered as regular hours worked and will be compensated at the employee's regular rate of pay, regardless of the day of the week that travel occurs. Upon return from business travel, employees must request that their travel time be entered into the company's time keeping system.
- Travel time starts at the time you actually begin traveling to your destination. Typically, this would be when you leave your home or when you leave your normal work location, whichever is closest to your destination. Travel time ends when you have arrived at your destination. Typically, for air travel or other overnight travel, this would be when you arrive at your hotel. For day travel, this would be when you arrive back home or when you arrive back at your normal work location.
- Normal and reasonable meal expenses will be reimbursed with receipts. Mileage of individuals driving their own vehicle will be reimbursed at the company's regular reimbursement rate.