

WELCOME TO SMITH HOME FURNISHINGS, LTD.

Smith Home Furnishings, LTD. (the "Company") is pleased to give you access to our Employee Policy Manual (the "Manual") **effective January 1, 2020**. The Manual is designed to keep you informed of many of the policies and procedures of the Company. It is a summary of the principles we uphold and the responsibilities you assume as an employee.

The Company wants all employees to enjoy working here. That is one reason we provide good pay and benefits and pleasant working conditions. **The Company is an at-will employer and employees should understand that employment is not offered, contracted, or promised for any specific length of time. Employees have the right to terminate employment at any time, with or without cause and with or without notice, and the Company has the same right.** This is a good business and legal practice for everyone.

THIS MANUAL SETS OUT GUIDELINES ONLY AND IS NOT A CONTRACT OF EMPLOYMENT. We are not able to foresee the future; therefore, the Company may need to supplement, modify, or eliminate one or more benefits, work rules, or guidelines described in this Manual. The Company reserves the right to exercise its discretion to unilaterally make deletions from or additions to this Manual. The General Manager must authorize all such changes in writing. Each employee's continued employment constitutes acceptance of such changes.

Please read the Manual carefully, and please keep the information contained in the Manual confidential. If you have any questions concerning the policies or benefits outlined, ask your manager about them.

It is our hope that adherence to the policies and procedures in this Manual will help to make your employment with the Company productive, enjoyable, and mutually rewarding.

Welcome to our team!

Larry R. Smith

President

Smith Home Furnishings

2500 North 14th St.

Ponca City, Ok. 74601

EMPLOYEE ACKNOWLEDGEMENT OF SMITH HOME FURNISHINGS, LTD.EMPLOYEE POLICY MANUAL

I acknowledge the Company has given me internet access to the Employee Policy Manual (the "Manual") **effective January 1, 2020** of SMITH HOME FURNISHINGS, LTD. (the "Company") which is available for my review, at anytime including on Company time, at www.smithfurniturestore.com. I understand that if I do not have computer knowledge and do not know how to access the on-line Company Manual, Company Management will either give me the knowledge or provide me with a hard copy of the Manual, at my request. If I am given a hard copy of the Manual, I agree to return it at my separation from employment. I agree to abide by the rules and instructions contained in the Manual. I will familiarize myself with the information in the Manual, will seek verification or clarification where necessary, and will comply with the policies, benefit requirements, and procedures pertaining to the Company.

I understand and acknowledge that failure to abide by the policies contained herein, may result in any of the disciplinary actions discussed in this policy. I further understand and acknowledge that my continued employment is evidence of my acceptance to abide by any and all changes, additions, modifications, and/or alterations made in the future and presented to employees whether or not I have signed an acknowledgment of such changes.

I understand that the Manual is to be used as a guide to the various policies, benefits, and information pertaining to my employment. **I recognize that no part of the Manual should be construed as any type of contract-formal, informal, or implied.** I recognize the Company's right to make unilateral changes in the content, interpretation, or application of the Manual at any time the Company deems appropriate, even if the changes to be implemented have not been communicated, reprinted, or substituted in the Manual or elsewhere.

Furthermore, I understand and acknowledge that absent a written contract to the contrary, signed by the General Manager or other authorized office and me, my employment **is terminable at the will of either the Company or me** at anytime for any reason or no reason and without notice.

I further understand that the Manual contains the Company's: **Anti-Employment Discrimination Policy** (Policy 200 series); **Drug and Alcohol Testing Policy** (Policies 206-206(b)); **Probation Period Policy** (Policy 302); **Payroll Deduction** and **Commission Compensation Policy** (Policy 400 series); and that I should pay particular attention to these policies contained within this handbook.

Employee's Signature

Date

Employee's Printed Name

SMITH HOME FURNISHINGS, LTD.

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STATEMENT OF POLICY:

The purpose of this policy is to ensure that the Company's personnel policies and practices are administered without regard to race, color, religion, sex age, national origin, handicap, or veteran status. The law also prohibits discrimination based on the use of genetic test results or use of such testing.

Guidelines:

1. All employees and job applicants are guaranteed equality of employment opportunity. The Company will not discriminate against employees or applicants on the basis of race, color, religion, sex, age, national origin, handicap, or veteran status. The Company will not otherwise engage in any form of unlawful discrimination or retaliation, including without limitation, discrimination based on the use of genetic test results or an employee's refusal to submit to such testing.
2. All recruitment, selection, placement, training, transfer, termination, layoff, and other employment decisions made by the Company will be based solely on a candidate's job-related qualifications and abilities and the legitimate business needs of the Company. In some cases, seniority may be treated as a factor to be considered in the selection process.
3. Assuming that a job opening exists, the qualifications of a candidate for a promotion or transfer will be assessed solely on the basis of the individual's ability, merit (as demonstrated by the applicant's performance record), seniority, where applicable, as well as the legitimate business needs of the Company.

4. All other personnel policies and practices of the Company (including compensation, benefits, discipline, and safety and health programs as well as social and recreational activities) will be administered and conducted without regard to any individual's race, color, religion, sex, age, national origin, handicap, veteran status, genetic test results, or an employee's refusal to submit to such testing.

EMPLOYEE RESPONSIBILITIES:

To report any perceived violations of this policy to his or her immediate manager. If the immediate manager is unavailable, or is involved in some manner with the perceived violation, employees should report perceived violations to the General Manager. (See Grievance Procedures Policy).

MANAGER RESPONSIBILITIES:

All related employment activities must follow the Equal Employment Opportunity Policy as outlined by the Company policy.

SUBJECT: COMPANY MANUAL

POLICY # 202

STATEMENT OF POLICY:

The Company views the success of its employees as an asset. This Manual is provided to all employees in writing to assist our employees in the performance of their duties and to communicate the Company's expectations regarding policies, procedures, regulations and operations.

Guidelines:

1. New employees are to be given time during orientation to read the Manual. Each employee will be required to read the Manual and sign and date an acknowledgment.
2. The Manual will be on-line and available to all employees to review at anytime.
3. Employees requiring assistance in locating or understanding information contained in the Manual should contact their manager or another member of management in the corporate office.
4. Failure to abide by the Company's policies may result in disciplinary action up to and including termination of employment.

SUBJECT: HARASSMENT

POLICY # 203

STATEMENT OF POLICY:

The purpose of this policy is to communicate the Company's determination to:

- Provide a working environment free of discriminatory intimidation.
- Identify complaint procedures available to employees.
- Outline disciplinary penalties that may be imposed for discriminatory or harassing conduct.

Harassment involves verbal or physical conduct that harms or shows hostility or aversion toward an individual because of his or her race, color, religion, sex, national origin, age, handicap, or that of his or her relatives, friends, or associates and that:

- Has the purpose or effect of creating an intimidating, hostile, or offensive working environment.
- Has the purpose or effect of unreasonably interfering with an individual's work performance.
- Otherwise adversely affects an individual's employment opportunities.

Guidelines:

1. It is against Company policy for an employee, independent contractor, or other visitor to harass any employee through the use of disparaging or abusive words or phrases, slurs, negative stereotyping or threatening, intimidating, or hostile acts that relate to race, color, religion, sex, national origin, age or handicap. This includes acts that are declared to be "jokes" or "pranks," but that might reasonably be perceived as hostile or demeaning.
2. Creation of an intimidating, hostile or offensive work environment may include publishing or posting written or graphic material that criticizes or shows hostility or aversion toward an individual or group because of race, color, religion, sex, national origin, age, or handicap that is placed on walls, bulletin boards, or elsewhere on Company property or circulated in the workplace.
3. Unreasonable conduct will not be tolerated. This includes, but is not limited to, excluding employees from information regarding opportunities for advancement; denying access to information, people, or places; treating other employees as inferiors; or selecting one or a few members of a protected class for favorable treatment.

4. The Company will determine whether certain conduct occurred and/or where it constitutes harassment based on a review of the facts and circumstances of each situation.
5. The Company will not condone harassment of employees. All employees, including managers, will be subject to severe disciplinary action up to and including termination for any harassing behavior.
6. Employees who feel victimized by harassment should immediately report the alleged harassment to their manager. If the manager is the source of the alleged harassment, employees should report the problem to the manager's superior. (see Grievance Procedures Policy)
7. Managers who receive a complaint of harassment should report the complaint to the General Manager.
8. A prompt and careful investigation of the matter will be conducted, questioning employees who may have knowledge of the alleged incident or similar problems.
9. Both the complaint and the investigative actions and findings will be documented as thoroughly as possible.
10. Employees who are dissatisfied with an investigating manager's resolution of a harassment problem may file a complaint in accordance with the Company's grievance procedures. (See Grievance Procedures Policy.)
11. No employee will be subject to any form of retaliation or discipline for pursuing a claim of harassment.
12. The Company recognizes that the issue of whether harassment has occurred requires a factual determination based on all the evidence received.
13. The Company also recognizes that false accusations of harassment can have serious effects on innocent employees. We trust that all employees will act in a responsible and professional manner to maintain a pleasant working environment free of harassment.
14. The Company reserves the right to remedy inappropriate harassing conduct falling short of conduct subjecting the Company to legal liability, in a manner that is appropriate, fair, and legal up to and including termination and to report illegal acts to the proper authorities.

SUBJECT: SEXUAL HARASSMENT

POLICY # 204

STATEMENT OF POLICY:

1. The purpose of this policy is to stress the Company's strong opposition to sexual harassment, to identify complaint procedures available to employees, and to outline disciplinary penalties that may be imposed for sexually harassing conduct.
2. The Company is an equal opportunity employer and does not unlawfully discriminate against employees or applicants for employment based on an individual's race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. This policy applies to all terms, conditions and privileges of employment, including recruitment, hiring, placement, compensation, promotion, discipline and termination. Whenever possible, The Company makes reasonable accommodations for qualified individuals with disabilities to the extent required by law. Employees who would like to request a reasonable accommodation should contact the Company's Management.
3. The Company prohibits discrimination or harassment based on race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and is free from discriminatory practices, including without limitation harassment.
4. Consistent with its workplace policy of equal employment opportunity, the Company prohibits and will not tolerate harassment on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Violations of this policy will not be tolerated. Discrimination includes, but is not limited to: making any employment decision or employment related action on the basis of race, color, religion, creed, age, sex, disability, national origin, marital or veteran status, or any other status protected by applicable law.
5. **Harassment** is generally defined as unwelcome verbal or non-verbal conduct, based upon a person's protected characteristic, that denigrates or shows hostility or aversion toward the person because of the characteristic, and which affects the person's employment opportunities or benefits, has the purpose or effect of unreasonably interfering with the person's work performance, or has the purpose or effect of creating an intimidating, hostile or offensive working environment. Harassing conduct includes, but is not limited to: epithets; slurs or negative

stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group based on their protected characteristic.

6. **Sexual harassment** is defined as unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature, when: **1.** submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; **2.** submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or **3.** such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment. Examples of sexual harassment include: unwelcome or unsolicited sexual advances; displaying sexually suggestive material; unwelcome sexual flirtations, advances or propositions; suggestive comments; verbal abuse of a sexual nature; sexually oriented jokes; crude or vulgar language or gestures; graphic or verbal commentaries about an individual's body; display or distribution of obscene materials; physical contact such as patting, pinching or brushing against someone's body; or physical assault of a sexual nature.
7. **Company Computers and Emails:** Emails received on Company computers (jokes, etc.) which contain sexually suggestive content must be immediately deleted and may never be forwarded to any other Company employee or other person not employed by The Company. Company computers, internet and emails are a privileged resource, and must be used only to complete essential job-related functions. From time to time, employees may receive emails from external or internal sources that contain material that may be considered "jokes" which have sexual, gender, or ethnic undertones.
8. More specifically, such emails are emails that contain material based upon a person's protected characteristic that disparages or shows hostility or dislike toward the person because of the characteristic. Harassing emails which are prohibited by The Company include, but are not limited to, emails containing epithets; slurs or negative stereotyping; reference to threatening, intimidating or hostile acts; condescending jokes; written or graphic material that denigrates or shows hostility or dislike toward an individual or group based on their protected characteristic as such emails may affect a person's employment opportunities or benefits, has the purpose or effect of unreasonably interfering with a person's work performance, or has the purpose or effect of creating an intimidating, hostile or offensive working environment.

9. Additionally, such emails prohibited by The Company are emails that contain material that displays sexually suggestive content; sexually suggestive comments; sexually oriented jokes; crude or vulgar language, gestures, photographs or graphics; graphic or written commentaries about an individual's body; and/or display of obscene materials as such emails may have the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.
10. The Company prohibits the use of these types of emails described above. Specifically,
- The Company strictly prohibits employees from using Company computers to initiate or "forward," or "reply" to any such emails.
 - The Company requires employees who receive such emails from external sources (non-employees of the Company) to immediately delete such emails from Company computers, and The Company requires employees to notify such external sources (non-employees of the Company) that Company employees are prohibited from receiving such emails.
 - The Company prohibits employees from opening, viewing, forwarding or replying to such emails using Company or personal email accounts on Company computers.
 - The Company requires employees who receive such emails from internal sources (other employees of the Company), to immediately report the receipt of such emails to Company management. Company management will delete the email and address the situation with the employee sending the email.
 - Employees violating this policy are subject to discipline, including up to immediate discharge from employment.
11. **REPORTING HARASSMENT:** Any Company employee who feels that he or she has been sexually or otherwise harassed or discriminated against, or has witnessed or become aware of discrimination or harassment in violation of these policies, MUST bring the matter to the immediate attention of The Company's Management, Larry Smith, or if Larry Smith is unavailable, any person having a supervisory capacity for which the employee feels comfortable in making the report.

12. Any manager or person having supervisory capacity and who receives a report of harassment or discrimination must immediately notify Larry Smith of the report, and at the request from the employee who is allegedly the subject of the harassment, must make arrangements to separate the employee who is allegedly the subject of the harassment from the person(s) alleged to be causing the harassment until a Company preliminary investigation can be made.
13. The Company will promptly investigate all allegations of discrimination and harassment and will take action as appropriate based on the outcome of the investigation. An investigation and its results will be treated as confidential to the extent feasible.
14. No employee will be retaliated against for making a complaint in good faith regarding a violation of these policies, or for participating in good faith in an investigation pursuant to these policies. If an employee feels he/she has been retaliated against, the employee should make a report using the procedures set forth above.

**SUBJECT: AMERICANS WITH DISABILITY AND
WORKER'S COMPENSATION**

POLICY #204.a

The Americans With Disabilities Act of 1990 (ADA) makes it unlawful to discriminate in employment against a qualified individual with disabilities. The ADA also outlaws discrimination against individuals with disabilities in state and local government services, public accommodations, transportation and telecommunications. This chapter concerns Title I of the ADA which prohibits job discrimination.

Coverage. Job discrimination against people with disabilities is illegal if practiced by:

1. Private Employers
2. State and local governments
3. Employment agencies
4. Labor organizations
5. Labor-management committees

The part of the ADA enforced by the Equal Employment Opportunity Commission (EEOC) outlaws job discrimination by:

1. All employers, including state and local government employers, with 25 or more employees after July 26, 1992; and
2. All employers, including state and local government employers, with 15 or more employees after July 26, 1994.

Another part of the ADA, enforced by the U.S. Department of Justice (DOJ), prohibits discrimination in state and local government programs and activities, including job discrimination by all state and local governments, regardless of the number of employees, after January 26, 1992.

Because the ADA gives responsibilities to both EEOC and DOJ for employment by state and local governments, these agencies will coordinate the federal enforcement effort. In addition, since some private and governmental employers are already covered by nondiscrimination and affirmative action requirements under the Rehabilitation Act of 1973, EEOC, DOJ and the Department of Labor also will coordinate the enforcement effort under the ADA and the Rehabilitation Act.

Employment Practices Covered. The ADA makes it unlawful to discriminate in all employment practices such as:

- recruitment
- pay
- hiring

- firing
- promotion
- job assignments
- training
- leave
- lay-off
- benefit
- all other employment related activities

The ADA prohibits an employer from retaliating against an applicant or employee for asserting his rights under the ADA. The Act also makes it unlawful to discriminate against an applicant or employee, whether disabled or not, because of the individual's family business, social or other relationship or association with an individual with a disability.

Protected Individuals. Title I of the ADA protects qualified individuals with disabilities from employment discrimination. Under the ADA, a person has a disability if he has a physical or mental impairment that substantially limits a major life activity. The ADA also protects individuals who have a record of a substantially limiting impairment and people who are regarded as having a substantially limiting impairment.

To be protected under the ADA, an individual must have, have a record of, or be regarded as having a substantial, as opposed to a minor, impairment. A substantial impairment is one that significantly limits or restricts a major life activity such as hearing, seeing, speaking, breathing, performing manual tasks, walking, caring for oneself, learning or working.

An individual with a disability must also be qualified to perform the essential functions of the job with or without reasonable accommodation, in order to be protected by the ADA. This means that the applicant or employee must:

1. Satisfy your job requirements for educational background, employment Experience, skills, licenses, and any other qualification standards that are job related; and
2. Be able to perform those tasks that are essential to the job, with or without reasonable accommodation.

The ADA does not interfere with your right to hire the best qualified applicant. Nor does the ADA impose any affirmative action obligations. The ADA simply prohibits you from discriminating against a qualified applicant or employee because of her disability.

Definition of "disability". In March, 1995, the EEOC issued a set of guidelines to assist in determining whether a person has a disability under the ADA. A charging party has a disability under the ADA if the person has a physical or mental impairment that substantially limits a major life activity; has a record of such an impairment; or is regarded as having such an impairment.

1. Impairment. Some examples of "impairments" include cosmetic disfigurements, anatomical loss affecting the neurological or musculoskeletal systems, special sense organs, respiratory, cardiovascular, reproductive, digestive, or certain other body systems, mental retardation, specific learning disabilities, emotional or mental illness, complications from pregnancy, dwarfism, severe obesity (body weight more than 100% over the norm), obesity as a result of a physiological disorder, contagious disease, and HIV infection. The fact that an individual has an impairment does not mean that it is a disability. To be a disability the impairment must substantially limit or be regarded as substantially limiting one or more major life activities.

2. Substantially limits. An impairment is substantially limiting if it prohibits or significantly restricts an individual's ability to perform a major life activity as compared to the ability of the average person in the general population to perform the same activity. The determination depends on the nature and severity of the impairment, the duration or expected duration of the impairment, and the permanent or long-term impact of the impairment.

3. Major life activity. The EEOC's guidelines define major life activities to include, among others, caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, working, sitting, standing, lifting, reaching, and mental and emotional processes such as thinking, concentrating, and interacting with others.

U.S. Supreme Court rules that asymptomatic HIV is a "disability" under the ADA.

The U.S. Supreme Court has addressed the issue of whether asymptomatic HIV is a disability under the Americans With Disabilities Act (ADA). *Bragdon v. Sidney Abbott*, decided June 25, 1998. The case concerned public accommodation under the ADA, but is relevant to ADA employment cases. The Respondent, Sidney Abbott, was infected with HIV since 1986, and her infection had not manifested its most serious symptoms during the incidents important to her lawsuit. In September, 1994, Ms. Abbott went to the office of Randon Bragdon for a dental appointment. Abbott disclosed her HIV infection on the patient registration form, and after a cavity was discovered, Mr. Bragdon informed Abbott of his policy against filling cavities of HIV-infected patients in his office and offered to perform the work at the hospital. There would be no additional fee, but Abbott would be responsible for the cost of using the hospital's facilities. Abbott sued Bragdon under the ADA, alleging discrimination in the provision of public accommodation.

The Supreme Court found that even though Abbott's HIV infection had not progressed to the symptomatic phase, it was a disability under the definitional section of the ADA. In other words, it was a physical impairment that substantially limited one or more of an individual's major life activities. The Court concluded that an HIV infected woman's ability to reproduce is substantially limited. The Supreme Court remanded the case to determine whether the HIV infection posed a direct threat to the health and safety of others.

U.S. Supreme Court Narrows Who Is "Disabled" Under ADA The U.S. Supreme Court's decision in *Toyota Motor Manufacturing, Kentucky, Inc. v. Williams* rejected the discrimination claim of a terminated employee with carpal tunnel syndrome, and

determined who is "disabled" under the ADA. The U. S. Supreme Court limited its review of the case to the proper legal standard for assessing whether an individual is substantially limited in performing manual tasks. "When addressing the major life activity of performing manual tasks, the central inquiry must be whether the claimant is unable to perform the variety of tasks central to most people's daily lives, not whether the claimant is unable to perform the tasks associated with her specific job," said the Court. "Manual tasks unique to any particular job are not necessarily important parts of most people's lives. As a result, occupation specific tasks may have only limited relevance to the manual task inquiry."

In the Court's words, "... household chores, bathing, and brushing one's teeth are among the types of manual tasks of central importance to people's daily lives, and should have been part of the assessment of whether respondent was substantially limited in performing manual tasks." The Court also noted that not everyone with carpal tunnel syndrome is disabled, and that each individual must be assessed on a case-by-case basis to determine whether he or she is protected by the ADA. Both the severity and the duration of the symptoms of CTS vary, and the Court advised the lower courts to look closely at impairments that are not permanent, since to be disabled under the ADA, the impact of the impairment must be "permanent or long term."

Exceptions to the definition of "disability". Certain conditions are excluded from the definition of disability, including: (1) Homosexuality and bisexuality; (2) Transvestism, transsexualism, pedophilia, exhibitionism, voyeurism, gender identity disorders not resulting from physical impairments, or other sexual behavior disorders; (3) Compulsive gambling, kleptomania, or pyromania; (4) The current use of illegal drugs and psychoactive substance use disorders resulting from the current illegal use of drugs. However, a person may be considered to have a disability under the ADA if they are addicted or perceived to be addicted to a controlled substance. Occasional, casual illegal use of drugs does not constitute a disability.

Essential functions. Essential functions are the basic job duties that an employee must be able to perform, with or without reasonable accommodation. You should carefully examine each job to determine which functions or tasks are essential to performance. (This is particularly important before taking an employment action such as recruiting, advertising, hiring, promoting or firing).

Factors to consider in determining if a function is essential include:

1. Whether the reason the position exists is to perform that function.
2. The number of other employees available to perform the function or among whom the performance of the function can be distributed; and
3. The degree of expertise or skill required to perform the function.

Your judgment as to which functions are essential, and a written job description prepared before advertising or interviewing for a job will be considered by EEOC as evidence of essential functions. Other kinds of evidence that EEOC will consider include:

1. Actual work experience of present or past employees in the job;
2. Time spent performing a function;
3. Consequences of not requiring that an employee perform a function; and
4. Terms of a collective bargaining agreement.

The obligation to provide reasonable accommodations. Reasonable accommodation is a change or adjustment to a job or work environment that permits a qualified applicant or employee with a disability to participate in the job application process, to perform the essential functions of a job, or to enjoy benefits and privileges of employment equal to those enjoyed by employees without disabilities. For example, reasonable accommodation may include:

1. Acquiring or modifying equipment or devices;
2. Job restructuring;
3. Part-time or modified work schedules;
4. Reassignment to a vacant position;
5. Adjusting or modifying examination, training materials or policies;
6. Providing readers and interpreters; and
7. Making the workplace readily accessible to and usable by people with disabilities.

Reasonable accommodation also must be made to enable an individual with a disability to participate in the application process and to enjoy benefits and privileges of employment equal to those available to other employees.

It is a violation of the ADA to fail to provide reasonable accommodation to the known physical or mental limitations of a qualified individual with a disability, unless to do so would impose an undue hardship on the operation of your business. Undue hardship means that the accommodation would require significant difficulty or expense.

How to identify a reasonable accommodation. Frequently, when a qualified individual with a disability requests a reasonable accommodation, the appropriate accommodation is obvious. The individual may suggest a reasonable accommodation based upon her own life or work experience. However, when the appropriate accommodation is not readily apparent, you must make a reasonable effort to identify one. The best way to do this is to consult informally with the applicant or employee about potential accommodations that would enable the individual to participate in the application process or perform the essential functions of the job. If this consultation does not identify an appropriate accommodation, you may contact the EEOC, state or local vocational rehabilitation agencies, or state or local organizations representing or

providing services to individuals with disabilities. Another resource is the Job Accommodation Network (JAN). JAN is a free consultant service that helps employers make individualized accommodations. The telephone number is 1-800-526-7234.

When does a reasonable accommodation become an undue hardship? It is not necessary to provide a reasonable accommodation if doing so would cause an undue hardship. Undue hardship means that an accommodation would be unduly costly, expensive, substantial or disruptive, or would fundamentally alter the nature or operation of the business. Among the factors to be considered in determining whether an accommodation is an undue hardship are the cost of the accommodation, the employer's size, financial resources and the nature and structure of its operation.

If a particular accommodation would be an undue hardship, you must try to identify another accommodation that will not pose such a hardship. If cost causes the undue hardship, you must also consider whether funding for an accommodation is available from an outside source, such as a vocational rehabilitation agency, and if the cost of providing the accommodation can be offset by state or federal tax credits or deductions. You must also give the applicant or employee with a disability the opportunity to provide the accommodation or pay for the portion of the accommodation that constitutes an undue hardship.

Supreme Court Rules Employer Usually Not Required to Violate Seniority System to Accommodate In *US Airways, Inc. v. Barnett* the Supreme Court held that, in most cases, the ADA does not require an employer to violate a bona fide seniority system as a reasonable accommodation. The Court fashioned a rule that could be considered by some as a "compromise." Essentially, the ruling establishes a burden shifting approach to analyzing requests for accommodations under the ADA. At the outset, an employee carries the burden of proving that an accommodation is "reasonable." An employee can do this by showing that the accommodation is "reasonable on its face" or, assuming it is not, that there are "special circumstances" that make the accommodation "reasonable" in the specific situation at hand. Once this is established, the burden then shifts to the employer to prove the proposed accommodation poses an undue hardship on the operation of the business.

Medical examinations or inquiries. The ADA does not prevent employers from obtaining medical and related information necessary to evaluate the ability of applicants and employees to perform essential functions, or to promote health and safety on the job. However, to protect individuals with a disability from actions based on such information that are not job related and consistent with business necessity, including protection of health and safety, the ADA imposes specific and differing obligations on the employer at three stages of the employment process:

1. Before making a job offer, an employer may not make any medical inquiry or conduct any medical examination.
2. After making a conditional job offer, but before a person starts work, an employer may make unrestricted medical inquiries, but may not refuse to hire an individual with a disability based on the results of such inquiries, unless the

reason for rejection is job related and justified by business necessity.

3. After employment, any medical examination or inquiry required of an employee must be job related and justified by business necessity. Exceptions are voluntary examinations conducted as part of employee health programs and examinations required by other federal laws.

When an individual is rejected as a direct threat to health and safety, the employer must be prepared to show:

1. A significant current risk of substantial harm (not a speculative or remote risk);
2. The specific risk must be identified;
3. The risk must be documented by objective medical or other factual evidence regarding the particular individuals; and
4. Even if a genuine significant risk of substantial harm exists, the employer must consider whether it can be eliminated or reduced below the level of a direct threat by reasonable accommodation.

The results of all medical examinations or information from inquiries about a disability must be kept confidential, and maintained in separate medical files. You may provide medical information required by state workers' compensation laws to the agencies that administer such laws. (For more information concerning preemployment medical examinations or inquiries, see Chapter Two).

Do individuals who use drugs illegally have rights under the ADA? Anyone who is currently using drugs illegally is not protected by the ADA and may be denied employment or fired on the basis of such use. The ADA does not prevent employers from testing applicants or employees for current illegal drug use, or from making employment decisions based on verifiable results. A test for the illegal use of drugs is not considered a medical examination under the ADA; therefore, it is not a prohibited pre-employment medical examination, and you will not have to show that the administration of the test to employees is job related and consistent with business necessity. The ADA does not encourage, authorize or prohibit drug tests.

Enforcement of the ADA. The provisions of the ADA which prohibit job discrimination are enforced by the U.S. Equal Employment Opportunity Commission. After July 26, 1992, individuals who believe they have been discriminated against on the basis of their disability can file a charge with the Commission at any of its offices located throughout the United States. A charge of discrimination must be filed within 180 days of the discrimination, unless there is a state or local law that also provides relief for the discrimination on the basis of disability. In most cases where there is such a law, the complainant has 300 days to file a charge.

WORKER'S COMPENSATION AND WORK-RELATED INJURIES

Do's and Don'ts:

- An employer may not inquire into an applicant's workers' compensation history before making a conditional offer of employment.
- After making a conditional job offer, an employer may ask about a person's workers' compensation history in a medical inquiry or examination that is required of all applicants in the same job category.
- An employer may not base an employment decision on the speculation that an applicant may cause increased workers' compensation costs in the future. However, an employer may refuse to hire, or may discharge an individual who is not currently able to perform a job without posing a significant risk of substantial harm to the health or safety of the individual or others, if the risk cannot be eliminated or reduced by reasonable accommodation.
- An employer may submit medical information and records concerning employees and applicants (obtained after a conditional job offer) to state workers' compensation offices and "second injury" funds without violating ADA confidentiality requirements.
- Only injured workers who meet the ADA's definition of an "individual with a disability" will be considered disabled under the ADA, regardless of whether they satisfy criteria for receiving benefits under workers' compensation or other disability laws. A worker also must be "qualified" (with or without reasonable accommodation) to be protected by the ADA.

Is an injured worker protected by the ADA? Whether an injured worker is protected by the ADA will depend on whether or not the person meets the ADA definitions of an "individual with a disability" and "qualified individual with a disability". The person must have an impairment that "substantially limits a major life activity", have a "record of" or be "regarded as" having such an impairment. She/he also must be able to perform the essential functions of a job currently held or desired, with or without an accommodation.

Clearly, not every employee injured on the job will meet the ADA definition. Work-related injuries do not always cause physical or mental impairments severe enough to "substantially limit" a major life activity. Also, many on-the-job injuries cause non-chronic impairments which heal within a short period of time with little or no long-term or permanent impact. Such injuries, in most circumstances, are not considered disabilities under the ADA.

The fact that an employee is awarded workers' compensation benefits, or is assigned a high workers' compensation disability rating, does not automatically establish that the person is protected by the ADA. In most cases, the definition of disability under state workers' compensation laws differs from that under the ADA, because the state laws serve a different purpose. Workers' compensation laws are designed to provide needed assistance to workers who suffer many kinds of injuries, whereas the ADA's purpose is to protect people from discrimination on the basis of disability.

Thus, many injured workers who qualify for benefits under workers' compensation or other disability benefits laws may not be protected by the ADA. An employer must consider work-related injuries on a case-by-case basis to know if a worker is protected by the ADA. Many job injuries are not "disabling" under the ADA, but it also is possible that an impairment which is not "substantially limiting" in one circumstance could result in, or lead to, disability in other circumstances.

For example: Suppose a construction worker falls from a ladder and breaks a leg and the leg heals normally within a few months. Although this worker may be awarded workers' compensation benefits for the injury, he would not be considered a person with a disability under the ADA. The impairment suffered from the injury did not "substantially limit" a major life activity, since the injury healed within a short period and had little or no long-term impact. However, if the worker's leg took significantly longer to heal than the usual healing period for this type of injury, and during this period the worker could not walk, she/he would be considered to have a disability. Or, if the injury caused a permanent limp, the worker might be considered disabled under the ADA if the limp substantially limited his walking, as compared to the average person in the general population.

If an employee was seriously injured while working for a former employer, and was unable to work for a year because of the injury, he would have a "record of" a substantially limiting impairment. If an employer refused to hire or promote this person on the basis of that record, even if she/he had recovered in whole or in part from the injury, this would be a violation of the ADA.

If an impairment or condition caused by an on-the-job injury does not substantially limit an employee's ability to work, but the employer regards the individual as having an impairment that makes him/her unable to perform a class of jobs, such as "heavy labor", this individual would be "regarded" by the employer as having a disability. An employer who refused to hire or discharged an individual because of this perception would violate the ADA.

Of course, in each of the examples above, the employer would only be liable for discrimination if the individual was qualified for the position held or desired, with or without an accommodation.

The ADA allows an employer to take reasonable steps to avoid increased workers' compensation liability while protecting persons with disabilities against exclusion from jobs they can safely perform.

Steps the employer may take to avoid liability. The ADA allows an employer to take reasonable steps to avoid increased workers' compensation liability while protecting persons with disabilities against exclusion from jobs they can safely perform.

After making a conditional job offer, an employer may inquire about a person's workers' compensation history in a medical inquiry or examination that is required of all applicants in the same job category.

The employer may use information from medical inquiries and examinations for various purposes, such as:

- to verify employment history.
- to screen out applicants with a history of fraudulent workers' compensation claims.
- to provide information to state officials as required by state laws regulating workers' compensation and "second injury" funds.
- to screen out individuals who would pose a "direct threat" to health or safety of themselves or others, which could not be reduced to an acceptable level or eliminated by a reasonable accommodation.

Medical examinations. An employer may only make medical examinations or inquiries of an employee regarding disability if such examinations are job-related and consistent with business necessity. If a worker has an on-the-job injury which appears to affect his/her ability to do essential job functions, a medical examination or inquiry is job-related and consistent with business necessity. A medical examination or inquiry also may be necessary to provide reasonable accommodation.

The ADA prohibits an employer from discriminating against a person with a disability who is "qualified" for a desired job. The employer cannot refuse to let an individual with a disability return to work because the worker is not fully recovered from injury, unless she/he: (1) cannot perform the essential functions of the job she/he holds or desires with or without an accommodation; or (2) would pose a significant risk of substantial harm that could not be reduced to an acceptable level with reasonable accommodation. Since reasonable accommodation may include reassignment to a vacant position, an employer may be required to consider an employee's qualifications to perform other vacant jobs for which she/he is qualified, as well as the job held when injured.

" Light Duty" jobs. Many employers have established "light duty" positions to respond to medical restrictions on workers recovering from job-related injuries, in order to reduce workers' compensation liability. Such positions usually place few physical demands on an employee and may include tasks such as answering the telephone and simple administrative work. An employee's placement in such a position is often limited by the employer to a specific period of time.

The ADA does not require an employer to create a "light duty" position unless the "heavy duty" tasks an injured worker can no longer perform are marginal job functions which may be reallocated to co-workers as part of the reasonable accommodation of job-restructuring. In most cases however, "light duty" positions involve a totally different job from the job that a worker performed before the injury. Creating such positions by job restructuring is not required by the ADA. However, if an employer already has a vacant light duty position for which an injured worker is qualified, it might be a

reasonable accommodation to reassign the worker to that position. If the position was created as a temporary job, a reassignment to that position need only be for a temporary period.

When an employer places an injured worker in a temporary "light duty" position, that worker is "otherwise qualified" for that position for the term of that position; a worker's qualifications must be gauged in relation to the position occupied, not in relation to the job held prior to the injury. It may be necessary to provide additional reasonable accommodation to enable an injured worker in a light duty position to perform the essential functions of that position.

For example: Suppose a telephone line repair worker broke both legs and fractured her knee joints in a fall. The treating physician states that the worker will not be able to walk, even with crutches, for at least nine months. She therefore has a "disability". Currently using a wheelchair, and unable to do her previous job, she is placed in a "light duty" position to process paperwork associated with line repairs. However, the office to which she is assigned is not wheelchair accessible. It would be a reasonable accommodation to place the employee in an office that is accessible. Or, the office could be made accessible by widening the office door, if this would not be an undue hardship. The employer also might have to modify the employee's work schedule so that she could attend weekly physical therapy sessions.

Medical information may be very useful to an employer who must decide whether an injured worker can come back to work, in what job, and, if necessary, with what accommodations. A physician may provide an employer with relevant information about an employee's functional abilities, limitations, and work restrictions. This information will be useful in determining how to return the employee to productive work, but the employer bears the ultimate responsibility for deciding whether the individual is qualified, with or without a reasonable accommodation. Therefore, an employer cannot avoid liability if it relies on a physician's advice which is not consistent with ADA requirements.

Compliance with state workers' compensation laws. ADA requirements supersede any conflicting state workers' compensation laws.

For example: Some state workers' compensation statutes make an employer liable for paying additional benefits if an injury occurs because the employer assigned a person to a position likely to jeopardize the person's health or safety, or exacerbate an earlier workers' compensation injury. Some of these laws may permit or require an employer to exclude a disabled individual from employment in cases where the ADA would not permit such exclusion. In these cases, the ADA takes precedence over the state law. An employer could not assert, as a valid defense to a charge of discrimination, that it failed to hire or return to work an individual with a disability because doing so would violate a state workers' compensation law that required exclusion of this individual.

Does filing a workers' compensation claim prevent filing an ADA charge? Filing a workers' compensation claim does not prevent an injured worker from filing a charge under the ADA. "Exclusivity" clauses in state workers' compensation laws bar all other civil remedies related to an injury that has been compensated by a workers' compensation system. However, these clauses do not prohibit a qualified individual with a disability from filing a discrimination charge with EEOC, or filing a suit under the ADA, if issued a "right to sue" letter by EEOC.

What if an applicant or an employee provides false medical information?

An employer may refuse to hire or may fire a person who knowingly provides a false answer to a lawful post-offer inquiry about his/her condition or workers' compensation history. However, it may be difficult to determine the real reason for the termination, and for this reason employers should be careful and seek counsel in these cases.

Some state workers' compensation laws release an employer from its obligation to pay benefits if a worker falsely represents his/her health or physical condition at the time of hire and is later injured as a result. The ADA does not prevent use of this defense to a workers' compensation claim. The ADA requires only that information requests about health or workers' compensation history are made as part of a post-offer medical examination or inquiry.

Amendments to ADA Effective January 1, 2009

A new law, entitled the ADA Amendments Act of 2008 overturns several landmark Supreme Court decisions narrowly interpreting the definition of "disability" and will make disposing of ADA cases prior to trial more challenging for employers. The changes to the ADA take effect on January 1, 2009. The changes include:

1. The ADAAA changes the standard for determining discrimination under the ADA by prohibiting discrimination against a qualified individual on the basis of disability. This is a change from the previous law which prohibited discrimination against a qualified individual with a disability because of the disability of such individual. The intent of this change is to spend less time on whether a person is disabled by broadening the definition of disability. However, it is the employee's burden to establish that he or she is a qualified individual with a physical or mental impairment who can perform the essential functions of the job.

2. ADAAA amends the definition of "disability" and "substantially limiting" to be construed in favor of broad coverage of individuals under the Act, and to the maximum extent permitted by the Act. Impairments that are episodic or in remission must be considered in their active state; however, impairments that are minor or transitory are not protected disabilities under federal law (you still must consider state and local law). In addition, the ADAAA provides that an impairment need only substantially limit one major life activity to be considered a disability. The EEOC will be issuing regulations to further define "substantially limits".

3. ADAAA expands the definition of disability to include many more major life activities and creates a new category of major bodily functions. The ADAAA describes a non-exhaustive list of "major life activities", including "caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating and working." Major life activities now also include the operation of major bodily functions, such as functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine and reproductive functions.

4. The ADAAA prohibits consideration of mitigating circumstances when determining whether an impairment is a disability. Mitigating circumstances include medication, medical supplies, equipment, or appliances. Prescription lenses are excluded, but may be considered when assessing whether an individual is substantially limited in a major life activity.

5. Under the ADAAA an individual need not establish that he or she is substantially limited in a major life activity to be protected under the "regarded as" having an impairment provision of the ADA. The ADAAA also rejects the Supreme Court opinion that an employer must believe that an individual has a substantially limiting impairment in order to be liable under the "regarded as" section of the Act. However, the ADAAA makes clear that employers are not required to provide a reasonable accommodation to individuals regarded as disabled.

It is important that employers interact with applicants and employees to determine reasonable accommodations so the individual can perform the essential functions of the job.

IF ANY EMPLOYEE HAS ANY QUESTIONS ABOUT THE AMERICANS WITH DISABILITY ACT OR WORKER'S COMPENSATION OR ANY OF THE ISSUES RAISED IN THIS SECTION PLEASE IMMEDIATELY CONTACT MANAGEMENT.

SUBJECT: SMOKING/TOBACCO USE

POLICY # 205

STATEMENT OF POLICY:

It is the intent of the Company to provide a reasonably tobacco-free work environment for its employees and customers. With the current evidence that using tobacco products is dangerous and injurious to a person's health, this policy will be vigorously enforced to comply with the Company's health and safety standards.

The Company respects a person's right to choose whether or not to use tobacco products during non-working time and in non-working areas as subject to an individual's choice. However, the Company has made a wellness commitment to work toward a totally tobacco-free environment.

Company policy precludes employees from using tobacco products while representing the Company toward the end of minimization of health consequences to others.

Guidelines:

1. It is against Company policy for employees to use tobacco products in the workplace.
2. NO TOBACCO USE will be permitted for any reason in Company vehicles.
3. NO TOBACCO USE is permitted in any area within view of customers, in customers' offices, in customers' vehicles, or in customers' homes.
4. NO SMOKING will be permitted for any reason in the warehouses or yard areas. This policy must be rigidly enforced to comply with the Company safety and insurance requirements.
5. Signs will be posted in customer areas stating "Thank you for not smoking."
6. Smoking in designated areas will be restricted to break times and lunch times. These break times will be strictly enforced.

SUBJECT: DRUG AND ALCOHOL TESTING

POLICY #206

Drug and alcohol policy: It is Employer's drug and alcohol policy that all Employees of all classifications are prohibited from being at work while under the influence or recently having been under the influence of any of the drug and alcohol substances identified in this policy.

1. Definitions to this Policy:

- a. **"Drug or alcohol test"** means a chemical test administered for the purpose of determining the presence or absence of a drug or its metabolites or alcohol in a person's bodily tissue, fluids or products.
- b. **"Drug" means:** amphetamines, cannabinoids, cocaine, phencyclidine (PCP), hallucinogens, methaqualone, opiates, barbiturates, benzodiazepines, synthetic narcotics, designer drugs, or a metabolite of any of the substances in Oklahoma's Standards For Workplace Drug and Alcohol Testing Act found at Oklahoma Statutes, Title 40 Sections 551 et seq.
- c. **"Alcohol" means:** means ethyl alcohol or ethanol.
- d. **"Review officer"** means a person, qualified by the Oklahoma Board of Health, who is responsible for receiving results from a testing facility which have been generated by an Employer's drug or alcohol testing program, and who has knowledge and training to interpret and evaluate an individual's test results together with the individual's medical history and any other relevant information.

2. Employment classifications subject to drug and alcohol testing and circumstances under which testing may be required:

- a. **Applicant Testing:** Throughout this policy, **"Applicant"** means a person who has applied for a position with an Employer and received a conditional offer of employment. All applicants are required to undergo drug and alcohol testing. Refusal to undergo testing or a positive test result may be used as a basis for refusal to hire. Adulteration of a specimen or of a drug or alcohol test shall be considered as a "refusal to test."
- b. **For Cause Testing:** All classifications of employment are subject to undergo "for cause" drug and alcohol testing at any time the Employer reasonably believes that the Employee may be under the influence of drugs or alcohol, including, but not limited to, the following circumstances:
 - i. Drugs or alcohol on or about the Employee's person or in the Employee's vicinity;
 - ii. Conduct on the Employee's part that suggests impairment or influence of drugs or alcohol;
 - iii. A report of drug or alcohol use while at work or on duty;

- iv. information that an Employee has tampered with drug or alcohol testing at any time;
 - i. Negative performance patterns; or
 - ii. Excessive or unexplained absenteeism or tardiness.
 - c. **Post-Accident Testing:** All positions of employment may be required to undergo drug and alcohol testing if the Employee or another person has sustained an injury while at work or the Employer's property has been damaged, including damage to equipment. For purposes of workers' compensation, no Employee who tests positive for the presence of substances defined and consumed pursuant to Oklahoma Statute Title 63, § 465.20 (and amendments thereto); alcohol; illegal drugs; or illegally used chemicals; or refuses to take a drug or alcohol test required by the Employer, shall be eligible for workers' compensation.
 - d. **Post-Rehabilitation Testing:** All employment classifications may be required to undergo drug and alcohol testing for a period of up to two years commencing with an Employee's return to work following a positive test or following participation in a drug or alcohol dependency treatment program.
- 3. **Substances Tested:** Substances which may be tested include drugs and alcohol.
- 4. **Testing methods and collection of samples procedures:**
 - a. All testing will be performed by a testing facility which provides laboratory services to test samples for the processed of drugs or alcohol.
 - b. All sample collection and testing for drugs and alcohol will be conducted in accordance with the following conditions:
 - i. Samples shall be collected and tested only by individuals deemed qualified by the State Board of Health and may be collected on the Employer's premises;
 - ii. Only samples deemed appropriate by the State Board of Health for drug and alcohol testing shall be collected;
 - iii. The collection of samples shall be performed under reasonable and sanitary conditions;
 - iv. A sample shall be collected in sufficient quantity for splitting into two separate specimens, pursuant to rules of the State Board of Health, to provide for any subsequent independent analysis in the event of challenge of the test results of the main specimen;
 - v. Samples will be collected and tested with due regard to the privacy of the individual being tested. In the instances of urinalysis, Employer nor its representative, agent or designee of Employer will directly observe an applicant or Employee in the process of producing a urine sample; provided, however, collection shall be in

- a manner reasonably calculated to prevent substitutions or interference with the collection or testing of reliable samples;
- vi. Sample collection shall be documented, and the documentation procedures shall include:
 - 1. Labeling of samples so as reasonably to preclude the probability of erroneous identification of test results, and
 - 2. an opportunity for the applicant or Employee to provide notification of any information which the applicant or Employee considers relevant to the test, including identification of currently or recently used prescription or nonprescription drugs, or other relevant information;
 - vii. Sample collection, storage, and transportation to the testing facility will be performed so as reasonably to preclude the probability of sample contamination or adulteration;
 - viii. Sample testing shall conform to scientifically accepted analytical methods and procedures. Testing shall include confirmation of any positive test result by gas chromatography, gas chromatography-mass spectroscopy, or an equivalent scientifically accepted method of equal or greater accuracy as approved by Board rule, at the cutoff levels as determined by Board rule, before the result of any test may be used as a basis for refusal to hire a job applicant or any action by an Employer pursuant to the Oklahoma Standards for Workplace Drug and Alcohol Testing Act.; and
 - ix. A written record of the chain of custody of the sample will be maintained from the time of the collection of the sample until the sample is no longer required.

5. **Potential adverse personnel action for Applicants and Employees which may be taken as a result of a positive test result and consequences of refusal to undergo testing:** For current Employees, the consequences of refusal to undergo drug and alcohol testing or for testing positive under this Policy may result in verbal reprimand, written reprimand, day(s) off with or without pay, drug and alcohol treatment (at Employee's expense) **and/or** immediate termination in the Employer's sole discretion. Employer may, in its sole discretion, refuse to hire an applicant (one who has received a conditional offer of employment) who refuses to undergo drug or alcohol testing conducted in accordance with this policy or who test positive under this policy. An Employee discharged because of a positive test result or refusal to undergo drug or alcohol testing will be considered to have been discharged for misconduct for purposes of unemployment compensation benefits.

6. **Ability to explain results:** Applicants and Employees have the ability to explain, in confidence, the test results to management. Employees should seek a meeting with Management on duty to communicate his or her explanation. Additionally, Employees will be required complete **FORM A** of this policy. An Employee's explanation may or may not have a bearing on Employer's course of action pursuant to the terms of this policy given the circumstances.
7. **Ability to obtain information and records:** Applicants and Employees have the ability to obtain copies of all information and records related to his or her testing.
8. **Records and Confidentiality:** Employer's confidentiality requirements with respect to such drug and alcohol testing include:
 - a. An Employee's drug and alcohol testing records maintained by Employer shall be the property of Employer and, upon the request of the Employee tested, shall be made available for inspection and copying to the Employee. Employer will not release such records to any person other than the Employee or Employer's "review officer," unless the Employee, in writing following receipt of the test results, has expressly granted permission for Employer to release such records in order to comply with a valid judicial or administrative order. A written record of the chain of custody of the sample shall be maintained from the time of the collection of the sample until the sample is no longer required.
 - b. The testing facility, or any agent, representative or designee of the facility, or any review officer, shall not disclose to any employer, based on the analysis of a sample collected from an applicant or employee for the purpose of testing for the presence of drugs or alcohol, any information relating to:
 - i. The general health, pregnancy or other physical or mental condition of the applicant or Employee;
 - ii. A testing facility shall release the results of the drug or alcohol test, and any analysis and information related thereto, to the individual tested upon request. An Employee wishing to have his or her records released must complete **FORM B** to this policy.
 - c. However, should Employer contract with another Employer, Employer may share drug and alcohol testing results of any tested Employee who works pursuant to such contractual agreement.
9. **Appeal procedure and Employee's request for confirmation test:** Employer provides no internal appeals or remedies for positive test results or refusal to undergo testing. However, an Employee or Applicant (one who has received a conditional offer of employment) who tests positive for drugs or alcohol may requests a confirmation test of a sample within 24 hours of receiving notice of a positive test in order to challenge the results of a positive test. The Employee or

Applicant shall pay all costs of the confirmation test, unless the confirmation test reverses the findings of the challenged positive test.

FORM A

EMPLOYER'S DRUG AND ALCOHOL TESTING POLICY

ACKNOWLEDGEMENT OF OPPORTUNITY GIVEN
TO EXPLAIN TEST RESULTS

1. The undersigned Employee acknowledges that he/she has the ability to explain, in confidence, the drug and alcohol test results to Employer management.
2. The undersigned Employee elects to (EMPLOYEE TO INITIAL WHERE APPLICABLE):

☐

NOT EXPLAIN the drug and alcohol test results; or

☐

Employee acknowledges that Employer has provided him/her full opportunity to submit an explanation.

☐

EXPLAIN the drug and alcohol test results and further acknowledges

Employee further wishes to state: (Optional. Attach additional paper for explanation where desired.)

Employee Print Name

Employee Signature

/_____
DATE

FORM B

EMPLOYER'S DRUG AND ALCOHOL TESTING POLICY

**EMPLOYEE'S AUTHORIZATION
FOR RELEASE OF DRUG AND ALCOHOL TESTING RECORDS**

1. The undersigned Employee acknowledges that he/she has the right to refuse to authorize Employer from releasing his/her drug and alcohol testing records.
2. The undersigned Employee voluntarily authorizes Employer to release his/her confidential drug and alcohol testing records (including, but not limited to, interviews, reports, statements, memoranda, and test results) to the following person/entity:

3. The undersigned Employee acknowledges that he/she first had an opportunity to review his/her drug and alcohol testing records prior to executing this authorization and release.

Employee Print Name

Employee Signature

DATE

SUBJECT: ORIENTATION

POLICY # 301

STATEMENT OF POLICY:

The purpose of this policy is to ensure that new employees are introduced properly to their co-workers and instructed in their job duties, responsibilities, and the Company's policies and practices.

Guidelines:

1. The primary responsibility for arranging and conducting each new employee's orientation belongs to the hiring manager.
2. The hiring manager will welcome new employees, give them a tour of the Company, introduce them to co-workers, explain their job duties and responsibilities, and inform them of important work rules, procedures, and requirements.
3. All new employees will be given time to read the Manual during their orientation session.
4. Employees must sign a statement that they have received and have read the Manual and agree to abide by its rules, terms and provisions.
5. The hiring manager is responsible for ensuring that all necessary paperwork is completed by new employees, including tax withholding, payroll deduction, I-9, and any other form(s) required by law.

SUBJECT: PROBATIONARY PERIOD

POLICY #302

STATEMENT OF POLICY:

New employees will serve a probationary period of 60 calendar days. Also, current employees beginning a reclassification will serve a probationary period of 60 calendar days. During this period, employees will have an opportunity to get acquainted with their fellow employees, surroundings, and new duties. At the same time, employees' work, attendance, abilities, cooperation, and potential value to the Company will be carefully studied by their manager.

Guidelines:

1. All new employees will serve a probationary period of 60 calendar days. During this period, new employees will not be eligible to receive certain benefits as outlined in this policy book. This includes PTO, Simple IRA, Paid Holidays, Employee Discounts or any other benefits available to regular full or part-time employees.
2. All full or part-time employees who are promoted or reassigned positions are required to serve a 60-day probationary period as though the employee were a "new hire."
3. Employees who successfully complete their probationary period, depending on the work demand, may be offered full-time employment with the Company.
4. The successful completion of the probationary period does not mean that an employee's employment will continue for any definite period of time. Rather, an employee who successfully completes the probationary period continues in the employment of the Company as an at-will employee.
5. Employees transferred at management's request during their probationary period will serve a new 60-day probationary period commencing with the effective date of transfer. Transfers will not affect the commencement of benefits, if any.

SUBJECT: PERSONNEL INFORMATION

POLICY #303

STATEMENT OF POLICY:

It is the policy of the Company to maintain personnel records for applicants, employees, and past employees in order to document employment-related decisions, evaluate and assess policies, and comply with legal record keeping and reporting requirements.

The Company attempts to balance its need to obtain, use, and retain employment information with a concern for individual employee rights of privacy; therefore all personnel information is closely controlled.

Guidelines:

1. The General Manager is responsible for overseeing record keeping for all personnel information and will specify what information should be collected and how it should be stored and secured.
2. It is the responsibility of the employee to keep Company personnel files updated. The following information must be provided at the time of employment and changes should be submitted promptly by the employee in writing:
 - a. Name.
 - b. Address.
 - c. Telephone number.
 - d. Marital status (for benefits and tax withholding purposes only).
 - e. Number of dependents.
 - f. Addresses and telephone numbers of dependents and spouse or former spouse for insurance purposes only.
 - g. Beneficiary designations for any of the Company's insurance, disability, pension, and profit-sharing plans.
 - h. Persons to be notified in case of emergency.
 - i. In addition, employees who have a change in the number of dependents or marital status must complete a new Form W-4 for income tax withholding purposes within ten (10) days of the change, if it results in a decrease in the number of dependents.

3. Personnel File Contents: When an employee is hired by the Company, a personnel file will be established and will generally contain the following information, without limitation:
- a. Application for employment and related hiring documents such as resumes and educational transcripts.
 - b. Personal information changes and personnel action notices of pay and employment status changes.
 - c. Performance documents including performance appraisals.
 - d. Employee history updating information submitted by employees including recent education, records of outside achievements, changes affecting withholding tax, etc.
 - e. Other documents pertaining to the employment such as appreciation letters, corrective action reports, employments contracts, record of automobile insurance, employment verifications, training records, references from previous employers, and a termination or exit interview report.

NOTE: Medical records, documents necessary for the administration of Company benefit programs, and any investigatory information will be kept in a separate confidential file. I-9 forms are also kept in a separate file. These files may be examined only by appropriate members of Company management and as required by law or administrative procedure.

4. File Retention: Originals of personnel records will be maintained for a period of time as determined by the General Manager.
5. Employees are to refer all requests from outside the Company for personnel information concerning applicants, employees, and past employees to the Department Manager.
6. The Company will normally release personnel information, other than date of hire, date of termination, title of last position, and eligibility for rehire, only after obtaining the written consent of the individual involved. Exceptions may be made to cooperate with legal, safety, and medical officials who need specific employee information.

7. The Company generally will also cooperate with federal, state, and local government agencies investigating an employee if the investigators furnish proper identification and proof of legal authority to investigate. However, the Company may first seek advice of legal counsel. The Company may permit a government investigator to review a personnel file on Company premises, but the investigator will not be allowed to remove or reproduce the information without consent from the General Manager and/or the Company's attorney.

SUBJECT: SECONDARY EMPLOYMENT

POLICY # 304

STATEMENT OF POLICY:

The Company's pay structure is designed to serve as full-time employment to some employees and as additional secondary income for others. All employees are required to report additional or secondary employment to management.

Guidelines:

1. Employees must not conduct or solicit secondary employment in any manner during working hours or in working areas.
2. Employees must not conduct or solicit secondary employment from the Company's customers or while using Company-owned equipment or supplies.
3. Employees may not work, directly or indirectly, for contractors, suppliers, or any other business that may be construed to be a conflict of interest.
4. An employee's manager must be informed of and be updated regarding other employment.
5. An employee who is injured at other employment is not covered under the Company's workers' compensation plan.

SUBJECT: NOTICE OF VOLUNTARY RESIGNATION

FORM #304.a

The undersigned employee hereby gives notice of voluntary resignation from employment with Smith Home Furnishings.

My final day of employment will be _____.
(Month, Day, and Year)

I certify that I have returned all Company Equipment and property in my possession to the Company Office, or that I will return all equipment before my final date of employment.

I understand that if I want Smith Home Furnishings to provide me and/or a prospective employer with a reference or information about my employment history and performance beyond the fact that I was employed, the dates of my employment, and the title of my position, I will need to complete a Post-Employment Authorization for Release of Information.

Employee – Print Name

Employee – Signature

Date

SUBJECT: TERMINATION OF EMPLOYMENT

POLICY # 305

STATEMENT OF POLICY:

Terminations are to be treated in a professional manner by all concerned and, to the test practicable, confidentiality should be maintained. The Company endeavors to implement consistent termination procedures in accordance with the Company's equal employment opportunity statement.

Inasmuch as employees may terminate their employment with the Company at any time and for any reason, the Company can terminate employees at any time and for any or no reason. The Company subscribed to the policy of "employment at-will." Continued employment with the Company is at the sole and exclusive option of Company management. Permanent employment or employment for a specific term cannot be guaranteed or promised by a Company employee, officer, manager or owner.

Guidelines:

Employment is on an at-will basis.

1. Resignation: An employee desiring to terminate employment should give two (2) weeks advance notice.

Should an employee resign to join a competitor or at the discretion of Company management, the employee may be required to leave the Company immediately rather than work during the notice period.

2. Employees resigning will receive their final pay, minus applicable deductions, on the next regular pay period after their last day of employment.
3. Employees terminated by the Company will receive their final paychecks on the next regular pay period after their last day of employment.
4. If the Company is unable to calculate all amounts owed within the above-referenced time periods (e.g., because all appropriate documentation has not been turned in through no fault of the Company), the unpaid amount will be paid as soon as the Company can reasonably calculate the amount owed.

PROCESS AND PROCEDURES:

1. The terminating manager will initiate a termination checklist.
2. All outstanding advances charged to the terminating employee will be deducted from the final paycheck pursuant to each employee's written authorization.
3. On the final day of employment, the employee must return all Company property to the employee's manager or other member of the Company's management.
4. The terminating manager and another member of management will conduct an exit interview with the employee.
5. All employees terminated by the Company will be given a final paycheck on the next regular pay period after their last day of employment. The final paycheck will include all earned pay and any expenses due the employee, minus authorized deductions and offsets.
6. When a commission employee leaves the Company's employ, final commission will be based on delivered orders up to the last day of employment. Commission payment will be included in the employee's final paycheck.

**SUBJECT: POST-EMPLOYMENT
AUTHORIZATION FOR RELEASE
OF EMPLOYMENT INFORMATION**

FORM #305.a

The undersigned employee authorizes Smith Home Furnishings and its designated agents to supply me and any prospective employers with references and information about my work history and work performance while employed by Smith Home Furnishings.

I hereby release and waive Smith Home Furnishings and its designated agents from any cause of action, lawsuit, administrative action or claim of damages, whether known or unknown, whether arising from statute, common law, or equity, that may arise from a reference or the disclosure of information relating to my work history and work performance given by Smith Home Furnishings and its designated agents to me or a prospective employer in accordance with this Release.

Employee – Print Name

Employee – Signature

Date

EXIT INTERVIEW FORM

Employee

Name/Position: _____

Immediate

Manager: _____

Employment Date: _____

Separation Date: _____

Why are you leaving the Company?

<input type="checkbox"/> Family responsibilities	<input type="checkbox"/> Discrimination	<input type="checkbox"/> Schedule conflict
<input type="checkbox"/> New job/better working	<input type="checkbox"/> Sexual harassment	<input type="checkbox"/> Unhappy with conditions
<input type="checkbox"/> New job/better pay advancement	<input type="checkbox"/> Unhappy with supervision	<input type="checkbox"/> Training opportunities
<input type="checkbox"/> New job/better benefits	<input type="checkbox"/> Lack of transportation	<input type="checkbox"/> Unhappy with job duties
<input type="checkbox"/> Involuntary termination	<input type="checkbox"/> Other	

Comments: _____

How would you evaluate your salary in comparison to the work that you performed:

Was your training adequate () Yes () No If no, how could it have been improved:

What is your opinion of the supervision you received?

Was there reasonable opportunity for advancement in your department: () Yes () No

If no, did you apply for positions in other departments: () Yes () No

Please evaluate your work environment. Did you have the necessary personnel and equipment to do your job?

Do you have comments or suggestions regarding the Company? Feel free to elaborate openly and honestly.

It is the policy of the Company to give neutral references on its former employees. This involves date of hire, date of termination, title of last position, and eligibility for rehire. Other than that, do we have your permission to give additional reference information? () Yes () No

If yes, information to be given:

Employee: _____ DATE: _____

Management Interviewer

(1): _____

Management Interviewer

(2): _____

Subject: GRIEVANCE PROCEDURES

POLICY # 306

STATEMENT OF POLICY:

The Company's aim is to strive to identify and correct causes of employee dissatisfaction. Our goal is to ensure all Company employees fair and equitable consideration. In the course of an employee's employment with the Company, if a situation arises which causes the employee to feel the employee has been treated unfairly, then the employee has the right to present complaints or grievances under the provisions of this grievance procedure free of fear, restraint, interference, coercion, discrimination, or reprisal.

Guidelines:

1. Employees are encouraged to first discuss the problem or complaint with their manager.
2. When a problem or complaint personally involves a manager who functions at any step in the grievance procedure, the employee may bypass that manager in the grievance process and go to the next step in the management chain.
3. If the matter is of such a nature that the employee does not wish to discuss it verbally at any step, the employee may write directly to the manager as the first step in the management chain and the General Manager as the final step in the management chain (See Form #306).
4. Employees may make immediate reports by telephone or in writing to:

**President
Smith Home Furnishings, Ltd.
2500 N. 14th
Ponca City, OK 74601
(580) 765-3539**

5. Problems or complaints brought to the attention of the manager or the General Manager, which do not involve the immediate manager, will generally be referred to the employee's manager.

SUBJECT: EMPLOYMENT PROCEDURES

POLICY # 307

STATEMENT OF POLICY:

The Company provides equal opportunity to all applicants and employees on the basis of ability, experience, training, and potential. It is essential that all interviewing and management personnel be aware the Company is committed to upholding all federal, state, and local laws concerning Equal Employment Opportunity.

Guidelines:

1. The employment requisitions initiated by the hiring manager must define the job-related tasks and qualifications necessary to assume the position (job description).
2. The defined tasks and stated qualifications will be the basis for screening applications. The telephone may be used for an initial qualifying interview. Each applicant must complete and sign the Company's application for employment.
3. All applicants will be provided equal employment opportunity under federal, state and local laws.
4. Pre-employment assessment will be administered in a prescribed professional manner. All applicants for a particular job opening will be treated equally and will be required to take the same pre-employment assessments.
5. If an applicant requests a reasonable accommodation for purposes of the application process or to enable employment in a position, management will take the accommodation into consideration for financial and safety reasonableness. Any information provided will be kept confidential and be used solely in accordance with the Americans with Disabilities Act.
6. Managers will conduct structured interviews limited to job-related, historic work behavior questions designed to assess the candidate's experience and qualifications.
7. If an offer of employment is made, it will be made to the candidate(s) with the overall best qualifications, experiences, and abilities.

8. Before extending an employment offer, and upon the candidate's prior agreement in writing that inquiries be made, at least three (3) references will be checked. Inquiries will be made in a professional manner requesting only factual, verifiable, and job-related information.
9. Substance abuse drug screens will only be given to candidates to whom an employment offer has been extended. If a candidate qualifies for an offer of employment, the offer will be conditioned upon the satisfactory substance abuse screen results. The substance abuse screen will be conducted by an outside medical service retained by the Company and will be scheduled by the hiring manager or the General Manager. All results of the drug screen are the property of the Company and will be maintained by the Company in a confidential manner.
10. Eligibility for reimbursement of relocation expenses will be determined by the General Manager and stated in the specifications of each employment requisition submitted by the General Manager.
11. The Company believes that the best candidates to fill our job openings may well be some of our present employees. In so keeping, we will announce new positions within the Company as they occur. However, the Company reserves the right to fill job openings with the person best suited for the job, including outside candidates.
12. Job openings will be posted on the bulletin board. All present employees are encouraged to review the requirements for each position and apply for those positions in which they are interested and for which they are qualified. Applications will be considered without regard to race, color, sex, age, disability, religion or veteran status.
13. Current and former employees applying for a new position within the Company will follow the same hiring and pre-employment procedures as all new applicants.

STATEMENT OF POLICY:

The Company ***does not*** permit employment of minors or members of an employee's immediate family to be considered for employment.

Guidelines:

1. For the purpose of this policy, "immediate family" means any person related to the employee by blood, marriage, or adoption in the following degrees: spouse, parent, child, grandparent, grandchild, brother, sister, brother-in-law, sister-in-law, aunt, uncle, niece, nephew or first cousin.
2. This policy also includes close personal friends of employees. However, depending on the position and department the employee would be working in, management may determine a conflict of interest *does not* exist. These decisions are subject to management approval and handled on a case by case basis.
3. Employees who marry or establish a close personal relationship may continue employment as long as the relationship does not create a manager/subordinate relationship with a family member/friend; have the potential for creating an adverse impact on work performance; or create either an actual conflict of interest or the appearance of a conflict of interest. If one of the conditions described above occurs, attempts will be made to find a suitable position within the Company to which one of the employees will be permitted to transfer. If accommodations of this nature are not feasible, the Company, in its sole discretion, will determine whether one or both employees will be terminated. Furthermore, relationships within the same department are strictly prohibited. Example: Sales and Office staff are part of the same "Showroom" department, whereas Warehouse and Delivery, are part of the "Warehouse" department.
4. Concerning Minors: The FLSA's (Fair Labor Standards Act) child labor provisions, which the Company strictly adheres to, are designed to protect the educational opportunities of youth and prohibit their employment in jobs that are detrimental to their health and safety. Generally speaking, the FLSA sets the minimum age for employment (14 years for non-agricultural jobs), restricts the hours youth under the age of 16 may work, and prohibits youth under the age of 18 from being employed in hazardous occupations. In addition, the FLSA establishes subminimum wage standards for certain employees who are less than 20 years of age, full-time students, student learners, apprentices, and workers with disabilities. Employers generally must have authorization from the U.S. Department of Labor's Wage and Hour Division (WHD) in order to pay sub-minimum wage rates.

SUBJECT: REHIRE OF FORMER EMPLOYEES

POLICY # 309

STATEMENT OF POLICY:

Individuals who voluntarily leave or are laid off from employment with the Company may be considered for rehire. An employee involuntarily terminated by the Company, regardless of reason for termination, is ineligible for reemployment.

Guidelines:

1. Applications received from former employees, who are eligible under this policy to be considered for employment, will be processed using the same procedures and standards governing all direct applications.
2. The hiring manager will review the former employee's performance records and the circumstances surrounding the employee's departure from employment with the Company.
3. Former employees reapplying for employment are subject to compliance with all other employment policies in effect upon reapplication for employment.

Subject: IMMIGRATION REFORM

POLICY # 310

STATEMENT OF POLICY:

To comply with the Immigration Reform and Control Act of 1986 (The "IRCA"), all new employees must provide documentation approved by the Immigration and Naturalization Service (the "INC").

Guidelines:

1. During orientation, new employees must complete and sign their portion of the INS I-9 form. The employee must:
 - a. Within three (3) business days after the employee's date of hire, provide proof of eligibility as required by the IRCA; or
 - b. Provide the Company with a receipt indicating the employee's application for the proper documents within three (3) business days after the date of the employee's hire, if the employee does not have the documents; and within ninety (60) calendar days after the employee's date of hire, present the required documents to the Company for examination.
2. The Company will not discriminate against individuals on the basis of national origin or citizenship, or any other unlawful basis. Moreover, the Company will not require employees to produce documentation of their authorization to work in the United States beyond that required by or permitted by the INS.

SUBJECT: PERFORMANCE EVALUATIONS

POLICY # 311

STATEMENT OF POLICY:

The purpose of this policy is to provide a system of formal documentation and evaluation of an employee's performance over a specified period of time and allow employees to be rewarded on the basis of individual performance.

This policy provides a basis for charting developmental activities to draw upon an employee's strengths and to minimize weaknesses, thereby motivating employees to perform to the full extent of their capabilities and to make the maximum possible contribution.

Guidelines:

1. Initial performance reviews for all employees will be completed after the employee's initial training period and annually thereafter.
2. The Company adopts a "management by objectives" approach to performance appraisals. Each manager and employee will set the employee's individual written goals.
3. Performance reviews will be carried out within each department based upon the needs of each job classification, but will conform to the overall standards of the Company.
4. Salary increases may be recommended by the reviewing manager. Salary increases are not automatic or periodic. Salary is reviewed and increases are based upon demonstrated skills and performance.

SUBJECT: CORRECTIVE AND DISCIPLINARY PROCEDURES POLICY # 312

STATEMENT OF POLICY:

The purpose of this policy is to establish a consistent program of actions to help the Company's employees and their managers discuss and resolve employee misconduct or poor performance.

Guidelines:

1. Violations of work rules, instances of unacceptable behavior or misconduct, and poor performance will be subject to disciplinary action up to and including termination.
2. Employees who believe they have been disciplined unfairly may follow the Company Grievance Procedures. (See Grievance Procedures Policy.)
3. Depending upon the circumstances, the Company may first issue a verbal warning. The verbal warning may be followed by a written warning, and/or other disciplinary action up to and including termination. Depending upon the circumstances, the Company, in its sole discretion, may bypass a verbal and/or written warning and/or a management/employee disciplinary meeting and proceed directly to more severe disciplinary action up to and including termination. For example, without limitation, employee acts of violence, gross misconduct, or other inappropriate conduct may be grounds for immediate termination.
4. Management/Employee disciplinary meetings will be conducted with another member of management or an appropriate employee present to act as a silent witness to the meetings.
5. Management/Employee Disciplinary Meeting Form # 312 should be completed at the time of the management/employee meeting regarding disciplinary actions.

MANAGEMENT/EMPLOYEE DISCIPLINARY MEETING**FORM 312.a**

_____ Verbal Warning	_____ Date	EMPLOYEE _____
_____ Bypassed Verbal Warning	_____ Date	DATE _____
_____ Written Warning	_____ Date	LOCATION _____
_____ Bypassed Written Warning	_____ Date	POSITION _____

Explanation of current business problem (include specific dates and examples):

Why this is a problem for the Company?

Specific changes in performance or behavior which must occur (include dates for compliance):

Next evaluation date (to be set at the time of the warning):

Failure to correct the problem may result in further counseling up to and including termination.

Employee's

Comments: _____

Manager's

Comments: _____

Employee's Signature*

Date

Manager's Signature

Date

Next Level Manager's Signature

Date

* Signature indicates review, not necessarily agreement.

Subject: POLITICAL NEUTRALITY

POLICY # 313

STATEMENT OF POLICY:

Maintenance of individual freedom and our political institutions necessitates broad scale participation by citizens concerning the selection, nomination and election of our public office holders. The Company will not discriminate against any employee because of identification with and support of any lawful political activity. Company employees are entitled to their own personal political position. The Company will not discriminate against employees based on their lawful political activity engaged in outside of work. If you are engaging in political activity, however, you should always make it clear that your actions and opinions are your own and not necessarily those of the Company, and that you are not representing the Company.

Subject: HOW AND WHEN PAYMENT IS MADE

POLICY # 401

STATEMENT OF POLICY:

The Company wishes to reward employees on the basis of individual job performance and contributions to the Company's profit objectives.

Guidelines:

1. Employees are paid on the 15th and last day of each month with direct deposit in each employee's bank account.
2. If a payday falls during a weekend, direct deposits will be distributed on the workday prior to the weekend payday.
3. If a Company holiday falls on a payday, employees will receive their direct deposit on the last workday prior to the holiday.
4. Pay advances or early direct deposits are not allowed.
5. The following mandatory deductions will be made from every employee's gross wages: applicable federal income tax, social security tax (OASDI and Medicare portions of FICA), and applicable state and city taxes. Every employee must fill out and sign a federal withholding allowance certificate (IRS Form W-4) on or before the employee's first day of employment. If employees are participating in the health coverage for dependents and/or Individual Retirement Accounts, deductions may be made from their wages with their authorization. No deductions will be made for other miscellaneous transactions without written approval from the employee. (See Form # 401.a).
6. Each employee is required by law to participate in the Federal Old-Age, Survivor and Disability Insurance ("OASDI") and Medicare programs at the rate set by the Federal government, which is matched by the Company. State law also requires the Company to pay unemployment taxes.

Subject: PAYROLL DEDUCTIONS

FORM # 401.a

Consistent with applicable law, employees by executing his/her *Employee Acknowledgement of SHF's Employee Policy Manual* authorizes the Company to deduct from my compensation (including without limitation, paychecks; bonuses, expense reimbursement; commissions, wages; salary; and any other monies to be paid to me by the Company) the cost and/or value of:

1. Any unauthorized purchase of tools, supplies, and other items ordered by me for any purpose, including all normal costs associated with the purchase, return, transportation, taxes, or other reasonable costs.
2. Advanced paid by the Company or in the Company's behalf to me against my future compensation.
3. Supplies or tools provided to me by the Company or in the Company's behalf on a loan basis and not returned when required.
4. Employee's share of the cost of insurance or other benefits as elected by employee.
5. Time off from work taken by me and/or time paid for by the Company of in the Company's behalf, but unearned.
6. Items stolen or misappropriated or reasonable believed by the Company to have been stolen or misappropriated from the Company, the Company's customers, vendors, and/or the Company's employees, by me.
7. Any unauthorized or excessive expenses, including expenses inadvertently paid to me, or in my behalf, by or in behalf of the Company.
8. Any other debt or other amount I owe the Company.
9. Any amount of loss or damage I cause the Company and/or its customers and/or vendors and/or the Company's employees to suffer through any act or omission on my part, including negligent and intentional acts or omissions.
10. Any and all sums of money I owe the Company and/or the company's uniform vendor(s) for purchase, rent, or cleaning of uniforms.
11. Any amount of overpayment of compensation or other monies or amounts reasonably believe by the Company to constitute overpayment of compensation or other monies, paid by the Company or in the Company's behalf to me.
12. Any amount of educational assistance reimbursement due from me to the Company.
13. Court Ordered Garnishments.
14. Court Ordered Income Assignments for child support or other domestic related support.

**SUBJECT: OVERTIME COMPENSATION FOR
HOURLY EMPLOYEES**

POLICY # 402

STATEMENT OF POLICY:

Overtime is defined as scheduled, approved hours worked beyond the hourly employee's normal workweek required to meet unusual demands or to meet usual demands under unusual circumstances.

Guidelines:

1. Scheduled overtime will be paid for time worked by hourly employees in excess of the standard assigned forty (40) hour workweek, which begins Monday at 9:00 a.m. and ends the following Saturday at 6:00 p.m., when approved in advance by their manager.
2. No overtime will be paid for time worked prior to the regular work designation period, unless specific reasons are given and approved by an employee's manager.
3. Payment of wages for scheduled overtime meeting the above criteria will be computed at time and one-half an employee's base hourly pay.
4. Payment for overtime will be included in the paycheck for the period immediately following the one in which the overtime was worked.

EMPLOYEE RESPONSIBILITIES:

The responsibilities and procedures of the employee in the instance of overtime are as follows:

1. Notify your manager immediately and directly when you determine there will be a legitimate need for overtime to complete your assigned responsibilities.
2. Upon receiving permission from your manager to work overtime, keep careful and accurate records of actual time worked.
3. Submit a written record of each instance of overtime promptly to your manager upon completion.

MANAGER RESPONSIBILTIES:

The responsibilities and procedures of the manager in regard to overtime are as follows:

1. Ascertain the real need for overtime prior to granting approval to an employee or assigning overtime to an employee.
2. Institute a method of monitoring that the overtime hours are actually worked.
3. Upon frequent need for overtime, investigate alternative measure to be taken to minimize this action.

[Policy 403 Intentionally Left Blank]

SUBJECT: EMPLOYEE REFERRAL POLICY

POLICY #404

STATEMENT OF POLICY:

Smith Home Furnishings wishes to reward employees who help the Company fill positions of employment as they become available and to reward employees who refer individuals who are actually hired for the position in the Company.

1. The applicant must provide (on the application) the name of the “referring employee” who referred the applicant to Smith Home Furnishings for the available position.
2. Employees may not ask or tell existing applicants to “write their name down as a referral”, in order to obtain the referral bonus. A true referral only exists when the applicant entered the store to apply as a direct result of the referring employee informing and encouraging the individual to apply for a position.
3. If the applicant completes the hiring process and is hired for employment by Smith Home Furnishings, a \$250.00 payroll bonus will be paid to the referring employee upon completion of the new hires 60-day probation period.
4. Manager’s are not eligible for the employee referral bonus if the employee is hired in the same department they work in. Example: A Manager in the Showroom Department, does not qualify if the employee is hired to work in the Showroom, but does qualify if the employee is hired to work in the Warehouse.
5. Final discretion and approval of the referral bonus lies with and is subject to approval of the General Manager.

STATEMENT OF POLICY:

Positions within the Company generally require full-time employees. In certain functions and during some seasons, work schedules and Company needs may require other than full-time employees. There are three (3) classifications of employees:

- Full-Time
- Part-Time
- Temporary
- Part-Time Job Share

Guidelines:

1. Full-Time: An employee hired for an indefinite period in a position for which the normal work schedule is thirty-six (36) hours per week.
2. Part-Time: An employee hired for an indefinite period in a position for which the normal work schedule is less than thirty-six (36) hours per week.
3. Temporary: An employee who is a part- or full-time employee hired by the Company to work for an indefinite period for specific projects or assignments. Temporary assignments generally do not extend beyond a twelve (12) month period, unless approved by the Company. Temporary employees may be salaried or hourly.
4. Non-Exempt: Employees who are required to be paid overtime at the rate of time and one half (i.e., one and one-half times) their regular rate of pay for all hours worked beyond forty (40) hours in a workweek, in accordance with applicable federal wage and hour laws, or more frequently, such as for all hours worked beyond eight (8) hours on a given day in accordance with certain state wage and hour laws.
5. Exempt: Employees who are not required to be paid overtime, in accordance with applicable federal wage and hour laws, for work performed beyond forty (40) hours in a workweek. Executives, professional employees, salespeople, and certain employees in administrative positions are typically exempt.
6. Please direct any questions regarding employment classifications for exemption status to the General Manager.

Subject: HEALTH INSURANCE PLANS

POLICY # 502

STATEMENT OF POLICY:

Smith Home Furnishings will provide health insurance plans according to the following guidelines.

Guidelines:

After successful completion of the 60 day probationary period and any waiting period required by our insurance company (The 1st day of the month, following 60 days of employment), all full-time employees are eligible to participate in the Company's group health insurance plan subject to acceptance by our insurance company. The health insurance plan is designed to help pay for most medical expenses. Smith Home Furnishings will pay for 60% of the health insurance premium for each full-time employee (employees who typically work 36 hours per workweek). The remaining 40% of the insurance premium is to be paid by each full-time employee. Any employee electing health insurance coverage for his/her spouse and/or dependents must pay the full premium amount for dependent and spousal coverage. Because of the dynamic nature of the health insurance industry, the Company may from time to time change health insurance carriers and/or your health insurance benefits. For further details of cost and coverage of the health insurance plan, please contact the General Manager.

SUBJECT: SIMPLE IRA CONTRIBUTIONS

POLICY #502.a

STATEMENT OF POLICY:

The Company offers each eligible employee a SIMPLE IRA PLAN to which the employee may elect to contribute a percentage of his or her compensation. If an employee elects to contribute to the SIMPLE IRA, the Company will match the employee's contributions up to 3% of the employee's compensation.

The employee's contributions are made by way of payroll deductions to the employee's IRA.

The eligibility of requirements is controlled by the Plan document. Please see the General Manager for additional information. This Section contains highlights and general information about the SIMPLE IRA benefit that may or may not be available to all or some employees. This Section does not constitute any type of contract concerning the benefit, and should not be interpreted as a contract, expressed or implied, or an inducement for employment. The Company reserves the right to amend, modify, or reduce the benefits provided, or terminate any such benefit at any time. Any amendment, modification, reduction or termination may be made without prior notice to participants, except as required by law.

SUBJECT: SHF ANNUAL PROFIT SHARING PLAN

POLICY #502.b

STATEMENT OF POLICY:

Smith Home Furnishing's Annual Profit Sharing Plan based on the profitability of the Company. This Annual Profit Sharing Plan will be paid in addition to your current salary and monthly profit sharing, and replaces the Annual Christmas Bonus Program. Here is how it will work:

- 1) Smith Home Furnishings will set aside 25% of its annual profit at the close of business on December 31 of each year.
- 2) All team members, full and part-time, who are on the payroll as of December 31 of each year will be eligible for the Annual Profit Sharing Plan.
- 3) The following example will illustrate how the amount of profit to be shared is calculated:
$$\begin{array}{r} \$100,000 - \text{Profit (after all expenses paid)} \\ \times \quad 25\% \\ \hline \$ 25,000 - \text{Profit to be shared} \end{array}$$
- 4) Each team member's percentage in the Annual Profit Sharing Plan will be determined by their percentage of the total payroll. If your annual salary is 5% of the total payroll, you would receive 5% of the total profit to be shared → 5% of \$25,000 = \$1,250.
- 5) The checks will be awarded at the Annual Banquet held in January. Meaning, the 2009 Annual Profit Sharing Checks will be awarded at the January, 2010 Banquet.
- 6) Annual Profit Sharing is linked directly to the store's profit at the end of the year, so the dollar amount cannot be guaranteed.
- 7) There are specific areas which reduce the profitability of the Company:

<i>*Damage to company/customer property</i>	<i>*Bad Checks</i>
<i>*Damaged Merchandise</i>	<i>*Vendor Over Charges</i>
<i>*Inventory Shrinkage</i>	<i>*Sales Order Errors</i>
<i>*Receiving/Billing Errors</i>	<i>*Pricing Errors</i>
- 8) Department managers will be given updates throughout the year, so we will all know how the Company is doing before the end of the year. Remember that the profit is what remains after all expenses are paid. We are all in this as a team!

WE WIN TOGETHER! – WE LOSE TOGETHER!

SUBJECT: PAID TIME OFF (PTO)

POLICY # 503

STATEMENT OF POLICY:

As a benefit to our employees, the Company provides time off with pay to eligible full-time employees. Paid Time Off ("PTO") is available to eligible employees for purposes of rest, relaxation, and renewal as well as temporary absences occasioned by illness, injury or personal reasons.

Guidelines:

ELIGIBILITY: Full-time employees who regularly work (36) hours per week and part-time employees who work less than (36) hours per week are eligible to accrue PTO from their date of employment. PTO is an addition to other leave time specified in this Manual.

PTO ACCRUAL: Forty hours (40) of PTO are given to eligible new full- and part-time employees upon completion of their ninety (60) day training period. Thereafter, part-time eligible employees accrue forty hours (40) of PTO per year that become available to the employee after reaching his or her anniversary date. Full-time eligible employees who reach their anniversary date will receive PTO accrued during the previous twelve (12) month period of employment in accordance with the schedule below. The Company President must approve any exceptions to this schedule.

<u>Full-Time: Years of Service</u>	<u>Maximum PTO Accrued Per Year</u>
1 through 3 full years of service	80 hours
Commencement of 4 th year anniversary	120 hours
Commencement of 6 th year anniversary	160 hours

<u>Part-Time: Years of Service</u>	<u>Maximum PTO Accrued Per Year</u>
1 full year of service	40 hours
Commencement of 6 th year anniversary	60 hours

SCHEDULING PTO:

1. PTO should be approved in advance by the employee's manager.
2. Employees must use all accrued PTO days for leave away from work before taking leave away from work without pay. Leave from work without pay is discouraged and approved only at Management's discretion.
3. Except in instances of unforeseen illness, injury, or urgent personal need for leave, employees must schedule PTO in advance according to the following guidelines.

- a. Request for PTO, should be submitted to the employee's manager for approval no later than the 15th of each month, for time off in the following month.
Example: An employee wanting time off in February must have their PTO request submitted no later than January 15th.
 - b. When PTO is not scheduled in advance, the Company may require submission of a physician's statement or substantiation of urgent personal need.
 - c. In instances of unforeseen illness, injury, or urgent personal need for leave, employees must follow the procedures set out in the Company's Absenteeism and Tardiness Policy.
4. Although employee use of accrued PTO during the anniversary year in which it is available is encouraged, the Company realizes that this is not always possible. Therefore, any current employees with available unused PTO time remaining at the end of their anniversary may carry it over into their next year. Maximum allowed to have in unused PTO will be 200 hours. If any current employee accrues more than the 200 hour maximum, those hours above the 200 limit will be paid and calculated at an hourly rate based upon the employee's regular rate of pay.
 5. In the event there is a significant change in an employee's position that results in a change in the employee's classification from one that earns PTO to one that does not, the employee will receive all unused PTO already accrued.
 6. Employees requesting extended medical leave may be required to use this benefit as part of their leave time. Employees eligible for extended medical leave may be required to take PTO that runs concurrently with extended medical leave.
 7. The maximum PTO that can be used in an anniversary year is limited to the previous year's accrual, not to exceed the maximum set forth in this policy.
 8. Employees are expected to limit their PTO absences to no more than two (2) weeks at a time.

9. The Company will attempt to schedule PTO as requested. However, employees must remember client demands and other factors may affect the scheduling of PTO.
 - a. All PTO requests will be reviewed by the employee's manager before being approved.
 - b. Any PTO requests for days that occur around major promotional events, Holiday, and especially between November 15th and January 1st will be reviewed by management and approved only when Company work demands allow.
10. In case of conflict between employee's PTO schedules, the first employee to request the PTO date(s) will be awarded the requested date(s). If date requests are submitted at the same time, the senior employee will have first choice.
11. An employee may not use PTO once notice of voluntary resignation has been given or involuntary termination has occurred, even if PTO was approved prior to the notice of separation.
12. An employee who voluntarily leaves the Company and has given two (2) weeks notice will be paid for any available, but unused PTO accrued during the previous anniversary year.
13. Employees who are terminated by the Company or who voluntarily leave the Company without giving two (2) weeks notice will **not** be paid for available, but unused PTO accrued during the previous anniversary year.
14. An employee who has been laid off and is in good standing with the Company regarding overall performance will be paid for any available, but unused PTO accrued during the previous anniversary year.
15. The Company reserves the right to deduct any PTO taken prior to accrual from a terminating employee's paycheck.

EMPLOYEE RESPONSIBILITIES:

1. Advise your manager in writing in advance of the dates you request PTO.
2. Be aware of and considerate of Company activities and/or projects when requesting PTO.

MANAGER RESPONSIBILITIES:

Respond to Paid Time Off Request/Leave of Absence in a timely consistent manner.

SUBJECT: PAID HOLIDAYS

POLICY #503.a

STATEMENT OF POLICY:

The Company recognizes the following paid holidays for full-time employees.

- Independence Day
- Thanksgiving Day
- Christmas Day

Guidelines:

1. In order to receive payment for a holiday, an employee must work the scheduled workday before and after the holiday, have a scheduled PTO day with pay on the workday before and after the holiday, or have made special arrangements with employee's manager.
2. Employees terminated by the Company will not be paid for any holidays not taken prior to the last day worked. Employees who resign and give advance notice will be paid for holidays falling within or on the last day of the accepted notice.
3. An employee on unpaid leave is not entitled to holiday pay.
4. A new employee who starts work on a day following a holiday is not entitled to pay for that holiday.
5. When a paid holiday falls on a day in which the stores is closed, all full-time employees will receive an 8-hour compensation day for the holiday which must be used within 30 days after the paid holiday.

**SUBJECT: LEAVE
EXTENDED MEDICAL**

POLICY #503.b

STATEMENT OF POLICY:

An extended medical leave of absence is defined as an absence from work in excess of five (5) consecutive workdays.

Guidelines:

1. Unanticipated Extended Medical Leave: Where an employee has been absent from work for five (5) consecutive workdays due to an unanticipated illness or disability, a physician's statement may be required to verify the employee's condition and prognosis.
2. Anticipated Leave of Absence: Employees knowing of an expected date of disability for surgery, maternity, or any other anticipated disability should notify their manager of the date and the expected date of return to work. The employee must submit a request in writing within thirty (30) days prior to the beginning of such leave. The request should be accompanied by a physician's statement, which includes anticipated beginning date and length of disability as well as a confirmation that the employee is unable to work during the leave period.
3. Continued Disability: If leave is approved by the Company, the leave may commence and end based on the period of disability stated by the employee's physician but shall not exceed six (6) months in length after which all rights of employment will cease. Updated physician's reports shall be required for persons who have been on leave for thirty (30) days and every thirty (30) days thereafter.
4. Clearance to Return to Work: Employees who have been on extended medical leave for thirty (30) days or more are required to submit a physician's statement certifying their ability to return to their normal duties and indicating any restrictions.

An employee's seniority will not be affected by an extended medical leave, except that seniority will be adjusted for unpaid leave in excess of ninety (90) days.

Annual leave and PTO leave will not be accrued during an unpaid leave period.

5. Return to Work: An effort will be made to keep the employee's position available, unless business necessity demands replacement of the employee. If it is not possible to keep the employee's job open or to temporarily fill it for reasons of business necessity, the employee will be given a similar job for at least the same pay. Where no such job opening is available, the employee will be permitted to fill a lesser paying job or remain on extended medical leave until a similar job becomes available or rights to employment cease.

Employees will give the Company two (2) weeks advance notice in writing of the date they intend to return to work.

SMITH HOME FURNISHINGS, LTD. EMPLOYEE POLICY MANUAL

SUBJECT: FUNERAL LEAVE

POLICY # 503.c

STATEMENT OF POLICY:

The Company will provide time off for both full-time and part-time employees to attend the funeral of family members. An employee's manager must approve whatever period of time is necessary and appropriate under the circumstances.

Guidelines:

1. If the conditions warrant and the manager agrees, paid leave will be granted, but the amount of paid time will not exceed three (3) regular, working days at regular straight-time wages.
2. Such leave is in addition to all other paid leave time.
3. Typically, paid funeral leave is reserved for the death of immediate family members such as spouse, son, daughter, sister, brother, father, mother, grandfather or grandmother; either natural, step, in-law, foster or adopted.

**SUBJECT: LEAVE: JURY OR WITNESS DUTY,
COMPULSORY PROCESS**

POLICY # 503.d

Guidelines:

1. Time off for jury duty or witness duty or as a result of a valid subpoena, summons, court order, or other compulsory process is executed upon presentation of the same.
2. Any person who is summoned to serve as a juror or witness and who notified the Company of such summons or subpoena within a reasonable period of time after receipt of the summons or subpoena and prior to his or her appearance for jury or witness duty will not be terminated, removed or otherwise subject to any adverse employment action as a result of such service. An employee will not be required or requested to use personal leave time for time spent responding to a summons for jury duty, time spent participating in the jury selection process, time spent actually serving on a jury, or time spent serving as a witness pursuant to a subpoena.

However, the Company is not required to pay employee wages for an employee whose compensation is paid on an **"Hourly Basis"** for the time the employee is absent from employment for jury or witness duty unless the employee uses available paid time off (PTO) for that purpose. It will be the decision of the employee whether to use available paid time off (PTO) or take leave without pay for absence from employment for jury or witness duty (38 O.S. §34.)

A **"Salaried Basis"** employee attending jury or witness duty will receive his/her full salary for each week in which he/she performs any work without regard to the number of days or hours worked. A **"Salaried Basis"** employee is an employee who is paid regularly each pay period a predetermined amount that constitutes all or part of his/her compensation, and which amount is not subject to deduction because of variations in quality or quantity of work.

3. Employees must give the Company as much advance notice as possible of the date they will be required to serve jury or witness duty or of the dates they must be absent from work due to compulsory process.
4. If an employee's jury or witness duty service or absence due to compulsory process extends more than three (3) days, the employee must give reasonable notice of the expected date of return to work.

5. Employees are responsible for keeping their manager informed about the amount of time required for jury or witness duty or absence due to compulsory process.
6. Employees must report for schedule work when it does not conflict with jury or witness duty or other appearances due to compulsory process.

NOTE: In most cases, witnesses spend more time waiting to be called than testifying. Salaried employees should plan to take some work that can suitably be performed while waiting to testify.

7. An employee will not be terminated or otherwise suffer discrimination for serving as a juror or witness or for absences necessitated by compulsory process protected by this policy.

SUBJECT: LEAVE - MILITARY

POLICY # 503.e

STATEMENT OF POLICY:

When an employee has a firm obligation to attend a National Guard or Reserve summer camp, special arrangements will need to be made for time off. When a reservist is called to active duty, the Company will hold a position for the employee in compliance with federal and state law and the Uniformed Services Employment and Reemployment Rights Act of 1994.

Guidelines:

1. Full-time employees who have PTO credit may:
 - a. Take PTO at the time of going to camp and receive both full PTO pay and military pay.
 - b. Take time off without PTO pay.
2. Employees are to give as much notice of leave as possible to their immediate manager in writing by submitted copies of their military orders to their manager as soon as possible.
3. Employees belonging to the military forces called to active duty during an emergency are entitled to:
 - f. Return to the same employment they would have held if they had not been called to service, if the serviced-related leave lasts more than ninety (90) days or less, or
 - g. Return to the same or substantially equivalent position that they would have held if not called to service, if the service-related leave lasts more than ninety (90) days.
 - h. Health Plan Coverage:
 - (1) During an unpaid military leave of absence, the Company will continue to subsidize an employee's group health care benefits for up to thirty (30) days.
 - (2) Employees absent on military leave for thirty-one (31) days or longer are eligible for family health benefit coverage from the military. However, employees who wish to obtain health coverage beyond that provided by the military may arrange to continue their coverage under the Company's group health plan for up to eighteen (18) months by paying the full applicable premium.

4. For employees called to active duty to be reemployed, they must as soon as is practical upon release from duty, give written or actual notice of intention to return to employment.
 - a. For leaves of less than thirty-one (31) days, the employee should report to work by the beginning of the first full work period on the first calendar day after discharge from service, provided there is at least eight (8) hours of intervening travel time.
 - b. For leaves between thirty-one (31) and one hundred eighty (180) days, employees have fourteen (14) days after discharge to apply for reinstatement.
 - c. For leaves of more than one hundred eighty (180) days, employees have up to ninety (90) days after discharge to apply for reinstatement.
5. In addition to making a timely reinstatement request, employees who were called to active duty must also meet the following general conditions in order to be considered qualified for reemployment:
 - a. The employee must have received an honorable discharge or have been discharged under honorable conditions.
 - b. The employee must not have voluntarily remained in the military beyond five (5) years.
 - c. The employee must be qualified to perform the essential duties of the position.
6. Employees returning from leave without pay can be sent for a job-related medical examination at the Company's expense to determine whether they are physically able to return to their former position.
7. Employees not qualified to fill their position because of service-connected disability will be placed in a position they can fill that is as close as possible in status and pay to their former position with or without reasonable accommodation according to ADA guidelines. However, the Company may not be required to reemploy a service member if doing so would be "impossible or unreasonable," or would create an "undue hardship" on the Company.

8. Employees not qualified to fill the position to which they are otherwise entitled have the opportunity to receive the training they need to fill the positions.
9. An employee returning from a military leave of absence will be compensated at the rate of pay the employee would have received had the employee continued working during the period of leave. This means that employees returning from military duty will receive any non-performance related pay increases they would have received if they had not entered the military. To receive pay increases associated with promotions that require training, employees must first satisfy training requirements. In some cases, training can be provided on an accelerated basis.
10. Employees will be restored to full participation in the benefit plans as soon as they return from military service. Absence on unpaid military leave counts in computing an employee's length of service under a retirement plan and determining the rate at which an employee earns PTO.
11. Employees will be restored to full seniority based on date of hire and adjusted for any non-military breaks in service. Military leave is not treated as a break in service.

**SUBJECT: LEAVE:
VOTING**

POLICY #503.f

STATEMENT OF POLICY:

The Company encourages all employees to vote.

Guidelines:

Employees are encouraged to participate in elections. The Company will grant employees one hour of time during the period when the election is open in which to vote, and if an employee be in the county or at such distance from the voting place that more than one hour is required in which to attend such elections, then the Company will allow a sufficient time in which to cast a ballot. An employee will not be entitled to such time to vote unless the employee notifies the Company on the day preceding the election day, orally or in writing, of the employee's intention to be absent. Upon proof of voting, the employee will not be subject to any loss of compensation or other penalty for such absence. The Company will select the hours which employees are allowed to attend such elections, and the Company will notify each of the employees which hours they are to have in which to vote. This section does not apply to an employee whose work day begins three hours or more subsequent to the time of opening of the polls, or ends three hours or more prior to the time of closing the polls. The Company may change the work hours to allow such three hours before the beginning of work or after the work hours. (26 O.S. §7-101.)

STATEMENT OF POLICY:

As a benefit to all full-time and part-time employees, a discount on all merchandise purchases will be extended.

Guidelines:

1. Full-time and Part-time employees who have completed their 60 day training period are eligible for the employee merchandise discount.
2. The employee discount price will be the Company's average landed costs of the item PLUS 10%. Any additional services will be charged at the regular delivery service fee.
3. The employee purchase may be paid by cash, check, credit/debit card or 6-12 month financing (with approved credit). Longer term is available if the employee is able to be approved, but all pricing will be adjusted to cover the stores finance fees. Only the General Manager can quote, run the application process, and approve employee purchase pricing for long term financing.
4. The sale must have the prior approval of the Sales Manager or General Manager, unless long term financing in which only the General Manager should be involved.
5. The employee discount is allowable only for the employee and may not be resold to anyone including relatives or friends.
6. Return of any employee discount item must be approved by the General Manager. Out of season or previously discounted items will not be eligible for return.
7. Management reserves the right to inspect any and all merchandise or packages prior to the employee leaving the premises.
8. The employee discount is a benefit. It is designed to make items available to Smith Home Furnishings employees at the lowest possible cost and to be used only for their personal home use. Any abuse or violation of this benefit will be grounds for disciplinary action up to and including termination.
9. All merchandise must be back-ordered unless a manager approves otherwise.
10. A 25% "Family Discount" off the regular sale price may be given to the parents, grandparents, or siblings (immediate or in-law) of an employee. This is a cash, check, credit/debit, or 6-12 month finance discount only. It excludes clearance, As-Is, Hot Buy and Special Purchase items. The 25% Family Discount does not apply to longer term financed items.

SUBJECT: COBRA

POLICY # 505

STATEMENT OF POLICY:

Under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, if you are covered under the Company's group health insurance plan(s) you are entitled to continue your coverage in the event that your employment with the Company ends. Under COBRA, the Company must offer each qualified beneficiary (the employee and any covered dependents) who would otherwise lose coverage under the plan as a result of a qualifying event an opportunity to continue their insurance coverage. A qualifying event is defined as termination of employment, a reduction in the number of hours of employment, death of covered employee, divorce or legal separation, a dependent child ceases to be dependent, eligibility of the covered employee for Medicare, or an employer's bankruptcy.

SUBJECT: Family and Medical Leave

POLICY # 506

STATEMENT OF POLICY:

Because of the Company's small size, we are not required to comply with the federal Family and Medical Leave Act ("FMLA"). However, we recognize that our employees may occasionally need to take unpaid leave to care for a new child, to care for a seriously ill family member, to handle an employee's own medical issues, or to handle issues relating to a family member's military service, possibly including caring for a family member who is injured while serving in the military.

If you anticipate that you might need time off to deal with family and medical issues, please speak with your supervisor. We will seriously consider every request on a case-by-case basis.

Subject: BUSINESS HOURS

POLICY # 601

STATEMENT OF POLICY:

The Store is open: 10 a.m. to 7 p.m. on Monday through Friday
10 a.m. to 6 p.m. Saturday
Closed on Sunday

Guidelines:

1. All employees are required to complete the timekeeping requirements scheduled for their departments.
2. Each full-time employee will receive one (1) day per week during the workweek as a "weekly day off".
 - a. Saturday may NOT be taken as a weekly day off by commission salespeople.
 - b. Request for a change of the weekly day off must be submitted in writing to an employee's manager seven (7) days prior to the scheduled day off.
 - c. Any designated day off is subject to the discretion of the manager.
3. In-Home Design calls outside the Company are NOT to be scheduled between 11:00 a.m. and 3:00 p.m.
4. It is the primary objective of the Company to serve its customers. To meet this objective, employees are sometimes asked to spend additional time to complete rush work. This is considered part of the normal working day. Meeting the Company's objectives may also require overtime work from time to time.
5. Hourly employees will be paid overtime for all hours worked in excess of forty (40) hours per week. Overtime work must first be approved by the employee's manager. Hourly employees are required to submit time cards listing regular and overtime hours worked. (See Overtime for Hourly Employees Policy)
6. For all employees to work together satisfactorily, attendance and punctuality are very important.

7. All employees who anticipate being late, or who are unable to report to work for any reason must notify their manager of both the fact and the extent of their tardiness or absence as soon as possible, and in no event (absent a compelling reason) later than thirty (30) minutes after their schedule starting time. If the manager is not available, the employee should leave a message with the Company's receptionist, or if the receptionist is unavailable, the employee must otherwise ensure that Company management is made aware of both the fact and extent of the employee's tardiness or absence.

SUBJECT: TIMEKEEPING-HOURLY EMPLOYEES

POLICY # 601.a

STATEMENT OF POLICY:

To ensure employees' paychecks are processed for the correct amounts and leave and/or benefit accounts are accurately maintained, employees must observe the following guidelines with respect to time keeping and the use of the time clock.

Guidelines:

1. Any changes to time must be made reported to and approved by the General Manager.
2. Employees must "clock in" by swiping their personal key fob, using the finger print reader, or keying in their PIN at the beginning of the workday, as well as before and after the lunch break, and at the end of the workday.
3. Misrepresentation of hours worked, clocking in or out for another employee or tampering with the Company time clock or other employees' key fobs will result in disciplinary action up to and including termination of employment.

SUBJECT: ABSENTEEISM AND TARDINESS

POLICY # 601.b

STATEMENT OF POLICY:

The Company is a retail business that offers goods to customers. For maximum efficiency and ultimate customer satisfaction to be realized, it is ESSENTIAL that all employees work the hours they are scheduled to work.

Arriving late or being absent is a serious problem. The Company requires employees to give adequate notice as well as a justifiable excuse for absenteeism and tardiness. Notice alone, without a good excuse, does not fulfill the employee's obligation. A good excuse does not necessarily justify lack of notice.

Guidelines:

1. All employees are expected to report to work as scheduled and to work their scheduled hours and required overtime.
2. Employees will be charged with an "absence" when they fail to report for scheduled work and/or overtime work one (1) hour after their scheduled time to report to work without providing the Company with appropriate prior notice.
3. Excessive absences or tardiness will not be tolerated.
4. All store employees who anticipate being late, or who are unable to report to work for any reason, must notify their manager of both the fact and extent of the employee's absence or tardiness as soon as possible. In no event (absent a compelling reason) later than four (4) hours before their scheduled starting time. If the manager is not available, the employee should leave a message with the Company's receptionist. If the receptionist is unavailable, the employee must otherwise ensure that Company management is made aware of both the fact and extent of the employee's absence or tardiness. In providing this notification, employees should state a reason for their absence or tardiness and indicate when they expect to return to work.
5. Absenteeism and tardiness disrupt everyone's schedule causing good employees to extend their shifts or give up their day off. It is the employee's responsibility to be available for an adjusted schedule to make up for absenteeism or tardiness.
6. Employees who are absent for one (1) workday without properly notifying the Company are subject to immediate termination as a voluntary quit.

7. The manager or other designated employee may call the employee's home within four (4) hours after the employee has reported the absence. If any of the following occur, the employee may be terminated as a voluntary quit.
 - a. The phone is busy for hours.
 - b. No one is home.
 - c. A recorder answers the phone and the employee does not return the call within fifteen (15) minutes.
 - d. Someone else answers and says you can't come to the phone.
8. Subject to leave graded elsewhere in the Manual and any state and/or federal laws to the contrary, any employees on extended, excused absence from work must return no later than the 183rd day from the date the employee's absence began. Any employee who has not returned to work by the 183rd day will be terminated. In order to be considered for future employment, the employee must apply for rehire with the Company. (See Rehire of Former Employees).

NOTE: Returning in less than 183 days is not a guarantee of employment. All such cases will be reviewed on a case-by-case basis for compliance with federal and/or state laws and the Manual areas that may apply to that particular case.

9. Once an employee has used all PTO time, the Company may proceed with disciplinary actions in any one of a number of options used to correct unacceptable absenteeism. Discipline may take the form of oral warnings, written warnings, probation, suspension, demotion, discharge, removal or some other disciplinary action, in no particular order. The course of action will be determined by the Company, at its sole discretion, as it deems appropriate.

SUBJECT: MEAL AND BREAK PERIODS

POLICY # 601.c

STATEMENT OF POLICY:

The Company encourages and expects each employee to be ready to serve our customers in an efficient, effective and courteous manner. Meal and break periods are designed to provide rest periods for our employees.

Guidelines:

1. No food or beverages are to be consumed in customer areas.
2. Meal and break periods will be coordinated by Company management to minimize disruption to Company's business, while attempting to provide employees with meal and break periods.

MEAL PERIODS:

1. The normal work period per shift is eight (8) hours. An hour unpaid meal period should be scheduled close to the midpoint of the employee's work shift, depending upon the scheduling needs of the department.
2. Meal periods should be scheduled with the employee's manager.
3. Meal periods should remain flexible to adhere to the needs of our customers and Company business.
4. Meal periods are unpaid, unless employees, with manager's approval, are required to remain at their work stations and are available for work duties.
5. In order to avoid disruption of services, all employees must adjust their meal periods to ensure adequate staffing is maintained. Hourly employees, adjustments are subject to management approval.

BREAK PERIODS:

1. When possible, break periods may be scheduled by an employee's manager.

2. Two (2) breaks, one during midmorning and one in the afternoon, of fifteen (15) minutes each may be taken by the employee, depending upon the scheduling needs of the department.
3. Break periods must remain flexible to adhere to the needs of our customers and Company business.
4. Customer services must not be postponed or delayed for the purpose of break periods.

SUBJECT: INCLEMENT WEATHER/NATURAL DISASTER

POLICY # 601.d

STATEMENT OF POLICY:

Employee safety is a Company's concern and priority. However, we are a provider of goods and services and it is generally necessary for the Company to be open during normal business hours to provide maximum service. If employees hear nothing by 8:00 a.m., they should assume that the Company will be open as usual.

Guidelines:

1. When an "inclement weather or natural disaster" closing has been officially declared, employees will receive their regular pay for the hours they would have normally worked that day, exclusive of any scheduled or anticipated overtime work hours.
2. When an emergency closing has not been officially declared, employees who do not report to work will **not** be paid. However, an employee may use his/her PTO time for hours missed.
3. If an early closing is declared during a workday, all employees who report to work will be compensated for their normal workday, regardless of the number of hours actually worked. Employees who do not report to work will not be compensated.
4. Tardiness and absences will be excused when at least 30% of the staff is affected.
5. Under extraordinary circumstances and only with the express permission of an employee's immediate manager, an employee may conduct some work at home without any loss of pay.

SUBJECT: BUSINESS TRAVEL AND EXPENSES

POLICY #601.e

STATEMENT OF POLICY:

The Company will reimburse employees for reasonable out-of-pocket business expenses incurred by employees representing the Company on business assignments.

To receive reimbursement, employees must submit a completed expense report within 15 days of incurring the expense, accompanied by receipts to support each expense. Each report must then be approved by the President. Additionally, all business expenses must be approved in advance by the President, including air travel expenses and particularly expenses in excess of \$100.00.

Employees must maintain records of expenses, including the amount spent, date of expense or travel, destination, who was involved and the business reason for the expense.

Expenses not supported by an appropriate receipt or not properly approved will not be subject to reimbursement.

When it is necessary for an employee to use his/her personal vehicle for Company business, the Company will reimburse the employee for travel at the current U.S. Internal Revenue Service mileage reimbursement rate. Travel expenses between the employee's home and the employee's assigned work location are not reimbursable. The Company assumes no responsibility to damage to an employee's personal vehicle while the employee is using his or her personal vehicle for Company business, and employees are expected to maintain automobile insurance as required by law and obey all traffic laws while operating their personal vehicles during Company business.

Abuse of this Policy, including falsifying expense reports, will result in disciplinary action, up to and including immediate discharge.

SUBJECT: RELEASE OF COMPANY INFORMATION

POLICY # 602

STATEMENT OF POLICY:

In the course of employment with the Company, employees may have access to confidential information regarding the Company, its customers, business and/or vendors. Though employees may not be aware that information is sensitive or is of value to others, it is the responsibility of all employees to safeguard and maintain the confidentiality of all Company information.

Guidelines:

1. Only authorized Company management personnel are permitted to give statements regarding the Company to any member of the media including, without limitation, the press.
2. If an employee receives a request for information from anyone who is not an employee or a manager known to the employee, the employee is to contact his or her immediate manager and report the request. Employees may give the person requesting the information their manager's name and provide the person with information regarding how to contact the manager or refer the person to the General Manager.
3. No inquiries about the Company are to be answered by unauthorized employees electronically, in writing, on the telephone, in person, or by any other means. Some examples of people or entities who could conceivably contact an employee in an attempt to gain information are listed below, without limitation. The employee should refer these people to the General Manager:
 - a. Media: Television, Radio or Newspaper
 - b. Attorney's Offices
 - c. United States Department of Labor (including without limitation, its Directorate of Civil Rights, its Wage and Hour Division, or the Solicitor's Office)
 - d. Local, State, County or Federal Courts
 - e. Local, State or County Human Relations Commissions
 - f. United State Equal Employment Opportunity Commission
 - g. Prospective Employers Seeking Employment Verifications and References
 - h. Credit Bureaus, Banks, Mortgage Companies, Other Financial Institutions
 - i. Telephone Service or Other Vendors
 - j. Police Departments
 - k. Other Similar Agencies, Companies, or Individuals

4. Employees who have a question as to whether the information being requested applies under this policy must contact their manager for instructions. **DO NOT VOLUNTEER, PROVIDE OR OTHERWISE DISCLOSE ANY INFORMATION TO THIRD PARTIES.**
5. Employees should be polite and exhibit the Company's customer service philosophy, but refer the questions to their manager or to the General Manager.
6. Price information procedures, policies and any other information regarding the Company and its business is strictly confidential and proprietary and must not be shared with customers, competitors, vendors, their representatives, or other third parties. Discussing Company information in an indiscreet or careless manner, inside or outside the Company, displays poor judgment and undermines the confidence the Company has placed in its employees.
7. Absent express Company management approval, employees may not discuss or otherwise disclose the Company's pricing policies, actual pricing, or any other Company information with anyone outside the Company. Talking about pricing, or otherwise disclosing pricing information, especially with or to competitors, may result in damage to the Company and/or a price fixing charge against the Company and/or other liability.
8. Nothing in this policy should be construed to interfere with the right of appropriate law enforcement or government agencies to conduct investigations, or the cooperation of employees in investigations, within such agencies' jurisdiction. Upon request, the Company will reasonably cooperate in investigations subject to the Company's right to be represented by counsel in such circumstances.

SUBJECT: CONFIDENTIALITY

POLICY # 603

STATEMENT OF POLICY:

It is the responsibility of all employees to safeguard sensitive Company information. The nature of our business and the economic well being of our Company is dependent upon protecting and maintaining business, proprietary, and/or confidential Company and employee information.

Guidelines:

1. Continued employment with the Company is contingent upon compliance with this policy.
2. All managers bear the responsibility for the orientation and training of their employees to ensure enforcement of Company confidentiality standards.
3. Proprietary, confidential, and/or business information encompasses all information relating to the Company's business including, without limitation:
 - a. Information relating to the Company's products, processes, screening, training, staffing, strategies, philosophies, and know-how;
 - b. Customer and vendor information including customer and vendor lists, needs, preferences, expectations, as well as financial, family, health, or any other information obtained through the Company's work with customers and/or vendors;
 - c. Test data;
 - d. Marketing data, information and plans;
 - e. Pricing information;
 - f. Salary information, including personal or that of another employee;
 - g. Business plans and strategies; and
 - h. Employee information, including address, home telephone number, or other personal information.
4. When employees, customers, or other individuals ask for information, employees should ask themselves:
 - a. Is the information being asked in the regular flow of information between departments, employees or customers:
 - b. Does the individual asking for the information have a "need to know" and the necessary clearance from Company management to have this information?

5. All management-related, customer-related, and performance-related concerns are to be discussed with the department manager or appropriate personnel only.
6. The exchange of information or ideas among Company employees must be made in a professional and business-like manner. Casual conversations regarding Company information in the hallways, break room, or other common areas of the Company or outside the Company in settings where third parties might reasonably overhear the information are considered inappropriate and a violation of this policy.
7. Before making a disclosure that an employee even suspects might violate this policy, the employee should ask the manager or other appropriate personnel for clarification of this policy and for guidance on whether to make the disclosure.
8. Any customer information should be filed at the end of the day and each employee will be responsible for the storage and maintenance of files, forms and any other work-related material.
9. All employees are asked to sign the following statement and turn in a signed copy to the General Manager at the time of employment.

**SMITH HOME FURNISHINGS
CONFIDENTIALITY AGREEMENT**

As an employee of SMITH HOME FURNISHINGS, I will not at any time disclose, either during or subsequent to my employment, any information, knowledge, or data which I receive or develop during my employment which is the property of the Company or that relates to the business interests of the Company and which is not generally known to the public other otherwise made public by the Company. Such knowledge or information may include the following which is by example: customer lists, systems, know-how, designs, drawings, diagrams, accounting or financial data, product costs, pricing, salary information, marketing information, business plans and strategies, negotiations and contracts, and vendor lists.

Further, I agree that upon termination of my employment with the Company, I shall promptly return all documents, materials, and property to the Company. I understand that all documents, materials and property must be returned before my final paycheck is released.

I understand that my continued employment with the Company is contingent upon my compliance with this agreement.

SUBJECT: DRESS CODE

POLICY # 604

STATEMENT OF POLICY:

All employees of the Company have a direct impact on the image of our Company. The Company has established a professional image and requests that employees reinforce this image. One of the key aspects of our image is clothing and the manner in which an employee's appearance is interpreted by our customers.

Guidelines:

1. Appropriate business attire in conservative taste is a requirement.
2. Modifications of dress requirements due to the departmental conditions, weather conditions, or special occasions may be determined by management.
3. Warehouse and delivery personnel are provided uniforms for daily wear.
4. Warehouse and delivery personnel are responsible for always keeping their uniforms clean and maintained in order to remain and provide a professional appearance in the workplace and with the customers.
5. All warehouse and delivery personnel must wear appropriate work shoes and socks.
6. All uniforms must be returned at the time the employee leaves employment with the Company.
7. Management will ask the employees who do not meet the Company's dress standards to go home to make appropriate changes.
8. The final decision regarding attire and appropriate apparel is the responsibility of the employee's manager.

SUBJECT: STORE APPEARANCE

POLICY # 605

STATEMENT OF POLICY:

Store appearance is extremely important to our success. All employees are required to do their part to maintain the professional appearance of our store.

Guidelines:

1. All employees are responsible for maintaining neat and clean work areas.
2. Personal decorative items in professional taste are acceptable.
3. Posters, cartoons, bumper stickers, and other materials presenting political, social, or other commentary are inappropriate. These types of items will be removed by management.
4. All employees are responsible for keeping our common areas, lounge, kitchen, rest rooms, etc., clean at all times.
5. To maintain the highest level of confidentiality and professionalism possible, any customer information should be filed at the end of the day and each employee will be responsible for the storage and maintenance of files, forms, and any other work-related materials.
6. Employees must observe the rights of others and eat only the food and beverage they bring. Do **NOT** take the property of other employees.
7. The store must be secured at the end of each business day to protect the property of the Company.

SUBJECT: BULLETIN BOARDS AND POSTING OF MESSAGES POLICY # 606

STATEMENT OF POLICY:

The Company's bulletin boards are used to communicate official government information on equal employment opportunity, wage and hour, health and safety, and other issues. They are also used to communicate information about the Company's policies and its business and announcements including, but not limited to, job postings, safety rules, health items, benefit programs, and notices announcing special events.

Guidelines:

1. Employees may not post, tape, tack or affix in any way any form of literature, printed or written materials, photographs, or notices of any kind on the Company's bulletin boards, on the walls, or anywhere else on Company property.
2. The Company's bulletin boards may not be used by employees or outside parties for the posting of commercial notes and advertisements, announcements and witticisms, sales of personal property, or any other matters, work-related or not.
3. Additionally, messages and notices of any kind are not to be taped, tacked or attached in any manner to any of the wooden doors throughout the facility.

SUBJECT: CARE OF COMPANY EQUIPMENT

POLICY # 607

STATEMENT OF POLICY:

The Company has invested in equipment that is designed to enable our employees to do their work efficiently. Cooperation in the care and use of this equipment is necessary to maintain the equipment in good condition.

Guidelines:

1. If any equipment is defective or is not suitable for the job, the General Manager should be notified immediately.
2. Maintenance logs should be completed for each delivery vehicle and kept at the store available for the traffic manager's inspection.
3. If any delivery equipment is in need of repair, the manager and traffic manager must be notified immediately.

SUBJECT: E-MAIL, COMPUTERS, INTERNET, & SOCIAL MEDIA POLICY # 608

STATEMENT OF POLICY:

The company provides electronic mail, computers, tablet, and internet access for the purpose of communicating business-related information between employees and customers. All electronic mail, computer files, and other electronic communications are the property of the Company.

Guidelines:

1. The electronic mail and all other information systems of the Company are not to be used in a way that may be disruptive, offensive to others, or harmful to morale.
2. The e-mail system will not be used to display or transmit:
 - a. Sexually explicit images, message, or cartoons.
 - b. Any transmission or use of e-mail communications that contain ethnic slurs or racial epithets.
 - c. Anything that may be construed as harassment or disparagement of other based on their race, national origin, sex, sexual orientation, age, disability, religious or political beliefs.
 - d. Solicit or proselytize others for commercial ventures, religious or political causes, outside organizations, or other non job-related solicitations.
3. Employees should make use of e-mail for Company business only.
4. All e-mail messages and computer files are Company property.
5. All passwords or other access codes are the property of the Company. No employee may use a password or access code that has not been authorized for use by that employee or that is unknown to the Company.
6. For privacy reasons, employees must not attempt to gain access to another employee's file of email messages or computer files without express permission from management.
7. To maintain the highest level of confidentiality and eliminate confusion of the wrong person getting a printed copy of e-mail, employees must print e-mail at a time when they are available to pick up the printed copy.

8. The Company reserves the right to enter an employee's e-mail files and all other computer files whenever there is a business and/or security need to do so.
9. Concerning Social Media:

Smith Home Furnishings is committed to utilizing social media to enhance its profile and reputation, to listen and respond to customer opinions and feedback, and to drive revenue, loyalty and advocacy. We encourage employees to support our activities through their personal social networking channels while adhering to the guidelines outlined in this section.

For the purpose of this section, social media and networking refers to the use of web-based and mobile applications for social interaction and the exchange of user-generated content. Social media channels can include, but are not limited to: Facebook, Twitter, LinkedIn, YouTube, blogs, review sites, forums, online communities and any similar online platforms.

Employees are expected to conduct themselves in a professional manner and to respect the views and opinions of others. The Company and its employees are committed to conducting themselves in accordance with best industry practices in social networking, to being responsible citizens and community members, to listening and responding to feedback, and to communicating in a courteous and professional manner. Behavior and content that may be deemed disrespectful, dishonest, offensive, harassing or damaging to the company's interests or reputation are not permitted. The use of social media channels on company time for personal purposes is not allowed.

Any social media contacts, including "followers" or "friends," that are acquired through accounts (including but not limited to email addresses, blogs, Twitter, Facebook, YouTube, LinkedIn, or other social media networks) created on behalf of the Company will be the property of the Company.

Employees must not disclose private or confidential information about the Company, its employees, clients, suppliers or customers on social networks. Employees must respect trademarks, copyrights, intellectual property and proprietary information. No third-party content should be published without prior permission from the owner.

The Company maintains the right to monitor company-related employee activity in social networks. Violation of policy guidelines is grounds for discipline, up to and including termination.

SUBJECT: PHONE SYSTEM & CELL PHONES

POLICY # 609

STATEMENT OF POLICY:

The Company conducts business by telephone. The telephone equipment of the Company is provided for the purpose of providing service to our customers. Furthermore, personal cell phone use while conducting business with a customer is prohibited.

Guidelines:

1. Our telephone is important to our customer relations; therefore, we want to project a professional image. The person answering the telephone will answer in a friendly, courteous tone saying:

“SMITH HOME FURNISHINGS, this is (your name). How may I help you?”

2. The Company requests an employee's cooperation in limiting outgoing or incoming personal calls to a minimum. No one objects to the occasional personal telephone call; however, calls must be kept to a minimum. Excessive use of the telephone for personal use will not be tolerated. Abuse of telephone privileges will not be tolerated.
3. When taking a telephone message, please take the information in a clear, legible manner and route the message immediately to the employee from whom it is intended.
4. When taking a telephone call for another person, make an immediate attempt to find the person for whom the call is intended. Do not leave the caller on hold for an extended period of time. After two (2) attempts to find the person, offer to take a message.
5. The Company may periodically monitor an employee's telephone communications for the purposes of assessing and/or improving the quality of customer service and product knowledge and presentation skills.

6. Personal Cell Phones:

The use of personal cell phones at work is discouraged because it can interfere with work and be disruptive to others. Therefore, employees who bring personal cell phones to work are required to keep the ringer shut off or placed on vibrate mode when they are working, and to keep cell phone use confined to breaks and meal periods. Conversations should be had away from areas where other

employees are working. When cell phone use interferes with the satisfactory performance of an employee's duties, disturbs others, occurs while customers are present or may be present, then the privilege of using a personal cell phone at work may be taken away and other disciplinary action, up to and including termination, may be imposed.

The Company may provide cell phone allowances to employees in certain positions in an effort to improve efficiency and effectiveness. When cell phones are used for Company business, employees must comply with all Company policies governing conduct, including our policies prohibiting discrimination, harassment, and violence in the workplace. When using the cell phone in a public place, please remember to maintain the confidentiality of any private or confidential business information. As a courtesy to others, please shut cell phones off or place on vibrate mode during meetings.

SUBJECT: COMPLETION OF PAPERWORK

POLICY # 610

STATEMENT OF POLICY:

Employees are responsible for completion of certain paperwork and submitting itineraries and projects for assistance in workflow preparation.

Guidelines:

1. All employees are responsible for their respective paperwork.
2. If paperwork is submitted illegible or incorrectly, it takes the time of another person to correct this error or it takes time and costs money if merchandise is delivered incorrectly. If it is a recurring problem, it will be dealt with according to costs.
3. Lack of attention to paperwork causing undue errors will be dealt with in accordance with their severity and cost to the Company.

[Section 611 Intentionally Left Blank]

SUBJECT: STAFF MEETINGS

POLICY # 612

STATEMENT OF POLICY:

The Company holds regular staff meetings designed to further the professionalism of employees and to keep employees informed of all projects, policies, and procedures.

Guidelines:

1. Employees who are expected to attend these meetings will be notified of the meeting in time to arrange their schedules.
2. Timely attendance at these meetings is mandatory.

SUBJECT: PROFESSIONAL CONDUCT

POLICY # 613

STATEMENT OF POLICY:

All employees have a direct impact on the image of our Company. The Company has established an image of professional service to our customers and expects our employees to reinforce this image.

Guidelines:

1. Employees are expected to present a neat, business-like appearance on the job.
2. Employees shall use Company time, funds, and property for Company business only. Do not misuse confidential information. Stealing or misusing Company property or stealing Company funds is cause for immediate dismissal.
3. While the Company believes in an employee's right to private personal opinions as an individual, every employee is expected to abide by Company policies, priorities and directives in conjunction with the performance of job responsibilities. Bargaining tactics, giving misinformation, deceiving, or making promises to customers about a product that cannot be upheld is not permitted by the Company.
4. Show concern for the rights and property of others. Abusive language, physical threats, violence and/or sexual or other forms of harassment are all subject to disciplinary action up to and including termination.
5. An employee's manner of conversation and actions often leave an impression on the minds of others. All customers and customer information are to be treated in a business-like manner, including guardian confidential customer information in casual conversations.
6. The Company does not allow alcoholic beverage or illegal drug use on the premises at any time.
7. Gum chewing is distracting to many customers. In a business situation, gum chewing is not appropriate during store hours.

SUBJECT: OFFICE ROMANCE/DATING

POLICY # 614

STATEMENT OF POLICY:

The Company recognizes its responsibility in promoting awareness and providing guidelines on the problems that may arise in the workplace as the result of employees' romantic and sexual relationships with other employees. This policy is not intended to discourage friendship between co-workers or between management and non-management personnel. It does not prohibit all consensual romantic relationships between employees. It does, however, prohibit romantic or sexual relationships between employees that may interfere with the productivity of employees or co-workers. It also prohibits romantic or sexual relationships between employees that create or appear to create potential conflicts of interest or charges of sexual harassment.

Guidelines:

1. The terms dating and romantic relationship, as used in this policy, include, but are not limited to: casual dating, serious dating, casual sexual involvement where the parties have no intention of carrying on a long-term relationship, cohabitation, and any other conduct or behavior normally associated with romantic or sexual relations.
2. The restrictions on romantic relationships and dating apply despite the sexual orientation of the employees involved. This policy applies equally to opposite-sex and same-sex relationships and will be implemented in a non-discriminatory manner. The Company will take any steps necessary to avoid disparate impact on either sex.
3. This policy applies only to consensual romantic or sexual relationships between employees. Unwanted sexual attention (including physical contact) and sexually-oriented behavior with the purpose or effect of creating an offensive environment is strictly prohibited. (See Sexual Harassment Policy.)
4. The Company strongly discourages management personnel from engaging in romantic or sexual relationships with non-management personnel. It would be improper for a manager to have any kind of romantic or sexual relationship with non-management personnel in his or her department and all such relationships should be fully disclosed to Company management.
5. Failure to make required disclosures or comply with a recommendation to resolve a conflict with this policy may result in disciplinary action up to and including termination of employment.

SUBJECT: TIPS OR GRATUITIES FROM CUSTOMERS

POLICY # 615

STATEMENT OF POLICY:

The goal of the Company is to provide 100% customer service and satisfaction. Employees may not solicit tips or other gratuities from customers.

Guidelines:

1. Soliciting tips or gratuities or charging additional amounts for normal customer services is not permitted.
2. Gratuities include things of value in return for service or anticipated service.
3. Employees who are offered a tip or other gratuities are to decline such tips and/or gratuities and inform the person offering the tips or gratuities that it is the policy of the Company not to accept tips for service from our customers.
4. If a customer is insistent upon giving tips or gratuities after the employee has politely declined stating the Company policy, the tips or gratuities may be accepted by the employee. The tips or gratuities, however, must be reported by employees to their manager immediately at the end of their shift.

SUBJECT: CONTRIBUTIONS AND SOLICITATIONS

POLICY # 616

STATEMENT OF POLICY:

The purpose of this policy is to establish guidelines for solicitations and requests for personal and corporate contributions.

Guidelines:

1. No third parties are allowed on the Company's premises for the purpose of soliciting.
2. No employee is permitted to sell or solicit non-Company goods and/or services of a business nature to other employees or customers or vendors.
3. Company telephones and mail service are not to be used for the purpose of soliciting.
4. All solicitations are discouraged and any exceptions and requests for personal and corporate contributions must be approved and coordinated through the corporate office.

SUBJECT: PARKING

POLICY # 617

STATEMENT OF POLICY:

The Company provides parking facilities for its employees. These parking areas are on Company premises.

Guidelines:

Please use only the area assigned for employee parking. In this way, we can provide adequate customer and employee parking and ensure an uncongested traffic pattern.

SUBJECT: COMPANY VEHICLE USAGE

POLICY # 618

STATEMENT OF POLICY:

The Company owns and maintains Company vehicles for the use of employees for the sole purpose of conducting business for the Company. These vehicles are to be used only for Company business.

Guidelines:

1. Only authorized employees may drive a Company vehicle.
2. Only employees with the proper licensing and cleared through the appropriate screening will be authorized to drive a Company vehicle.
3. Because of the federal/state laws, regulations and insurance requirements, this policy will be rigidly enforced up to and including termination.
4. If an employee wishes to have access to a Company vehicle during non-Business hours for personal use, it is mandatory for the employee to contact the Company President. It will be required that the employee hire an authorized employee of the Company to drive the vehicle and take responsibility for all rules and regulations for its use.
5. Smith Home Furnishings recognizes that seat belts are extremely effective in preventing injuries and loss of life. We care about our employees and want to make sure that no one is injured or killed in a tragedy that could have been prevented by the use of seat belts. Therefore, all employees of Smith Home Furnishings must wear seat belts when operating a Company-owned vehicle, or any vehicle on Company premises or on Company business; and all occupants are to wear seat belts.

SUBJECT: DRIVER COMPLIANCE AND SAFETY

POLICY #619

STATEMENT OF POLICY:

All employees operating Company-owned vehicles must meet the minimum qualifications set forth in this policy for drivers of Company vehicles and standards for vehicle operation. As professional drivers for the Company, employees have a responsibility to comply with both federal and state laws and regulations. All drivers must ensure that daily operations of delivery vehicles operated by the Company are in compliance with all laws and regulations.

Guidelines:

1. Applicants must disclose their prior driving employment history, including information about traffic violations.
2. Applicants for positions requiring a Commercial Driver's License ("CDL") must provide the Company with a complete listing of traffic violations (other than parking) during the preceding three (3) years. Applicants must also provide a detailed history of their commercial driving employment (including names and addresses of prior employers) over the preceding ten (10) year period.
3. Employees wishing to have access to a Company-owned vehicle during non-business hours for personal use must receive authorization from management and must hire an authorized employee of the Company to drive the vehicle and take responsibility for all rules and regulations for its use if not qualified to drive the vehicle in question.
4. The Company practices a "No Rider" policy; therefore, there will be no unauthorized person driving or riding in or on Company delivery vehicles. Riders may be in the vehicle only if authorized by the manager.
5. There will be no intoxicating beverages in any Company vehicle. No delivery driver will consume any intoxicating beverage eight (8) hours before an on-duty status
6. Employees may operate a Company-owned vehicle only if they are:
 - a. Acting at the direction, and with the explicit permission, of the Company;
 - b. Fully insurable under the specifications set forth by the Company's insurance carrier;

- c. A holder of no more than one driver's license;
 - d. A holder of a valid license for the class of vehicle in question; and
 - e. Otherwise qualified under federal and state regulations to drive the vehicle in question.
7. Drivers must NOT:
- a. Have had any motor vehicle accidents in the last three (3) years.
 - b. Have a record of any major traffic violations in the last three (3) years.
 - c. Have had more than three (3) minor traffic violations in the last three (3) years;
 - d. Received a felony revocation of driving privileges or felony or misdemeanor driver license suspension within the last 24 months;
 - e. Have a Driving While Intoxicated ("DWI") or Driving Under the Influence ("DUI") violation on record for the last ten (10) years;
 - f. Drive a motor vehicle under the influence of alcohol, a controlled substance, or any drug that impairs driving ability or be under the influence of any intoxicating beverage within four (4) hours before on-duty status or operating a motor vehicle;
 - g. Transport a controlled substance unlawfully;
 - h. Use a motor vehicle in the commission of any felony; or
 - i. Leave the scene of an accident unlawfully.
8. The Company practices a "No Rider" policy; therefore, there will be no unauthorized person(s) driving or riding in or on Company vehicles. Riders may be in the vehicle only if authorized by management.
9. **Commercial Motor Vehicles:** Employees operating a "Commercial Motor Vehicle" ("CMV") are subject to additional federal and state law requirements and are required to have a valid CDL if they must drive a vehicle that:

- a. Has a gross combination weight rating or a gross vehicle weight rating of 26,001 or more pounds;
 - b. Is designed to transport sixteen (16) passengers, including the driver; or
 - c. Is of any size and carrying hazardous material that requires placarding.
- 8. Employees in positions requiring a CDL must adhere to Federal Motor Carrier Safety Regulations as defined by U.S. Department of Transportation, Federal Highway Administration Parts 325, 382-387, 390-399, and 40 and state law requirements.
- 9. In case of an accident:
 - a. Check everyone involved for injuries. If anyone is unconscious or injured, request medical help, call 911. Administer first aid, if qualified.
 - b. To prevent further damage or injury, move the vehicle out of the way of traffic, if possible.
 - c. Block the scene of the accident using reflective triangles or flashers. Since flares pose a risk in case of fumes or spilled gasoline, allow law officers or rescue personnel to lay flares.
 - d. Stay at the scene. Stay near your vehicle.
 - e. Exchange information. Insurance information is provided in the glove compartment of each Company vehicle. Give the other driver(s) your name, insurance information, and driver's license number. Get the same information.
 - f. Collect vehicle registration numbers for all vehicles involved.
 - g. Take notes on the extent of damage to the other vehicles and the extent of injuries to people involved in the accident.
 - h. Record the name of the responding or investigating officer and the address and telephone number of the police department where the police report will be prepared.

- i. DO NOT MAKE ANY STATEMENT.
- j. **Report the accident.** Report all accidents to policy. Notify your manager as soon as possible, but no later than 24 hours after the accident (Note: in some instances involving CMV accidents, the Regional Motor Carrier's Office must be notified within 24 hours of the accident.)

If an accident results in a spill of diesel fuel or other flammable or hazardous chemical, notify the nearest law enforcement and fire departments immediately.

NOTE: A driver who is subject to post-accident testing shall remain readily available for such testing or be deemed as having refused to submit to testing. Nothing in this Company's drug and alcohol testing policies shall be construed to require the delay of necessary medical attention for injured people following an accident or to prohibit a driver from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care.

- k. Complete Form #619.a and turn it in to management within 24 hours of the accident or as soon as practical if unable to complete the Form within 24 hours.

SMITH HOME FURNISHINGS, LTD. EMPLOYEE POLICY MANUAL

SUBJECT: WORK-RELATED VEHICLE COLLISION

FORM 619.a

Employee Name

Last

First

Middle

Street

City

State

Zip

Date of Birth:

Telephone No.:

Department:

Position:

Date of Collision:

Location of Collision:

Time work day began:

Time of event

AM/PM:

☐ Check if time cannot be determined

Describe how the collision occurred. (Attached additional sheets if needed.)

Was a Traffic Collision Report taken by a Law Enforcement Officer? If so, give the name and agency of the Officer.

If you were the driver of the vehicle involved in the collision, were you found at fault by the Law Enforcement Officer who took the Report? If so, explain. (Attached additional sheets if needed.)

Where you injured as a result of the collision? If so, explain your injuries in detail. (Attached additional sheets if needed.)

If other persons were injured, give the name of such other persons and describe their injuries, if known. (Attached additional sheets if needed.)

If you were injured, did your injuries require medical treatment or hospitalization? If so, give the name of the hospital and all healthcare providers who treated you as a result of the collision. (Attached additional sheets if needed.)

Did the collision involve any other employees? If so, please state their names.
(Attached additional sheets if needed.)

Give the names and addresses of any witnesses to the collision. (Attached additional sheets if needed.)

Signature of Employee:

_____Date:_____

Signature of Supervisor:

_____Date:_____

This form is to be forwarded to the General Manager within 24 hours.

SUBJECT: SECURITY

POLICY # 620

STATEMENT OF POLICY:

The Company has taken precautions in an attempt to make the facilities a safe and secure place. Unauthorized firearms or other weapons are prohibited. Locks have been installed in all points where security or privacy is required. Confidential records and files of the Company are kept in a secure locked area.

Guidelines:

1. Weapons: In accordance with the Company's right under the Oklahoma Self-Defense Act (Title 21 O.S. Section 22):
 - a. The Company strictly prohibits unauthorized weapons of any type on Company property, in vehicles owned or controlled by the Company, and at any Company-sponsored events. This includes visible and concealed weapons, even those for which the owner has obtained the necessary permits.
 - b. While this list is not all inclusive, weapons include firearms (whether loaded or unloaded), knives with a blade longer than 4", any explosive materials, or any other object that could be used to harass, intimidate, injure, or kill another individual.
2. Keys to the Company facilities are issued to those employees who have need to access secure areas.
3. Only employees authorized by management to receive keys are to have them in their possession. The keys are not to be loaned to other employees or anyone else without the written authorization of management.
4. Management reserves the right to conduct a search of all Company-owned property, personal property on Company premises, or furnished items (desks, vehicles, lockers, packages, boxes, purses, briefcases, etc.) for business-related purposes. If necessary, a search may be conducted without prior notice.
5. At the discretion of the Company, based upon suspicion or evidence of a violation of this policy:
 - a. The Company may, for business-related purposes, search any personal article brought on Company premises or work sites or possessed while on Company business.

- b. The Company may seize any weapon found on Company property, in an employee's possession, or in any personal article brought on Company premises or work sites or possessed while on Company business.
 - c. The Company may search items within the employee's work area including any personal vehicle brought on Company premises or work sites or used on Company business.
- 6. Personal items kept on Company property should be carefully safeguarded. The Company is not responsible for personal belongings or property. Purses, billfolds, and any other valuables should not be left unattended.
- 7. Persons other than employees should always be escorted through our offices and not allowed to roam at will. If strangers who do not satisfactorily identify themselves are encountered, employees should notify their manager immediately.

SUBJECT: SAFETY

POLICY # 621

STATEMENT OF POLICY:

The personal safety and health of each employee of the Company is of primary importance. The prevention of occupationally induced injuries and illnesses is of such consequence that, to the greatest degree possible, management will provide the facilities required for personal safety and health.

Our objective is ZERO accidents and injuries.

Guidelines:

1. All employees are responsible for following common safety practices to protect themselves and fellow employees from injury.
2. Employees must report all unsafe conditions and all unsafe or defective equipment immediately to his or her manager.
3. The employee must use all mechanical and personal safeguards provided.
4. Employees should avoid horseplay.
5. Walk, never run.
6. Do not use equipment improperly.
7. Do not smoke, except in designated smoking areas.
8. Never operate any machine unless properly trained and authorized to do so.
9. All tools and equipment are to be maintained in first-class, safe condition.
10. Aisles must be kept clear and materials properly stored and racked at all times.
11. When lifting objects from the floor, keep arms and back as straight as possible, bend knees and lift with leg muscles.
12. Know the locations of the fire extinguishers.

13. Use ladders, work stands, or step stools for reaching high shelves.
14. Keep long hair tied back when working around machinery.

SUBJECT: ACCIDENTS OR INJURIES ON THE JOB

POLICY #622

STATEMENT OF POLICY:

The Company is committed to providing a safe and working environment. The Company makes every effort to comply with relevant federal and state occupational health and safety laws and to develop the best feasible operations, procedures, technologies, and programs conducive to such an environment.

Guidelines:

1. All employees are responsible for following common safety practices so as to protect themselves and fellow employees from injury.
2. An employee who is injured on the job must report the incident to management immediately. Worker's compensation forms must be completed so claims can be submitted and bills paid.
3. Violation of safe working practices may subject employees to disciplinary action up to and including termination.
4. Get first aid for all minor cuts and scratches. There is a basic first aid kit in the office in case of a minor emergency.
5. Sterile surgical gloves are provided in the first aid kit and should be used if an employee volunteers to provide first aid.
6. Employees operating Company equipment must wear all required or recommended safety protection.
7. If an injury or illness is life threatening and requires an ambulance, call 911 immediately. The most senior member of the management team on the premises must also be notified promptly.
8. Employees must report any and all work hazards immediately to their manager.

9. If any injury is serious, but not life threatening, the employee will be assisted to the nearest Company-approved health care provider or facility. Should the injury occur when the designated medical provider is closed or unavailable, the employee will be taken to the nearest emergency room. After the emergency room treatment, the employee should consult with the manager to determine whether the employee should go to the Company's designated medical provider.
10. Failure to report any accident that results in an injury may result in the loss of some medical benefits.
11. Failure to report an accident, even if no injury or property damage results, may result in disciplinary action up to and including termination.
12. Complete Form #622.a and turn it into management within 24 hours of the accident or as soon as practical if unable to complete the Form within 24 hours.

**SUBJECT: EMPLOYEE WORK-RELATED INJURY
AND ILLNESS**

FORM #622.a

Employee Work-Related Injury and Illness Incident Report

Employee Name _____

Last

First

Middle

Street _____

City _____

State _____

Zip _____

Date of Birth ____/____/____ Telephone No. ____-____-____

Department _____ Position _____

Date of Injury or Illness ____/____/____

Location of Injury _____

Time work day began _____

Time of event ____ AM/PM

☐ Check if time cannot be determined

What were you doing just before the incident occurred? Describe the activity, as well as the tools, equipment, or material you were using. Be specific. Examples: "climbing a ladder while carrying roofing materials."

What happened? Tell us how the injury occurred. Examples: "When ladder slipped on wet floor, I fell 20 feet."

What was the injury or illness? Tell us the part of the body that was affected and how it was affected; be more specific than "hurt," "pain," or "sore." Examples: "strained back;" "chemical burn, hand," "swelling to ankle."

What object or substance directly harmed you? Examples: "concrete floor;" "chlorine;" etc. If this question does not apply to the incident, leave it blank.

Did the injury or illness involve another employee? If yes, give name.

Give names and addresses of any witnesses:

Signature of Employee:

_____ Date: _____

Signature of Supervisor:

_____ Date: _____

This form is to be forwarded to the General Manager within 24 hours.

SUBJECT: CUSTOMER ACCIDENTS OR INJURIES

POLICY # 623

STATEMENT OF POLICY:

In the case of an emergency involving personal injury to a customer, make no statements. Erroneous comments could impair or impede the rights of all involved.

Guidelines:

1. Immediately assist to establish a calm, orderly notification of management, police, fire department, or other necessary emergency services.
2. Quickly locate someone qualified to administer first aid, if required.
3. Discourage an injured customer from leaving the premises prior to reporting the injury to management.
4. Assist the customer in completing Form 623.a and turn the Form in to Management immediately. If the customer refuses or is unable to complete the Form, the employee should complete the Form to the best of his/her ability and immediately turn the Form into Management.

SUBJECT: CUSTOMER – ACCIDENTS OR INJURY

FORM #623.a

Customer Accidents or Injury Incident Report

Customer Name

_____ Last _____ First _____ Middle

Street _____

City _____ State _____ Zip _____

Date of Birth ____/____/____ Telephone No. ____-____-____

Date of Injury or Illness ____/____/____

Location of Injury _____

Time of event ____ AM/PM

☐ Check if time cannot be determined

What were you doing just before the incident occurred? Describe the activity you were performing when the incident occurred.

What happened? Tell us how the injury occurred.

What was the injury? Tell us the part of the body that was affected and how it was affected; be more specific than "hurt," "pain," or "sore." Examples: "strained back;" "swelling to ankle" etc.

What object or substance directly harmed you? Examples: "concrete floor;" "doorway" etc. If this question does not apply to the incident, leave it blank.

Did the injury or illness involve an employee? If yes, give name.

Give names and addresses of any witnesses:

Signature of Customer:

_____ Date:_____

Signature of Manager:

_____ Date:_____

This form is to be forwarded to the General Manager within 24 hours.

SUBJECT: WORKERS COMPENSATION

POLICY # 624

STATEMENT OF POLICY:

When an injury or illness occurs, it is essential that prompt medical treatment is provided in the form of first aid, treatment at a local emergency provider, or by local emergency medical service fire/rescue units for transport when necessary. Qualified, trained first-aid/CPR personnel should be identified where available. The closest emergency medical treatment facilities should also be identified.

Guidelines:

1. All job-related injuries or illnesses must be reported to the Company on an Employee Injury Report.
2. The reports are to be filled out by the injured employee, his or her immediate Manager and all witnesses.
3. Every question must be answered in order to promptly report the claim to the insurance carrier.
4. The original must be forwarded within twenty-four (24) hours to:

Smith Home Furnishings, Ltd.
2500 N. 14th
Ponca City, OK 74601

5. In the event of a serious **accident that involves a fatality or admission to a hospital of three (3) or more employee's, call the General Manager who will contact OSHA Regional Office within eight (8) hours.**
6. Remember to forward **all** medical information, correspondence, and bills to the above address.
7. Employees who are not able to work their scheduled hours as a result of a work-related injury must advise their manager by telephone or letter of the expected date they anticipate returning to work and forward all doctors' reports to their manager.
8. **Employees will not be retaliated against for reporting an on-the-job injury or initiating a Worker's Compensation claim.**