



323

INDUSTRIES

Employee Handbook

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Section 1. Introduction

1.1. Purpose of this Handbook

The purpose of this Handbook is to familiarize you, the employee, with the policies, rules and other key aspects of 323 Industries (the "Company"). The information in this Handbook supersedes all rules and policies that may previously have been expressed or implied, in both written and oral format.

Compliance with this Handbook is compulsory for all employees. The Company reserves the right to interpret this Handbook's content as it sees fit, and to deviate from policy when it deems necessary.

1.2 Changes of Policy

The Company reserves the right to change this Handbook's content, at any time and at its sole discretion. Its provisions may not be altered by any other means, oral or written. Employees will receive written notice of any changes made to the Handbook and are responsible for understanding and complying with all up-to-date policies. If an employee needs additional information about anything defined herein, please contact the Human Resources Manager.

1.3 Employment Forms

All new employees are required to complete and submit the following forms:

*At-Will Employment Agreement and Acknowledgement of Receipt of Employee Handbook **

Employment Eligibility Form I-9

On the first day of employment, each new employee is legally obligated to complete the Employment Eligibility Verification Form (I-9) and submit supporting documents to verify identity and employment eligibility, within three (3) business days. The same policy applies to re-hired employees whose I-9s are over three (3) years old or otherwise invalid.

Starred forms (*) can be found at the end of this manual. All others have been or will be provided as necessary.

Section 2. Terms & Definitions

The Company employs between 20 and 50 regular and temporary employees on an "at-will" basis. This section defines the terms of "at-will" employment as well as the different types of employees.

2.1 Definition of "At-Will" Employment

The job of an "at-will" employee is not guaranteed. It may be ended at any time with or without notice, by the employee or, for a lawful reason, by the Company. The Company also reserves the right to alter an "at-will" employee's benefits, pay rate, and assignments as it sees fit. The "at-will" terms of employment may only be changed with the approval of the President, CEO or CFO, and must be approved by the President or CEO.

2.2 Types of Worker

Employee status is established at the time of hire and may only be altered via a written statement signed by the Company.

Exempt vs Non-Exempt

Most employees are non-exempt, meaning they are entitled by law to at least the minimum wage and premium pay for overtime. Exempt employees are not subject to these laws. Exempt status is defined by standards set by Colorado state law and the Federal Labor Standards Act (FLSA).

Regular vs. Temporary

Regular employees work a regular schedule on a full-time or part-time basis. To be considered full-time, an employee must work at least 30 hours per week. A temporary employee is a person hired for a short (indefinite) period of time to assist with a project or remedy a staff shortage. A temporary employee is also employed on an "at-will" basis as defined above.

Independent Contractors & Consultants

Independent contractors and consultants are not Company employees, but rather self-employed professionals hired for specific projects. Unlike employees, they do not operate under Company direction. They control their own methods, materials and schedules.

Section 3. Payroll

3.1 Payment Schedule

Employees are paid bi-weekly on Friday. If a regular payday falls on a holiday, employees will receive payment on the last business day before the holiday.

3.2 Wages

Wages vary from employee to employee and are based on level of skill and experience. The Company conducts regular evaluations of all employees and issues promotions as it sees fit.

In addition to regular pay, employees may have the option of earning overtime pay and/or bonuses.

Overtime

A non-exempt employee may work overtime based on the terms defined by Colorado law pending prior authorization by his or her manager.

Paid Time Off

Employees will be eligible for PTO after one calendar year of employment. Paid Time Off will begin accruing at employment, based on eligible hours worked to ensure that the PTO bank is accurately funded for use at the time of eligibility.

3.3 Deductions & Garnishment

Deductions

Federal and state law requires the Company to deduct the following from every paycheck:

- Social Security (tax?)
- Income tax (federal and state)
- Medicare (tax?)
- State Disability Insurance & Family Temporary Disability Insurance
- Other deductions required by law or requested by the employee

A Wage and Tax Statement (W-2) recording the previous year's wages and deductions will be provided to each employee at the beginning of each calendar year.

If at any time an employee wishes to adjust his/her income tax withholding, it is necessary to fill out the designated form and submit it to Accounting.

Wage Garnishment

Sometimes, the Company receives legal papers that require it to garnish an employee's paycheck - that is, submit a portion of employee's paycheck in payment of an outstanding debt of the Employee. The Company must by law, comply with this garnishment until ordered otherwise by the court or until the debt is repaid in full through withheld payments or otherwise.

Section 4. Rights & Policies

The following section summarizes your legal rights as an employee of the Company. Questions about any policy detailed in this section may be addressed with a Human Resources representative.

4.1 Equal Opportunity Employment Policy

The Company provides equal employment opportunities to all applicants, without regard to unlawful considerations of or discrimination against race, religion, creed, color, nationality, sex, sexual orientation, gender identity, age, ancestry, physical or mental disability, medical condition or characteristics, marital status, or any other classification prohibited by applicable local, state or federal laws. This policy is applicable to hiring, termination and promotion, compensation, schedules and job assignments, discipline, training, working conditions, and all other aspects of employment with the Company. Employees are expected to honor this policy and to take an active role in keeping harassment and discrimination out of the workplace.

4.2 Accommodation for Disabled Employees

The Company is willing to work with otherwise qualified disabled employees in order to accommodate limitations, in accordance with the Americans with Disabilities Act (ADA). It is up to the employee to approach his or her supervisor with this request, and to provide medical proof of his or her needs upon the Company's request.

The Company is willing to accommodate employees diagnosed with life-threatening illnesses. Such employees are encouraged to maintain a normal work schedule if they so desire, provided that the Company receives medical papers proving that working cannot harm themselves or others, and that their work remains at acceptable standards.

4.3 Employment of Minors

Our policy on employment of minors adheres to all FLSA standards, including the following:

- Minimum employment age (14 for non-agricultural work)
- Maximum weekly hours for employees (under 16)
- Minimum hazardous job employment age (18)
- Minimum wage standards for students, apprentices, disabled employees, and employees under the age of 20.

4.4 Employment of Relatives

The employment of relatives can prove problematic, particularly in situations where relatives share a department or a hierarchical relationship. The Company will not hire relatives to work in any potentially disruptive situation. An employee must inform us if he or she becomes a co-worker's relative. If at any time the Company perceives the situation to be dysfunctional, it may have to reassign the employee or ask for one relative's resignation in order to remedy the situation.

4.5 Religion & Politics

The Company is respectful of all employees' religious affiliations and political views. It asks if an employee chooses to participate in a political action, that the employee does not associate the Company in any way. The Company is willing to work with an employee to accommodate

political and religious obligations, provided accommodations are requested from a manager in advance.

4.6 Private Information

Employee information is considered private and only accessed on a need-to-know basis. An employee's healthcare information is completely confidential unless the employee chooses to share it. In some cases, employees and management may receive guidelines ensuring adherence to the Health Insurance Portability and Accountability Act (HIPAA).

Personnel files and payroll records are confidential and may only be accessed for legitimate reasons. If an employee wishes to view employment files, must set up an appointment in advance with Human Resources. A Company-appointed record keeper must be present during the viewing. The employee may only make photocopies of documents bearing the employee's signature, and written authorization is needed to remove a file from Company premises. Employee may not alter any files, although employee may add comments to items of dispute.

Certain information, such as dates of employment and rehiring eligibility, are available by request only. The Company will not release information regarding an employee's compensation without employee's written permission.

4.7 Leaves of Absence

Employees requiring an extended time off from work may apply for a leave of absence.

All leaves must be approved by management. For planned leaves, employee must submit the request at least 5 days in advance. Emergency leaves must be requested as soon as possible. Accepting or performing another job or applying for unemployment benefits during an approved leave will be considered voluntary resignation.

The Company considers all requests in terms of the effect on the Company and reserves the right to approve or deny requests at will, except when otherwise directed by law. Any request for a leave of absence due to disability will be subject to an interactive review. A medical leave request must be supported in a timely manner by a certification from the employee's healthcare provider. An extension of leave must be requested and approved before the approved leave ends. No employee is guaranteed reinstatement upon returning from leave, unless the law states otherwise. However, the Company will work to reinstate each returning employee in his or her old position, or one that is comparable.

Below are the three main types of leave that the Company offers an employee. Some, but not all, are governed by law.

Work-Related Sickness & Injury

Employees eligible for Worker's Compensation, rendered unable to work because of a work-related injury or illness, will be placed on unpaid leave for the period required. For eligible employees, the first 12 weeks will be treated concurrently as a family and medical leave under FMLA.

Maternity

An employee disabled on account of pregnancy, childbirth, or a related medical condition may request an unpaid leave of absence of up to four months. Time off may be requested for prenatal care, severe morning sickness, doctor-ordered bed rest and recovery from childbirth.

Election Days

Provided an employee's schedule does not allow time for voting outside of work, and that he/she is a registered voter, he/she may take up to two hours, with pay, at the beginning or end of a workday, to vote in local, state or national elections.

Section 5. Employment Benefits

5.1 Unemployment Insurance

Employees rendered unemployed through no fault of their own or due to circumstances prescribed by law, and who meet the state eligibility requirements for time worked or wages earned, may receive unemployment insurance (also called unemployment benefits or compensation). State agencies directly administer this insurance and determine benefit eligibility, amount (if any), and duration.

5.2 Workers' Compensation

Workers' Compensation laws compensate for accidental injuries, death and occupational disabilities suffered in the course of employment. The Company provides Workers' Compensation insurance for all employees. Generally, this includes lost wages, disability payments and hospital, medical and surgical expenses (paid directly to hospital/physician) and assistance for injured employees returning to suitable employment.

5.3 Social Security Benefits (FICA)

Both employees and the Company contribute funds to the federal Social Security Program as prescribed by law, providing retirees with benefit payments and medical coverage where applicable.

Section 6. Rules of Conduct

6.1 On the Job

Reporting for Work

Employees are expected to begin and end each shift at the time and on the day appointed. Employees must inform their supervisor before the start of the workday if the employee will be absent or late and/or obtain his or her permission to leave early. Absences and late arrivals will be recorded. Should an employee's absences or tardiness exceed a reasonable limit, the employee will be subject to disciplinary action and possible termination. Failing to call one's supervisor or report to work for consecutive workdays will be considered voluntary resignation and will result in removal from payroll.

Clocking In

If an employee is non-exempt, it is that employee's responsibility to clock in when the shift begins and clock out when the shift ends. If the employee forgets, the timecard cannot be updated without the supervisor's approval.

Staying Safe

Safety in the workplace is the Company's number one priority. Safe working methods must be used at all times. The supervisor must be informed in the event of unsafe conditions, accident or injury.

Meals & Breaks

Unless defined otherwise by Colorado state law, non-exempt employees are entitled to a paid 10-minute break for every four hours of work, as well as a 30-minute meal break for any shift lasting longer than five hours.

Dress Code Policy

Office Employees:

- 1) No jeans with holes
- 2) No yoga/sweatpants
- 3) Leggings can be worn if an appropriate shirt is covering them.

Field Employees:

- 1) No jeans with holes
- 2) Closed toe shoes

Cell Phone Use

Cell phones brought to work must be on silent or vibrate mode to avoid disrupting coworkers. They may only be used during breaks and meal periods, away from where others are working. If cell phone use interferes with operations in any way, an employee's cell phone privilege may be rescinded and disciplinary action, up to and including termination, may be necessary.

Employees who are given Company cell phones should use them for Company business only. All phones must be shut off during meetings.

6.2 Rules & Policies

Confidentiality

No previous or current employee may disclose or give access to confidential Company information, in any way or at any time, unless authorized by Management.

Discrimination & Harassment

In keeping with the Equal Opportunity Employment clause, the Company will not tolerate on-site discrimination or harassment on any legally protected basis, including that of physical characteristics, mental characteristics, race, religious or political views, nationality, disability, medical condition, sex, sexual preference, or gender identification. Harassment and discriminatory behavior among employees or contractors will result in disciplinary action, with the possibility of termination. Discrimination and harassment by customers or other business associates should be immediately reported to the supervisor, at which point the Company will investigate and take corrective action. Employees are encouraged to seek legal relief if they find the Company's actions inadequate.

Drugs & Alcohol

Good performance on the part of all employees is crucial to the Company's success. For this reason, we strictly forbid employees to engage in the following while at work*:

- Drinking alcohol and selling, purchasing or using illegal drugs. An "illegal drug" is any drug that has not been obtained by legal means. This includes prescription drugs being used for non-prescribed purposes.
- Possession of any non-prescribed controlled substance, including alcohol and legal but illegally obtained prescription drugs.
- Reporting for work intoxicated. The Company reserves the right to test employees for substance abuse. Illegal drugs, illegal drug metabolites, or excessive alcohol in employee's system will result in disciplinary action up to and including termination.

The Company cares about the overall health and well-being of its employees. Any employee who feels that he/she is developing a substance abuse problem is urged to seek help. The Company will grant time off (within reason) for rehabilitation. Be advised, however, that this will not excuse a substance-related offense. In some cases, completion of Company-approved rehabilitation program may serve as an alternative to termination.

*Including any part of the Company property, Company vehicles, and during work hours.

6.3 Disciplinary Action

The Company takes disciplinary matters very seriously and will exact discipline as it sees fit for any unacceptable action or behavior. These may include:

- Excessive tardiness and/or absence
- Improper or indecent conduct
- Poor communication
- Uncooperative attitude
- Abuse, perfunctory or unauthorized use, or unauthorized possession of Company property
- Unauthorized use or disclosure of Company information
- Possession and/or use of illegal drugs, weapons or explosives

- Illegal harassment and/or discrimination - of any kind
- Violations of Company policy

Disciplinary action may consist of anything from verbal/written warnings and counseling, to demotion, transfer, suspension or termination. Rather than follow rote procedures, the Company will handle each matter individually to ensure fairness to all involved. Please review and internalize the list of "Don'ts" (???) above and try to use good judgment at all times.

Workplace Inspections

The Company has a responsibility to protect its employees and its property. For this reason, it reserves the right to inspect the following, at any time, with or without notice:

- Offices
- Computers and other equipment
- Company vehicles
- Any personal possessions brought onto Company premises, such as handbags, briefcases, and vehicles

All inspections are compulsory. Any employee who resists inspection may be denied access to the Company premises and may be subject to disciplinary action.

At-Will Employment Agreement and Acknowledgement of Receipt of Employee Handbook

Employee:

I acknowledge that I have received a copy of the 323 Industries Employee Handbook, which contains vital information on the Company's policies, procedures and benefits.

I understand that the Company may change its policies, procedures and benefits at any time at its sole discretion, as well as interpret or vary policies and procedures however and whenever it deems appropriate.

I have read (or will read) and I agree to abide by all policies and procedures contained therein.

By: _____ Date: _____

By: _____ Date: _____
Don Hanson