Employee Handbook

and

Policy Manual
Dear Employee,

I would like to take this opportunity to acknowledge the importance of the skill, effort, and dedication of our employees in making Falk Plumbing Supply what it is today. If you are just now joining our team, you will soon learn that our future as a company depends upon your hard work and dedication.

Whether you are a new employee or have been with us for many years, we want you to know that we appreciate the contribution which you make to our continued growth and success. We strongly believe that what sets our company apart from the rest is our employees; it is because of you that we have become a leader and respected name in our industry. The responsibility for maintaining this reputation of excellence lies with every one of us. You were selected because of your unique skills and abilities and we hope that your employment at Falk Plumbing Supply will be a long and pleasant one.

The Policies outlined in this handbook are designed to help maintain a quality relationship between the Company and its employees. They are general guidelines which will continue to be reviewed and revised as necessary. You will be kept informed about any changes in our policies.

Working together, we can achieve success and the satisfaction which comes from putting forth our best efforts.

Sincerely,

John Newman
President
Mission Statement

“Falk Plumbing Supply” is a leader in the wholesale distribution of plumbing supplies, industrial supplies, and related products in Western, Central, Southern Arkansas, and Memphis to the installers of these products. We strive to understand and are committed to providing superior service by listening to our customer’s needs, providing product knowledge, and offering distribution services to meet and exceed our customers’ needs.
Disclaimer Statement

The policies and statements described in this handbook are summarized from existing policies, and are intended as guidelines only. In the event of conflict, the actual policies and procedures will prevail. These policies should not be considered exclusive of Company policies and procedures.

The Company reserves the right to change, terminate, make exception to and/or revise these policies and procedures at anytime, as we consider appropriate.

Furthermore, this handbook is not a contract and does not create any contractual obligation. Since our business is constantly changing, Falk Plumbing Supply reserves the right to modify the policies and procedures outlined in the handbook. Changes will become effective on the dates determined by the Company. No supervisor or manager, other than a Corporate Officer, has the authority to alter, amend, or waive any of the policies and procedures contained in this handbook.

If you have any questions about the contents of this handbook, we encourage you to bring them to the attention of management as soon as possible. We encourage you to bring your questions whenever they may arise. The best way to get answers is to ask questions.
Section 1 - Employment At Falk Plumbing Supply

1.1 Code of Business Ethics & Conduct

A. Purpose

This code sets forth the basic principles that govern the conduct of our business and therefore must guide our individual conduct. Each employee is urged to read this code carefully and refer to it often. The message is simple and direct. It is the policy of Falk Plumbing Supply to conduct its business in a lawful and ethical manner. The company has always fully supported a number of implicit policies concerning ethical business conduct. Our purpose in putting these policies into a written code is to insure that all employees of Falk Plumbing Supply are fully cognizant of Falk Plumbing Supply policies concerning conduct of its business in a lawful and ethical manner.

These policies are designed to protect and enhance the Company’s integrity as an outstanding corporate citizen. It is both right and in the best interest of the Company, its employees, the community and the public in general, to act in a manner which is regarded as appropriate, ethical and constructive.

Obviously, this code of conduct can in no way spell out the appropriate moral conduct and ethical behavior for every situation with which we will be confronted. Good judgement and the highest sense of ethics and fairness are required at all times.

B. Code of Conduct

- Honesty and trustworthiness in all of our working relationships
- Reliability in carrying out assignments and responsibilities
- Truthfulness and accuracy in what we say and write
- Cooperation and constructiveness in all work undertaken
- Fairness and consideration in our treatment of fellow employees, customers & vendors
- Law abiding in all of our activities
- Commitment to accomplishing all work tasks in a superior way
- Economy and honesty in utilizing company resources
- Dedication in service to our company and to improving the quality of life in the world in which we live.

C. Standards of Conduct

Because the conduct, character and profitability of Falk Plumbing Supply, depend upon the actions of many, it is important that each employee understands the standards of conduct for which he or she shall be held accountable. It is the responsibility of each employee:

1. To protect Falk Plumbing Supply assets, and those assets of others entrusted to us, including physical properties and proprietary information, against loss, theft and misuse.
2. To handle all information accurately, honestly and properly.
3. To protect the environment by taking the appropriate measures to ensure the compliance by Falk Plumbing Supply to all applicable laws and regulations and pursue the remediation of any condition resulting from a spill or accidental discharge.
4. To perform assigned tasks in a responsible, reliable and cooperative manner and with a commitment to high levels of productivity and quality.
5. To represent Falk Plumbing Supply in a manner which is law abiding and sensitive to the needs and justifiable expectations of the various publics we serve: our customers, our employees, our vendors and suppliers, our lenders, our local and national communities.

D. Commitment to the Environment

Measures will be taken to provide the necessary information to Falk Plumbing Supply personnel to ensure that they are fully aware of applicable environmental laws and regulations and the importance of complying with these laws and
regulations. Falk Plumbing Supply will conduct regular reviews on a periodic and continuing basis to verify the appropriateness of its environmental permits, procedures and reporting requirements. Also, Falk Plumbing Supply will regularly review its processes to determine the suitableness of its procedures, monitoring and equipment as related to environmental matters. Falk Plumbing Supply is committed to comply with all applicable laws and regulations in the conduct of its business, including applicable federal, state and local environmental laws.

E. Reporting Violations

It is the employee’s responsibility to report to his or her supervisor any violations of this code.

F. Response to Violations

A violation of these policies in any part of the Company may have far reaching effects on the company. It is the obligation of every officer and employee in his or her sphere of authority to enforce this directive. The policies in this code are important to the Company and must be taken seriously by all of us as employees. Penalties for violations of the code shall be appropriate to the gravity of the offense. Violations can involve one or more of the following: a warning, a written reprimand, probation, demotion, temporary suspension, reassignment, discharge, required reimbursement of losses or damages, referral for criminal prosecution or civil action.

Any employee, officer, director of the company, no matter what his or her rank or title, will be subject to discipline if he or she is found to have violated a law, regulation, or term specified in this agreement, or a basic tenant of business integrity and honesty.

1.2 Employment at Will

All employees of Falk Plumbing Supply are employed “at will”, meaning that either the employee or Falk Plumbing Supply may terminate the employer-employee relationship at anytime and for any lawful reason, or for no reason at all. Your employment is guaranteed for no set definite term, and you have the right to terminate your employment at anytime, at your convenience, with or without cause or reason.

1.3 Employment of Relatives

It is the Company’s policy that we will not hire immediate relatives of present employees unless they are located in separate locations or separate departments. Present employees who become married to other present employees are permitted to continue their employment. However, under no circumstances will a supervisor-employee relationship within a family be allowed.

1.4 Employment Requirements and Personnel Records

To be considered for employment with Falk Plumbing Supply an applicant may be required to comply with the following: background check, pre-employment testing, meet immigration requirements, meet age restrictions, pre-hire drug/alcohol screen, sign Confidentiality/Non-Compete Agreements.

A permanent personnel file is maintained on each employee of the company. As a condition of employment at Falk Plumbing Supply and for the safety of all our employees, the company will require every candidate for employment to authorize the company to conduct verification of all the employee’s personal data provided on the application form.

It is the sole responsibility of the employee to alert the personnel department of any change in name, address, telephone number, marital status, beneficiary designation, dependent information, emergency contact or any other pertinent information according to the set protocol. We will have a form that will need to be turned in to the HR director for any changes of name, address, telephone, marital status, etc…

1.5 Equal Employment Opportunity

Falk Plumbing Supply is committed to the concept of equal opportunity employment. The Company will not tolerate unlawful discrimination of any kind. Falk Plumbing Supply aims to hire the most qualified people to serve its customers. Accordingly, all personnel decisions are made without regard to race, color, sex, age, religion, national origin, physical or mental disability, Vietnam veteran status, or any other basis prohibited by federal, state or local law.

Falk Plumbing Supply is also committed to offering equal employment opportunities to all persons considered “disabled” under the Americans with Disabilities Act. No otherwise qualified disabled person will be denied
employment if he or she can perform the essential functions of the position with reasonable accommodations, provided the accommodations do not pose an undue hardship on the Company.

This policy is applicable to all matters of employment, application for employment, recruitment, selection, training, promotions, transfers, layoffs, compensation, terminations, and social and recreation activities. In our Company, the terms and conditions of employment are, and will continue to be, established on the basis of the individual’s qualifications and ability to perform the job.

1.6 Position Classification

Each employee is classified according to employment status as defined by applicable federal and/or state labor laws. Non-exempt or hourly employees are subject to the minimum wage and overtime requirements of the Fair Labor Standards Act, while exempt employees are not subject to these requirements. Each employee falls into one of the following categories:

Full-time:
Those who are normally scheduled to work at 40 hours a week are considered full-time employees and are eligible for all of the current benefits in place.

Part-time:
Those who are normally scheduled to work less than 40 hours per week are considered part-time employees and are not eligible for group insurance benefits.

Temporary:
Temporary employees are those who are employed on a temporary basis of limited duration. They are not eligible for group insurance or general benefits.

Section 2 - Employee Guidelines

2.1 Attendance

As an employee at Falk Plumbing Supply you are required to report to work punctually and to work all scheduled hours and any required overtime. Excessive tardiness, absences and early departures disrupt workflow and customer service and will not be tolerated. Unauthorized or excessive tardiness, absences or early departures will result in discipline, up to and including termination.

Absences and tardiness that are excused as an accommodation for a disability or as approved leave will not be considered in determining whether or not an employee’s absences or tardiness have been excessive.

If you are going to be late or absent from work for any reason, you must personally notify your supervisor as far in advance as possible so that proper arrangements can be made to handle your work during your absence. Of course, some situations may arise in which prior notice cannot be given. In those cases we expect you to notify your supervisor as soon as possible but no later than one (1) hour after your normal reporting time. Leaving a message does not qualify as notifying your supervisor - you must personally contact your supervisor or another member of management if your supervisor is unavailable. Failure to report to work without calling in for 2 consecutive days will result in termination due to job abandonment.

When absence is due to illness, Falk Plumbing Supply reserves the right to require appropriate medical documentation.

2.2 Checkout Procedure

All employees, at time of termination, will be required to return all keys and any other Company property or equipment in good condition. The employee must leave a forwarding address with Human Resources so that all tax withholdings (W-2 form) can be sent at the end of the year.

It is the employee’s responsibility to let the Company know of address changes after leaving so that tax statements and continuing benefit information can be sent correctly. Continuation or conversion of insurance coverage upon termination of employment (Cobra) will be permitted in accordance with state and federal law.

2.3 Computer Equipment and Software
Falk Plumbing Supply employees are not permitted to use any computer equipment for personal use, nor are they permitted to borrow company owned software for personal use or load unauthorized software on Company equipment. During your employment you will sign an equipment and software confidentiality notice.

2.4 Confidentiality and Non-Compete Agreement

All employees will be asked to sign a Confidentiality Agreement. This agreement prohibits employees from disclosing confidential information during or after employment with Falk Plumbing Supply. If a new employee refuses to sign this agreement, they will no longer be considered for employment.

Certain employees based on their job responsibilities and other specific criteria may be asked to sign a Non-Compete Agreement. This agreement prohibits former employees from competing with Falk Plumbing Supply for a specified amount of time.

2.5 Discipline Procedure

It is Falk Plumbing Supply’s responsibility to do everything possible to protect the safety and careers of its most important valuable assets, its employees. Therefore, appropriate and consistent disciplinary actions must be applied to all employees to ensure the effective implementation and enforcement of the standards. Falk Plumbing Supply policies must be consistently followed for any violation of the standards.

Falk Plumbing Supply believes that, where possible, employees should be given the opportunity to improve performance; therefore, the disciplinary process may provide written recognition of problems with a plan for improvement. Below are recommended stages of the disciplinary process:

<table>
<thead>
<tr>
<th>Steps</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>1-Verbal Counseling</td>
<td>Make employees aware of policy and performance infraction. Counsel employee on the improvement needed. Document counseling and send to Human Resource for personnel file. (Ex: Memo format with employee initials)</td>
</tr>
<tr>
<td>2-Written Counseling</td>
<td>Notify employee of rule violation and/or performance issue. Describe and set an action plan for improvement. Set specific time for follow-up. Use proper counseling form that is set in place. Send to Human Resource for personnel file.</td>
</tr>
<tr>
<td>3-Termination</td>
<td>May occur immediately for serious and consistent misconduct. Results when an employee fails to improve or meet expectations after verbal and/or written counseling. Use the proper documentation for this and always have a witness and make Human Resource aware of the situation.</td>
</tr>
</tbody>
</table>
2.7 Inclement Weather

In the case of inclement weather, you are to assume that your work schedule has not been altered or changed unless you have received notification of a delay or cancellation from your supervisor. If, after a reasonable effort you are unable to work, you must notify your supervisor immediately. If conditions clear up sufficiently during working hours, you are expected to report to work at that time unless otherwise notified. On work days affected by inclement weather, hourly employees will receive pay for the hours they actually worked.

2.8 Insubordination

We expect every employee to follow the instructions of supervisors and other management officials, and to perform assigned work tasks/projects as requested. Failure to do so constitutes insubordination and will result in disciplinary action up to and including termination.

2.9 Introductory Period

New employees will be monitored and evaluated for an initial introductory period of ninety (90) days on the job. Employees will be allowed to continue in their positions if they receive both satisfactory evaluations by the end of their introductory period, and their supervisors endorsement to continue on the job. During this time you will have the opportunity to learn about Falk Plumbing Supply and your job and your new surroundings. Your supervisor will be available to answer any questions you may have. During this period, your job performance, attendance, attitude and overall interest in your job will be carefully reviewed by your supervisor.

Employees not receiving a satisfactory evaluation and endorsement may be given additional time to demonstrate their ability to do the job if the supervisor feels additional time is warranted in order to achieve acceptable job performance. Should an employee’s job performance become unsatisfactory at any time during this trial period, the employee will be subject to discharge at that time. There will be no merit increase after an introductory period unless agreed upon at time of placement.

2.10 Maintenance

Every employee has a personal responsibility to ensure equipment is maintained in good working order. You should alert your supervisor if you see or think any equipment needs repair or maintenance.

2.11 Harassment

Falk Plumbing Supply prohibits the harassment of one employee by another employee or supervisor on the basis of age, race, color, national origin, religion, disability, handicap, sex, sexual orientation, marital status, parental status, source of income or any other basis.

While it is not easy to define precisely what harassment on any of these bases is, it certainly includes profanity, slurs, epithets, threats, derogatory comments, unwelcome jokes, disorderly conduct, sexual advances, request for sexual favors, and other verbal or physical conduct such as touching, sexually related comments, fighting or damage to one's personal property.

Any employee who feels that he or she has been subject to harassment of any kind should report this matter immediately to his or her supervisor or manager.

Violation of this policy will subject an employee to disciplinary action, up to and including immediate termination.

2.12 Open Door Policy

Falk Plumbing Supply realizes that from time to time employees may have problems or concerns that they feel should be addressed. It is Falk Plumbing Supply’s goal to provide employees with an effective and simple means to bring such issues to the Company’s attention.

If you have a concern, you can take it to your immediate supervisor. Your supervisor knows more about you and your job than any other member of management, and he or she is in the best position to handle your concerns promptly. If for some legitimate reason you do not wish to take your complaint directly to your supervisor, or if your supervisor’s
response is not satisfactory to you, you may then take your concerns to higher management. Management will review the matter, obtain all of the relevant information and take appropriate action as warranted. Keep in mind the Human Resources department is available to help you when needed.

In order for the Open Door Policy to work, you must be willing to use it appropriately; it is for your benefit.

2.13 Outside Employment

Employees are strongly discouraged from taking second jobs that might interfere with their work at Falk Plumbing Supply. If other employment interferes with your duties here, you could be subject to termination from your employment with Falk Plumbing Supply.

2.14 Personal Accidents

For your personal protection, report accidents, no matter how slight, to your supervisor or to someone in authority immediately. You must report the time, place, witness(es) and extent of the injury, if known. If your supervisor or management requests that you seek medical attention, you will be taken or asked to report to an appropriate medical provider.

Failure to report an accident which develops into a “lost time” accident at a later date could create difficulty in obtaining workers compensation benefits. Belated injury claims may result in your claim being declined. Should you have an accident, you will be asked to assist in completing an accident report so that Falk Plumbing Supply can have written record of the accident for proper follow up.

The HR director should be contacted immediately upon an accident requiring medical treatment or a vehicle accident at the numbers below by the supervisor and/or employee.

501-321-1231 Ext. 130
501-627-2076 cell phone

2.15 Personal Appearances and Cleanliness

All employees are expected to dress and groom as appropriate to the requirements of their various positions of employment. Employees attire while on Company property is to be appropriate to the extent that no distraction or reaction on the part of others is anticipated or caused. Additionally, employees should dress in accordance with all safety rules for the daily activities of their job. Some infractions of the above policy will include:

1. Low cut or otherwise revealing clothes
2. Dangling necklaces, earrings or sleeves
3. Torn clothing which would be caught in machinery
4. Shirts, hats or other items with profanity, written or pictures, or which could be considered to be in violation of Falk Plumbing Supply’s policy.
5. Personal hygiene must not be offensive to our customers or fellow employees

Dress, grooming, and personal appearance contributes to the morale of all associates and affects the business image of “Falk Plumbing Supply” in our communities. Therefore, our appearance at work should reflect the professionalism that we want to convey to the customers. Due to the nature of the work with our company we do allow jeans and casual attire, but they need to remain in a good image. They shouldn’t be torn, faded, stained, wrinkled, or frayed.

2.16 Personal Property

Unfortunately, we cannot be responsible for loss or damage to your personal property, and we recommend that you take precautions to safeguard any items that you bring to work.

Guns or any other weapons are not permitted on the premises, and any employee found with any of these items in their possession will be subject to severe disciplinary action which may include immediate termination of employment.
2.17 Property Appearance and Atmosphere

We ask each employee to take pride in the appearance of our premises and to assume the responsibility for keeping individual and general work area clean. Waste baskets and receptacles are provided throughout the property and should be used. If litter is found on any part of the property, please take a moment to pick it up. Don’t leave it for someone else to do. The clean appearance of our premises is a positive signal to our customers and is a mark of pride in our Company.

Please help to prolong the life and usefulness of the property, and its equipment by being careful in the use and movement of items which will be damaged or which may damage doors, walls, floors, equipment, grounds, etc.

Avoid gossip, negative comments and discourtesy. Instead, cultivate an attitude of cheerfulness, helpfulness and a positive outlook toward life and your job.

2.18 Reinstatement

An employee who voluntarily terminates from a position with Falk Plumbing Supply in good standing will be eligible for consideration for reinstatement.

2.19 Resignations

In the absence of a specific written agreement or employment contract to the contrary, employees are free to resign at anytime and for any reason. Employees who do not provide a two (2) weeks notice and work the full (2) weeks are not entitled to receive pay for unused vacation and may not be eligible for rehire.

2.20 Safety

The personal safety and health of each employee of this Company are of primary importance. The prevention of occupation induced injuries and illness is of such consequence that it will be given precedence over operating productivity whenever necessary. To the greatest degree possible, management will provide all mechanical and physical facilities required for personal safety and health in keeping with the highest standards.

We will maintain a safety and health program conforming to the best practices of organizations of this type. To be successful, such a program must embody the proper attitudes toward injury and illness prevention on the part of both supervisors and employees. It also requires cooperation in all safety and health matters, not only between supervisors and employees, but also between each employee and his or her fellow workers. Only through such a cooperative effort can a safety program in the best interest of all be established and preserved.

Our objective is a safety and health program that will reduce the number of injuries and illnesses to an absolute minimum, not merely in keeping with, but surpassing, the best experience of other operations similar to ours. Our goal is zero accidents and injuries.

If your job requires that you use hazardous or toxic materials, you are expected to comply with all federal, state and local laws and regulations concerning their safe handling and disposal. Please be sure to familiarize yourself with proper handling and safety procedures. If you have any questions, please discuss them with your supervisor.

2.21 Smoking

The Company recognizes the rights of all employees to work in a smoke-free environment. Accordingly, smoking is permitted only in designated outside areas that are an acceptable distance from flammable materials and do not pose a safety hazard. Smoking is not allowed in any Company vehicle where there is a non-smoking employee or customer traveling in the same vehicle.

2.22 Solicitation and Distribution of Literature

Falk Plumbing Supply prohibits solicitation by non-employees on Falk Supply’s property, including work areas, sidewalks and parking lots. The policy is enforced according to local laws and ordinances. It applies to organizations such as any church/religious groups, charities, Girl Scouts, Boy Scouts, political groups, the military and any other groups.
Falk Plumbing Supply employees may not solicit other employees during work time or on Company property. Solicitation includes offering services, product, memberships or requesting signatures on a petition. Employees may not solicit customers on Company property for personal gain.

Distribution of any advertising materials, handbills, printed or written literature of any kind is also prohibited during work time or on Company property. Solicitation, distribution and trespass by non-employees on our property is prohibited at all times.

Bulletin boards in the break rooms are for Company and required governmental notices only. Employees may not post personal notices or literature of any kind on bulletin boards or anywhere else on Company property.

2.23 Substance Abuse Policy

Falk Plumbing Supply forbids the manufacture, distribution, dispensation, possession or use of alcohol or any unauthorized drug in the workplace. No employee shall manufacture, ingest, use, possess, transport, sell or distribute any unauthorized drug, drug paraphernalia or alcohol while at the workplace or while engaged in any work for Falk Plumbing Supply.

Furthermore, no employee shall be at the workplace or report to work, commence or continue to work while under the influences of unauthorized drugs or alcohol. An employee must notify the Human Resources Department of any criminal drug statute conviction within five (5) working days after such conviction.

Falk Plumbing Supply requires employees to be tested for substance abuse under the following conditions: random suspicion, rehabilitation, involvement in an accident requiring medical attention, and or return to work.

A job applicant who refuses to take a drug test will not be considered for employment. An employee who refuses to take a drug or alcohol test will be subject to disciplinary action up to and including termination.

Our employees are also prohibited from possessing, using, selling or purchasing any alcoholic beverages or other mind-altering substances on Company property or in Company vehicles. Off-premises possession, use, sale or purchase of mind-altering substances and off-premises alcohol abuse may reflect unfavorably on the Company’s reputation and is also prohibited.

No prescription drugs shall be brought upon Company premises by any persons other than the person for whom the drug is prescribed by a licensed medical practitioner and shall be used only in the manner, combination and quantity prescribed. If an employee has any indication that prescribed or over the counter drugs may affect his or her performance, the employee must notify his or her supervisor or an appropriate Company representative that they are taking such drugs for medical reasons.

Where such use of drugs adversely affects job performance, it is in the general best interest of an employee, co-workers and the Company that the employee be temporarily relieved of his or her duties. Failure to notify supervisor or an appropriate Company representative may subject an employee to disciplinary action up to and including termination.

Employees will be subject to disciplinary action up to and including termination for any violations of this policy.

All DOT employees will be drug tested pre-employment, randomly, and annually.

Termination of Employment

Employment is terminated i) upon an employee’s resignation, discharge or retirement, ii) during the probationary period, iii) at the expiration of an employment contract, or iv) due to a reduction in the workforce. Termination can be for any reason not prohibited by law. Falk Plumbing Supply may terminate an employee at anytime for any reason.

2.24 Theft

We do not tolerate theft in any form. In order to protect you, your co-workers, our customers and Falk Plumbing Supply, we reserve the right to inspect all lockers, desks, tool boxes, purses, briefcases, packages, vehicles and any other personal property which is brought onto company property. If you wish to remove any Company property - including scrap - from the premises, you must obtain written permission in advance from your supervisor. This includes all vendor samples unless employees have permission from a supervisor.
2.25 Treatment of Company Property

Company property may not be removed from the premises without proper authorization. It is your responsibility to take care of such property and report any damage or loss to your supervisor. Any property or keys issued to an employee must be returned in good condition upon termination of employment or upon request of your supervisor.

2.26 Company Vehicles

Only authorized employees may use Company vehicles. If a Company vehicle incurs any damage while under the charge of a particular employee, that employee will be responsible for reporting the damage immediately to your supervisor and HR, completing a drug test and accident form.

Any employee whose duties include the operation of company vehicles who is cited for D.U.I. or D.W.I. or for any other serious moving violation will be considered to have an unacceptable driving record and his or her continued employment will be subject to review.

If an employee receives a traffic citation while operating a Company vehicle, the employee will be responsible for paying any fine or penalty.

2.27 Voting

Falk Plumbing Supply encourages all employees to vote and participate in all municipal, county, state and federal primaries or elections. If you do not have non-working hours within which to vote in an election for which you are registered, you should ask your supervisor for time off to vote as far in advance as possible.

2.28 Work Schedule

Our normal workweek is as follows: 7:00 a.m. to 5:00 p.m., Monday through Friday. However, due to changing requirements or to local branch or operating procedures, your actual work schedule may vary. Please contact your supervisor for specific branch work schedules.

2.30 Workplace Violence

In order to provide a safe workplace for our employees and to provide a comfortable and secure atmosphere for our customers and others with whom we do business, Falk Plumbing Supply has a zero tolerance policy for violent acts or threats of violence and strictly enforces a “no weapons policy” on company premises. Any employee who commits, or threatens to commit, any violent act against any person while on Company premises will be subject to immediate termination.

2.31 Cellular Phone Policy

Use of personal cellular telephones, to the extent that is disruptive to the normal workflow or prevents quality customer service, is prohibited. All personal and business cell phones should be kept to a minimum. We understand that you will have personal business to attend as well, but at no time should a cell phone be abused.
Section 3 - Compensation

3.1 Wages and Salaries - Annual Evaluations
Annually, on the original employment anniversary date, the department supervisor will rate the employees on the Employee Appraisal form and discuss the evaluation with the employee. Promotions, pay increases, and continued employment with Falk Plumbing Supply are based upon performance or merit, not length of service. The appraisal evaluation is based upon a percent of your Salary. Human Resources will send out the evaluations to the immediate supervisors to complete and return before the actual date of the appraisal so we don’t have to retro pay. If we fail to do so we will issue retro pay for the employee on the next pay period.

The only thing that would alter the anniversary date would be a leave of absence of any type. In that instance, all future evaluations would be delayed by the amount of time spent on the leave of absence and the employee would have a new anniversary date. An employee who returned after one year would be subjected to orientation, introductory period, etc. No past years of seniority would be brought forward.

3.2 Garnishments
Upon receipt of a garnishment order from a court, a portion of your paycheck not exceeding that permitted by law, will be withheld until the Company receives a court order that the indebtedness has been satisfied, or until we are ordered to surrender pay to the court or its agents. No employee will be disciplined or terminated because his or her earnings have been subject to garnishment for indebtedness.

3.3 Overtime
Overtime rules are specified in a federal law called the Fair Labor Standards Act. The law states that non-exempt employees must be paid time and one half for all lawful overtime worked over 40 hours during the same week.

Holiday, vacation, and sick hours are not counted toward the 40 hour work week for overtime calculation.

Overtime hours must be approved by your supervisor in advance before they are worked. If you feel the need to be approved to work overtime at a time when your supervisor is not available, you must get approval from the Human Resource Director or another individual authorized to approve overtime in the supervisor’s absence.

3.4 Paychecks
All employees are paid current with the exception of commissions and overtime. Paychecks are issued every two (2) weeks. Pay weeks are calculated from Monday through Sunday. If payday occurs on a holiday, you will be paid on the day preceding the holiday.

Employees’, who discover a mistake on their payroll, should notify their supervisor immediately. Any errors that need correction will be corrected promptly.

The company requires employees to participate in direct deposit.

3.5 Promotions
It is the policy of Falk Plumbing Supply to promote employees to vacant or new higher level positions when qualified employees are available or deemed suitable in all respects, and where it is determined to be in the best interest of Falk Plumbing Supply. In such cases, the promoted employee, upon assumption of the position responsibilities, will be required to serve a probationary period of employment in the higher position.

3.6 Time Clock
Individual employee time records are required by federal law and by Falk Plumbing Supply and must be accurate.
3.7 Wage Advances

Falk Plumbing Supply does not allow advances on wages.

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**Section 4 - Benefits**

You have a vital role in providing the services that our customers desire and need. For this reason, Falk Plumbing Supply takes special interest in your health and well being. The following section is intended to provide only a general overview of the current general benefits. These benefits are subject to change. You will be informed if they do so.

4.1 Retirement Plan

Falk Plumbing Supply offers a 401K Retirement Plan. Employees are eligible for enrollment on January 1 or July 1 following (1) year continuous employment. Rollovers from qualified plans are accepted prior to enrollment. To participate, employees must be at least twenty one (21) years of age. Detailed information will be made available to the employee about six (6) weeks prior to their eligibility date.

4.2 Health and Life Benefits

Falk Plumbing Supply has a health and life insurance program for eligible employees. Details of the program are explained in the policy booklets that will be provided to you once you become eligible. The Company does not offer these benefits until the employee has worked (90) days of continuous service. Employee contributions will be required to obtain these benefits. The plan has an open enrollment during the month of June when benefits can be changed or added.

4.3 Pre-Tax Premium Payments and Reimbursement Accounts (Cafeteria Plan)

Falk Plumbing Supply offers a Section 125 Cafeteria Plan which allows employees to pay their contributions toward medical and dental coverage on a pre-tax basis. It also allows monies to be put aside on a pre-tax basis for dependent (children & eldercare) expenses and or medical expenses. Detailed information will be made available to you upon your eligibility for participation.

4.4 Holidays

Falk Plumbing Supply observes the following holidays:

<table>
<thead>
<tr>
<th>New Years Day</th>
<th>Labor Day</th>
<th>Christmas Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memorial Day</td>
<td>Thanksgiving Day</td>
<td>Independence Day</td>
</tr>
</tbody>
</table>

Full-time employees are eligible for a normal paid day off during each of the above listed holidays as soon as you start work. You must have worked your last scheduled shift before the holiday and first scheduled shift after the holiday to be eligible for holiday pay unless you have been pre-approved for vacation.

All non-exempt employees who work during a holiday will be paid for actual hours worked, as well as holiday pay.

Part-time employees and temporary employees are not eligible for paid time off on the above holidays.

4.5 Leaves of Absence

Falk Plumbing Supply recognizes that occasionally, events such as illness or personal emergency can occur that would require your temporary absence from work. Under certain circumstances leaves of absence can be approved which would protect some or all of your employment rights and allow you to continue your insurance benefits. Leaves of absence are a privilege, however, and not a right. They require approval from your supervisor.

4.5.1 Leave of Absence with Pay

A. Jury/Witness Leave
The Company recognizes the civil obligation of its employees in this area. Upon completion of the ninety (90) days probationary period, Falk Plumbing Supply will pay for jury duty, or to testify in a court case, the difference between salary and the daily rate paid by the court for a maximum of up to one (1) week per calendar year.

Any employee called to jury duty, or to be a witness in a court case, should notify their supervisor as soon as the summons or subpoena is received. The Company reserves the right to require proof of service in order for the employee to receive pay. In accordance with Federal law, employees will not be terminated for fulfilling their jury duty obligation.

On any day or half day, an employee is not required to serve, the employee is expected to return to work.

B. Military Leave

Falk Plumbing Supply follows all applicable State and Federal laws concerning military leaves. Any full-time employee who is called to active duty will be granted a military leave of absence. The duration of the leave shall be the term of the enlistment plus any additional time that may be required by the government. It shall include a reasonable allowance of time for travel and adjustment. Reenlistment or any other voluntary extension of the tour may affect the leave of absence. On return from military leave of absence, the employee will be reinstated as required by law, subject to these conditions:

• The employee must apply for the reinstatement within the time required by law.

• If the employee’s former job is not available, the Company will provide a job with similar status and pay.

When employees are called to military duty under emergency conditions, adjustments and exceptions to this policy may be made as circumstances require. Employees will receive pay for time off for military leave up to a maximum of ten (10) days per calendar year. Employees will be eligible for their base regular salary less the amount of military pay received. Vacation or sick days may be used if they are available. Employees will continue to earn vacation and seniority benefits. Special rules may apply to employees whose combined military leave from Falk Plumbing Supply who exceeds five (5) years.

4.6 Leaves of Absence Without Pay

A. Family Medical Leave Act

Under the Family Medical Leave Act an employee who has worked for Falk Plumbing Supply for at least one (1) year and 1250 hours over the previous twelve (12) months and works in a location where there are at least fifty (50) employees in a seventy five (75) mile radius may request to take up to a total of twelve (12) weeks of unpaid leave per year, either at one time or in intermittent or reduced work time periods for compelling personal medical or family health reasons, including birth, adoption or foster care placement of a child. Employees must use any and all accrued paid leave (vacation) to allow a partial continuation of income.

A physician’s certification justifying the need for the leave will be required. Spouses who have both worked for Falk Plumbing Supply for at least one (1) year are entitled to a total of twelve (12) weeks of unpaid leave between them for the birth, adoption or foster care placement of a child or to a seriously ill family member. The employees’ are allowed to use any (PTO) that is available at this time on their discretion.

4.7 Paid Time Off (PTO)

Vacation leave must be requested, preferably (30) days for a week or longer, and approved by the employee’s supervisor. Supervisors will try to honor vacation requests, but have the right to determine final scheduling or to change vacation schedules according to the needs of the business. Vacation hours will not be allocated for unexcused absences.

Vacation time can be taken after having worked at the company continuously for one (1) year. If you terminate employment before six (6) months, you will not receive any vacation pay. Vacation time should be used in the year accrued. You will not receive pay in lieu of taking vacation time.

Full-time employees will earn vacation hours based on length of service as of January 1st of each year according to the following schedule:
### Service Requirement

<table>
<thead>
<tr>
<th>Period</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>After one (1) year</td>
<td>(3) weeks total for vacation, sick, and bereavement</td>
</tr>
</tbody>
</table>

After a year it also depends on when you start during the year. (Ex) June 2008-Eligible in June 2009- 8 days, but in January of the next year you would start over at 3 weeks. The table below illustrates vacation accrual for hire date that falls in partial year after meeting year of service.

<table>
<thead>
<tr>
<th>Period</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>January-Feb</td>
<td>14 days</td>
</tr>
<tr>
<td>March-April</td>
<td>11 days</td>
</tr>
<tr>
<td>May-June</td>
<td>8 days</td>
</tr>
<tr>
<td>July-August</td>
<td>5 days</td>
</tr>
<tr>
<td>September-October</td>
<td>3 days</td>
</tr>
<tr>
<td>November-December</td>
<td>1 day</td>
</tr>
</tbody>
</table>

This time is for all time off taken by the employee. Any time you are not at work this time will go toward this. This starts in January of every year and ends at the end of December, a calendar year. If you don’t use your time you will loose it.

### 4.8 Workers Compensation

Falk Plumbing Supply pays the entire cost of the workers compensation insurance premium that provides benefits to employees who experience an injury or illness in connection with Falk Plumbing Supply employment. Eligibility automatically begins on the first day of employment. Benefit entitlements are governed by State Law.

The company requires completion of a drug test after any accident requiring medical care or an accident involving a vehicle.
Section 5 - General Rules of Conduct

There are certain standards of behavior which we must all observe in order to maintain good working conditions for all employees. Conduct that is not conducive to maintaining a congenial and professional business atmosphere can not be tolerated. The following are some, but not all, of the guidelines we must all follow. Violations will lead to disciplinary action, up to and including termination.

1. Sleeping during business hours
2. Clocking in or out for another employees work time
3. Theft
4. Fighting or attempting to injure another person; disorderly conduct of a violent nature
5. Insubordination; including willful failure or refusal to carry out instructions or assignments
6. Abuse or destruction of Company or fellow employee’s property
7. Deliberate waste of materials or supplies
8. Gambling on Company property
9. Disregard of Safety rules
10. Unsafe work habits
11. Carrying of a weapon onto Company property, or attempt to use weapons on Company property
12. Falsification of records
13. Excessive absenteeism or tardiness
14. Failure to report absences
15. Leaving work area during work time without permission
16. Use of abusive or threatening language, intimidation or argumentative behavior
17. Unauthorized use of postage meter, Fed Ex, UPS, phone calls, etc.
18. Sexual harassment or any other form of harassment
19. Violation of Drug and Alcohol policy
20. Disclosing Company proprietary and Confidential information

The observance of these rules will help to insure that Falk Plumbing Supply remains a safe, desirable and productive place to work for all employees.
EMPLOYEE ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

Employee Name: __________________________________________________________

Employee Signature: _______________________________________________________

Location: ________________________________________________________________

Date: ___________________________________________________________________

I certify I have received a copy of Falk Plumbing Supply’s Employee Handbook, which provides a general overview of the Company’s relationship with its employees and also provides information about policies, programs and procedures.

I understand that the information contained within this book is a general overview and summary of personnel policies and employee benefit plans maintained by Falk Plumbing Supply. I have the right to seek more detailed information or clarification regarding any portion of this handbook, and to do so I may go to my supervisor for assistance.

I understand that the information within this book is subject to change at anytime without advance notice and certain areas are subject to modification due to local operating conditions. It is my responsibility to keep informed of these changes and to keep this handbook updated as I receive updated information.

I understand and agree that, while employed by Falk Plumbing Supply my employment will not be for a definite period of time, but may, regardless of the stated frequency of my wages or salary (per month, per year, etc.) be terminated by me or the Company at anytime without liability, and that no promises to the contrary shall be binding on the Company unless placed in writing and signed by the President of the Company.

I expressly understand and agree that this handbook is prepared only for my general assistance and that nothing contained herein, or any published policy of the Company, shall act as a contract or guarantee of employment or of the terms of employment.

I understand that it is my responsibility to keep my employer, Falk Plumbing Supply fully informed of changes in my personal status such as telephone number, marital status and/or number of dependents.

SIGN AND RETURN TO HUMAN RESOURCES