



James Lane Air Conditioning Co., Inc.

EMPLOYEE MANUAL

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“Serving People with the Right Solutions”

Effective August 1, 2014

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WELCOME TO THE COMPANY!

Welcome! James Lane Air Conditioning Co., Inc. is excited to have you join our team.

James Lane Air Conditioning Co., Inc. is the leading provider of heating, air conditioning, plumbing, and fire protection to the residential and commercial markets in the Wichita Falls area. We have a reputation for high quality products, excellent workmanship, and superior customer service. Our company has integrated leading technology with state-of-the-art equipment to stay at the forefront of our industry. We strive to stay abreast of changes within our industry allowing us to bring solutions to our most valuable asset - our customers.

Your role as an employee of James Lane Air Conditioning Co., Inc. is critical in accomplishing our goals as outlined in our mission statement. Our employees are all treated as unique individuals with distinctive skill-sets and ideas that help make our organization successful. It is important for us to have a group of cooperative, quality conscious and motivated employees.

By observing the rules set forth in this handbook and by taking a real and personal interest in doing the best job possible, your contribution will ensure our continued success.

Again, we welcome you as you begin your journey toward a rewarding career with James Lane Air Conditioning Co., Inc.

Company History

James Lane began James Lane Air Conditioning and Plumbing in 1957 with one truck, a skeptical wife, and three small children Deloris, Louis, and Leo. Working out of a small shop on Stesco Street, James began to build a dedicated base of loyal customers. Soon, his wife, Elizabeth, got involved with the business, helping with billing and payroll. In 1958, the first James Lane trucks were painted distinct yellow, becoming a trademark familiar all across North Texas. By 1970, the company had outgrown the space on Stesco Street and built its current shop located at 5024 Jacksboro Hwy. Deloris Lane, who now serves as President, joined the company after graduating from Midwestern State University in 1972. In 1977, Louis Lane joined the company with a degree in mechanical engineering from Texas A&M. Leo Lane followed suit in 1979, also with a mechanical engineering degree from Texas A&M. Grandson, Clayton Lane, joined the company after a decade of summer employment there and completion of his undergraduate work at the University of North Texas in 2008.

James Lane passed away in January 2007, but his legacy lives on in the company that bears his name. A company that has been serving customers, solving problems, and finding answers for more than 50 years. Today, the company offers a service line that includes HVAC service; repair and maintenance; plumbing – Domestic Water and DWV systems; pipe fitting; Medical gas installation; mechanical engineering design; fire sprinkler system installation; and custom sheet metal fabrication and installation.

Vision/Mission Statement

Vision: “To be the region’s most reputable provider of mechanical services.”

Mission: “Serving people with the right solutions.”

Purpose of the Manual

This handbook is intended to provide you with a general understanding of the personnel policies of James Lane Air Conditioning Co., Inc. and to answer many common questions. You are encouraged to review all the policies in the handbook and become familiar with them.

This handbook cannot anticipate every situation or answer every question about employment. This handbook is also not an employment contract and is not intended to create contractual obligations of any kind. Since employment at James Lane Air Conditioning Co., Inc. is based on mutual consent and is “at-will,” either you or James Lane Air Conditioning Co., Inc. has the right to end the employment relationship at any time, with or without cause or advance notice.

Because James Lane Air Conditioning Co., Inc. is a growing company, change will always be a part of our daily operation. In order to retain necessary flexibility in the administration of policies and procedures, James Lane Air Conditioning Co., Inc. reserves the right to change, revise, or eliminate any of the policies and/or benefits described in this handbook, except for the policy of employment-at-will. The only recognized deviations from the policies in this handbook must be authorized and signed by the president of James Lane Air Conditioning Co., Inc. For this reason, employees should check with the human resources department regarding the status of any particular policy, procedure or practice.

We believe the working conditions, wages, and benefits we offer to James Lane Air Conditioning Co., Inc. employees are competitive with those offered by other employers in this area and in this industry. If you have concerns about working conditions or compensation, you are strongly encouraged to voice these concerns openly and directly to your manager. Our experience has shown that when employees deal openly and directly with management and supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe James Lane Air Conditioning Co., Inc. amply demonstrates its commitment to employees by responding effectively to employee concerns.

Information with regard to insurance policies and other fringe benefits as described in this handbook are considered to be summaries only. Should the descriptions in this handbook differ from any formal agreement, document or other benefit provider information, only the formal agreement, document or benefit provider information shall be considered valid.

Company Philosophy

Customer Relations Philosophy

Maintaining satisfied customers is our highest priority; without our customers, we would not be here! In our efforts to obtain customer satisfaction, we have developed a strong Customer Relations Policy; therefore, please observe the following:

CUSTOMERS are the most important people in our business.
CUSTOMERS are not dependent on us. We are dependent on them.
CUSTOMERS are human beings with feelings and emotions like our own.
CUSTOMERS are not someone with whom to argue or match wits.
CUSTOMERS are deserving of courteous and attentive treatment.
CUSTOMERS are both external to the organization as well as internal and should be treated no differently.

All customer complaints should be referred to your supervisor. Problems with service calls, customers and/or projects should always be referred to your supervisor immediately. Never argue with a customer.

Employee Relations Philosophy

James Lane Air Conditioning Co., Inc.'s employee relations philosophy is based on the belief that the company and its employees constitute a partnership. Through this partnership, employees not only receive pay for their contributions but also unique benefits from working together as a part of a team. It is impossible to outline every detail of your employment, but we have made every effort to define basic policies and procedures. We do our best to offer pleasant working conditions, competitive wages and benefits, open communication, and employee involvement in all aspects of our organization.

We believe our success is due in a large part to the positive relationship between the company and our employees. Please tell us if you have a problem or concern. We are always looking for ways to make this a better place to work.

Furthermore, the company welcomes your ideas on how to run the company more safely, efficiently, and profitably. If you have any suggestions for adding to our effectiveness or reducing expenses, please present your idea in writing to the company president so your suggestion may be discussed and, if practical, put into operation.

Open Door Policy

In keeping with the company's philosophy of open communication, all employees have the right and are encouraged to speak freely with management about their job-related concerns.

We urge you to go directly to your manager or supervisor to discuss your job-related ideas, recommendations, concerns and other issues which are important to you. If, after talking with your manager or supervisor, you feel the need for additional discussion, you are encouraged to speak with the human resources department or a member of the senior management team.

The most important relationship you will develop at James Lane Air Conditioning Co., Inc. will be between you and your manager and/or supervisor; however, should you need support from someone other than your manager, the entire management team, including human resources and the company president, is committed to resolving your individual concerns in a timely and appropriate manner.

Community Relations

James Lane Air Conditioning Co., Inc. encourages outside involvement in community, industry and charitable activities, including directorships in non-profit community organizations, as long as they do not cause conflicts of interest or create demands that interfere with the job.

Commitment to Equality

Equal Employment Opportunity

It is the policy of James Lane Air Conditioning Co., Inc. to provide equal employment opportunity to all employees and applicants for employment and not to discriminate on any basis prohibited by law, including race, color, sex, sexual orientation, age, religion, national origin, disability, genetic information, marital status or veteran status. It is our intent and desire that equal employment opportunities will be provided in employment, recruitment, selection, compensation, benefits, promotion, demotion, layoff, termination and all other terms and conditions of employment. The human resources department, president of James Lane Air Conditioning Co., Inc., and all managerial personnel are committed to this policy and its enforcement.

Employees are directed to bring any violation of this policy to the immediate attention of their manager, supervisor, the human resources department, or the company president. Any employee who violates this policy or knowingly retaliates against an employee reporting or complaining of a violation of this policy shall be subject to immediate disciplinary action, up to and including discharge. Complaints brought under this policy will be promptly investigated and handled with due regard for the privacy and respect of all involved.

As a federal contractor, James Lane Air Conditioning Co., Inc. is committed to the principles of Affirmative Action and Equal Employment Opportunity. A human resources representative will be the Equal Employment Opportunity (EEO) representative for James Lane Air Conditioning Co., Inc. One of the representative's duties will be to establish and maintain an internal audit and reporting system to allow for effective measurement of James Lane Air Conditioning Co., Inc.'s programs. In accordance with OFFCP, EEOC and IRCA regulations for federal construction contracts, James Lane Air Conditioning Co., Inc. participates in the E-verify Program.

All employees are encouraged to refer minority and female recruits for employment whenever hiring opportunities are made available. All employees are also encouraged to request information on available training programs and the entrance requirements for each.

Employees are directed to bring any violation of this policy to the immediate attention of their manager, supervisor, the human resources department, or the company president. Any employee who violates this policy or knowingly retaliates against an employee reporting or complaining of a violation of this policy shall be subject to immediate disciplinary action, up to and including discharge. Complaints brought under this policy will be promptly investigated and handled with due regard for the privacy and respect of all involved. Complaints may also be filed with the Equal Employment Opportunity Commission at (EEOC) 800.669.4000 and/or Texas Workforce Commission-Civil Rights Division (TWC-CRD) at 888.452.4778.

Disability Accommodation

James Lane Air Conditioning Co., Inc. is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodation is available to an individual with a disability if the disability affects the performance of job functions. We make all employment decisions based on the merits of the situation in accordance with defined criteria, not the disability of the individual. Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as well as job assignments, classifications, organizational structures, position descriptions, lines of progression, and seniority lists. We make leaves of all types available to all employees on an equal basis.

James Lane Air Conditioning Co., Inc. is also committed to not discriminating against any qualified individual because the person is related to or associated with a person with a disability. James Lane Air Conditioning Co., Inc. will follow any state or local law that provides individuals with disabilities greater protection than the ADA. This policy is neither exhaustive nor exclusive. James Lane Air Conditioning Co., Inc. is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

Immigration Law Compliance

James Lane Air Conditioning Co., Inc. is committed to employing only United States citizens and aliens who are legally authorized to work in the United States. We also do not unlawfully discriminate on the basis of citizenship or national origin.

In order for us to comply with the Immigration Reform and Control Act of 1986, all new employees, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and provide documentation that establishes their identity and eligibility for employment. Former employees who are subsequently rehired must also complete an I-9 and provide appropriate documentation. In accordance with OFFCP, EEOC and IRCA regulations for federal construction contracts, James Lane Air Conditioning Co., Inc. participates in the E-verify Program.

If you have questions or want more information on immigration law issues, you are encouraged to contact the human resources department. At James Lane Air Conditioning Co., Inc. you can raise questions or complaints about immigration law compliance without fear of reprisal.

Vietnam Era Veterans' Readjustment Assistance Act of 1974 (30 USC 4212)

Vietnam era veterans, special disabled veterans, and veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge had been authorized were originally protected in employment by the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. 4212.

The law requires that employers with Federal contracts or subcontracts of \$25,000 or more provide equal opportunity and affirmative action for Vietnam era veterans, special disabled veterans and veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized.

A Vietnam era veteran is a person who (1) served on active duty for a period of more than 180 days any part of which occurred between August 5, 1964 and May 7, 1975 and was discharged or released with other than a dishonorable discharge (2) was discharged or released from active duty for a service connected disability of any part of such active duty was performed between August 5, 1964 and May 7, 1975 or (3) served on active duty for more than 180 days and served in the Republic of Vietnam between February 28, 1961 and May 7, 1975.

A special disabled veteran is a person who is entitled to compensation under laws administered by the Department of Vietnam Affairs for a disability rated at 30 percent or more or rated at 10 to 20 percent if it has been determined that the individual has a serious employment disability, or a person who was discharged or released from active duty because of a service-connected disability.

As part of affirmative action, Federal contractors and subcontractors are required to list with the local State employment service all employment openings except for executive and top management jobs; jobs which the contractor expects to fill from within; and jobs lasting 3 days or less.

If a covered veteran believes he/she has been discriminated against by a Federal contractor or subcontractor, he or she may file a complaint. Complaints may be filed with the Office of Federal Contract Compliance Programs (OFCCP) or through the local Veteran's Employment Representative at a local State employment service office.

If any covered veteran believes a contractor of the United States has failed to comply or refuses to comply with contract provisions relating to the employment of veterans, the veteran may file a complaint with the Office of Federal Contract Compliance Programs by calling the OFCCP's toll free Help Desk at 1.800.397.6251 or send an E-mail message to OFCCPPublic@dol.gov.

Employment Assessments and Expectations

Employment Applications

All candidates for employment with James Lane Air Conditioning Co., Inc. shall complete, sign and date a James Lane Air Conditioning Co., Inc. standard employment application form. Resumes will not be accepted in lieu of a completed application form. The application form should be completed in detail and signed by the applicant to verify the accuracy and completeness of previous employment and personal information.

James Lane Air Conditioning Co., Inc. relies on the accuracy of the information provided on the employment application, as well as the accuracy of other data presented during the hiring process and employment. James Lane Air Conditioning Co., Inc. may investigate any portion of the requested or prospective employee or employee provided information, including requesting information from previous employers. If there are any misrepresentations, falsifications, or material omissions in any of this information, we may exclude the applicant from further consideration. Furthermore, should there be any misrepresentations, falsifications or material omissions discovered subsequent to commencing employment, disciplinary action inclusive of termination may result.

When we process an employment application, James Lane Air Conditioning Co., Inc. may obtain a consumer credit report for employment purposes only concerning the applicant's motor vehicle record, credit history, and criminal background history. If we take an adverse employment action based in whole or in part on the consumer credit report, a copy of the report and a summary of your rights under the Fair Credit Reporting Act will be provided as well as any other documents required by law. In addition, criminal background checks through various services and agencies may be requested for applicants to determine job site access limitations and security clearance conflicts on an as needed basis.

Medical Examinations

To help ensure employees are able to perform their duties safely, medical examinations may be required. For certain positions or under certain circumstances and after an offer of employment, a medical examination may be required. When a medical examination is requested, the medical examination will be conducted by a company appointed physician at the company's expense. Employment and assignment will be conditional pending the receipt of a satisfactory physicians' report.

Current employees may also be required to undergo medical examinations. When necessary, these exams will evaluate an employee's ability to perform the essential functions of the position or need for possible accommodation. Such examinations will be conducted for all employees in the same job category and will be scheduled at reasonable time intervals.

Licensing Requirements

Certain employees are required to be licensed. These may include plumbers, HVAC techs, and/or installers. Each employee is personally responsible for maintaining and keeping their license current. If at any time you need assistance please call the accounting department manager. Failure to maintain your license while employed with James Lane Air Conditioning Co. Inc. may result in immediate disciplinary action, up to and including termination. Fines incurred due to negligent licensing practices may be charged back to the employee.

Performance and Evaluation

Employee job performance will be evaluated annually on the anniversary date of employment or completion date of introductory period. The evaluation will review your progress and accomplishments, as well as identify any performance problems and establish goals for the coming year. Merit increases may be given to acknowledge outstanding performance; however, such increases are not guaranteed.

Promotions

It is the policy of James Lane Air Conditioning Co., Inc. to fill vacancies by upgrading current employees where possible. Each employee is periodically evaluated on his or her fitness for increased responsibility. Openings are filled based on the availability of qualified individuals within the company. The company reserves the right to fill any vacancy with an individual not previously employed by the company.

Standards of Conduct

Business Ethics and Personal and Professional Conduct

The successful business operation and reputation of James Lane Air Conditioning Co., Inc. is built upon the professional and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a regard for the highest standards of conduct and personal integrity. Our continued success is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to James Lane Air Conditioning Co., Inc., our customers, and shareholders to act in ways that will merit the continued trust and confidence of the public.

As an organization, James Lane Air Conditioning Co., Inc. will comply with all applicable laws and regulations and we expect all our employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, you should find using good judgment, based on high ethical principles, will guide you to act appropriately. If you are unsure about the proper course of action, you should discuss the matter openly with your manager. If necessary, you may also contact the human resource department for advice and consultation.

It is the responsibility of every James Lane Air Conditioning Co., Inc. employee to comply with our policy of business ethics and conduct. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

Confidential and Proprietary Information

In the course of employment, employees will be exposed to company and/or customers' confidential and proprietary information. Employees must carefully protect and must not disclose to any third party any confidential or proprietary information belonging to the company or its customers. Employees who resign or are involuntarily terminated must return all confidential and proprietary information (see page 35, "Resignations and Involuntary Terminations.")

Such protected information includes, but is not limited to, the following: matters of a technical nature, such as computer software, product sources, product research and designs; matters of a business nature, such as customer lists, customer contact information, associate information, on-site program and support materials; pending projects, marketing strategies, proprietary production processes, conversations between any persons associated with the company; candidate and recruitment lists and information, personnel information, placement information, pricing lists, training programs, contracts, sales reports, sales, financial and marketing data, systems, forms, methods, procedures, and analyses; and any other proprietary information, whether communicated orally or in documentary, computerized or other tangible form, concerning the company's or its customers' operations and business.

Employees should ensure any materials containing confidential or proprietary information are filed and/or locked up before leaving their work areas each day. During the workday, employees should not leave any sensitive information lying about or unguarded.

If you have any questions about this policy, consult your manager or the company president. You may be asked to sign a non-disclosure agreement as a condition of your employment.

Because we consider security breaches very serious, if you improperly use or disclose trade secrets or confidential business information, you will be subject to disciplinary action, up to and including termination of employment and legal action, even if you do not actually benefit from the disclosed information.

Only authorized personnel will have access to criminal history record information (CHRI). Any authorized or unauthorized personnel found to be violating compliance with state and federal statutes, regulations, policies, and procedures for the access, use, dissemination, storage, security, and destruction of criminal history record information will be subject to disciplinary action, up to and including termination of employment and legal action.

Use of Social Media by Employees

While James Lane Air Conditioning Co., Inc. encourages its employees to enjoy and make good use of their

off-duty time, certain activities on the part of employees may become a concern if they have the effect of impairing the work of any employee; harassing, demeaning, or creating a hostile working environment for any employee; disrupting the smooth and orderly flow of work within the office; or harming the goodwill and reputation of the company among its customers or in the community at large. In the area of social media (print, broadcast, digital, and online services such as Facebook, LinkedIn, MySpace, Plaxo, and Twitter, among others), employees may use such media in any way they choose as long as such use does not produce the adverse consequences noted above. For this reason, James Lane Air Conditioning Co., Inc. reminds its employees that the following guidelines apply in their use of social media, both on and off duty.

An employee should not publish any personal information about themselves, another employee of the organization, the company, a client, or a customer in any public medium (print, broadcast, digital, or online) that:

- ✓ Has the potential or effect of involving the employee, their coworkers, or the company in any kind of dispute or conflict with other employees or third parties.
- ✓ Interferes with the work of any employee.
- ✓ Creates a harassing, demeaning, or hostile working environment for any employee.
- ✓ Disrupts the smooth and orderly flow of work within the office, or the delivery of services to the company's clients or customers.
- ✓ Harms the goodwill and reputation of the company among its customers or in the community at large.
- ✓ Tends to place in doubt the reliability, trustworthiness, or sound judgment of the person who is the subject of the information.

The employee(s) responsible for such problems will be subject to counseling and/or disciplinary action, up to and potentially including termination of employment, depending upon the severity and repeat nature of the offense.

No employee may use company equipment or facilities for furtherance of non-work-related activities or relationships without the express advance permission of senior management. Employees who conduct themselves in such a way that their actions toward and relationships with each other interfere with or damage work relationships, disrupt the flow of work or customer relations, or cause unfavorable publicity in the community, should be concerned that their conduct may be inconsistent with one or more of the above guidelines. In such a situation, the employees involved should request guidance from your supervisor, senior management, company president, or the human resources department to discuss the possibility of a resolution that would avoid such problems.

Depending upon the circumstances, failure to seek such guidance may be considered evidence of intent to conceal a violation of the policy and to hinder an investigation into the matter. Use of social media that involves any kind of criminal activity or harms the rights of others may result in criminal prosecution or civil liability to those harmed, or both.

Social media access and use involving company equipment and resources are subject to James Lane Air Conditioning Co., Inc.'s Network and Electronic Resources Policy (Pages 51-54) at all times.

How an employee uses social media is not a matter of concern as long as it is consistent with the above guidelines. Employees may address any questions on this policy to the human resources department.

Patents and Copyrights

This policy shall apply to all persons employed, compensated, or appointed by James Lane Air Conditioning Co., Inc. and to anyone using facilities owned, operated, or controlled by James Lane Air Conditioning Co., Inc.

Employees engaged in external consulting work or business are responsible for ensuring agreements emanating from such work are not in conflict with this policy or with contractual commitments of James Lane Air Conditioning Co., Inc. Such employees should provide affirmative notice to the other parties to such agreements, informing them of the obligations of the employees to James Lane Air Conditioning Co., Inc. and the possible applicability of this policy to such agreements.

James Lane Air Conditioning Co., Inc. has a responsibility for and an interest in the advancement of knowledge and creative work that will enhance its organizational mission and promote the economic and welfare of the public it serves. This responsibility and interest are advanced by engaging in research and ingenuity, the results of which may, on occasion, have commercial applications which are patentable or copyrightable. When they occur, James Lane Air Conditioning Co., Inc. has the responsibility of ensuring such inventions and works are used and controlled in a manner that benefits James Lane Air Conditioning Co., Inc. to the fullest extent possible.

Therefore, it shall be the policy of James Lane Air Conditioning Co., Inc. to acquire and retain legal title to all inventions created by any person or persons to whom this policy is applicable. This policy is established in furtherance of the commitment of James Lane Air Conditioning Co., Inc. to the widest possible distribution of the benefits of James Lane Air Conditioning Co., Inc. research, the protection of inventions resulting from such research, and the development of inventions for the public good.

Rights to works shall be determined according to the provisions of this policy which apply to copyrights. Any patent or copyright developed by an employee in conjunction with and/or as a result of their employment with James Lane Air Conditioning Co., Inc. is the property of the company. Any information pertaining to such patent or copyright must remain on company premises.

Outside Employment

James Lane Air Conditioning Co., Inc. employees may hold outside jobs as long as they can satisfactorily perform their James Lane Air Conditioning Co., Inc. job and there is no interference with any company policy, procedure, or scheduling demands. All employees will be held to the same standards of performance and scheduling expectations, regardless of any outside job. If we determine the outside work is impacting your performance or the ability to meet our requirements, which may change over time, you will be asked to terminate the outside job in order to stay employed at James Lane Air Conditioning Co., Inc.

We prohibit outside employment that constitutes a conflict of interest. Further, you may not receive any income or material gain from individuals outside James Lane Air Conditioning Co., Inc. for materials produced or services rendered while performing your job at James Lane Air Conditioning Co., Inc.

Furthermore, employees must receive prior written approval from the president, senior management and/or the human resource department of James Lane Air Conditioning Co., Inc. with regard to accepting outside employment opportunities so a determination can be made whether or not the position constitutes a conflict of interest.

Conflicts of Interest

As an employee of James Lane Air Conditioning Co., Inc., you have the obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. In this policy, James Lane Air Conditioning Co., Inc. is establishing the framework within which we wish to operate. These guidelines are intended to provide a general direction so you can get further clarification on areas that affect you. For more information or questions on conflict of interest, contact the president.

All transactions with firms outside James Lane Air Conditioning Co., Inc. must be conducted within the framework established and controlled by the executive level of James Lane Air Conditioning Co., Inc. Business dealings with outside firms should not result in unusual gains for those firms. "Unusual gains" refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gains require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee as a result of business dealings with James Lane Air Conditioning Co., Inc.

There is no "presumption of guilt" created by the mere existence of a relationship with outside firms. However, if you have any influence on transactions involving purchases, contracts, or leases, it is imperative you disclose this fact to an officer of James Lane Air Conditioning Co., Inc. as soon as possible. By alerting us to the existence of any actual or even a potential conflict of interest, we can establish safeguards to protect all parties.

The potential for personal gain is not limited to situations where an employee or relative has a significant

ownership in a firm with which James Lane Air Conditioning Co., Inc. does business. Personal gains can also result from situations where an employee or relative receives a kickback, bribe, substantial gift, or special consideration as a result of a transaction or business dealings involving James Lane Air Conditioning Co., Inc.

Employment of Family Members

James Lane Air Conditioning Co., Inc. does permit the employment of qualified relatives of employees as long as such employment does not, in the opinion of the company, create actual or perceived conflicts of interest. For purposes of this policy, relative is defined as a spouse, child, parent, sibling, grandparent, aunt, uncle, in-laws of all types, and step relations.

The placement of related employees will fall under the following guidelines: 1) individuals related by blood or by marriage shall have no direct reporting or supervisory relationship, 2) relatives are not permitted to work in the same department or in any other positions in which the company believes there is a conflict of interest.

Employees who marry while employed with the company will follow the guidelines as stated above unless, in the opinion of the company, a conflict arises. At which time, one of the employees will be transferred at the earliest possible date. This policy applies to all employment classifications.

Solicitation

Employees as well as persons not employed by James Lane Air Conditioning Co., Inc. are prohibited from engaging in the sale or distribution of any non-company product or service or the distribution of printed material not related to the company during business hours or at the worksite. Solicitations of customers of James Lane Air Conditioning Co., Inc. for the purchase of non-company products or services are also prohibited.

Employment Categories and Classification

Employment-at-Will

All employees of James Lane Air Conditioning Co., Inc., regardless of their classification or position, are employed on an at-will basis. This means each employee's employment is terminable at the will of the employee or the company at any time, with or without cause and with or without notice. No officer, agent, representative, or employee of the company has any authority to enter into any agreement with any employee or applicant for employment other than on an at-will basis.

Furthermore, nothing contained in the policies, procedures, handbooks, manuals, job descriptions, application for employment, or any other document of the company shall in any way create an express or implied contract of employment or an employment relationship other than on an at-will basis.

Introductory Period

At James Lane Air Conditioning Co., Inc. we want you to be successful at your job. We have found having an introductory period can be very helpful to new employees. The introductory period provides you with the opportunity to demonstrate you can perform your job at a satisfactory level of performance and to determine if the new job meets your expectations. We use this period to evaluate your capabilities, work habits, and overall performance. Since employment at James Lane Air Conditioning Co., Inc. is based on mutual consent, either you or James Lane Air Conditioning Co., Inc. may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

The introductory period for all new and rehired employees is the first 90 calendar days after the date of hire. If there is a significant period of absence during the introductory period, the period may be extended by the length of the absence. If we determine there was not adequate time during the introductory period to evaluate performance, the introductory period may be extended. You will be notified of an extension of your introductory period in writing.

Furthermore, you may or may not receive an initial performance review commencing the first 90 calendar days after the date of hire. When the introductory period is satisfactorily completed, employees enter the "regular" employment classification.

Employment Categories

Understanding the definitions of the employment classifications at James Lane Air Conditioning Co., Inc. is important because your classification is one of the factors that determine your employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Since employment with James Lane Air Conditioning Co., Inc. is based on mutual consent, either you or James Lane Air Conditioning Co., Inc. has the right to terminate the employment relationship at will at any time, with or without cause or advance notice.

Depending on your position, you are designated as either NON-EXEMPT or EXEMPT from federal and state wage and hour laws. NON-EXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws.

In addition to the exempt and non-exempt categories, you also belong to one of the following employment categories:

Non-Exempt employees (hourly): are employees whose work is covered by the Fair Labor Standards Act (FLSA). They are NOT exempt from the law's requirements concerning minimum wage and overtime.

Exempt employees (salaried): are generally managers, professional, administrative, or technical staffs who are exempt from the minimum wage and overtime provisions of the FLSA. Exempt employees hold jobs which meet the standards and criteria established under the FLSA by the US Department of Labor.

James Lane Air Conditioning Co., Inc. has established the following categories for both non-exempt and exempt employees:

REGULAR FULL-TIME: Regular, full-time employees are employees who are not in a temporary or introductory status AND who are regularly scheduled to work the full-time schedule at James Lane Air Conditioning Co., Inc. Generally, regular full-time employees are eligible for all James Lane Air Conditioning Co., Inc. benefit programs, subject to the terms, conditions, and limitations of each benefit program.

PART-TIME: Part-time employees are employees who are not in a temporary or introductory status AND who are regularly scheduled to work 30 hours or less per week. While part-time employees receive all legally mandated benefits (such as Social Security and workers' compensation insurance), and are eligible to participate in the 401K benefit program, they are ineligible for the other James Lane Air Conditioning Co., Inc. benefit programs.

INTRODUCTORY: Introductory employees are employees whose performance is being evaluated to determine whether further employment in a specific position or with James Lane Air Conditioning Co., Inc. is appropriate. Employees, who satisfactorily complete the introductory period, enter the "regular" employment classification.

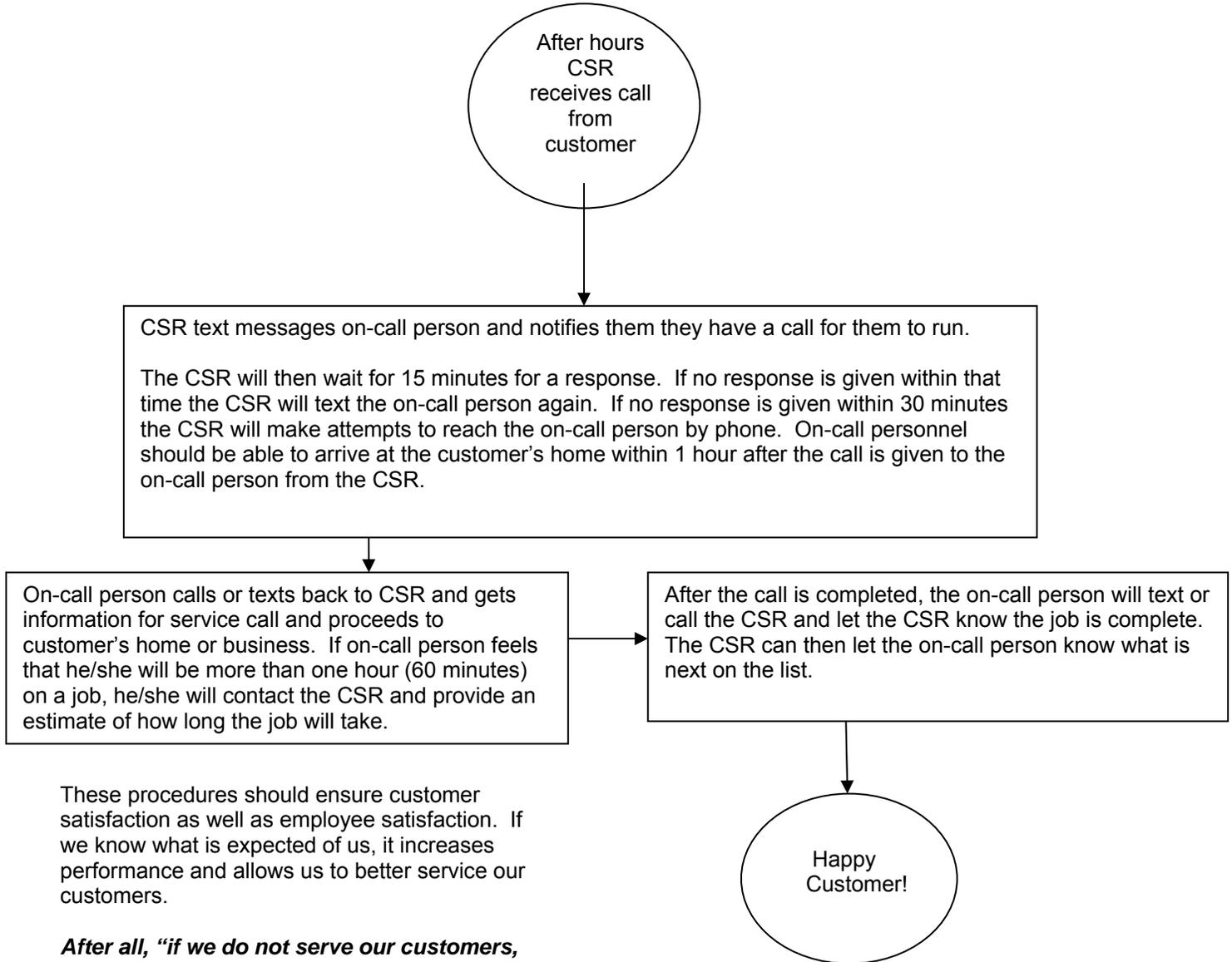
TEMPORARY: Temporary employees are employees who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond the initially stated period does not in any way imply a change in employment status. Temporary employees retain that status unless and until they are notified of a change. While temporary employees receive all legally mandated benefits (such as Social Security and Workers' Compensation insurance), they are ineligible for all other James Lane Air Conditioning Co., Inc. benefit programs.

ON CALL STATUS: Occasionally regular exempt employees will be required to remain "on-call" outside of normal business hours. When an employee is on-call the employee must be available (either in person or via telephone) for the entire scheduled on-call status. Specific requirements for on-call status are listed in the DISPATCH-AFTER HOURS FLOW CHART on the next page. On-call employees will receive compensation for their on call status. An on-call schedule is prepared in advance and is available to all affected employees. The on-call schedule runs from Monday through Sunday of each week.

Dispatch – After Hours Flow Chart

Dispatch-After Hours Flow Chart

Dispatch – After Hours Flow Chart



Work Schedules and Payroll

Work Schedules

Work schedules for employees vary throughout James Lane Air Conditioning Co., Inc. and may be extended

or modified as needed to promote uninterrupted service. Your manager or supervisor will advise you of your specific work schedule and location. Employees are required to be present for work during the workday established for them by their managers or by the company president.

Some regular schedules may vary depending on such factors as weather, materials supply, permit approval, etc. If you are unsure about expected starting times on any particular job assignment, ask your manager or supervisor for clarification. In case of unplanned conditions, such as bad weather, that may force a schedule change at the last minute, you should contact your manager or call the office directly.

James Lane Air Conditioning Co., Inc. does not generally schedule rest periods or breaks, other than unpaid meal breaks. However, if during the workday the company does schedule other breaks of 15 minutes or less, they will be paid breaks. For lunch or meals, our policy is:

- ✓ Field and/or shop employees – unpaid meal periods will be 30 minutes to 1 hour.
- ✓ Office employees – unpaid meal periods will be 1 hour.

All employees are required to take a lunch break and no employee is authorized, without prior managerial approval, to perform work during the lunch period.

Break Periods

All employees are entitled to receive a paid 15 minute break for each consecutive four-hour period worked. Breaks that are not taken are forfeited and cannot be used as credit toward early dismissal.

Meetings

From time-to-time, individual or staff meetings may be held for the purpose of providing instruction, training, counseling, or to review operating policies. If you are notified to attend such meetings, your attendance is mandatory and follows the regular attendance policies as set forth in this document.

Recording Hours Worked

Unless otherwise notified, each employee is required to record his/her hours of work as prescribed by their manager or supervisor. Accurately recording your time is required in order to ensure you are paid for all hours worked as required by state and federal wage and hour laws. You will be informed your first day on the job how you are required to keep your time. Whatever your method of timekeeping, you are expected to follow the established procedures in keeping an accurate record of your hours worked.

If you forget to record your appropriate time, you should immediately contact your manager or supervisor for correction. You and your manager and/or supervisor must initial any changes or corrections to your time record. Under no circumstances may an employee modify or clarify another employee's time. Failure to record your time correctly is a violation of company policy.

All non-exempt office personnel will submit a signed time sheet each week. Time sheets must be completed and signed by 9:00 a.m. Monday morning. Recording vacation or holiday hours should be made prior to taking vacation or holiday time rather than completing upon return. Recording sick hours may be made upon return to work.

All non-exempt field personnel will submit a signed time sheet daily. Time sheets for Monday–Thursday must be turned in by 9:00 a.m. the following day. Time sheets for Friday, Saturday, and Sunday must be turned in by 9:00 a.m. the following Monday morning. Recording vacation or holiday hours should be made prior to taking vacation or holiday time rather than completing upon return. Recording sick hours may be made upon return to work.

All non-exempt employees are responsible for accurately recording the hours they work. This information helps James Lane Air Conditioning Co., Inc. comply with the laws that require us to keep accurate records of "time worked" in order to correctly calculate employee pay and benefits. "Time worked" is defined as all the time non-exempt staff spend performing assigned duties.

If you are a non-exempt employee, you must accurately record the time you begin and end your work, as well as the beginning and ending time of any meal periods, split shifts, or if you leave the workplace for personal reasons. Also, you always need to receive advance approval before working any overtime hours.

We consider attempts to falsify timekeeping records a very serious matter. Therefore, any of the following

actions may result in disciplinary action, up to and including termination: altering, falsifying, tampering with time records, or recording another employee's time record.

Appropriate department managers and the human resources department will review all time records prior to processing the final payroll. If corrections and/or revisions are necessary, please notify your immediate supervisor or the human resources department immediately.

Excessive violations of this company policy may result in disciplinary action, up to and including termination.

Travel

James Lane Air Conditioning Co., Inc. will reimburse employees for necessary, appropriate and approved travel costs and activities. Company approved travel is generally defined as transportation on company business in excess of one's normal commute. All travel must be authorized and approved as required by the company.

While traveling on company business, employees should be aware at all times they are representatives of James Lane Air Conditioning Co., Inc. and should act accordingly. Employees are personally responsible for acts that occur while not conducting company business.

An overnight stay may be required while conducting company business that is greater than 60 miles from James Lane Air Conditioning Co., Inc.'s headquarters. Accommodations for an overnight stay will be pre-arranged by the company. It is the employee's responsibility to immediately notify the company of any cancellations. Field personnel may receive a pay differential if an overnight stay is deemed necessary and a requirement. The company sets this pay differential. Commuting and travel time are not eligible for the differential pay. In addition, a daily Per Diem rate established by the company will be paid to field employees when an overnight stay is required. Once issued, if an overnight stay is not required, the employee will reimburse the company for any unused Per Diem. Employees may receive a flat rate compensation for travel from and to Wichita Falls, Texas when air flight is required.

It is the responsibility of the employee to retain all original receipts, invoices and necessary paperwork to substantiate all expenses. These documents should be turned in to the office in a timely manner. This policy is intended only for company employees.

Payroll

James Lane Air Conditioning Co., Inc. issues your pay wages via direct deposit each Friday on a weekly basis. Pay periods start on Monday and end on the following Sunday. Therefore, each Friday your wages will be deposited for all hours worked in the pay period ending the previous Sunday. Depending on the restrictions of your bank, your pay may not be available for withdrawal from your bank account until the following business day. A copy of your payroll check stub will be mailed to you.

Your paycheck is payment from the company to you for services you have rendered. It is exactly equal to the amount of work you performed. When you receive your payroll check stub, make sure the hours and pay rate are correct. If your hours and/or rate of pay are not correct, seek help from your manager or the human resources department so it can be corrected. No payroll shall be paid in cash or trade.

Your paycheck is divided between "straight-time" and "overtime" pay. Overtime is only permitted when authorized by your manager or supervisor as discussed later in this manual.

There are three automatic deductions from your "gross pay", all of which are required by law. These are: Federal Income Tax, Social Security (F.I.C.A.), and Medicare. The income tax deduction varies with the number of dependents that you claim. Consult with the Internal Revenue Service as to how many you should claim. Generally, your wages are exempt from garnishment. The only exceptions are the collection of court-ordered payments. James Lane Air Conditioning Co., Inc. will abide by any valid court order setting out a wage withholding requirement.

There are other deductions authorized only by the employee. Such authorizations are completely voluntary and must be in writing by you. Should such a deduction be required or requested, you will be provided with necessary forms.

Salary Administration

The salary administration program at James Lane Air Conditioning Co., Inc. was created to achieve

consistent pay practices, comply with federal and state laws, mirror our commitment to Equal Employment Opportunity, and offer competitive salaries within our labor market. Because we believe recruiting and retaining talented employees is critical to our success, we are committed to paying our employees equitable wages that reflect the requirements and responsibilities of their positions and are comparable to the pay received by similarly situated employees in other organizations in the area.

Compensation for every position is determined by several factors including job analysis and evaluation, the essential duties and responsibilities of the job, and salary survey data on pay practices of other employers. We periodically review our salary administration program and restructure it as necessary.

We may award merit-based pay adjustments in conjunction with superior employee performance as documented by our performance evaluation process. Incentive pay will be awarded for qualified sales.

If you have a question about the pay practices for your department, you are encouraged to talk with your manager. The human resources department is also available to answer questions about James Lane Air Conditioning Co., Inc.'s salary administration program.

Payroll Deductions

James Lane Air Conditioning Co., Inc. may offer programs and/or benefits to eligible employees beyond those required by law. You may voluntarily authorize deductions from your paycheck to cover your portion of the cost of these programs. James Lane Air Conditioning Co., Inc. may find it necessary to take "pay setoffs" from your paycheck. Pay setoffs are pay deductions taken by James Lane Air Conditioning Co., Inc., usually to help pay off a debt or obligation to us or to others. If you have questions concerning why a deduction was made from your paycheck or how your paycheck is calculated, consult with the human resources department.

Note, at the end of each calendar year, W-2 Forms will be mailed to the employee's last known home address. It is YOUR RESPONSIBILITY to ensure the company has the correct address.

Charitable Contributions

Although James Lane passed away in 2007, his legacy not only lives on through his family and his company, but also a community indebted to his service. James Lane was passionate about giving back to the community in which he did business. As a result, James Lane Air Conditioning Co., Inc. has been a long time corporate sponsor of United Way. James' goal was for each employee to pledge an amount equal to one hour's pay each month and we continue that goal today. Appropriate United Way forms authorizing easy payroll deductions can be obtained from the human resources department. We encourage all of our employees to give back to the community through charities of their choice.

Overtime

There may be times when James Lane Air Conditioning Co., Inc. cannot meet its operating requirements or other needs during regular working hours. If this happens, we may schedule employees to work overtime hours. When possible, we will try to let you know in advance of a mandatory overtime assignment. It is our policy that no overtime can be worked without the approval and authorization of management. Only non-exempt or hourly employees are eligible for overtime pay. Overtime will be paid for hours worked in excess of a 40-hour workweek at a rate of one and one-half times an employee's normal rate of pay.

To the extent possible, overtime will be distributed equally among all employees in the same classification and position, provided that the employees concerned are equally capable of performing the available work. Decisions regarding overtime work will be made by management. Any employee asked to work overtime will be expected to rearrange his/her personal schedule to work the requested overtime. Overtime, when necessary, is mandatory and is treated with the same disciplinary actions as regular work schedules.

Overtime Calculation

Positions designated as non-exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) are eligible for overtime payment of one and one-half times the base hourly rate if the employee works beyond 40 hours *in a work week or beyond the hours in a designated work period*. The workweek includes all time during which an employee is required to be on the employer's premises, on duty, or at a prescribed work place.

Under FLSA, a workweek for non-exempt employees is a "fixed and regularly recurring period of 168 hours – seven consecutive 24-hour periods." It may begin on any day of the week and at any hour of the day. Once the beginning of an employee's workweek is established it remains fixed regardless of the schedule of hours worked. A non-exempt employee cannot waive the right to overtime compensation under the FLSA.

James Lane Air Conditioning Co., Inc.'s work week is established as Monday through Sunday. Overtime will be paid for any work beyond 40 hours in a work week. If an employee in a single work week works at two or more different types of work for which different straight-time rates have been established, James Lane Air Conditioning Company, Inc.'s computation of overtime pay will be based on one and one-half times the hourly rate in effect when the overtime work is performed.

NOTE:

“The U.S. Department of Labor requires that a written agreement between James Lane Air Conditioning Co., Inc. and the employee who is eligible for overtime be on file.”

Administrative Pay Corrections

James Lane Air Conditioning Co., Inc. takes all reasonable steps to ensure that you receive the correct amount of pay in each paycheck and that you are paid on the scheduled payday. In the unlikely event that there is an error in the amount of pay you receive, you should promptly advise the human resources department so that the discrepancy can be corrected as quickly as possible.

Attendance and Time Off

Attendance and Reporting to Work

Each employee is important to the overall success of our operation. When you are not here, someone else must do your job. Consequently, you are expected to report to work on time at the scheduled start of the workday. Reporting to work on time means that you are ready to start work, not just arriving at work, at your scheduled starting time.

James Lane Air Conditioning Co., Inc. depends on its employees to be at work at the times and locations scheduled. Excessive absenteeism and/or tardiness will lead to disciplinary action, up to and including termination. The determination of excessive absenteeism will be made at the discretion of the company.

If an employee fails to report time off from work as required in this policy, the employee will be deemed to have voluntarily quit his/her job without notice and will be removed from the payroll.

If the employee is absent from work for medical reasons for three (3) consecutive days, the employee must provide documentation from their physician to support an injury or illness-related absence, and to ensure that you may safely return to work.

Approval for all time off is at the sole discretion of management (your supervisor and a member of senior management) and is denied and/or approved based on the needs of the organization.

Your attendance record is a part of your overall performance rating. Therefore, it may be included during your annual performance review, potentially affecting chances for advancement and wage increases. Furthermore, any employee who fails to maintain an acceptable attendance record may be subject to disciplinary action. Repeated unexcused tardiness or absenteeism will not be tolerated.

Unless a life-threatening emergency exists, calls from anyone other than the employee will NOT be accepted. Having anyone else call in for you will be treated as a NO CALL/NO SHOW and subject to further disciplinary action as outlined in this handbook.

Requesting Time Off

If you expect to be absent from your job for an *approved* reason (e.g., paid time off or a leave of absence), you should notify your supervisor of your upcoming absence in writing in accordance with the timelines as stated in the Vacation Time or Sick Time sections as applicable. Everyone must receive approval for any time off prior to the requested leave dates.

Tardiness

James Lane Air Conditioning Co., Inc. understands that some unforeseen circumstances may present themselves and you may need to report late to work. In these circumstances, you must notify your supervisor prior to the start of your scheduled workday that you will be tardy, provide the reason for that tardiness, and an anticipated arrival time. Failure to contact and speak with your supervisor or senior management will constitute an unauthorized tardiness and may be subject to further disciplinary action.

If you are unable to speak directly with your supervisor, you must contact the office and leave a contact number so your supervisor or other member of management can return your call.

Reporting an Unscheduled Absence

Employees are required to contact their managers 30 minutes before the start of their shift to report any unscheduled absences. If you have to leave a message with the office for your supervisor, **you must follow up and speak directly with your supervisor** within 2 hours of the start of your scheduled work day. If you are unsuccessful in making contact with your supervisor, you must speak with senior management and provide the required information with regard to your absence. Failure to speak with your supervisor or senior management will result in an unexcused absence.

When reporting off from work you must state the reason for the absence and a telephone number where you can be reached. Failure to report the absence within the limits of this policy may constitute a NO CALL/NO SHOW and will be subject to further disciplinary action up to and including termination.

Personal Appointments

Where possible, personal appointments (including medical and dental appointments for yourself or family members) should be scheduled around your assigned work hours. However, if you are unable to schedule your personal appointments around assigned work hours, you should request the time off as far in advance as possible. Employees may use available vacation time for any personal appointments. Available sick time may only be used for medical or dental appointments for yourself or family members. You are expected to return to work after the scheduled appointment.

Employees who fail to notify their manager of pre-scheduled appointments may not be given permission to take the time off and will be subjected to further disciplinary action. Employees who take time off for appointments may be required to provide proof of the appointment. NOTE: These documents must be verifiable by the human resources department.

Benefits Program

Health Insurance

Regular, full-time employees who have successfully completed their 90-day introductory period will be eligible to participate in our health insurance benefit program. The human resources department will provide you with the necessary information regarding the available benefits. It is the responsibility of each employee to turn in the appropriate forms in the time frame requested.

Consolidated Omnibus Budget Reconciliation (COBRA)

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited period of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. James Lane Air Conditioning Co, Inc. does require payment of the group health insurance premium for continuation coverage. This continuation coverage can be extended for 18 months for employees as well as their spouses and their dependents, if coverage is lost due to termination or reduction of hours. Spouses and dependents that would otherwise lose coverage due to the death of the employee, divorce or legal separation from the employee, or attainment of limiting age for dependent children, can continue coverage for up to 36 months. Employees wishing to exercise their conversion privileges must advise the human resources department within 60 days (starting on the later of the date you are furnished the election notice or the date you would lose coverage) of your choice whether or not to elect continuation coverage.

401K Savings Plan

James Lane Air Conditioning Co., Inc. has established a 401(k) savings plan that is available to all regular full-time employees and part-time employees who have completed a minimum of one year of employment. After one year of service, an employee may enter the plan on January 1st or July 1st of each year. The purpose of this plan is to encourage all eligible employees to save on a pre-tax basis and to build a financial reserve for retirement. Under the plan, employees may elect to have the company withhold from 1 to 15 percent of their gross compensation through payroll deduction. The company will match 25% of any contribution made up to 10% of the employee's salary.

The vesting schedule for contributions made by James Lane Air Conditioning Co., Inc. is as follows:

<u>Years of Service</u>	<u>Vested Benefit</u>
Less than 1	0%
1	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Employees may suspend their contributions at any time and may also increase or decrease the amount of their contributions any time during the calendar year by completing a 401(k) change form. Withdrawals from the plan are permitted once an employee reaches the age of 59 ½ or in the event of financial hardship as defined by the plan.

Educational Benefits

Employees may be required to attend various training programs and workshops which are paid for by the company. These training programs are designed to provide knowledge and skills to ensure better job performance. In addition, the company offers educational and developmental programs designed to help interested employees qualify for jobs of increasing responsibility within the company. Participation in these educational programs is voluntary and will be paid for by the company. You are encouraged to take part in educational opportunities that will enhance your job performance.

Vacation Time

Regular full-time employees are eligible to participate in the James Lane Air Conditioning Co., Inc. vacation benefit program. To be eligible for vacation pay, you must work your last scheduled day before and first scheduled day after the requested vacation day(s). Vacation time is calculated based on an employee's anniversary date.

Less than 1 year – (0 hours)
1 year but less than 3 years – 1 week (40 hours)
3 years but less than 7 years – 2 weeks (80 hours)
7 years or more – 3 weeks (120 hours)

To schedule vacation time, you should first request advance approval from your manager, no less than two weeks prior to your request for time off. Each request will be reviewed based on a number of factors, including our business needs and staffing requirements.

Vacation time off is paid at your base pay rate at the time of the vacation. It does not include overtime or any special forms of compensation. We encourage you to use your available paid vacation time for rest, relaxation, and personal pursuits. If your employment terminates involuntarily, you will be paid for any unused vacation time that has been earned through your last day of work. Employees who resign and fail to turn in a two week's notice will forfeit any unused vacation pay, unless approved by management.

Sick Time

Regular full-time employees are eligible to participate in the James Lane Air Conditioning Co., Inc. sick benefit program. Sick time is calculated based on an employee's anniversary date. Upon completion of 6 months of employment, 20 hours of sick time will be available for use. Thereafter, .77 hours of sick time will accrue each week, for a total of 40 hours per year. Up to 30 days of sick time can be accrued. Sick time may be used when you are sick, for medical and/or dental appointments (for yourself or family members), or due to the death or funeral of an immediate family member. Immediate family members include your spouse, children, stepchildren, parents, legal guardians, grandparents, grandchildren, brother or sister, brother-in-law, sister-in-law, son-in-law, daughter-in-law, your spouse's parents, and any other relative permanently residing in the same household. Use of sick time for bereavement is limited to 3 days. If an employee is absent from work for medical reasons for more than 3 consecutive days, the employee must provide documentation from their physician to support an injury or illness-related absence, and to ensure that you may safely return to work. If your employment terminates, no unused sick time will be paid.

Employees are required to contact their managers 30 minutes before the start of their shift to report an absence due to illness. If you have to leave a message with the office for your supervisor, **you must follow up and speak directly with your supervisor** within 2 hours of the start of your scheduled work day. If you are unsuccessful in making contact with your supervisor, you must speak with senior management and provide the required information with regard to your absence. Failure to speak with your supervisor or senior management will result in an unexcused absence. Sick time may not be used for any unexcused absence.

See "Personal Appointments" on page 24 for details regarding use of sick time for medical or dental appointments. See "Bereavement Pay" on page 27 for details regarding use of sick time for bereavement.

Holidays

Regular full-time employees who have successfully completed 180 days (6 months) of employment are eligible for 8 hours of pay for the following holidays:

New Years Day (January 1st)
Memorial Day (Last Monday in May)
Independence Day (July 4th)
Labor Day (First Monday in September)
Thanksgiving Day (Fourth Thursday in November)
Christmas Day (December 25th)

If you are eligible for paid holidays, your holiday pay will be calculated on your straight-time pay rate as of that holiday multiplied by the number of hours you would normally have worked on that day. **Be aware, to be eligible for a paid holiday, an eligible employee must work both the last scheduled work day immediately preceding the holiday and the first scheduled day immediately following the holiday, unless prior authorization has been given by your immediate supervisor or senior management.**

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or FMLA leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied. Holiday pay will not be paid if:

- ✓ The employee has been on the payroll for less than 180 days (6 months).
- ✓ The employee is absent either one day before or the day after a scheduled holiday unless prior authorization has been obtained.
- ✓ The employee is on "lay-off" status.
- ✓ The employee is a temporary or part-time employee.
- ✓ The employee is on a non-FMLA leave of absence when the holiday occurs.
- ✓ The employee is requested to work during a paid holiday and the employee refuses to do so.

Holidays that fall on a Saturday will be observed on Friday. Holidays that fall on a Sunday will be observed on Monday.

Bereavement Leave

All full-time employees may use sick time up to 3 days in the event they miss regularly scheduled workdays due to the death or funeral of a member of the employee's immediate family. Your immediate family includes your spouse, children, stepchildren, parents, legal guardians, grandparents, grandchildren, brother or sister, brother-in-law, sister-in-law, son-in-law, daughter-in-law, your spouse's parents, and any other relative permanently residing in the same household. All time off in connection with the death of one of the above-listed individuals should be scheduled with your immediate supervisor or senior management.

Employees may use any available vacation time for bereavement leave including funerals of non-family members.

Emergency and Other Closings

There could be times when emergencies, such as severe weather, fires, power failures, earthquakes, or a slowdown in production may disrupt our normal business operations. Under these circumstances, we may be required to close a work facility or production area.

When a facility or department is officially closed due to emergency or other conditions, the time off from scheduled work will be unpaid. You may request to use any available vacation time for any time missed due to an emergency closing.

If James Lane Air Conditioning Co., Inc. is not officially closed during an emergency, you are expected to report to work. If you do not report to work, you will not be paid for the time off.

Military Leave

James Lane Air Conditioning Co., Inc. will grant a military leave of absence to employees who are absent from work because they are serving in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). You are required to give your manager advance notice of upcoming military service, unless military necessity prevents advance notice or it is otherwise impossible or unreasonable.

The military leave will be unpaid. However, you may use any available accrued vacation time for the absence. Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which you are otherwise eligible.

Benefit accruals such as vacation, sick leave, and holiday benefits will continue during a military leave of absence.

Employees who are on military leave for up to 30 days must return to work on the first regularly scheduled

work period after service ends (allowing for reasonable travel time). Employees who are on military leave beyond 30 days must apply for reinstatement in accordance with USERRA and all applicable state laws.

When you return from military leave (depending on the length of military service in accordance with USERRA), you will be placed either in the position you would have attained if you had remained continuously employed or in a comparable position. For the purpose of determining benefits that are based on length of service, you will be treated as if you had been continuously employed. If you have questions about military leave, contact the human resources department for more information.

Jury Duty/Witness Duty

James Lane Air Conditioning Co., Inc. strongly encourages each of its employees to fulfill his/her civic responsibilities. We are a good corporate citizen and are pleased to assist you in the performance of your civic duties.

It is your responsibility to notify your supervisor and the human resources department immediately upon receiving notification that you must report for jury and/or witness duty. For this time to be considered "excused," you must provide the human resources department with the printed notification of the jury or witness duty AND the printed copy of the jury and/or witness duty release form given to you once duty is completed. Employees not selected to serve on a jury, or those employees who are released early from the jury selection process are expected to return to work as soon as possible with the supporting documentation. All regular full-time employees will be paid their regular wages while performing jury and/or witness duty. Part-time employees will be given time off without pay while performing jury and/or witness duty.

Voting

Although polls are open for extended hours, we realize in some instances our employees may find these hours are not sufficient to enable them to make it to the polls. If you have a problem in this respect, please let your supervisor know so we can attempt to arrange for you to have the necessary time off to vote.

The Family and Medical Leave Act

A. General Provisions

Under this policy, James Lane Air Conditioning Co., Inc. grants up to 12 weeks (or up to 26 weeks of military caregiver leave to care for a covered service member with a serious injury or illness) during a 12-month period to eligible employees. The leave may be paid, unpaid or a combination of paid and unpaid leave, depending on the circumstances of the leave and as specified in this policy.

B. Eligibility

To qualify to take family or medical leave under this policy, the employee must meet all the following conditions:

1.) The employee must have worked for the company for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. Separate periods of employment will be counted, provided that the break in service does not exceed seven years. Separate periods of employment will be counted if the break in service exceeds seven years due to National Guard or Reserve military service obligations or when there is a written agreement, including a collective bargaining agreement, stating the employer's intention to rehire the employee after the service break. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll for only part of a week or if the employee is on leave during the week.

2.) The employee must have worked at least 1,250 hours during the 12-month period immediately before the date when the leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave should not be counted in determining the 1,250 hours eligibility test for an employee under FMLA.

3.) The employee must work in a worksite where 50 or more employees are employed by the company within 75 miles of that office or worksite. The distance is to be calculated by using available transportation by the most direct route.

C. Type of Leave Covered

To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

- 1.) The birth of a child and in order to care for that child.
- 2.) The placement of a child for adoption or foster care and to care for the newly placed child.
- 3.) To care for a spouse, child or parent with a serious health condition (described below).
- 4.) The serious health condition (described below) of the employee.

An employee may take leave because of a serious health condition that makes the employee unable to perform the functions of the employee's position.

A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or a condition that requires continuing care by a licensed health care provider.

This policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition that would result in a period of three consecutive days of incapacity with the first visit to the health care provider within seven days of the onset of the incapacity and a second visit within 30 days of the incapacity would be considered a serious health condition. For chronic conditions requiring periodic health care visits for treatment, such visits must take place at least twice a year.

Employees with questions about what illnesses are covered under this FMLA policy or under the company's sick leave policy are encouraged to consult with the human resources department.

If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid leave as provided under this policy, the company may designate all or some portion of related leave taken as leave under this policy, to the extent that the earlier leave meets the necessary qualifications.

- 5.) Qualifying exigency leave for families of members of the National Guard or Reserves or of a regular component of the Armed Forces when the covered military member is on covered active duty or called to covered active duty.

An employee whose spouse, son, daughter or parent either has been notified of an impending call or order to covered active military duty or who is already on covered active duty may take up to 12 weeks of leave for reasons related to or affected by the family member's call-up or service. The qualifying exigency must be one of the following: 1) short-notice deployment, 2) military events and activities, 3) child care and school activities, 4) financial and legal arrangements, 5) counseling, 6) rest and recuperation, 7) post-deployment activities and 8) additional activities that arise out of active duty, provided that the employer and employee agree, including agreement on timing and duration of the leave.

"Covered active duty" means:

(a.) in the case of a member of a regular component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country; and

(b.) in the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty under a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code.

The leave may commence as soon as the individual receives the call-up notice. (Son or daughter for this type of FMLA leave is defined the same as for child for other types of FMLA leave except that the person does not have to be a minor.) This type of leave would be counted toward the employee's 12-week maximum of FMLA leave in a 12-month period.

6.) Military caregiver leave (also known as covered service member leave) to care for an injured or ill service member or veteran.

An employee whose son, daughter, parent or next of kin is a covered service member may take up to 26 weeks in a single 12-month period to take care of leave to care for that service member.

Next of kin is defined as the closest blood relative of the injured or recovering service member.

The term "covered service member" means:

(a.) a member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness; or

(b.) a veteran who is undergoing medical treatment, recuperation, or therapy, for a serious injury or illness and who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of 5 years preceding the date on which the veteran undergoes that medical treatment, recuperation, or therapy.

The term "serious injury or illness":

(a.) in the case of a member of the Armed Forces (including a member of the National Guard or Reserves), means an injury or illness that was incurred by the member in line of duty on active duty in the Armed Forces (or existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating; and

(b.) in the case of a veteran who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during a period when the person was a covered service member, means a qualifying (as defined by the Secretary of Labor) injury or illness that was incurred by the member in line of duty on an active duty in the Armed Forces (or existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that manifested itself before or after the member became a veteran.

D. Amount of Leave

James Lane Air Conditioning Company, Inc. employs a rolling 12-month period measured backward from the date an employee uses any FMLA leave (employees are entitled to leave whenever they have not had more than 12 weeks in FMLA in the preceding 12 months). This method of tracking starts the tally as of the first date that FMLA leave is taken and stretches forward 12 months from that date. Therefore, starting on the first day an employee takes FMLA leave employees will have all FMLA hours used added to the same total until the same day in the following calendar year. When that period expires, the 12-month period would reset as of the first day an employee took FMLA leave outside of the previously designated 12-month period.

An eligible employee can take up to 26 weeks for the FMLA circumstance (6) above (military caregiver leave) during a single 12-month period rolling forward. For this military caregiver leave, the company will measure the 12-month period as a rolling 12-month period measured backward from the date an employee took FMLA leave. FMLA leave already taken for other FMLA circumstances will be deducted from the total of 26 weeks available.

If a husband and wife both work for the company and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent (but not a parent "in-law") with a serious health condition, the husband and wife may only take a combined total of 12 weeks of leave. If a husband and wife both work for the company and each wishes to take leave to care for a covered injured or ill service member, the husband and wife may only take a combined total of 26 weeks of leave.

E. Employee Status and Benefits during Leave

While an employee is on leave, the company will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work.

If the employee chooses not to return to work for reasons other than a continued serious health condition of the employee or the employee's family member or a circumstance beyond the employee's control, the company will require the employee to reimburse the company the amount it paid for the employee's health insurance premium during the leave period.

Under current company policy, the employee pays a portion of the health care premium. While on paid leave, the employer will continue to make payroll deductions to collect the employee's share of the premium. While on unpaid leave, the employee must continue to make this payment, either in person or by mail. The payment must be received in the human resources department by the FIRST DAY of each month. If the payment is more than 30 days late, the employee's health care coverage may be dropped for the duration of the leave. The employer will provide 15 days' notification prior to the employee's loss of coverage.

If the employee contributes to a life insurance or disability plan, the employer will continue making payroll deductions while the employee is on paid leave. While the employee is on unpaid leave, the employee may request continuation of such benefits and pay his/her portion of the premiums, or the employer may elect to maintain such benefits during the leave and pay the employee's share of the premium payments. If the employee does not continue these payments, the employer may discontinue coverage during the leave. If the employer maintains coverage, the employer may recover the costs incurred for paying the employee's share of any premiums, whether or not the employee returns to work.

F. Employee Status after Leave

An employee who takes leave under this policy may be asked to provide a fitness for duty (FFD) clearance from the health care provider. This requirement will be included in the employer's response to the FMLA request. Generally, an employee who takes FMLA leave will be able to return to the same position or a position with equivalent status, pay, benefits and other employment terms. The position will be the same or one which is virtually identical in terms of pay, benefits and working conditions. The company may choose to exempt certain key employees from this requirement and not return them to the same or similar position.

G. Use of Paid and Unpaid Leave

An employee who is taking FMLA leave must use all paid vacation, personal or sick leave prior to being eligible for unpaid leave. Sick leave may be run concurrently with FMLA leave if the reason for the FMLA leave is covered by the established leave policy.

Disability leave for the birth of the child and for an employee's serious health condition, including workers' compensation leave (to the extent that it qualifies), will be designated as FMLA leave and will run concurrently with FMLA. For example, if an employer provides six weeks of pregnancy disability leave, the six weeks will be designated as FMLA leave and counted toward the employee's 12-week entitlement. The employee may then be required to substitute accrued (or earned) paid leave as appropriate before being eligible for unpaid leave for what remains of the 12-week entitlement. An employee who is taking leave for the adoption or foster care of a child must use all paid vacation, personal or family leave prior to being eligible for unpaid leave.

An employee who is using military FMLA leave for a qualifying exigency must use all paid vacation and personal leave prior to being eligible for unpaid leave. An employee using FMLA military caregiver leave must also use all paid vacation, personal leave or sick leave (as long as the reason for the absence is covered by the company's sick leave policy) prior to being eligible for unpaid leave.

H. Intermittent Leave or a Reduced Work Schedule

The employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the workweek or workday, resulting in a reduced hour schedule. In all cases, the leave may not exceed a total of 12 workweeks (or 26 workweeks to care for an injured or ill service member over a 12-month period).

The company may temporarily transfer an employee to an available alternative position with equivalent pay and benefits if the alternative position would better accommodate the intermittent or reduced schedule, in instances of when leave for the employee or employee's family member is foreseeable and for planned medical treatment, including recovery from a serious health condition or to care for a child after birth, or placement for adoption or foster care.

For the birth, adoption or foster care of a child, the company and the employee must mutually agree to the schedule before the employee may take the leave intermittently or work a reduced hour schedule. Leave for birth, adoption or foster care of a child must be taken within one year of the birth or placement of the child.

If the employee is taking leave for a serious health condition or because of the serious health condition of a family member, the employee should try to reach agreement with the company before taking intermittent leave or working a reduced hour schedule. If this is not possible, then the employee must prove that the use of the leave is medically necessary.

I. Certification for the Employee's Serious Health Condition

The company will require certification for the employee's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

The company may directly contact the employee's health care provider for verification or clarification purposes using a health care professional, an HR professional, leave administrator or management official.

The company will not use the employee's direct supervisor for this contact. Before the company makes this direct contact with the health care provider, the employee will be given an opportunity to resolve any deficiencies in the medical certification. In compliance with HIPAA Medical Privacy Rules, the company will obtain the employee's permission for clarification of individually identifiable health information.

The company has the right to ask for a second opinion if it has reason to doubt the certification. The company will pay for the employee to get a certification from a second doctor, which the company will select. The company may deny FMLA leave to an employee who refuses to release relevant medical records to the health care provider designated to provide a second or third opinion. If necessary to resolve a conflict between the original certification and the second opinion, the company will require the opinion of a third doctor. The company and the employee will mutually select the third doctor, and the company will pay for the opinion. This third opinion will be considered final. The employee will be provisionally entitled to leave and benefits under the FMLA pending the second and/or third opinion.

J. Certification for the Family Member's Serious Health Condition

The company will require certification for the family member's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave. Medical certification will be provided using the DOL Certification of Health Care Provider for Family Member's Serious Health Condition.

The company may directly contact the employee's family member's health care provider for verification or clarification purposes using a health care professional, an HR professional, leave administrator or management official. The company will not use the employee's direct supervisor for this contact. Before the company makes this direct contact with the health care provider, the employee will be given an opportunity to resolve any deficiencies in the medical certification. In compliance with HIPAA Medical Privacy Rules, the company will obtain the employee's family member's permission for clarification of individually identifiable health information.

The company has the right to ask for a second opinion if it has reason to doubt the certification. The company will pay for the employee's family member to get a certification from a second doctor, which the company will select. The company may deny FMLA leave to an employee whose family member refuses to release relevant medical records to the health care provider designated to provide a second or third opinion. If necessary to resolve a conflict between the original certification and the second opinion, the company will require the opinion of a third doctor. The company and the employee will mutually select the third doctor, and the company will pay for the opinion. This third opinion will be considered final. The employee will be provisionally entitled to leave and benefits under the FMLA pending the second and/or third opinion.

K. Certification of Qualifying Exigency for Military Family Leave

The company will require certification of the qualifying exigency for military family leave. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave. This certification will be provided using the DOL Certification of Qualifying Exigency for Military Family Leave.

L. Certification for Serious Injury or Illness of Covered Service member for Military Family Leave

The company will require certification for the serious injury or illness of the covered service member. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave. This certification will be provided using the DOL Certification for Serious Injury or Illness of Covered Service member.

M. Recertification

The company may request recertification for the serious health condition of the employee or the employee's family member no more frequently than every 30 days and only when circumstances have changed significantly, or if the employer receives information casting doubt on the reason given for the absence, or if the employee seeks an extension of his/her leave. Otherwise, the company may request recertification for the serious health condition of the employee or the employee's family member every six months in connection with an FMLA absence. The company may provide the employee's health care provider with the employee's attendance records and ask whether need for leave is consistent with the employee's serious health condition.

N. Procedure for Requesting FMLA Leave

All employees requesting FMLA leave must provide verbal or written notice of the need for the leave to the HR manager. Within five business days after the employee has provided this notice, the HR manager will complete and provide the employee with the DOL Notice of Eligibility and Rights.

When the need for the leave is foreseeable, the employee must provide the employer with at least 30 days' notice. When an employee becomes aware of a need for FMLA leave less than 30 days in advance, the employee must provide notice of the need for the leave either the same day or the next business day. When the need for FMLA leave is not foreseeable, the employee must comply with the company's usual and customary notice and procedural requirements for requesting leave, absent unusual circumstances.

O. Designation of FMLA Leave

Within five business days after the employee has submitted the appropriate certification form, the HR manager will complete and provide the employee with a written response to the employee's request for FMLA leave using the DOL Designation Notice.

P. Intent to Return to Work from FMLA Leave

On a basis that does not discriminate against employees on FMLA leave the company may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work

Q. Other Provisions

Pregnancy Leave

Pregnancy leave is granted under the same provisions and applicable laws as FMLA. Please notify the human resources department as soon as you are aware you will require leave for pregnancy so that we can make arrangements to accommodate your necessary time off.

Spouses Working For the Same Employer

When spouses are employed by this company, they are entitled to a combined total of up to 12 weeks' leave: (1) for birth, adoption, or foster care and in order to care for such a child; or (2) to care for a parent with a serious health condition; or (3) for a qualifying exigency. The aggregate number of workweeks of leave to which both a husband and wife may be entitled to may be limited to 26 weeks during the 12-month period when service member leave is taken.

Each individual is entitled to 12 weeks' leave because of his/her own serious health condition or to care for the serious health condition of his/her child or spouse without counting leave time taken by the other spouse.

Intermittent Leave

Leave due to a serious health condition may be taken intermittently (in separate blocks of time due to a single health condition) or on a reduced leave schedule (reducing the usual number of hours you work per workweek or workday) if medically necessary. Any service member leave may be taken intermittently (in separate blocks of time due to a single health condition) or on a reduced leave schedule (reducing the usual number of hours you work per workweek or workday). If the leave is unpaid, the company will adjust your salary based on the amount of time actually worked.

Other Employment While on Leave

Taking another job while on FMLA or any other authorized leave may lead to disciplinary action up to and including termination.

Unpaid Personal Leave of Absence

Additional types of unpaid personal leaves of absence (not otherwise governed by state, federal or local laws) may be granted at the sole discretion of the company president, for up to a maximum of thirty (30) days. An extension beyond thirty (30) days will be considered on an individual basis. Requests for unpaid personal leave of absence must be approved prior to any requested absence.

Employees granted personal leaves of absence are required to use any unpaid vacation time concurrent with this leave. Unless required by federal, state, or local laws, vacation time will cease to accrue during

this leave. Likewise, employee may not be entitled to any other forms of additional compensation while out on a personal leave of absence. This time will be deducted from accrual of time needed to receive performance evaluations.

An employee returning from a personal leave may or may not be offered the same position held at the time the leave was taken. If the same position is not available, the employee may be offered a comparable position; however, if neither the same nor a comparable position is available at the time, the returning employee will be given preferential consideration for any position for which he/she applies and for which he/she is deemed by management to be qualified.

A returning employee will be given such preferential consideration for a period of sixty (60) days following his/her notification to the company in writing that he/she is ready and able to return to work. There are no guarantees of reinstatement and your return will depend on your qualifications for existing openings (if any).

If your leave expires and you have not contacted the human resources department or the company president, it will be assumed that you do not plan to return and you have terminated your employment. Time spent on personal leave of absence will not be used for computing benefits such as vacation or holidays. It is understood that you will not obtain other employment or apply for unemployment insurance while you are on a personal leave of absence.

Acceptance of other employment while on leave will be treated as a voluntary resignation from employment at our company.

You should speak directly with the human resources department prior to taking leave to ensure your understanding of all of your obligations to the James Lane Air Conditioning Co., Inc. while on leave, such as your periodic reporting and re-verification obligations. Failure to comply with company policy may substantially affect your return to work under this policy.

Personal Cell Phone Allowance

Certain employees will be offered a monthly allowance for company use of their personal cell phones. Participants would make their cell number available to dispatchers and supervisors as necessary. Each department supervisor will determine employee eligibility.

Safety Boot Allowance

Certain employees will be offered a monthly allowance for the purchase of required safety boots. Each department supervisor will determine employee eligibility.

Personnel Information

Personnel Data Changes

It is your responsibility to provide current information regarding your address, telephone number, insurance beneficiaries, change in dependents, marital status, etc. Please use the personnel records form available from the human resources department to note any changes in your address, phone number, emergency contact information, marital status, etc. Changes in exemptions for tax purposes will only be made upon the receipt of a completed W-4 form (these changes are solely the responsibility of the employee).

To report changes, or to ask any questions regarding what information constitutes “relevant,” please contact the human resources department.

Access to Personnel Files

At James Lane Air Conditioning Co., Inc. we maintain a personnel file on each employee that may include HIGHLY CONFIDENTIAL information such as job applications and related hiring documents, training records, performance documentation, salary history, and other employment records. Certain employees may occasionally have controlled access to an employee’s personnel file. These may include direct supervisors, prospective supervisors, senior management, and human resources personnel.

Employee personnel files are the property of the company, and do not belong to the employee. However, upon request, the company may provide employees with copies of performance evaluations and other performance-related documents that the employee has previously received.

Appointments to review your personnel records during your off-duty hours must be made 48-hours in advance. The final decision whether to grant and/or reject requests to review employee files is at the sole discretion of senior management. A member of senior management or a company human resources representative must be present while the employee reviews their personnel file. Employees may take notes, but may not remove, deface or otherwise make notations on the documents in their personnel file.

Employment Reference Checks

To help select the best person for the job, James Lane Air Conditioning Co., Inc. checks the employment references of job candidates.

James Lane Air Conditioning Co., Inc. will not release any employment data without an employee or former employee's written authorization and signed release. We will confirm only employment dates, salary information, and the positions held.

Resignations and Involuntary Terminations

Employees are encouraged to provide a two weeks’ notice prior to resigning. Unless approved by management, failure to turn in a two weeks’ notice of resignation will forfeit any unused vacation pay. Employees who resign or who are involuntarily terminated are required to return all company equipment to avoid automatic payroll deductions.

All employees who resign or who are involuntarily terminated should report to the human resources department. An exit interview form should be completed, as your departing comments are important to us so we can continue to improve employee relations. At the time of the interview, you will be asked to verify all company uniforms, company equipment, and any confidential and/or proprietary company information have been returned. These include but are not limited to uniforms, equipment, cellular phones, and tools.

Additionally, final payment arrangements will be confirmed for any outstanding balances. Outstanding money owed to the company will be withheld from paychecks. If your last paycheck cannot cover outstanding balances, employees must make payment arrangements. If all company uniforms, company equipment, and/or any confidential and/or proprietary company information have not been returned, you will be required to sign an authorization for payroll deduction for the value of those items.

Employee Referral Policy

James Lane Air Conditioning Company, Inc. will pay a reward for referrals that lead to employment for an AC technician, licensed plumber, sheet metal technician, installer, and other positions provided all terms of this policy are satisfied. One year of full-time continuous service is defined as service from the date the referred employee is placed on the company payroll to their first anniversary date. Time accumulated at an employment agency or any other temporary employment will not be considered as continuous service.

AC technician, license plumber, sheet metal technician - reward will be \$1,000. The reward will be paid in the following installments: \$300 when the new employee is placed on the company payroll, \$300 after the new employee completes six months of continuous service on the company payroll, and \$400 after the new employee completes one year of continuous service on the company payroll.

Lead Installer - reward will be \$750. The reward will be paid in the following installments: \$225 when the new employee is placed on the company payroll, \$225 after the new employee completes six months of continuous service on the company payroll, and \$300 after the new employee completes one year of continuous service on the company payroll.

Other positions - reward will be \$300. The reward will be paid in the following installments: \$100 when the new employee is placed on the company payroll, \$100 after the new employee completes six months of continuous service on the company payroll, and \$100 after the new employee completes one year of continuous service on the company payroll. This category includes positions for AC, plumbing, sheet metal, installers, helpers, apprentices, and trainees.

Terms:

1. Referring party must complete an Employee Referral form before the new job candidate submits a resume or takes any other action toward applying for a position with the company.
2. The referred employee must still be employed by James Lane Air Conditioning Company, Inc. in order for reward installments to be due and payable to the referring employee.
3. Referred candidates must be hired within one year of the date the Employee Referral form is received.
4. Only one referral reward will be paid for each referral applicant hired. If more than one referring party submits an Employee Referral form for the same job candidate, the first form turned in shall apply.
5. Referring parties may share in a referral reward, but the company will not be responsible for dividing or allocating any shared reward. The referring party who first turns in an Employee Referral form will be credited for the reward, if all other program conditions are met.
6. Managers within the direct line supervision of the employee being hired and all employees within the human resource department are not eligible to participate in the Employee Referral Reward program.
7. The company retains full discretion in all employment decision that affect this program, including the decision to hire any job candidate and/or to discharge any employee referred through this program.
8. Reward payments will be made to the referring employee only until the referring employee terminates his employment with the company.
9. Rewards are subject to standard employee payroll withholding.

Statement of Coverage: This policy represents management guidelines only. Nothing in this policy shall be interpreted as a contract of employment. The company retains the right to deviate or modify this policy at any time without notice.

Anti-Retaliation Policy

James Lane Air Conditioning Co., Inc. employees are protected from retaliation against those who report, oppose, or participate in the investigation of alleged wrongdoing in the workplace.

This policy prohibits any adverse conduct that is taken because an applicant, employee, vendor or contractor has engaged in any of the forms of protected activity including (but not limited to) the following:

- ✓ Taking sides because an individual reported alleged wrongdoing.
- ✓ Spreading rumors about a complaint of alleged wrongdoing.
- ✓ Shunning, avoiding or encouraging others to shun or avoid an individual who has engaged in any of the forms reporting alleged wrongdoing.
- ✓ Real or implied threats of intimidation to attempt to prevent an individual from reporting alleged wrongdoing.
- ✓ Refusing to hire an individual because the individual reported an alleged wrongdoing.
- ✓ Denying promotion to an individual who reported an alleged wrongdoing.
- ✓ Taking any form of disciplinary action because an individual reported an alleged wrongdoing.
- ✓ Issuing a poor evaluation because an individual reported an alleged wrongdoing.
- ✓ Extending a probationary period because an individual reported an alleged wrongdoing.
- ✓ Altering work schedules or work assignments because an individual reported an alleged wrongdoing.

This policy does not prohibit adverse action that is taken for legitimate or non-discriminatory reasons, such as: discipline for legal cause or refusing to hire because of inadequate qualifications. As a result, adverse action is only prohibited if it is causally connected to, or taken because of, the alleged protected activity.

Sexual and Other Unlawful Harassment

James Lane Air Conditioning Co., Inc. is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- ✓ Unwanted sexual advances.
- ✓ Offering employment benefits in exchange for sexual favors.
- ✓ Making or threatening reprisals after a negative response to sexual advances.
- ✓ Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- ✓ Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- ✓ Verbal sexual advances or propositions.
- ✓ Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- ✓ Physical conduct that includes touching, assaulting, or impeding or blocking movements.
- ✓ Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or, (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace you must immediately report the behavior to your manager. If the manager is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact the human resources department or any other member of management. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the human resources department or any member of management so it can be investigated in a timely and confidential manner. Any employee engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

Workplace Violence Prevention

James Lane Air Conditioning Co., Inc. is committed to preventing workplace violence and to maintaining a safe work environment. We have adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that might occur during business hours or on our premises.

All employees, including managers and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. In accordance with all applicable state and/or federal ordinances and/or laws, employees shall not bring firearms, weapons, or dangerous devices into company offices, internal work areas, worksites, or in areas otherwise prohibiting such items and/or materials.

James Lane Air Conditioning Co., Inc. will not tolerate conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods. This includes all acts of harassment, including harassment that is based on an individual's sex, sexual orientation, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, either direct or indirect, should be reported as soon as possible to your manager or any other member of management. This includes threats by employees as well as threats by customers, vendors, solicitors, or anyone else. When reporting a threat of violence, you should be as specific and detailed as possible.

Be sure to report any suspicious person or activities as soon as possible to a manager or the human resources department. Do not place yourself in peril. If you see or hear a commotion or disturbance near your work area, do not try to intercede or see what is happening.

We will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the person who made the report will be protected to the extent practical. To maintain workplace safety and the integrity of its investigation, James Lane Air Conditioning Co., Inc. may suspend an employee, either with or without pay, pending investigation.

Any person who violates these guidelines will be subject to disciplinary action, up to and including termination of employment. Violations include making a threat of violence or actually committing a violent act.

If you are having a dispute or differences with another employee, we encourage you to discuss it with your manager or the human resources department before the situation escalates into potential violence. James Lane Air Conditioning Co., Inc. is eager to assist in the resolution of employee disputes and we will not discipline an employee for raising these types of concerns.

Violence and Weapons

James Lane Air Conditioning Co., Inc. believes in maintaining a safe and healthy workplace, in part by promoting open, friendly, and supportive working relationships among all employees. Violence or threats of violence have no place in our business. Violence is not an effective solution to any problem. Employees are strictly prohibited from bringing any firearms, weapons, or dangerous devices, including knives, pistols, rifles, stun guns, Mace, etc., into company offices, internal work areas, worksites, or in areas otherwise prohibiting such items and/or materials. Neither threats of violence nor fighting will be tolerated. Furthermore, if you have a problem that is creating stress or otherwise making you agitated, you are encouraged to discuss it with your manager.

You are expected to immediately report to your manager any violation of this policy. Any employee found threatening another employee, fighting, and/or carrying weapons to the worksite will be subject to IMMEDIATE disciplinary action, up to and including termination.

Personal Business

Personal Mail

All mail delivered to James Lane Air Conditioning Co., Inc. is to be business-related; therefore, please have all personal mail delivered to your home. Company postage, meters, letterhead or items containing the company logo or information about the company can not be used for personal correspondence.

Personal Telephone Calls

James Lane Air Conditioning Co., Inc. facilities receive many telephone calls each day. Telephone calls from friends or relatives, except in cases of VERIFIABLE EMERGENCIES are discouraged as the telephone system is for business purposes only. Personal calls are to be made during breaks or off-duty hours and on personal cell phones only. If there is an emergency, the human resources department will contact your manager.

Personal Business/Use of Personal Cell Phones

While at work (on James Lane Air Conditioning Co., Inc. premises or a job site), employees are expected to exercise the same discretion in using personal cell phones as they use with company phones. Excessive personal calls, texts, etc. during the workday, regardless of the phone used, can interfere with employee productivity and may be distracting to others. Therefore, it is the policy of James Lane Air Conditioning Co., Inc. that employees should limit the use of cell phones for personal calls and/or texts.

Cell phones should be placed on silent or vibrate while meetings are being conducted. Employees should be courteous of conversations with clients and customers and never answer calls during a conversation.

Employees are encouraged to tell friends and family members about this policy and ask for their cooperation. Any employee who uses cell phones for personal business in an excessive manner will be subject to disciplinary action up to and including termination.

Employees are prohibited from using cell phones while operating a motor vehicle unless the employee uses a hands-free device. For the safety of our employees and others it is imperative that you pull over and stop at a safe location to dial, receive or converse on the cell phone in any way.

Employees are prohibited from texting while driving.

Employees shall not use cell phones while operating equipment.

James Lane Air Conditioning Co., Inc. will not be liable for loss, theft, or damage to personal cell phones brought to the workplace.

Personal Visitors

To better protect the safety and security of employees as well as James Lane Air Conditioning Co., Inc. property and facilities, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps to maintain safety standards, safeguard employee and customer welfare, protect equipment and confidential information against theft, and reduce potential distractions and disturbances.

All visitors should enter James Lane Air Conditioning Co., Inc. at the front desk. Once authorized, visitors will receive directions or be escorted to their destination. When you have outside visitors, you are responsible for their conduct and taking steps to ensure their safety.

If you see an unauthorized person on our premises, please notify your manager immediately or direct the individual to the human resources department.

Representing the Company

Standards of Professional Conduct

Employees are ambassadors of James Lane Air Conditioning Co., Inc. As such, all James Lane Air Conditioning Co., Inc. employees should conduct themselves in a courteous and professional manner. All employees should assure their actions and behaviors promote the favorable image of James Lane Air Conditioning Co., Inc., its employees, management and its officers.

Employees shall avoid potential conflicts of interest and personal gain or any appearance of a conflict or impropriety. Employees shall also promote the integrity, reputation, administration and operations of all the affairs of the company and avoid any conduct, whether on or off duty, that could cause embarrassment or disrepute to the company. Conflicts will arise from time to time. All employees shall work to resolve conflicts in a professional manner with respect given to all parties involved.

Visitors on the Worksite

Unauthorized visitors should not visit the worksite unless you have received prior permission from your manager.

Smoking

According to City Ordinance and as a policy of James Lane Air Conditioning Co., Inc., smoking is prohibited within 20 feet of any entrance or open window of James Lane Air Conditioning Co., Inc. buildings. Smoking is defined as the “act of lighting, smoking or carrying a lighted or smoldering cigar, cigarette, pipe or e-cigarette of any kind.”

Employees working in the field are expected to respect the smoking policies of the commercial buildings, homes and job-sites they visit. Smoking on the property of any customer’s residence or place of business is prohibited.

Any employee who violates this smoking policy will be subject to James Lane Air Conditioning Co., Inc.’s disciplinary policy which is outlined on page 46-48 of the employee manual.

Responding to Customer Inquiries and Problems

At James Lane Air Conditioning Co., Inc., client satisfaction is the measure of our success. It is the responsibility of each employee, within reason, to interact with the client to achieve this goal.

Appearance and Dress

We want James Lane Air Conditioning Co., Inc. employees to reflect an appropriate business image to customers and visitors. How you dress, your grooming and personal cleanliness standards all contribute to that image and also to the morale of your co-workers.

During business hours or whenever representing James Lane Air Conditioning Co., Inc., you are expected to present a tasteful appearance. You should always dress and groom yourself according to the requirements of your position and accepted social standards. This is particularly true if your job involves dealing in person with customers or visitors.

To present a business-like, professional image to our customers and the public, all employees are required to wear appropriate clothing on the job. James Lane Air Conditioning Co., Inc. reserves the right to determine whether or not the employees’ appearance is deemed appropriate. Employees who arrive to work dressed inappropriately may be sent home to change. If sent home to change, employees are expected to return to work immediately. Unless mandated by state and/or federal law, the time off to change clothing will be unpaid and subject to further disciplinary action up to and including termination.

By necessity, the dress standards for the business office are somewhat different than for jobsites.

For the business office, casual business wear is appropriate. Employees who prefer to dress more formally should feel free to do so. Casual business wear comprises many looks, but ultimately means casual clothing appropriate for a professional office environment. We ask that you consider each day's activities when determining what to wear (i.e., will you be meeting with a client, attending a business luncheon, etc.) Listed below is a list of acceptable and unacceptable clothing for the office. This is not an all-inclusive list, but rather a guideline to assist you in making decisions on appropriate attire.

Acceptable dress for office:

- ✓ Dress slacks, khakis, and jeans as long as they are not excessively worn or faded, have no rips, tears, or fraying.
- ✓ Casual shirts with collars, polo shirts, blouses, sweaters, and turtlenecks.
- ✓ Casual dresses and skirts with modest hemlines.
- ✓ Dresses that are sleeveless but do not leave the shoulders bare.
- ✓ Footwear such as loafers, boots, flats, dress sandals, and leather casual shoes.
- ✓ Jewelry (such as earrings, necklaces, bracelets, etc.) as long as it does not present a safety concern. No earrings are allowed for males.
- ✓ Tattoos that are covered by clothing that makes the tattoos non-visible.

Unacceptable dress for office:

- ✓ Any clothing that is worn, dirty, frayed, ripped or torn.
- ✓ Any clothing that reveals too much cleavage, chest, midriff or back.
- ✓ Any sheer or see-through clothes.
- ✓ Sweatpants or jogging pants.
- ✓ Shorts or cut-offs.
- ✓ Bib overalls.
- ✓ T-Shirts.
- ✓ Sweatshirts.
- ✓ Tank tops or halter tops.
- ✓ Shirts with large lettering or logos.
- ✓ Any tops with bare shoulders unless worn under another blouse or jacket.
- ✓ Mini-skirts and spaghetti strap dresses.
- ✓ Athletic shoes, sneakers, flip-flops, or slippers.
- ✓ Visible tattoos.
- ✓ Ear stretching piercings ("ear plugs"), facial piercings, or other visible non-traditional piercings. Earrings are not allowed for males.

For jobsites, warehouses and production floors, employees are expected to wear clean uniforms approved by their department and safety equipment appropriate for the work to be done.

Employees should be sensitive to the location and context of their work and should be ready to adjust their dress if the circumstances so warrant. Employees at a jobsite **MUST** wear clothing that complies with jobsite requirements. This may include but not be limited to steel-toed shoes, hard-hats, safety glasses, and safety vests and must wear clothing in such a way as to be safe (e.g., shirts tucked in at all times, especially when working around machinery). Clothing items should be replaced when they become worn or otherwise do not properly protect the employee as intended. Listed below is a list of acceptable and unacceptable clothing for jobsites, warehouses, and production floors. This is not an all-inclusive list, but rather a guideline to assist you in making decisions on appropriate attire.

Acceptable dress for jobsites, warehouses and production floors:

- ✓ Jeans, khakis and insulated coveralls are acceptable. They should have no rips, tears, or fraying and not be excessively worn or faded.
- ✓ Shirts bearing the James Lane logo. There are a variety of styles available for purchase and may be charged to your tool/uniform account.
- ✓ Caps bearing the James Lane logo.
- ✓ Jackets bearing the James Lane logo. All other jackets must be approved by management.
- ✓ Cold weather wear and accessories must be approved by management.
- ✓ Steel toed boots are required for all jobsites, warehouses, and production floors. An allowance for purchase of steel toed boots is included in the first pay period of each month. Steel toed boots purchases may be charged to your tool/uniform account.
- ✓ Necklaces or bracelets as long as they do not present a safety concern.
- ✓ Tattoos that are covered by clothing that makes the tattoos non-visible.

Unacceptable Dress for jobsites, warehouses and production floors:

- ✓ Any clothing that is worn, dirty, frayed, ripped or torn.
- ✓ Any shirt that does not bear the James Lane logo.
- ✓ Any cap that does not bear the James Lane logo.
- ✓ Any jacket that does not bear the James Lane logo or has not been approved by management.
- ✓ Any cold weather wear or accessories that have not been approved by management.
- ✓ Un-tucked shirt tails.
- ✓ Excessively loose fitting clothing.
- ✓ Non steel-toed boots.
- ✓ Earrings, ear stretching piercings (“ear plugs”), facial piercings, or other visible non-traditional piercings.
- ✓ Necklaces or bracelets that present a safety concern.
- ✓ Visible tattoos.

All employees’ clothes should be clean and in good repair. All employees should maintain well-kept hair, good personal hygiene, and general neat grooming. Cologne, perfume, or strong fragrances should be used in moderation to not offend others.

James Lane Air Conditioning Co., Inc. reserves the right to respond to any form of dress and/or hygiene that proves counter-productive to the organizational goals and strategies whether or not specifically stated in this policy.

Hair Regulations

Hair will be clean, neat, well-trimmed and properly combed at all times, except under adverse conditions. Hair will not present a ragged, unkempt, or extreme appearance. The bulk of the hair should not interfere with the wearing of a hard hat or other headgear.

Men’s hair may cover the ear so long as the lower part of the ear is visible. Men’s hair may touch but not extend below the top of the collar when standing. Hair will not be worn in an extreme or fad style such as Mohawk, braids, or duck tails and must not be dyed an unusual color, or be an unnatural extreme contrast. Men’s hair will not contain nor have any visible foreign items attached to it.

Mustaches are allowed. They must be neatly trimmed not exceeding 3/16” in length. They may not extend beyond the corners of the mouth nor lower than the lip. All other areas of the face must be clean shaven. Sideburns are allowed, however they must be neatly trimmed not exceeding the bottom of the ear and straight in appearance. No Lamb-Chops or other sideburn art will be tolerated.

Goat-Tee’s are allowed. They must be neatly trimmed not exceeding 3/16” in length and must form a straight line from the mustache to the chin, not exceeding the neckline or advancing past the corner of the lips. All other areas of the face must be clean shaven. Full face beards will not be allowed nor will chin strap beards, soul patches, chin strips, nor manicured scruff.

It is with manager’s discretion that if an employee cannot grow a professional appearing Goat-Tee or mustache, the employee may be prohibited from continued growth. Facial hair will be expected to follow the “natural color” of the employee’s natural hair color. In other words, no dyes or the like will be allowed with the exception to color gray. Again, this color must follow natural hair color.

Gifts and Gratuities

Employees are strictly prohibited from accepting inducements or rewards of any kind or any value whatsoever from any project source or sources tied to projects or James Lane Air Conditioning Co., Inc. This prohibition includes (but is not limited to) cash, incentive payments, trips, clothing, tickets, merchandise, or other possible incentives or inducements. Employees who are offered, and/or accept such gifts and/or gratuities shall immediately surrender all items to the president of the company.

Housekeeping

EVERY EMPLOYEE IS RESPONSIBLE for maintaining job sites and work areas in a presentable and professional manner. At the close of each business day, all tools, materials, supplies, etc. must be cleaned, secured and placed in the appropriate area (whether on or off site). NO paperwork, tools, equipment, materials, etc. should ever be left outside and/or unsecured for any reason. Employees may not litter or discard trash in areas not designated specifically for refuse; this includes cigars, cigarettes, spitting chew.

Even though the company has janitorial services, it is the responsibility of each employee to maintain cleanliness of the office at all times. Garbage and scrap should be put in receptacles provided.

If any equipment, machines, tools, vehicles, etc. appear to be damaged, defective or have need of repair, notify your supervisor. Prompt reporting of damages, defects and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. Unsafe, destructive, careless, negligent or improper use or operation of equipment may result in disciplinary action up to and including termination of employment.

Job sites should always be clean, organized and professional to prevent safety-related issues. It is the responsibility of every employee to maintain a safe work environment; therefore, if you notice a safety hazard, report it immediately. If you notice something may contribute to a safety hazard (electrical cord stretched over a high traffic area, unsecured ladders, etc.) please fix the issue.

Jobsite Procedures

James Lane Air Conditioning Co., Inc. will provide you with specific jobsite procedures that must be followed at every site. The information will be given to you when assigned a location. If you need further assistance with understanding what is expected of you, please ask your manager.

Scrap Material and Parts

All scrap parts and materials remain the property of James Lane Air Conditioning Co., Inc. An employee may discuss personal use of scrap material or parts with their manager, corporate officer, or president of the company to determine the final disposition of said scrap material.

Bulletin Boards and Other Posted Information

The company maintains bulletin boards and posts different types of information to keep employees informed of current items of general interest and important information. Employees should check the bulletin boards regularly. Removal, of notices or other posted information without authorization of senior management may be subject to disciplinary action up to and including termination.

Off-Duty Social and Recreational Activities

Participation in off-duty social and/or recreational activities is strictly voluntary and unpaid. James Lane Air Conditioning Co., Inc. is not responsible for any injuries or accidents that may occur during company or non-company sponsored social and recreational activities.

Employees are prohibited from being on the company premises or job sites, or making use of company tools, materials and/or supplies for purposes of social and recreational activities without the consent of a member of senior management.

Parking

Employees are permitted to park ONE vehicle only in specifically designated area on company property or jobsites. Storage for employee owned vehicles including (but not limited to) trucks, recreational vehicles, motor bikes, bicycles, etc. is not available. The company assumes zero responsibility for damage or loss of automobiles or other personal property. If you are unsure where to park, please ask your manager or the human resources department.

Payment Handling Procedures

All payments remitted to James Lane Air Conditioning Co., Inc. must be received directly by a member of the senior management team or authorized representative of the accounting department. Any deviation from this policy must be reported to your immediate manager or the human resources department immediately.

Progressive Discipline Policy

Progressive Discipline Steps

The following steps are a system of progressive discipline. Although these steps represent James Lane Air Conditioning Co., Inc.'s attempt at correcting behavior fairly and openly, the steps are not necessarily taken in the order presented if the infraction warrants different or more drastic measures; these infractions have been listed below.

Furthermore, each employee shall have the opportunity to ask questions and provide feedback regarding the issue or issues being discussed. Written reprimands will require the input and review of the human resources department to ensure accuracy and thoroughness.

Each infraction shall be documented to include facts regarding the activities leading to the disciplinary action regardless of the verbal or written status.

As part of this program, each employee will be required to sign the written documentation with the understanding the signature is not an admission of guilt, but rather an admission the employee was notified of the unacceptable behavior. Refusal to sign the documentation will not change the outcome of the reprimand.

Documentation may be placed in the personnel file without the employee's knowledge; generally however, reprimands shall require the presence of the employee, the employee's manager, and a corporate officer or a representative of the human resources department. Each individual present in the counseling or reprimand shall sign and date the final documentation for the official record.

Step 1: Verbal Counseling and/or Verbal Reprimand

Counseling offers the manager and employee a formal process to correct work-related issues, and address concerns to help the employee improve performance, recognize the deficiency, understand the expected standard of behavior, and to identify the consequences of the behavior. Verbal counseling and/or reprimands are conducted to avoid further ramifications to inappropriate behavior or actions; thus, documentation of the verbal counseling shall be retained in the employee's file.

A verbal reprimand is documented and retained in the employee's file. An employee's refusal to sign a verbal reprimand will not alter the outcome of the reprimand.

Step 2: Written Reprimand or Written Reprimand with Possible Probation

A written reprimand and possibly probation is issued when counseling and coaching have failed to render appropriate behavioral changes. The written portion should be concise and inclusive only of facts leading to the write-up devoid of hearsay and opinions and will include a review of prior disciplinary action.

The employee shall be notified of the specific rule or policy violation. Additionally, the employee shall also receive written notification regarding the expectations for improvement including the required corrective action. Timelines for improvements and a follow-up date at the end of the probation shall also be part of the written reprimand documentation.

The employee may be disciplined with up to two (2) written reprimands before suspension without pay, placement on probation, or termination.

Step 3: Second Written Warning with Suspension/Probation/Demotion

Suspending an employee without pay shall be used when facts indicate that the behavior has not improved, or if the employee commits a serious infraction for the first time.

Suspension/probation/demotion is not a mandatory step and may be selected at the discretion of the senior management team. Depending upon the infraction, the suspension shall be for one, two, or three days and will be taken concurrently. Demotions may be temporary or permanent.

All suspensions/probations/demotions shall be reviewed by the human resources department for accuracy and thoroughness.

Step 3a: Suspension Pending Investigation

Employees involved in allegations of sexual harassment, workplace violence, or those situations that pose a threat to the safety of other employees may be removed from the workplace. Suspensions because of pending investigations conclude when a final decision has been made regarding appropriate disciplinary

action.

The investigation will ideally be conducted expediently, and closed when all the facts have been carefully evaluated and all options have been discussed. If the investigation concludes without just cause, the employee will receive regular compensation for the regular time lost for the investigation.

Step 3b: Demotion

Disciplinary demotion can include reducing compensation, rank or both. Additionally, demotion removes the employee from current area of responsibility, and assumes that the employee will no longer participate in those activities.

All disciplinary demotions must be evaluated by the human resources department and a member of senior management, and only after the preponderance of the facts shall a demotion be granted.

Finally, disciplinary demotions may include other disciplinary steps as listed in this document. Employees have the right to appeal this decision with the general manager, and/or corporate officer within three (3) business days after receiving notification of the demotion. A final determination shall be made within three (3) business days following the appeal, or for an indefinite time in the event of further investigation.

Step 4: Involuntary Termination

In the event that the progressive disciplinary steps have proven unsuccessful, or the situation warrants more severe measures than the progressive disciplinary provides an employee can be involuntarily dismissed from the organization. Serious violations including but not limited to the items listed under Guidelines for Serious Offenses may preclude the progressive steps outlined in this document and may require the employee to be immediately terminated.

Guidelines for Serious Offenses

The following list of offenses that are considered severe enough to warrant "skipping" the routine disciplinary steps up to and including immediate termination. This list is in no way considered all inclusive nor shall this list be the only factor used in determining the level of disciplinary action. Corporate officers shall act as a beacon for justification of any disciplinary actions; however, if a corporate officer is not readily available managers may send an employee home pending investigation.

- ✓ Use of profanity or obscene gestures.
- ✓ Consuming intoxicating beverages in a company vehicle or possessing, selling or using narcotics, barbiturates, marijuana, or other drugs while on duty, or on company property, or reporting for duty under the influence of intoxicating beverages, narcotics, barbiturates, marijuana, or other drugs.
- ✓ No call/no show.
- ✓ Willful violation of safety rules or unsafe practices.
- ✓ Willful damage or abuse of company, concessionaire, contractor or customer property.
- ✓ Theft of company, customer, or employee's property.
- ✓ Fighting or disorderly conduct on company or customer property.
- ✓ Creating or contributing to an unsafe or unsanitary condition.
- ✓ Participating in horseplay.
- ✓ Acceptance or payment of any bribes, kickbacks, or other illegal payments.
- ✓ Sabotaging or subversive activity of any kind.
- ✓ Restricting output, or persuading others to do so or promoting, encouraging, agitating, engaging in or supporting suspension of work, slowdowns, or any other interruptions of production.
- ✓ Threatening, intimidating, coercing, or interfering with another employee, person, or firm.
- ✓ Insubordination or refusing to carry out orders of managers.
- ✓ Excessive tardiness or unexcused absences from work.
- ✓ Excessive use of cellular phones, radios, pagers, etc. for non company business during business hours.
- ✓ Soliciting or vending on company work time for any cause or purpose not expressly approved in writing for that occasion by the management.
- ✓ Soliciting the participation of or participating in a lottery, game of chance, fantasy leagues, or other form of illegal gambling on company property.
- ✓ Unauthorized removal, of bulletins or company property.
- ✓ Falsification of any records or reports pertaining to absence from work, claims pertaining to injuries occurring on company premises, claims for any benefits provided by the company, communications or records including personnel and production records.

- ✓ Committing an immoral or indecent act while on company property/company time regardless of whether the act was committed during the employee's work day.
- ✓ Conviction of any offense by a court of law which in management's judgment would make that employee undesirable for association with the company and its other employees.
- ✓ Conviction of any offense by a court of law which prevents an employee from fully executing their job responsibilities. This includes loss of driving privileges or job site access.
- ✓ Gaining unauthorized access to company records and files whether they are locked or otherwise accessible.
- ✓ Tampering with, preventing or otherwise altering security and/or other monitoring equipment including but not limited to hardware and software.
- ✓ Performing substandard work either or both in quality and quantity after having been instructed in proper procedure and technique.
- ✓ Personal use of any customer's properties or "trashing" of said residence/building.
- ✓ Falsifying, obliterating or destroying company property or records.
- ✓ Committing an act on or off company premises in gross violation of good citizenship.
- ✓ Causing or contributing to unnecessary waste.
- ✓ Unauthorized possession, use, or removal of property of the company, another employee, a customer, or an individual serving the company.
- ✓ Discussing prices, costs, customers, sales or markets with competing companies or their employees.
- ✓ Making any unlawful pricing agreements with vendors.
- ✓ Price-fixing, bid rigging, or other forms of collusion.
- ✓ Possessing a prohibited weapon on company property.
- ✓ Testifying, reporting, or offering false information pertaining to any matter concerning the company, its operation, or its activities.
- ✓ Failing to promptly report an accident (motor vehicle or otherwise) where there is property damage or injuries immediately to a supervisor, human resources representative or a member of the senior management team immediately (within 1 hour unless a life-threatening situation prevents reporting of the incident. In these cases, the report must be made within 12 hours or as soon as physically possible), or falsifying a report concerning an accident, personal injury, or illness.
- ✓ Refusing to permit locker or toolboxes to be inspected or permit personal property to be inspected by managers or security personnel upon entering or leaving company premises.
- ✓ Interfering with the production of a working employee.
- ✓ Sexual harassment or discourteous sexual conduct toward another individual.
- ✓ Refusing to participate in an investigation.
- ✓ Deliberately misleading an investigation.
- ✓ Leaving a workstation or the workplace without permission of a manager.
- ✓ Exceeding the time allowed for a scheduled break or lunch period; taking unauthorized breaks.
- ✓ Using unauthorized exit or access to the plant.
- ✓ Gambling on the jobsite or James Lane Air Conditioning Co., Inc. property.
- ✓ Disobeying a reasonable request of authority or special security personnel.
- ✓ Loitering in the building and/or work areas prior to the start of work. Should you desire to make use of the building facilities for your own benefit, you may do so providing:
 - You have prior verbal permission from a member of senior management
 - You have been given custody of an entry key by a member of senior management

Since employment with James Lane Air Conditioning Co., Inc. is based on mutual consent, either you or James Lane Air Conditioning Co., Inc. has the right to terminate the employment relationship at will, with or without cause or advance notice, at any time. As previously stated, James Lane Air Conditioning Co., Inc. reserves the right to administer disciplinary action and/or steps in any order, including the "skipping" of steps depending upon the severity of the infraction.

Drug-Free Workplace Policy

Drug-Free Workplace

James Lane Air Conditioning Co., Inc. does not tolerate the presence of illegal drugs or the illegal use of legal drugs in our workplace. The use, possession, distribution, or sale of controlled substances such as drugs or alcohol, or being under the influence of such controlled substances is strictly prohibited while on duty, while on company premises or worksites, or while operating company equipment or vehicles.

The use of illegal drugs as well as the illegal use of legal drugs is a threat to us all because it promotes problems with safety, customer service, productivity, and our ability to survive and prosper as a business. If you need to take a prescription drug that affects your ability to perform your job duties, you are required to discuss possible accommodations with the human resources department AND your manager. Prior to employment, each potential employee may undergo a drug test. The company may also require employees to take random drug tests during their employment with the company. A positive result on any such drug test is grounds for immediate termination. ***Your receipt of this policy statement and signature on the handbook acknowledgment form signify your agreement to comply with this policy.***

Whether employees are on James Lane Air Conditioning Co., Inc., customer or vendor property, use, possession, selling, distribution, concealing or transporting on or in company property or as an agent of the company, by employees or others, of any of the following substances are prohibited:

- ✓ Illegal drugs (drugs which are not legally obtainable and drugs which are legally obtainable but have been obtained illegally), controlled substances, marijuana, mood or mind altering substances, "look-alike" substances, hormone enhancing and inhalants producing mood or mind altering vapors, and designer and synthetic drugs. Designer drugs include but are not limited to Ecstasy, ketamine, GHB, Rohypnol, and methamphetamine. Synthetic drugs include but are not limited to synthetic marijuana often known as K2 or Spice and bath salts.
- ✓ Alcoholic beverages, intoxicating substances.
- ✓ Prescription medications except under the following conditions:
 - 1) The drugs have been prescribed by a licensed physician for the person in possession of the medication.
 - 2) The drugs/medications are ingested or administered only in the prescribed or recommended dosages.
 - 3) Employees who are taking prescription medication or any medication with a warning that the medication may affect the person physically or mentally must notify their immediate manager they are taking the medication before starting their daily work activity. This is a personal responsibility of each employee.

Policy Enforcement and Testing

Searches and Inspections - If the company has reasonable cause to suspect there is drug use, possession or trafficking by employees or other persons on company property, the company reserves the right to conduct, or hire the services of someone to conduct, searches and inspections. Employee work areas, desks, lockers, briefcases, cell phones and personal vehicles parked on company property may be subject to searches at any time. Any personal items brought onto company premises do not have an expectation of privacy and are subject to search. Refusal to submit to a search or inspection is a violation of company policy and may result in disciplinary action, up to and including termination of employment.

Post Offer of Employment - The company may conduct drug tests on all applicants who receive a conditional offer of employment. Failure to submit to pre-employment testing will be grounds to deny the applicant employment. Test results must be returned with "negative" results in order to be determined acceptable for employment. If an applicant tests positive, the conditional offer of employment may be withdrawn.

Reasonable Suspicion – The company reserves the right to require drug and/or alcohol testing for employees when based on a reasonable suspicion that an employee is under the influence of drugs and/or alcohol. Refusal to timely submit to an ordered drug or alcohol screening test is a violation of company policy and may result in disciplinary action, up to and including termination of employment.

Post-Accident– All employees involved in an accident while on or using company property or conducting company business will automatically be subjected to a drug and/or alcohol test. This includes any employee whose actions or inactions caused or contributed to the accident.

Random Testing– All employees may be subject to random drug and alcohol testing throughout the calendar year.

Refusal to submit to a search, inspection, or drug and/or alcohol screening is a violation of company policy and may result in disciplinary action, up to and including IMMEDIATE termination of employment.

Network and Electronic Resources Policy

Internet, E-Mail, and Computer Use Policy

Company provided network and electronic resources, such as computers, other hardware, software, e-mail, landline and cellular telephones, fax machines and internet access, are tools the company provides its employees to assist them in their work. These network and electronic resources and related access systems are proprietary company property and are subject to review or access by the company at any time.

All employees who use the company's network and electronic resources must follow the guidelines below:

- ✓ Network and electronic resources are provided for company business purposes. Brief and occasional personal use of the electronic mail system or the Internet is acceptable as long as it is not excessive or inappropriate, occurs during personal time (lunch or other breaks), and does not result in expense or harm to the company or otherwise violate this policy. Use is defined as "excessive" if it interferes with normal job functions, responsiveness, or the ability to perform daily job activities. Electronic communication may not be used to solicit or sell products or services that are unrelated to the company's business.
- ✓ Messages and communications sent via the company's network and electronic resources are subject to subpoena and access by persons outside the company and may be used in legal proceedings. Please consider this before sending any confidential messages or material via the network and electronic resources.
- ✓ Email is not a substitute for face-to-face communication. If you have a conflict with someone or need to discuss an important issue, it should be handled in person or over the telephone if a meeting is not possible.
- ✓ Remember all the company's policies, including but not limited to policies on Equal Employment Opportunity, harassment, confidentiality, personal conduct and rules of conduct, apply to the use of the company's network and electronic resources. Employees must not review or forward sexually explicit, profane or otherwise unprofessional or unlawful material through the company's network and electronic resources. If you receive any unprofessional or unlawful material whether intentionally or unintentionally, immediately report it to the human resources department.
- ✓ Passwords protecting the use of the company's network and electronic resources are the company's property and will be assigned to employees as needed. Employees may not change passwords without the consent of the company president or designated management personnel. Employees must notify the company president or designated management personnel of all passwords and encryption keys assigned to or used by them, and provide notification of any changes to such passwords or encryption keys.
- ✓ Do not install any software or program on any company computer or other hardware without the express consent of your manager or designated management personnel.
- ✓ The company expressly prohibits the unauthorized use, installation, copying or distribution of copyrighted, trademarked or patented material.
- ✓ Employees must not attempt to override or evade any program or measure installed by the company to monitor, protect the security or limit the use of its network and electronic resources.

All electronic equipment issued to the employee by the company, including but not limited to computers, cell phones, laptops, Smartphones and/or personal digital devices, belongs to James Lane Air Conditioning Co., Inc. and must be returned upon the company's request or termination of employment.

James Lane Air Conditioning Co., Inc. reserves the right to monitor use of any such electronic equipment and monitoring may occur at any time, for any reason. This policy includes any personal electronic equipment used during work hours.

Furthermore, any communications sent or received using company equipment, including but not limited to email, instant messages, blog posts and text messages are not private and the company may access, monitor, read and/or copy those messages at any time, for any reason. The company also reserves the right to monitor employees use of the Internet and such monitoring may occur at any time, for any reason.

The company retains the right to review all communications conducted and data saved, reviewed or accessed via the company's network and electronic resources, including company computers, e-mail and internet access. The company does not permit its non-management employees to access or use any company password, e-mail or internet access other than their own. Inappropriate use of network and electronic resources may result in discipline, up to and including discharge.

Employees should be careful to safeguard their passwords, log off their terminals when not in use and not permit others to access company systems.

Electronic Messaging Systems

James Lane Air Conditioning Co., Inc. has established this policy with regard to the acceptable use of company provided electronic messaging systems, including but not limited to email, voice mail, and instant messaging, all of which are important and sensitive business tools. This policy applies to any and all electronic messages composed, sent or received by any employee or by any person using company provided electronic messaging resources.

James Lane Air Conditioning Co., Inc. sets forth the following policies, but reserves the right to change them at any time as may be appropriate or required under the circumstances.

- ✓ The company provides electronic messaging resources to assist in conducting company business.
- ✓ All messages composed and/or sent using company provided electronic messaging resources must comply with company policies regarding acceptable communications.
- ✓ The company prohibits discrimination based on age, race, gender, sexual orientation or religious or political beliefs. Use of electronic messaging resources to discriminate for any or all of the aforementioned reasons is prohibited.
- ✓ The electronic messaging system(s) is (are) company property. All messages stored in company provided electronic messaging system(s) or composed, sent or received by any employee are the property of James Lane Air Conditioning Co., Inc. Furthermore, all messages composed, sent or received by any person using company provided equipment are the property of the company. Electronic messages are **NOT** the property of any employee.
- ✓ Upon termination or separation from the company, all access to electronic messaging resources, including the ability to download, forward, print or retrieve any message stored in the system, regardless of sender or recipient will be denied.
- ✓ Each employee will be assigned a unique email address to be used while conducting company business via email.
- ✓ Employees are generally prohibited from automatically forwarding electronic messages sent through company provided systems to external messaging systems except in rare and limited circumstances.
- ✓ The company reserves the right to intercept, monitor, review and/or disclose any and all messages composed, sent or received. The interception, monitoring and reviewing of messages may be performed with the assistance of content filtering software, or by designated company employees and/or designated external entities. Employees designated to review messages may include, but is not limited to, an employee's supervisor or manager, or senior management.
- ✓ The company reserves the right to alter, modify, re-route or block the delivery of messages as appropriate. This includes but is not limited to:
 - 1) Rejecting, quarantining or removing the attachments and/or malicious code from messages that may pose a threat to company resources.
 - 2) Discarding attachments, such as music, considered to be of little business value and of significant resource cost.
 - 3) Rejecting or quarantining messages with suspicious content, containing offensive language, or determined to be unsolicited commercial email (spam).
 - 4) Re-routing messages with suspicious content to designated company employees for manual review.
 - 5) Appending legal disclaimers to messages.
- ✓ Electronic messaging resources may be used *infrequently* and *occasionally* for personal use. Excessive personal use may result in disciplinary action, including but not limited to the loss of this privilege and/or termination. Company provided electronic messaging resources may not be used for the promotion or publication of one's political or religious views, the operation of a business or for any undertaking for personal gain.

- ✓ The company permits the use of instant messaging. These policies apply equally to instant messages as well as email.
- ✓ Employees authorized to use instant messaging programs will be advised specifically on which program(s) are permissible and which ones are not, will be assigned a unique instant messaging identifier, also known as a buddy name, handle or nickname.
- ✓ Employees are prohibited from altering the settings, username and password of the company provided email or instant messaging accounts.
- ✓ The unique email addresses and/or instant messaging identifiers assigned to an employee are the property of the company. Employees may use these identifiers only while employed by the company. The right to use these identifiers terminates upon termination or separation from the company.
- ✓ Employees may not use a computer while operating a vehicle – whether the vehicle is in motion or stopped at a traffic light. This includes, but is not limited to, reading or responding to emails and/or instant messages. If an employee needs to use their computer, they must pull over safely to the side of the road or another safe location.
- ✓ The company employs sophisticated anti-virus software. Employees are prohibited from disabling anti-virus software running on company provided computer equipment.
- ✓ Any employee who discovers a violation of these policies should immediately notify a manager or the human resources department.
- ✓ Any employee in violation of these policies is subject to disciplinary action, including but not necessarily limited to termination.

Cameras, Video and Other Recording Devices

Employees may not take pictures of company trade secrets or other confidential information without permission of senior management. This includes, but is not limited to, the manufacturing line and equipment, specifications for company products, memos and notes from meetings regarding company products, all information about products in development, customer information or any other documents or photographs that are confidential.

Employees are prohibited from taking pictures or recording others without the consent or knowledge of other parties involved as defined by state and federal law.

Employees may not take or use pictures, video or other recordings to harass, embarrass or annoy others. All company policies, including the James Lane Air Conditioning Co., Inc.'s policies on harassment, discrimination and professional conduct, apply to workplace photographs, video and other recordings.

If you have any questions about whether it's appropriate to take a photograph or other recording at work or use a workplace photograph in a particular way, you should consult with a member of senior management or the human resources department.

Risks and Cautionary Advice

While electronic messaging resources allow employees to conduct company business efficiently, use of email and instant messaging systems comes with some inherent risks. All employees should be aware of these risks and take precautions to mitigate them:

- ✓ Messages sent electronically can be intercepted inside or outside the company and as such there should never be an expectation of confidentiality. Do not disclose proprietary or confidential information through email or instant messages.
- ✓ Electronic messages can never be unconditionally and unequivocally deleted. The remote possibility of discovery always exists. Use caution and judgment in determining whether a message should be delivered electronically instead of in person.
- ✓ Electronic messages may be legally discoverable and permissible as evidence in a court of law.

- ✓ Electronic messages are frequently inadequate in conveying mood and context. Carefully consider how the recipient might interpret a message before composing or sending it.
- ✓ Even though the company employs anti-virus software, some virus infected messages can enter the company's messaging systems. Viruses, "worms" and other malicious code can spread quickly if appropriate precautions are not taken. The following precautions should be followed: 1) be suspicious of messages sent by people not known by you, 2) do not open attachments unless they were anticipated by you, 3) disable features in electronic messaging programs that automatically preview messages before opening them, 4) do not forward chain letters – delete them.
- ✓ The company considers unsolicited commercial email (spam) a nuisance and potential security threat. Do not attempt to remove yourself from future delivery of a message that you determine is spam. These "Remove Me" links are often used to verify that you exist. Simply delete them or report to designated employee for removal.
- ✓ Internet message boards are a fertile source from which junk emailers harvest email addresses and domains. Do not use company provided email addresses when posting to message boards.

Vehicle Use Policy

James Lane Air Conditioning Co., Inc. is dedicated to eliminating conditions that adversely affect the well-being of our employees and otherwise threaten our corporate assets through accidental losses. Our policy is to insist that employees operate all vehicles, owned, leased, or used on behalf of James Lane Air Conditioning Co., Inc. in a safe and economical manner.

Licenses and Verification Requirements

All drivers will have a valid driver's license for the state of Texas.

Continued eligibility for driving a company-provided vehicle, or driving a personal vehicle during the commission of company business in any manner requires each driver to maintain a safe and clean driving record.

James Lane Air Conditioning Co., Inc. reserves the right to review driving records at least once every six months to a year. All drivers must have an approved Motor Vehicle Record (MVR) on file with the company before use is allowed.

All drivers must be over the age of twenty-one (21) years of age to operate James Lane Air Conditioning Co., Inc. vehicles. Employees who use their personal vehicles for legitimate, pre-approved reasons for normal course and scope of employment must be over the age of eighteen (18) years of age.

Drivers (whether in company vehicles or personal vehicles used for normal pre-approved course and scope of job duties) must carry the valid driver's license with them at all times. If the employee does not have a driver's license while operating a vehicle on behalf of James Lane Air Conditioning Co., Inc. they must notify their supervisor immediately.

If an employee's driver's license is suspended or is revoked and driving is a critical task of that employee's job, the employee may be subject to immediate termination.

Insurance Requirements

Employees using personal vehicles on behalf of James Lane Air Conditioning Co., Inc. shall provide a certificate of insurance from their personal auto carrier with minimum limits of \$100/300/100 or \$300,000.

Reporting Requirements

All motor vehicle accidents and/or moving violations involving company vehicles or privately owned vehicles involved in company business must be reported to your direct supervisor, a member of the senior management team, and/or the human resources department within two (2) hours of the accident regardless of fault.

Employee Responsibilities

James Lane Air Conditioning Co. Inc. is dedicated to eliminating conditions that adversely affect the well-being of our employees and otherwise threaten our corporate assets through accidental losses. Our policy is to insist that employees operate all vehicles, owned, leased, or used on behalf of James Lane Air Conditioning Co. Inc. in a safe and economical manner.

- ✓ Employees are required to have, in their possession, a valid driver's license and be qualified by the company's insurance any time they are operating a company vehicle. Should an employee's license be revoked or disqualified from the company's insurance, the employee must stop driving company vehicles immediately. Continuing to drive a company vehicle with a revoked license or while disqualified from company insurance may result in termination.
- ✓ Employees will not operate company vehicles while under the influence of drugs or alcohol.
- ✓ Employees, who are authorized to drive vehicles home, will not utilize the company vehicle for any other reason, unless receiving prior approval from company management.
- ✓ All employees who operate company vehicles are responsible to ensure vehicles are safe for operation, mechanical repairs are made when required, vehicles are kept clean, and vehicles are operated in a safe manner.

- ✓ Employees that drive company vehicles must turn in a vehicle report form at the time you go on vacation so it may be repaired at this time. All employees that drive vehicles home should leave the truck at the shop while on vacation. The employee should also make the vehicle available to be picked up if he/she is sick, so it may be used if needed.
- ✓ Washing and cleaning of the vehicles which are driven home should be done on weekends when the truck is not in use. Vehicles will be washed and cleaned as needed, but once every two weeks is a minimum.
- ✓ Service technicians who are on call will receive an on-call allowance for the week. If you are not on-call, this does not eliminate you from being called out if required.
- ✓ Prior to operating a company vehicle, all employees, will check oil levels, water levels, and tires for proper inflation.
- ✓ All employees operating company vehicles will ensure that gas, oil, oil changes, lubrication, or any repairs made to the vehicle are recorded on the vehicle report.
- ✓ Vehicle condition reports will be completed each month by vehicle operators. If no repairs are required, the operator will write "NO REPAIRS NEEDED" on the vehicle condition report. The vehicle operator will accomplish minor vehicle repairs. Example, replacement of bulbs, windshield wiper blades, etc.
- ✓ Vehicle reports will be signed and turned into the dispatcher by the vehicle operators on the last workday of each month.

Other Vehicle Use Policies

Drivers will adhere to all applicable motor vehicle laws of the state, counties, parishes or cities in which the vehicle is operated.

Only employees of James Lane Air Conditioning Co., Inc. or another approved company driver may operate company vehicles. No unauthorized passengers or drivers will be allowed to either operate or ride in the vehicle.

Seat belts will be worn at all times by all occupants of the vehicle.

Employees are prohibited from using portable or cellular telephones or other communication devices while the vehicle is being operated. The driver should use these devices only when the vehicle is safely stopped and parked.

NOTE: Except where prohibited by law, employees may use hands-free devices.

- ✓ Vehicles will be operated only when they are in a safe operating condition. Drivers should maintain a continuous awareness of your vehicle's condition. Operating defects or deficiencies that create unsafe conditions should be corrected before the vehicle is placed into service.
- ✓ Employees are expected to use good judgment during inclement weather. If an employee feels operating a vehicle during inclement weather poses an imminent threat to safe driving practices, the employee should immediately contact his/her supervisor to discuss an appropriate response to the situation.
- ✓ Some company vehicles may be used for personal business under the same provisions and restrictions listed in this policy; however, should a driver become injured while using the company vehicle for personal use, this does not necessarily qualify the employee for Workers' Compensation benefits.
- ✓ Firearms or other weapons are not allowed in company-owned vehicles or in personal vehicles used for company business where prohibited by law. Where permitted by law, firearms or other weapons will only be allowed in company-owned vehicles or in personal vehicles used for company business with permission from corporate officers.
- ✓ Drivers are not to transport any hazardous material or waste in company vehicles or in any vehicle while on company business unless such hazardous materials are ordinarily handled by the company as part of normal business operations. Non-hazardous materials transported in a company vehicle or in any vehicle while on company business that may potentially cause injury because of sudden impact must be properly secured.

- ✓ Vehicles should be locked when parked on the premises, job sites, stopping temporarily such as at convenience stores or anytime the vehicles are left unattended. All items in the locked vehicle shall be properly secured and out of site when the vehicle is unattended.
- ✓ Under no circumstances should radar detectors, laser detectors or any other radar-detecting devices be used in a company vehicle.
- ✓ Damage due to smoking in company vehicles will be charged back to the driver.
- ✓ Employees are strictly prohibited from transporting or purchasing unauthorized alcoholic beverages in company owned or leased vehicles.
- ✓ If you are negligent in the care of a company-provided vehicle resulting in financial loss or excessive repair, James Lane Air Conditioning Co., Inc. will charge back to you the fair market value of the cost at a rate that complies with FLSA, and other federal and state guidelines.
- ✓ All James Lane Air Conditioning Co., Inc. vehicles, materials and property loaded on or assigned to a specific vehicle are the responsibility of the vehicle operator and passenger(s).
- ✓ All James Lane Air Conditioning Co., Inc. vehicles, tool boxes, materials and other company property shall be secured during vehicle operation.
- ✓ All vehicles and tool boxes shall be locked at all times when James Lane Air Conditioning Co., Inc. vehicles are unoccupied. This includes vehicles parked both off site and in front of or around James Lane Air Conditioning Co., Inc. buildings including in the “caged” area.
- ✓ Equipment, materials and tools that do not fit into lockable compartments but fit into the vehicle cab must be moved to the cab when the vehicle is not in operation or under the control of the operator. If any items are too big to fit into the vehicle cab and it is possible and practicable, those items shall be secured with a physical security device (lock and chain or cable, etc.).
- ✓ Deficiencies with regard to securing devices and/or physical security devices are the responsibility of the vehicle operator and passenger(s) to correct/report to their immediate supervisor. All deficiencies shall be reported immediately when the deficiency is discovered.
- ✓ Vehicle and related tool box keys shall be returned to the vehicle key rack/holder located in the shipping and receiving office (or alternate designated location) or where directed to by the manager responsible for vehicle maintenance prior to employees departing for the day or when use of the vehicle is no longer required. Under no circumstances shall vehicle keys be left in the vehicle.
- ✓ Any company vehicles or property suspected or confirmed to be missing by the vehicle operator or passenger(s) shall be reported to the operator’s department manager immediately. Failure to comply with the aforementioned policies will expose employees to disciplinary action inclusive of termination.

Sales Personnel Vehicle Use Reimbursement

- ✓ Assigned sales personnel will receive a monthly reimbursement for the use of personal vehicles for company business.
- ✓ Fuel use for vehicles will be furnished by James Lane Air Conditioning Co., Inc. for that portion of vehicle use, which is used for company business.
- ✓ Assigned sales personnel will provide proof of insurance to the limits specified per the current insurance carrier.

Workers' Compensation Insurance

James Lane Air Conditioning Co., Inc. provides a comprehensive Workers' Compensation Insurance program to our employees. The Workers' Compensation program covers injuries or illnesses sustained in the course of employment that require medical, surgical, or hospital treatment. Subject to the applicable legal requirements, this program provides benefits after a short waiting period or, in the event of hospitalization, immediately.

Employees who are out on Workers' Compensation are required to call the office to report their status every Monday (or Tuesday if Monday is a company-recognized holiday). James Lane Air Conditioning Co., Inc. requires employees who are out on Workers' Compensation to contact the human resources department as soon as the status of your injury has changed. Failure to follow these policies as set forth in this manual may result in further disciplinary action up to and including termination.

Reporting an Injury

Employees are required to report any injury, accident, or safety hazard immediately (WITHIN ONE HOUR) to their manager(s). Minor cuts or abrasions must be treated on the spot. More serious injuries or accidents will be treated accordingly. Injuries must be reported on the injury or accident report form available in the human resources department. It is critical that you inform your manager immediately about any work-related injury or illness, regardless of how minor it might appear at the time. Immediate reporting ensures that, if eligible, you will qualify for Workers' Compensation benefits as quickly as possible and also lets us investigate the matter promptly.

Workers' Compensation is intended to cover only work-related injuries and illnesses. Because of this, neither James Lane Air Conditioning Co., Inc. nor our insurance carrier will be liable for the payment of Workers' Compensation benefits for injuries which occur during an employees' voluntary participation in off-duty company-sponsored recreational, social, or athletic activities.

Return to Work Program

James Lane Air Conditioning Co., Inc.'s objective when any worker is injured is for them to receive excellent medical treatment, rehabilitation, and ultimately return to the workforce as soon as possible. However, in the transition back to work, many injured employees are initially released to modified or light duty work or a reduced work schedule. In an effort to provide suitable work for injured workers returning under restrictions, James Lane Air Conditioning Co., Inc. has teamed with local non-profit organizations to provide suitable temporary volunteer assignments. This program enables our employees to strengthen their work proficiency while providing support to others in need within our community. It allows our employees to be productive members of the workforce while simultaneously pursuing the ultimate goal of a full recovery.

Be aware, state law makes it a crime to file a knowingly false or fraudulent claim for Workers' Compensation benefits or to submit knowingly false or fraudulent information in connection with any Workers' Compensation claim. Violation of this law is punishable by imprisonment, fines or both. Filing a false or fraudulent Workers' Compensation claim is also a violation of Company policy, and may result in disciplinary action, up to and including immediate termination.

Equipment and Supplies

Employees may not use equipment, vehicles or any other property of James Lane Air Conditioning Co., Inc., employees or its clients without prior authorization. Additionally, employees are strictly prohibited from using any equipment, vehicles, materials, supplies, or other property for personal business use unless provided for by the company president in writing.

All employees are expected to take care of any and all equipment and supplies provided to them. You are responsible for maintaining this material in proper working condition and for promptly reporting any unsafe or improper functioning of this material to your manager.

This policy covers any and all James Lane Air Conditioning Co., Inc. employees regardless of designation or category; this includes, but is not limited to salaried, hourly, full-time, part-time, temporary, introductory, and/or contracted employees. This policy addresses the following:

- ✓ Assets - Tangible assets are buildings, plants and facilities including new facilities and those under construction, equipment, materials, products or other physical property. Intangible assets include company or client information and/or trade secrets including inventions, technology and information developed or acquired by the company, processes and techniques, marketing plans, pricing data, and other data covered by restrictive company and/or client designations.
- ✓ Facility – All facilities used by James Lane Air Conditioning Co., Inc. or its employees, contractors or subcontractors for performing work under the jurisdiction of James Lane Air Conditioning Co., Inc.
- ✓ Physical Security - The use of physical measures including, but not limited to, barriers, locks, alarms, badges, guards and receptionists to control ingress to and egress from facilities where company property is located.
- ✓ Pilferage – The act of stealing in small amounts in a repetitious manner.
- ✓ Sensitive Information/Material (Company and/or Client) - James Lane Air Conditioning Co., Inc. and/or client sensitive data that is company private, competition sensitive and/or company confidential.
- ✓ Sensitive Property - Those items which are considered susceptible to being appropriated by employees for personal use or which can be readily converted to cash.
- ✓ Theft - The felonious taking and removing of property with the intent to deprive the rightful owner of its use; an unlawful taking such as burglary of those items belonging to another.

It is the policy of James Lane Air Conditioning Co., Inc. to regard the security and protection of its assets, tangible and intangible, to be of primary importance to its continued growth, profitability and success. Thus, the company's objectives must ensure that employees work together to prevent destruction (whether willful or accidental), negligent use, vandalism, theft, embezzlement and disclosure and/or theft of company information.

Essential to meeting this goal is establishing internal and external controls to guard against the loss of company assets and provide this information to all employees. James Lane Air Conditioning Co. objectives for asset protection and control include, but are not limited to, controlling the following:

- ✓ Losses resulting from burglary, robbery, or theft of property including, but not limited to, local business facility inventories of furniture, fixtures, machinery, tools, equipment, computers, laptops, cell phones, iPads, internet access modules, and other office accessories, supplies or equipment. An unexplained loss or the mere disappearance of property may not be considered a wrongful act until such time as the loss is satisfactorily established.
- ✓ Damages to any company assets under the control of the employee. Employees are equally responsible for any damage that occurs to the same if the materials, tools, equipment, computers, laptops, cell phones, iPads, internet access modules, passwords and other office accessories, supplies or equipment that has been given to unauthorized individuals by said employee.
- ✓ Unauthorized disclosure of company or client sensitive data (including company private, competition sensitive and/or company confidential information) by transferring, publishing, using or disclosing such data other than is necessary in the ordinary course of business or as directed or authorized by James Lane Air Conditioning Co., Inc.

- ✓ Inappropriate or unauthorized personal use or appropriation of James Lane Air Conditioning Co., Inc. assets, data or resources, including (but not limited to) all company property, equipment, tools, office equipment, software, computers, laptops, cell phones, iPads, internet access modules or other company assets.
- ✓ Unauthorized installation or download of any software or hardware on any company device including but not limited to computers, cell phones, iPads, internet access modules, or other company assets. If an employee needs a software program in the performance of their job, authorization must be obtained by management. Installation of the software will be scheduled and completed by the IT Department.
- ✓ Unauthorized changing of a company password on any company device, including but not limited to computers, cell phones, iPads, internet access modules, or other company assets.

Neglect, theft, and/or destruction of the company's materials are grounds for disciplinary action, up to and including termination.

Reporting Procedures

- ✓ All employees are responsible for preserving and protecting the company assets and for reporting actual or suspected violations to their supervisors and to the human resources department.
- ✓ ANY loss, theft, and/or damage must be reported immediately (within 24 hour).
- ✓ There will be NO RETALIATION against any person or person(s) who report misuse, theft or destruction of company property.
- ✓ The person(s) who suspects or discovers a theft should immediately notify the company president, a manager, supervisor, or the human resources department.
- ✓ The investigation is initiated by the manager or supervisor receiving the information and in conjunction with the human resources department.
- ✓ All real or suspected thefts or acts will be thoroughly investigated. The human resources department, manager or other designee determines the extent of the investigation.
- ✓ Failure to participate in an investigation may be grounds for disciplinary action up to and including termination.
- ✓ Suspected employees may be suspended without pay pending the conclusion of the investigation. Employees may also be subjected to further disciplinary action up to and including termination.

Employment Responsibility

It is the employee's responsibility to take steps to secure company property at all times. Company vehicles should be locked when the employee is away from the vehicle. Company laptops, cell phones, iPads and internet access modules must be taken inside the employee's home at night.

If your employment with the company terminates, for any reason (either voluntarily or involuntarily), you must promptly return to James Lane Air Conditioning Co., Inc. any and all tools, keys, lists, equipment, confidential documents, company-issued cell phones, laptops, iPads, internet access modules, or communication devices, personal protective and other equipment and any and all other materials that you have or were assigned throughout the course of your employment **PRIOR TO YOUR SEPARATION**. This list is not meant to be all-inclusive; it is intended to serve as a guideline subject to changes at any time with or without notice.

Financial sanctions may be assessed to an employee who damages and/or loses equipment due to acts of negligence or theft in custody or due to the negligence or theft in custody of an unauthorized person or persons. The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive traffic tickets, or avoidable traffic and parking violations, can result in disciplinary action, up to and including dismissal of employment.

Upon employment, you will be asked to sign the "Equipment Custody and Use Agreement," agreeing to have money deducted from your paycheck for repair or replacement of the items listed above as is allowable by

law governed by the Fair Labor Standards Act. There shall be no deviations from this procedure without the explicit written permission from the company president

Company Keys and Property

James Lane Air Conditioning Co., Inc. key issue policy is to be used as fully as possible within the limits of reasonable security practices. Managers and/or employees whose work requires possession of keys will be issued them according to procedures outlined below. The issuance and acceptance of keys which gives access to valuable property and expensive materials and equipment is a serious responsibility and all concerned are requested to follow procedures fully and use the utmost care in handling of keys to James Lane Air Conditioning Co., Inc. property and/or interests.

Keys may be obtained from the accounting manager upon presentation of a properly signed key issue policy agreement. In addition, individuals may be expected to present a picture ID when picking up keys. Signing the key issue policy agreement acknowledges responsibility to safeguard keys at all times and to return keys to the accounting manager when requested by managers, when no longer employed by the company, or to pay the appropriate key replacement cost. Additional employee key responsibilities are as follows:

- ✓ The key(s) have been issued to the employee signing this document only; employee is prohibited from loaning the key(s) to any other person.
- ✓ Lost keys will be reported to the accounting manager as soon as possible.
- ✓ Persons using their keys after closing hours are responsible to make sure doors are closed and locked, both upon entering and leaving, and for supervising any persons admitted who do not have a key authorization.
- ✓ On separation from the company the keys will be returned or a nominal replacement fee will be charged to the employee for each key the employee fails to return. This amount may be automatically deducted from his/her check.
- ✓ If keys are lost, a key issue policy agreement form must be submitted again at which time appropriate fines will be assessed. After assessment, individuals must pay the fine to the accounting manager. Replacement keys will not be issued until the key replacement fee is paid.
- ✓ Keys will not be duplicated without prior authorization under any circumstances.
- ✓ Keys remain the property of the James Lane Air Conditioning Co., Inc. and must be made available for periodic inventory upon request.
- ✓ Individuals holding properly authorized keys may return damaged or worn keys to the accounting manager for free replacement.
- ✓ Any Department that has special needs requiring exemption from any part of this policy must get written approval from the president of James Lane Air Conditioning Co., Inc. for each exemption.
- ✓ This policy applies to keys to the building, desks, file cabinets, and other departmental cabinets and equipment.

Personal Property and Tools

James Lane Air Conditioning Co., Inc. assumes no responsibility for any damage, theft, or loss of personal property or clothing that may occur while an employee is on the job or when personal property is left on the premises. All employees should take precautions to safeguard any possessions or valuables brought to work.

The company expects new employees to have all small hand tools required to perform their work. Larger tools and equipment will be supplied by the company. No one is permitted to purchase tools or supplies without written permission.

The company does not carry any insurance on tools and equipment owned by employees. Therefore, you are cautioned to safeguard any personal items used on the job from theft or damage that may occur during or after work hours. Furthermore, the company accepts no responsibility for employee owned tools, vehicles, or equipment left on company premises.

Use of Company-Issued Cellular Phones

James Lane Air Conditioning Co., Inc. issues or pays for individual cellular phones for company representatives who are required to be in close contact with the company at all times. While cell phones are a necessary convenience of the business world, we require that our employees follow the guidelines listed below:

- ✓ Company-issued cell phones must remain charged and the user must remain available to receive phone calls during regular work hours.
- ✓ Individuals who are "on call" must be available to accept and make necessary calls 24/7 as is the policy.
- ✓ Company-issued phones are for business use only; any and all texts and telephone conversations must be business-related. Unless otherwise indicated, personal use of the company-issued cell phone is strictly prohibited and subject to disciplinary action as outlined in this manual.
- ✓ Employees may not use the company-issued cell phone for downloading data (other than attachments sent and received for business use) and/or ringtones.
- ✓ Cell phones are to remain in the "silent" or vibrate position during meetings or during discussions with clients or customers.
- ✓ Do not answer your phone or text during business conversations.
- ✓ The cost to replace or repair a company cell phone (including an insurance deductible if applicable) for any reason except for normal use, as determined by senior management, will be the responsibility of the employee if the damage or loss occurs within 2 calendar years of receiving a different or new device.
- ✓ Employees are prohibited from using cell phones while operating a motor vehicle unless the employee uses a hands-free device. For the safety of our employees and others it is imperative that you pull over and stop at a safe location to dial, receive or converse on the cell phone in any way.
- ✓ Employees are prohibited from texting while driving.
- ✓ Employees shall not use cell phones while operating equipment.
- ✓ Employees in possession of company equipment are expected to protect the equipment from loss, damage, or theft. On resignation or termination of employment, or at any time of request, the employee may be asked to produce the phone for return or inspection. Failure to produce the phone may result in further disciplinary action.

Cellular phone bills are reviewed when they arrive; any employee who exceeds their contracted allowed minutes, or is found to have used the company-issued cell phone for personal use may be responsible for reimbursing the company for related expenses.

Company Issued Credit Cards

The Company will issue company credit cards to certain employees for use in their jobs; this policy explains the acceptable and unacceptable uses of such credit cards. Use of company-issued credit cards is a privilege, which James Lane Air Conditioning Co., Inc. may withdraw in the event of serious or repeated abuse.

Any credit card James Lane Air Conditioning Co., Inc. issues to an employee must be used for business purposes only, in conjunction with the employee's job duties. Employees with such credit cards shall not use them for any non-business, non-essential purpose, i.e., for any personal purchase or any other transaction that is not authorized or needed to carry out their duties.

Employees must pay for personal purchases (i.e., transactions for the benefit of anyone or anything other than the Company) with their own funds or personal credit cards. It is acceptable to use company credit cards for business related expenses, such as lodging and meals while on company approved business trips, as long as such expenses are consistent with the James Lane Air Conditioning Co., Inc.'s business expense reimbursement policy.

If any employee uses a company credit card for personal purchases in violation of this policy, the cost of such purchase(s) will be considered an advance of future wages payable to that employee, and will be recovered in full from the employee's next paycheck; any balance remaining will be deducted in full from subsequent paychecks until the wage advance is fully repaid.

If an employee uses a company credit card for any other type of unauthorized transaction in violation of this policy, i.e., incurs financial liability on James Lane Air Conditioning Co., Inc.'s part that is not within the scope of the employee's duties or the employee's authorization to make business-related purchases, the

cost of such purchase(s) or transaction will be the financial responsibility of that employee, and the employee will be expected to reimburse James Lane Air Conditioning Co., Inc. via deductions from pay until the unauthorized amount is fully repaid.

Payroll deductions to repay unauthorized usage of a company credit card will be in the amount of the unauthorized purchase(s), but if a deduction for such amount would take the employee below minimum wage for the workweek in question, the deductions will be in two or more equal increments that will not take the employee's pay below minimum wage for any workweek involved.

In addition to financial responsibility and liability for unauthorized credit card usage, violations of this policy will result in disciplinary action, up to and possibly including termination of employment, depending upon the severity and repeat nature of the offense.

Employees are required to supply receipts for every purchase within 15 business days. Failure to present receipts may result in payroll deductions from the employee as allowed by state and federal laws.

Unauthorized purchases may be subject to further disciplinary action up to and including termination.

Cards that are lost, stolen, or damaged shall be reported to the accounting manager immediately upon discovery (within 12 hours).

Business Expense Reimbursement Policy

Employees may occasionally incur (pre-approved) expenses on behalf of the company. The company will reimburse employees for typical business expenses, such as mileage (for example, when the company asks an employee to travel to a different jobsite during the workday if a company-vehicle is not available) and certain job-related supplies or materials. The company will pay mileage reimbursements upon receipt of the employee's mileage record. In order to be reimbursed for job-related supplies or materials, employees must deliver a receipt for the supplies or materials to the accounting or human resources department within 7 days of the purchase.

Safety Expectations for the Workplace

James Lane Air Conditioning Co., Inc. is committed to the safety of its employees, property and equipment. To this end, James Lane Air Conditioning Co., Inc. will utilize a safety program in our daily activities. It is necessary the company established safety rules and regulations be observed by all employees at all times. The company recognizes that high standards of safety and health are necessary to prevent industrial injuries and illness, and agrees to cooperate fully in observance of all applicable statutes, laws, regulations, rulings, orders, standards, and company rules relating to employee health and safety.

All employees must read and adhere to the company safety manual. The safety manual is extensive and not covered in this employee handbook, but is covered under a separate document.

Employees shall comply with all safety and health rules as established by the company and cooperate fully with management to comply with all applicable State, Federal and local safety standards. The violation of such safety and health rules and standards or applicable statutes relating to occupational health and safety or the misuse or disregard of safety devices or equipment by any employee shall be subject to disciplinary action. Any employee who disregards any company safety rule and/or regulation is subject to disciplinary action up to and including termination of employment.

With regard to these rules, the following will be considered standard procedure for all employees:

- ✓ Should a safety regulation be modified so the employee's safety is less than it should be, the employee should inform their supervisor.
- ✓ All questions concerning the reason for doing something in a certain manner may be asked of any member of management at any time.
- ✓ Employees' decisions should always be guided by the company's commitment to safety.
- ✓ Should a hazardous situation or condition exist where a decision has to be made on safety or production, safety concerns should always take precedence.

It is management's responsibility to see every employee at James Lane Air Conditioning Co., Inc. is provided with safe working conditions, all safety regulations are observed and employees use good common sense to protect themselves as well as others. Management will periodically inspect working conditions and may suspend all work activity until all unsafe condition(s) are corrected.

Reporting Expectations

The most important part of safety is you. It is your responsibility to abide by the safety rules – these rules are made for your protection. All accidents and injuries, no matter how light, must immediately be reported by the employee or employees involved to an immediate supervisor. If your direct supervisor is not available, you must report the incident to the safety officer or another superior. Failure to report an injury could result in jeopardy of a claim later, should the injury be more serious than first determined. **If you are unable to correct the problem yourself, you are required to report all dangerous conditions and unsafe practices to any supervisor or safety officer immediately.**

Safety Rules

The following is not a complete list of safety rules and these rules are not intended as a substitute for common sense and good judgment:

- ✓ Familiarize yourself with the location and contents of the First Aid supply kits.
- ✓ Know where the fire extinguishers are located and know how to use them.
- ✓ Maintaining proper fall-protection systems.
- ✓ All defective materials or tools must be brought to the attention of your supervisor and not remain on the job.
- ✓ When necessary, safety goggles or glasses will be provided by the company. Protective devices must be used at all times while working in the production areas of the plant, when handling hazardous materials and/or operating loud power tools and machinery.
- ✓ Hearing protection devices are supplied by the company for jobs that require such devices. Employees must wear them if they are so instructed.
- ✓ Wear clothes suited for the job. Do not wear open toed shoes in certain areas.
- ✓ Practice good housekeeping. Keep work area clean and free from tripping hazards, grease, etc.
- ✓ Do not allow raw material, finished goods or trash to be in aisles or stairways.

- ✓ Do not throw anything from a height without ensuring people are cleared from the area.
- ✓ Learn to lift the correct way: bend knees, keep back erect, and get help for heavy loads.
- ✓ No scuffling or horseplay on the job.
- ✓ Do not run within the work area.
- ✓ Employees must be sure their actions do not endanger other employees or damage company property or personal property.
- ✓ Keep guards and protective devices in place at all times. When guards are removed for repairs, replace in proper order before starting up equipment.
- ✓ Use tools only for their intended purposes. Do not use broken or dangerously dull tools.
- ✓ Do not attempt to operate special machinery or equipment without permission or instructions.
- ✓ Do not repair or adjust machinery while it is in operation. Never oil moving parts except on equipment fitted with safeguards for this purpose.
- ✓ Extension cords used with portable electric tools and appliances must be of the three prong type (grounded). Defective cords must be replaced.
- ✓ Read all Material Safety Data Sheets (MSDS) supplied with hazardous materials and abide by the instructions. Direct any questions to your supervisor or safety coordinator.
- ✓ If you suspect a material might be harmful to your health, consult with your supervisor or safety coordinator.
- ✓ Build and maintain walkways, handrails, and guardrails.
- ✓ Properly lift and lower heavy objects.
- ✓ Inspect tools and equipment for defects before use.
- ✓ Keep walkways clear of debris.
- ✓ Construction and use of safe scaffolding.
- ✓ Inspecting, cleaning, and properly storing tools and equipment after use.
- ✓ Following established safety rules.

Personal Protection Equipment

James Lane Air Conditioning Co., Inc. will provide employees with the required personal protection equipment (PPE). It is imperative each employee use them as required to protect yourself and the company. The proper use of PPE needs to be the standard procedure in our daily work and home life.

Each employee is responsible for maintaining the PPE products issued to you. If a particular item becomes damaged or worn out, it should be returned to the parts room for replacement as soon as possible. If you lose a PPE product, you may be responsible for the cost of replacement. It is up to you to make sure all PPE products are on your vehicle at all times.

Employees will be issued at company expense the following PPE: safety glasses, hard hats, reflective safety vests, and hearing protection. Employees are responsible for purchasing their own safety toe shoes or boots. Employees will receive a monthly allowance toward purchase of safety toe shoes or boots. This allowance will be included on the first week's wages of each month. Other PPE, such as safety harnesses for operating a boom lift, will be provided at company expense as required.

OSHA safety rules for PPE shall be followed as a minimum. This policy may exceed some OSHA standards. If OSHA standards exceed this policy, then OSHA standards shall apply.

Safety Glasses should be worn for any of the following tasks: 1) Cutting, grinding, hammering, drilling or chiseling metal, concrete, wood or any other porous surface; 2) on all construction sites, including installation, demolition, and service work on HVAC and plumbing systems on both residential and commercial jobs; 3) any time you are connecting piping by any means such as soldering, brazing, threading, ProPress or chemical solvent (PVC primer and glue); 4) any time you are mixing or spraying chemicals (this type of activity may warrant use of safety goggles or face shields); 5) doing any overhead work such as raising ceiling tiles, cutting sheetrock and running screws into metal or other surfaces; 6) any other activity that might result in flying or loose debris.

Almost every task we perform requires safety glasses and it should be the norm that you are wearing safety glasses while you are working. If you wear prescription eye glasses and they do not have ANSI Z87.1-1989 safety rated lenses, you must get the correct lenses or wear appropriate safety wear over your existing glasses. The company will reimburse you a limited amount for lens replacement. You will be required to wear side shields on your existing glasses.

Hard Hats* shall be worn by anyone performing the following tasks: 1) while on any construction site; 2) some residential sites. If you are not sure if a hard hat is required for a specific task, check with supervisor or job superintendent for requirements. Hard hats should be labeled with your name and the James Lane logo. If you are missing either of these labels, check with your supervisor. Check your hard hat frequently for any defects or damage. If you need a replacement, check with your supervisor. (***Other OSHA rules regarding head protection apply to this policy.**)

Reflective Safety Vests** shall be worn by anyone performing the following tasks: 1) while on any construction site; 2) at any time machine or vehicle traffic could be within 300' of your work area, or doing work on a road, alley or parking lot. Safety vests should have your name written on the inside of them with a permanent marker. It is the employee's responsibility to maintain their safety vest. If your safety vest becomes damaged, please see your supervisor for replacement. (**** Other OSHA safety rules regarding Reflective Safety Vests apply to this policy.**)

Safety Toe Shoes shall be worn at all times while performing work for James Lane Air Conditioning Co., Inc. This includes HVAC service, plumbing service, installation, parts department and special projects employees during normal or after normal business hours. Any supervisor at a job site is required to wear safety toe shoes or boots. Employees will receive a monthly allowance toward purchase of safety toe shoes or boots. This allowance will be included on the first week's wages of each month.

Hearing Protection shall be used in the following instances: 1) when working around machinery or tools that create a sound so loud you have to raise your voice to communicate with another person in arm's length of you. These tools could include jackhammers, motors, saws, chipping tools, or machinery. If you are not sure about the requirement at a specific job site or working environment, contact your supervisor. **It is required that you always have hearing protection in your vehicle or on your person.**

Other PPE is periodically required and must be used. For example, if you are operating a boom lift, a safety harness is required and must be worn. If you are not sure what PPE or other equipment is required, contact your supervisor immediately.

Where needed, the company provides its employees with appropriate personal protective equipment (PPE), safety equipment and devices. You are required to use the equipment provided in the manner designated as proper and safe by the manufacturer. Failure to properly use safety equipment and PPE will lead to the following disciplinary action: 1st Offense – Verbal warning; 2nd Offense – Written warning; 3rd Offense – 1 day off without pay; 4th Offense – Possible termination to be determined by supervisor and/or senior management. These offenses must occur in the same calendar year to be considered consecutive offenses. Each calendar year starts over with a clean record for that year.

If you require safety equipment that has not been provided, contact your manager before performing the job duty for which you need the safety equipment.

Hazard Communications

If you believe that you are dealing with a hazardous material and lack the appropriate information and/or safety equipment, contact your manager or safety officer immediately.

Hazardous Materials and Wastes

The Environmental Protection Agency (EPA) has grouped certain chemicals and chemical groups into categories which have been defined as toxic, reactive, corrosive and flammable. This means the product by itself, in concentrated form, by accumulating and combining with other chemicals or with exposure to air can be hazardous to human health or deadly if exposure occurs.

From time to time in the normal course of their jobs, employees may handle materials which have been classified as hazardous by the standards of the Occupational Safety and Health Act (OSHA) regulations. Hazardous materials received from our suppliers should be accompanied by Safety Data Sheets (SDS) or labels which state the chemical ingredients of the contents, precautions to take and what to do if exposure occurs.

Employees will be instructed on how to control hazardous wastes and what to do if they are exposed to hazardous wastes.

If any employee suspects the materials or wastes they encounter as an employee are hazardous, they should inform their supervisor immediately.

As a company, we are committed to not creating or disposing of hazardous wastes which will contaminate the environment. Whenever possible, we will choose materials which have been judged as non-hazardous and we will properly dispose of hazardous materials if they are used.

Acknowledgement of Receipt of Employee Handbook (Employee Copy)

I have received the current company employee handbook and have read and understand the material covered. I have had the opportunity to ask questions about the policies in this handbook, and I understand that any future questions I may have about the handbook or its contents will be answered by the human resources department or his/her designated representative upon request. I agree to and will comply with the policies, procedures, and other guidelines set forth in the handbook. I understand the company reserves the right to change, modify, or abolish any or all of the policies, benefits, rules, and regulations contained or described in the handbook as it deems appropriate at any time, with or without notice. I acknowledge that neither the handbook nor its contents are an express or implied contract regarding my employment.

I further understand all employees of the company, regardless of their classification or position, are employed on an at-will basis, and their employment is terminable at the will of the employee or the company at any time, with or without cause, and with or without notice. I have also been informed and understand that no officer, agent, representative, or employee of the company has any authority to enter into any agreement with any applicant for employment or employee for an employment arrangement or relationship other than on an at-will basis and nothing contained in the policies, procedures, handbooks, or any other documents of the company shall in any way create an express or implied contract of employment or an employment relationship other than one on an at-will basis.

All personnel policies contained herein were adopted by James Lane Air Conditioning Co., Inc. and supersede previous policies. We periodically review personnel policies in part or as a whole, to ensure that they continue to reflect current changes of policy, management opinion and are consistent with trends and legislative requirements. I further understand that where collective bargaining conditions apply, the information contained in this handbook will revert to said agreement in as much as required by federal and state regulations, laws and/or rules.

This handbook is company property and must be returned upon separation.

Signature

Date

Employee Name: Printed

**James Lane Air Conditioning Co. Inc.
Employee Handbook Addendum**

Reserved for future use.

