

Great Clips®

Policies and Procedures Manual

TNE Clips LLC
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Reservation of Rights to Change Policies

The Company reserves the right to add, change, or delete the contents of this Manual with or without notice at any time. This Manual replaces prior policies and procedures manuals.

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Policies and Procedures Manual Receipt

Chapter 1

Introduction

1.1 Welcome

Welcome to TNE Clips LLC (“Company”). We believe that one of our most important assets is our employees, and we are delighted that you will be working with us.

As a management team, we wish to provide the opportunity for our employees to maximize their job contributions. We have developed this Policies and Procedures Manual (“Manual”) to furnish all employees with information regarding their relationship with the Company. It is designed to provide policy and procedural guidelines for us as we work together.

Our future growth as a company and as individuals depends on our mutual respect, cooperation, and each of our contributions to the Company's objectives. Again, welcome!

1.2 Purpose

This Manual applies to all employees of the Company. It is intended to help employees become familiar with the policies and practices of the Company, to assist management in performing their managerial responsibilities, and to clarify the Company's policies and procedures. The effective implementation of the policies and procedures is important to a productive and efficient workplace.

This Manual's provisions do not alter or enhance an employee's rights under the law. If a conflict arises between a policy or procedure in this Manual and any federal, state, or local statute, the statute will prevail.

This Manual or any part of it must not be interpreted or construed to be an employment agreement or contract. It is for informational purposes only. TNE Clips LLC reserves the sole right to add, change, deviate from, withdraw, or revoke any or all policies or procedures at any time for any reason, with or without advance notice.

1.3 The Franchisor

Great Clips, Inc. is the largest and fastest growing salon brand in North America. They continue to grow by finding high quality franchisees that help build the brand and grow market share. As the franchisor, Great Clips, Inc. owns the Great Clips name and operating systems, and licenses these to franchisees. Franchisees use the name and operating systems to open and run a Great Clips salon. Employees can find more information on Great Clips, Inc. by visiting their website at www.greatclips.com.

1.4 The Franchisee

Franchisees hire their own employees. These employees are employed by the franchisee organization, but are expected to follow the franchise systems of Great Clips, Inc. TNE Clips LLC is the name of the franchise organization you work for. Larry and Charlene Conn are the names of your franchisees.

1.5 Our Brand

Our brand is our reputation. Customers define our brand and salon employees deliver it every day with every haircut. We know we are delivering a superior brand when we have loyal customers who return and recommend Great Clips to their friends and family.

In order to deliver our brand to customers, we believe employees need to focus on three critical areas: Comfort, Freedom, and Connection.

Comfort - *We will treat our customers like they are a guest in our home, because comfort is important to them.*

TNE Clips LLC's goal is to implement, nurture and reinforce a culture of high standards and accountability where the stylist's #1 job is getting customers to return (especially new customers). The actions that can help to achieve this goal include:

1. Smile, with sincerity and enthusiasm.
2. Provide a warm and welcoming greeting to every customer.
3. Enhance customer comfort by always using front stations.
4. Explain to every new customer what to expect from their Great Clips experience.
5. Thank every customer for visiting and invite them to return.

Freedom - *We will provide more freedom to our customers by minimizing their wait, because their time is valuable.*

TNE Clips LLC's goal is that through proper staffing and scheduling, no customers will wait more than 15 minutes on weekends. The actions that will help us to accomplish this include:

1. Embrace customer convenience by maximizing weekend schedules and other peak times.
2. Understand every customer values low wait times.
3. Reinforce customers' confidence in having their hair cut by any stylist when they return.
4. Help customers fully understand Online Check-In to better manage their wait times.
5. Manager affirms leadership role by working peak times, especially weekends.

Connection - *We will listen and make a connection with our customers to give them the haircut they want, because they want to look like themselves - only better.*

TNE Clips LLC's goal is to provide quality haircuts for all customers by consistently delivering the Great Clips system. The actions that will help us to accomplish this include:

1. Review Clip Notes with the customer to enhance the consistency and quality of haircuts, and reduce anxiety.
2. Complete consultation and receive approval using hand mirror before starting each haircut.
3. Ensure every customer receives a quality haircut by completing frequent Quality Connections for all stylists.
4. Talk product with the customer and recommend appropriate products.
5. Confirm satisfaction using hand mirror before the customer leaves the chair.

1.6 Our Commitment

Our commitment is to create customer loyalty to the Great Clips brand by connecting with their comfort zone. This means that we want to make sure our customers feel comfortable and welcome in the salon, feel comfortable and confident with your skills and their service, and will want to return for their next service.

1.7 Employment At-Will

Employment with the Company is at-will. This means that employment may be terminated with or without cause or with or without notice at any time at the option of either the employee or the Company. No management staff or representative of the Company, other than the franchisee of the Company (“Franchisee”), has authority to enter into any agreement to the contrary. No such agreement may be made, nor is valid, unless in writing and signed by the Franchisee. This Manual or any modification to this Manual does not limit nor alter the employment-at-will relationship.

1.8 Freedom to Act

Any variation from the policies and procedures stated in this Manual is within the sole discretion of the Company, and will not be interpreted to form a standard that would affect any future action, nor does any such variation alter the employment at-will relationship. No employee or any representative of the Company has the authority to change or act in a way that differs from the policies and procedures described in this Manual without approval, in writing, by the Franchisee.

1.9 Scope

When specific matters are addressed in a written employment contract signed by the Franchisee and the employee, they are governed by that contract. In all other situations, this Manual replaces any and all previously stated policies or practices, oral and written representations, or statements of the Company, including but not limited to, those contained in any manuals, handbooks, correspondence, memos, or oral discussions, which are as a result of this document made null and void.

Employees should feel free to discuss the contents of this Manual with the management staff. Our continued success can only be possible if we work together for excellence.

Chapter 2

Fair Employment Practices

2.1 Purpose

The purpose of this policy is to promote consistent employment practices for all qualified applicants and employees in hiring, promotions, compensation, training, and other areas of employment.

2.2 Equal Employment Opportunity

The Company is committed to equal employment opportunity and advancement for all qualified applicants and employees. In all decisions to hire or promote, there will be no discrimination on the basis of race, religion, color, creed, gender, national origin, marital status, affectional preference or sexual orientation, age, genetic information, public assistance status, disability, veteran status, pregnancy, or any other legally protected class status. Additionally, all decisions on any human resource issue including compensation, benefits, transfers, promotions, layoffs, dismissals, training, and any other privileges, terms, and conditions of employment will be made without regard to these factors.

2.3 Americans With Disabilities Act

It is the Company's policy to not discriminate against qualified individuals with disabilities with regard to any aspect of their employment. We are committed to complying with the ADA Amendments Act of 2008, the Americans with Disabilities Act of 1990 and its related Section 504 of the Rehabilitation Act of 1973, as applicable.

The Americans with Disabilities Act defines "disability" as:

- (1) a physical or mental impairment that significantly limits one or more of the major life activities of such individual;
- (2) a record of such an impairment; or
- (3) being regarded as having such an impairment.

"Major life activities" include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working, as well as the operation of a major bodily function.

The Company recognizes that some individuals with disabilities may require reasonable accommodations at work. If you are currently disabled or become disabled during your employment, you should contact a member of the management staff to discuss reasonable accommodations that may enable you to perform the essential functions of your job. The Company is not required to provide an accommodation that could cause the business an undue hardship as defined by law.

2.4 Harassment

Sexual Harassment

Sexual harassment is prohibited and will not be tolerated in any form. Sexual harassment includes a wide range of unwanted sexually directed behavior, whether committed by the same or opposite sex. It is defined as any unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- (1) submission to the conduct is made, openly or implied, a term or condition of employment;
- (2) submission to or rejection of the conduct is used as the basis for employment decisions; or
- (3) the conduct has the purpose or result of unreasonably interfering with the employee's work performance or creating a threatening, frightening, hostile or offensive working environment.

Sexual harassment between men and women is illegal, regardless of whether the man or the woman is the perpetrator. Same-sex sexual harassment is also illegal. While it is not our intent to regulate employees' social interactions or relationships freely entered into, sexual harassment in any form is prohibited. If you believe you are being subjected to sexual harassment you should object to the behavior, although it is not necessary for you to handle it alone. Sexual harassment complaints should be made immediately by following the procedure outlined in the "Complaint Procedures" section at the end of this Chapter. All complaints of sexual harassment will be reasonably investigated and, if warranted, prompt, appropriate corrective action will be taken. The Company will not tolerate retaliation against any employee making a complaint in good faith. Any claims of retaliation should be reported immediately by following the procedure outlined in the "Complaint Procedures" section at the end of this Chapter.

Harassment

The Company prohibits conduct that belittles, degrades, shows hostility or aversion toward an individual because of his or her race, creed, color, religion, sex, national origin, age, disability, veteran status, military status, genetic information or any other protected class status defined by applicable law, and that:

- Has the purpose or effect of creating an intimidating, hostile, or offensive work environment; or
- Has the purpose or effect of unreasonably interfering with an individual's work performance.

Depending on the circumstances, prohibited harassment may include, but is not limited to, labels, nicknames, slurs, threatening or intimidating acts, and written or graphic material. This may include written, oral, or physical acts that claim or imply to be jokes or pranks. Harassment complaints should be made immediately by following the procedure outlined in the "Complaint Procedures" section at the end of this Chapter. The Company will not tolerate retaliation against any employee making a complaint in good faith. Any claims of retaliation should also be reported immediately by following the procedure outlined in the "Complaint Procedures" section at the end of this Chapter.

Management Responsibilities

Management staff must promptly address all allegations of sexual harassment or other prohibited harassment whether or not there has been a written or formal complaint. Management must:

- Ensure that allegations of sexual harassment, inappropriate sexually-oriented conduct, or other prohibited harassment are immediately reported to the Franchisee.
- Cooperatively work with the Franchisee, per their direction, in the investigation of allegations of sexual harassment, inappropriate sexually-oriented conduct, or other prohibited harassment.
- Take corrective action to prevent prohibited conduct from reoccurring.

Management staff who knowingly allow or tolerate sexual harassment or other prohibited harassment are in violation of this policy and subject to discipline. The Franchisee and management team have authority for administering this policy throughout the Company. Any employee found to have acted in violation of this policy will be subject to appropriate disciplinary action, up to and including termination.

2.5 Open-Door Policy

With the desire and willingness to listen to employees, the Company believes in an open-door communication policy. It is the Company's intent to try to do what is appropriate and proper in its day-to-day relations with employees. If an employee has a question or a problem, it is the intent of the Company to provide a thorough and objective consideration of the questions or problem without fear of retaliation or punishment. This includes problems concerning safety, wages, supervision, discipline, application of policy, and working conditions. Therefore, employees are urged to bring any problem or concern about terms or conditions of employment to management or the franchisee in order to provide them an opportunity to review and resolve the situation.

Most problems can be resolved satisfactorily by discussing them with management. Management will try to get back to employees with a response very promptly after they bring the concern to their attention. While the Company encourages employees to first discuss problems with management, it recognizes that the problem could involve management itself and make the employee reluctant to discuss it with that person. In that case, please feel free to talk to the Franchisee. The feelings and problems of each employee are very important to the Company. The Company believes that employees are its strength, therefore they want to hear about their needs and concerns. The Company realizes that not all employees will feel comfortable in presenting their grievances to management, but are urged to do so. If the Company and its employees all take the time to raise questions and work together to reach a solution, the workplace will be a better place.

2.6 Complaint Procedures

If an employee believes they have not received proper treatment in accordance with the policies in this chapter, whether by another employee, a vendor, a customer, or any other person encountered in the course of employment, they should immediately contact their manager or Franchisee.

All complaints will be investigated promptly and appropriately. The facts will determine the response to each complaint. Complaints will be kept confidential to the extent possible; however, this may not be possible in conducting a thorough investigation.

Any form of retaliation against an individual making a complaint under a policy in this chapter or against any witness or any other employee involved in the investigation of a complaint is against Company policy and is strictly prohibited. Retaliatory activities will be treated as a violation of this policy and subject to disciplinary consequences, up to and including termination.

Chapter 3

Employment

3.1 Purpose

The purpose of this policy is to outline procedures which promote a consistent method of recruiting that provides all current employees the opportunity to take advantage of job openings for which they are qualified. This policy also outlines procedures to protect the interests of the Company and its employees collecting and maintaining information about prospective, current, and former employees that is accurate and confidential.

3.2 Probationary Period

Employees are hired into a 90 day probationary period. During this time, employees will be evaluated as appropriate regarding job performance. Key job performance areas include, but are not limited to, attendance, punctuality, cut times, product sales, using the five step Great Clips process, teamwork, and overall attitude and work ethic. Employees must provide acceptable performance during their probationary period to continue employment with the Company. Employment may be terminated at any time during the probationary period for unsatisfactory job performance.

3.3 Management Positions

It is the Company's desire to give qualified internal candidates preference over others when filling vacancies or new positions within the Company. However, because of experience requirements and other qualifications required for some positions, promotions from within the organization are not always possible. Past performance, qualifications, abilities, job experience, and potential are important factors that the Company considers in the process of considering employees for promotion.

Employees are required to meet certain minimum expectations in order to be considered for management training. These expectations include, but are not limited to:

- using the Great Clips systems 100% of the time
- meeting or exceeding individual and salon goals
- being outstanding role models
- dressing according to the professional image and appearance guidelines
- being proficient in the Great Clips technical systems
- following all policies and procedures
- being flexible and willing to work weekends and busiest times; covering shifts as needed

The Company provides advanced training for staff moving into a management position. If an employee believes they are ready and qualified for management training, their first contact should be with management or the franchisee.

3.4 Procedures to Request to Change Salon Location

Employees who are interested in changing to another Great Clips salon should first contact management for further information about this process.

3.5 Employment of Relatives

The Company believes that it is in the best interest of the Company and its employees to keep business and professional relationships separate from personal and family relationships.

Accordingly, unless the franchisee has given special permission in advance, the Company will not employ close relatives, spouses, or two individuals living together in a relationship that is essentially equivalent to marriage (close relatives includes your parents, grandparents, siblings, spouse, children, and grandchildren), except under circumstances where:

- neither employee will supervise, appoint, remove or discipline the other;
- neither party will evaluate the work of the other; and,
- the working relationship will not create a conflict of interest or the appearance of favoritism in the opinion of management.

If two employees who work in the same salon, or who supervise each other develop a close or spousal relationship after they are employed, one of the two may be moved to another location, or if no suitable position is available, terminated. The decision as to which employee will be terminated, if a change to another location is not possible, will be left to the employees involved, unless business necessity requires the Company to make the decision.

The Company also reserves the right not to employ close relatives of officers or other high-level employees of our customers, competitors, or others with whom the Company does business.

3.6 Outside Employment

Occasionally, employees may wish to perform outside work for another employer. Employees may hold outside jobs after working hours or actively participate in an outside business under certain circumstances. Employees are prohibited from engaging in employment with another organization that may harm the Company's good image, involve a business which competes with a product, process, or service of the Company, involve the release of confidential and proprietary information, or otherwise interfere with their work with the Company. The Company reserves the right to review any outside employment held by an employee and may request the employee to terminate the outside employment.

3.7 Employee Records

Employee personnel records are confidential and are handled accordingly. The Company is required to comply with valid court orders and government requests directing them to provide information from employee personnel records. However, generally speaking, without specific written authorization from the employee, only their job title and verification of employment dates will be released.

Government regulations define standards to protect the privacy of health information. In the course of the employment relationship, an individual's health information may be used by the company when necessary for the administration of workers' compensation benefits or health insurance plan benefits. You may be asked to sign an authorization form to permit a Medical Provider or health plan to disclose health information to the company. Any such disclosure will only be used for the specific purpose of the disclosure and the company will take all reasonable precautions to protect the privacy of this information.

3.8 Access and Review of Personnel Records

Employees wishing to review their personnel files must request an appointment to do so. Such appointments should be made during normal working hours. Files will be reviewed in the presence of the management or the franchisee.

Employees may take notes related to documents in the personnel file. Alterations of records are not permitted, nor can a document be added to or removed from the file at the time of the review. Employees who wish to correct, copy, purge, or amend information in their personnel file should contact management or the Franchisee. Employees may place a written statement in their file at any time.

Other employees of the Company may have access to personnel files only on a need-to-know basis. This means access is limited to management staff as they need access in the course of their normal job duties, or in considering the individual for promotion or transfer into a different Great Clips salon.

3.9 Changes to Personal Information

Employees are responsible for providing the Company with accurate and up-to-date information on name, address, telephone number, dependents, income tax withholding, insurance beneficiaries, emergency contact, or other information which may affect their employee status. Any changes in the above should be immediately reported to management.

3.10 Termination of Employment

Employees who wish to terminate their employment with the Company are required to provide **written** notice to management stating the reason for the resignation two (2) weeks prior to their planned departure. They are also required to complete and sign the **Great Clips Separation Notice** indicating their desire to voluntarily terminate employment along with their departure date. At that time, management will determine if the resignation will be effective immediately, or if the employee will be requested to remain through some or all of the notice period.

Employees who do not show up to work a scheduled shift and do not call-in by the end of the same business day are generally considered to have voluntarily terminated employment.

Employees who do not work a scheduled shift after the end of a leave of absence are considered to have resigned on the last day of their leave.

If any Company property or money in an employee's possession has been lost or damaged, or if an employee has an outstanding advance or other outstanding expense, they will be responsible for reimbursing the Company upon termination from employment.

Employees in good standing who have voluntarily terminated employment with proper notice or were laid off are eligible for rehire based on the same terms and conditions as other applicants.

3.11 Exit Interviews

The Franchisee or management staff will try to conduct an exit interview with all terminated employees. The goal of this interview is to collect all Company property, review the reasons for the termination, layoff, or resignation, and obtain input and suggestions for improvement in the Company. Employees will also be informed of any rights to continued benefits coverage at this time. Unless other arrangements have been made for earlier payment, final paychecks will be available in accordance with state requirements.

3.12 References

Employees may receive a request to provide a reference for a former employee. All requests for references should be forwarded to management.

When asked to provide a reference for a former employee, the Company generally will only provide the dates of employment and last position held with the Company.

Chapter 4

General Salon Policies and Procedures

4.1 Purpose

The purpose of this policy is to lay out consistent and timely practices regarding general salon policies and procedures.

4.2 Telephone Procedures

The telephone at Great Clips is a critical link to our customers, potential customers, applicants, and co-workers. The importance of the phone should not be underestimated. Anyone who calls the salon will form an immediate opinion of Great Clips depending on how the phone is answered and how the call is handled. Therefore, all Company employees are expected to answer the phone and handle calls in a very positive and professional manner.

The phone should be answered within three rings whenever possible. The standard Great Clips greeting must be used every time the phone is answered. The standard greeting is as follows: "Thank you for calling Great Clips at (name of salon). This is (your name). How may I help you?"

The Company's telephone lines are intended solely for business use and should not be used or tied up for personal phone calls. However, it is recognized that it may occasionally be necessary to use the Company phone for personal business. Personal phone calls must be kept to a minimum and be as brief as possible.

Personal long distance calls charged to the Company without prior approval from management are not allowed.

4.3 Cell Phones and Electronic Devices

Employees are required to turn off their cell phones and electronic devices when working. Employees can check for messages during approved breaks. It is recognized that there may occasionally be emergency situations where an employee must be accessible to their family. In these situations, the employee may leave their cell phone or electronic device on vibrate or silent. At no time should an employee accept a cell phone call while working on the floor or serving a customer.

4.4 Employee Purchases

Employees of the Company receive a 40% discount on the retail products we carry. There is a space on the employee daily report to document all employee purchases. All product purchases have to be paid for on the day they leave the salon. No I.O.U.'s or charges are accepted in the salon. Employees are required to have a co-worker ring up their product and merchandise purchases.

4.5 Services for Co-Workers, Friends, and Family

Our first commitment is to our customers. Because of this commitment, employees are expected to charge for all services completed in the salon, regardless of whether the services are provided to friends or family. This assures that everyone is treated fairly and consistently.

Employees may receive free services from co-workers if the following guidelines are followed.

- Services must be provided when both the stylist receiving the service and the stylist providing the service are not working a scheduled shift.
- The person providing the service must be in apparel guidelines while on the floor.
- While providing a service to a co-worker, the conversation must remain professional and appropriate, as with any other customer.
- Only authorized products and services are allowed.
- Any product that is used must be paid for immediately as an employee purchase.

Employees should talk to their manager to make sure all guidelines are met before beginning services for employees.

Immediate family (parents, siblings, spouse, children) may receive haircut services from employees at a 50% discount.

Employees are prohibited from providing services in the salon that are not approved by Great Clips, Inc. to anyone and at any time. In addition, employees are prohibited from using or selling any products within the salon that are not approved by Great Clips, Inc. This policy will be enforced both during normal hours of operation and when the salon is closed.

4.6 Bulletin Board

A bulletin board is maintained in the breakroom to communicate Company announcements, marketing promotions, and other Great Clips-related information. It is the employee's responsibility to periodically review the bulletin board. The bulletin board is reserved for Company announcements and communications. Please check with management before posting any information on the bulletin board.

4.7 Tobacco Use in the Workplace

The Company believes in providing employees and customers with a safe and healthy environment by banning all tobacco use including, but not limited to, cigarettes, cigars, pipes, chewing tobacco, electronic cigarettes (EC, e-cig, or e-cigarette), personal vaporizer (PV), or electronic nicotine delivery system (ENDS) and carrying lighted smoking materials in the salon.

Employees are only allowed to smoke in the designated smoking area only during approved breaks and lunches. It is not acceptable that either smoking or non-smoking employees are subjected to smoke that they must walk through to reach their vehicle or enter/exit the salon. Smokers and users of tobacco products must dispose of the remains in the proper containers. This helps to keep a neat and clean environment for all employees and customers.

This policy applies to all persons within the salon, including but not limited to, employees, customers, vendors, and contractors. This policy is in effect 24-hours per day, 7-days a week. All employees are required to abide by this policy as a condition of continued employment. Any employee who violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.8 Alcohol and Drug-Free Workplace

Alcohol and drug abuse/dependency are a national social and health problem. The Company is concerned about the adverse effects of alcohol and drug abuse on employee job performance, health, safety, and security. This policy is intended to foster a drug-free, healthful, safe, and secure work environment.

Employees are expected and required to report to work on time, and in the appropriate mental and physical condition for work. The possession, use, or sale of alcohol, illegal drugs, or any drugs is prohibited in any Company workplace. This includes, but is not limited to, the salon, the Great Clips training center, and Company meeting sites. This policy applies to all persons within a Company building, including but not limited to, employees, customers, contractors, and vendors.

This policy is in effect 24-hours per day, 7-days a week. All employees are required to abide by this policy as a condition of continued employment. Any employee who violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.9 Firearms and Lethal Weapons

The possession of firearms and other weapons (including, but not limited to, sheath and switch-blade knives, explosives and/or other dangerous substances) on Company property is prohibited. Any employee who violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.10 Physical Violence

Physically assaulting, or threatening to assault, anyone on Company premises or while on Company business, including, but not limited to, any customer or co-worker, is prohibited. Any employee who violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.11 Falsification of Records and Information

Falsification of records and information includes, but is not limited to, charging incorrect amounts for services, reporting time worked incorrectly, entering incorrect information in the computer, and changing company records without approval.

Any employee who falsifies records or information, at any time, will be subject to appropriate disciplinary action, up to and including termination of employment.

4.12 Emergency Procedures

There may be times when a co-worker, customer, or other person in the salon may have an accident and/or need emergency medical assistance. If this situation arises, the primary focus should be on getting any necessary medical attention and remaining calm and professional.

Always immediately dial 911 in any situation where medical attention is necessary, or when the person is not able to move under their own power. When possible, someone should stay with the person at all times until the paramedics arrive. Do not move the person, as moving them could cause further injury. Also, do not attempt to provide any type of CPR or first aid unless you are professionally certified. If employees are unsure of the seriousness of the situation, dial 911 and let the medical personnel help make this assessment.

In the case of any emergency situation, take the time to gather as much information as possible on the circumstances of the situation, and complete an Incident Report. Report this information as soon as possible to management or the franchisee.

4.13 Parking

In order to provide our customers with convenient services, it is important that our customers be able to park as close to the salon as possible. This means employees must typically park at least two rows from the entrance to the salon. In the interest of safety, we ask that employees park in a lighted area if working after dark. If safety is a concern after dark, it is acceptable for employees to move cars closer to the entrance 15 to 30 minutes prior to closing time. Talk with management about any restrictions and where employees should park.

4.14 Confidentiality

Employees may have contact with and access to confidential information concerning Great Clips and its products and services, the Company, its customers, co-workers, and information not generally known by non-Company persons. Confidential information may be developed or obtained by an employee as a result of the employee's relationship with the Company. Confidential information includes, but is not limited to, the following types of information:

- Customer Service System
- Cutting System
- Clipper System
- Operations and training manuals
- Marketing plans
- Customer records and lists
- Computer records and information
- Customer information
- Financial information

- Credit card information
- Costs and selling prices
- Personnel and payroll information
- Vendor and supplier records
- Records, reports, and files of the Company
- Product samples and records
- Business strategies and plans

Confidential information must never be released, removed from Company premises, copied, or in any other way used by employees for any purpose outside the scope of their Great Clips employment, or revealed to non-Company persons without the express written consent of the Franchisee. Failure to follow this policy will be grounds for appropriate disciplinary action, up to and including immediate termination.

4.15 Electronic and Hard Copy Information

All information contained in the salon computer system and all hard copy printed, and written reports, forms, files, etc. are the property of Great Clips, Inc. and the Franchisee. In addition, all business information, operational data, and customer lists and information are the property of Great Clips, Inc. and the Franchisee. Employees must not use such proprietary property for any purpose other than operating a Great Clips salon.

Printing any reports, customer lists, or taking any other salon data or proprietary information regarding the Company, its customers, vendors, or employees from the computer is considered theft and is prohibited. The Company will not tolerate the theft of company information. Violations of this policy, including a first offense, are considered serious and may lead to disciplinary action, up to and including termination of employment. In all situations related to data security and proprietary information, the Company and Great Clips, Inc. reserve the right to take steps as warranted by the situation, including legal action.

4.16 Social Media Policy

At TNE Clips LLC, we understand that social media can be a fun and rewarding way to share your life and opinions with family, friends and co-workers around the world. However, the use of social media also presents certain risks and carries with it certain responsibilities. To assist you in making responsible decisions about your use of social media, we have established these guidelines for appropriate use of social media. This policy applies to all employees who work for TNE Clips LLC.

Guidelines

In the rapidly expanding world of electronic communication, social media can mean many things. Social media includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal website, social networking or affinity web site, web bulletin board or a chat room, whether or not associated or affiliated with TNE Clips LLC, as well as any other form of electronic communication.

The same principles regarding employee honesty, integrity, and standards of conduct in TNE Clips LLC policies apply to your activities online. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of co-workers or otherwise adversely affects customers, suppliers, people who work on behalf of TNE Clips LLC or TNE Clips LLC's legitimate business interests may result in disciplinary action, up to and including termination.

Know and Follow the Rules

Carefully read these guidelines and the Harassment Policy to ensure your postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may subject you to disciplinary action, up to and including termination.

Be Respectful

Always be fair and courteous to fellow co-workers, customers, suppliers or people who work on behalf of TNE Clips LLC. Also, keep in mind that you are more likely to resolve work-related complaints by speaking directly with your co-workers or by utilizing our Open-Door Policy than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video, or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that belittle or mock customers, co-workers or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or company policy.

Be Honest and Accurate

Make sure you are always honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about TNE Clips LLC, co-workers, customers, suppliers, people working on behalf of TNE Clips LLC, or competitors.

Post Only Appropriate and Respectful Content

- Maintain the confidentiality of TNE Clips LLC trade secrets and private or confidential information. Trade secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not post internal reports, policies, procedures, or other internal business-related confidential communications.
- Do not create a link from your blog, website, or other social networking site to a TNE Clips LLC website without identifying yourself as a TNE Clips LLC associate.
- Express only your personal opinions. Never represent yourself as a spokesperson for TNE Clips LLC. If TNE Clips LLC is a subject of the content you are creating, be clear and open about the fact that you are an associate and make it clear that your views do not represent those

of TNE Clips LLC, co-workers, customers, suppliers or people working on behalf of TNE Clips LLC.

- If you do publish a blog or post online related to the work you do or subjects associated with TNE Clips LLC, make it clear that you are not speaking on behalf of TNE Clips LLC. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of TNE Clips LLC.”

Using Social Media at Work

Refrain from using social media while on work time or on equipment we provide, unless it is work-related as authorized by your manager or consistent with the Company Equipment Policy. Do not use TNE Clips LLC email addresses to register on social networks, blogs or other online tools utilized for personal use.

Employees should not feel pressured to accept or initiate friend requests or otherwise connect or communicate via social media with supervisors, co-workers, vendors, or others associated with the Company. To avoid even the appearance of undue pressure, supervisors should never initiate a friend request or other connection to their direct reports via social media.

Retaliation is Prohibited

TNE Clips LLC prohibits taking negative action against any associate for reporting a possible deviation from this policy or for cooperating in an investigation. Any employee who retaliates against another employee for reporting a possible deviation from this policy or for cooperating in an investigation will be subject to disciplinary action, up to and including termination.

Media Contacts

Employees should not speak to the media on TNE Clips LLC’s behalf without contacting the Franchisee. All media inquiries should be directed to the Franchisee. If media inquiries should be directed to the public relations firm, you will be provided with contact information at the time of the incident.

For More Information

This policy is not intended to and should not be interpreted to prohibit employees from discussing the terms or conditions of their employment or engaging in other protected concerted activities under the National Labor Relations Act. If you have questions or need further guidance, please contact your management team.

4.17 Selling and Solicitation

Personal decisions regarding the purchase of goods or services, charitable contributions, or membership in an organization should not create negative feelings or detract from an employee’s effectiveness at work. Consequently, there shall be no solicitation or distribution of sales literature of any kind to co-workers or customers by any employee during the actual working time of the employee soliciting, the employee being solicited, or a customer in the salon. Non-employees are

not allowed to distribute sales literature or solicit for any purpose at any time on Company premises.

The names GREAT CLIPS® and GREAT CLIPS FOR HAIR® are owned by Great Clips, Inc. Employees are not authorized to use the Great Clips marks for their own benefit in any manner whatsoever. Employees shall not solicit Great Clips customers at any time for a competitive business.

4.18 Theft and Personal Property

Theft or destruction of any property belonging to the Company, our employees, our customers, or anyone else is prohibited. Any employee in violation of this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

Employees are urged not to bring valuables to work. The Company will not assume liability for personal items.

4.19 Family and Friends in the Workplace

TNE Clips LLC values family and work/life balance. Our employment policies and benefits support those beliefs. The Company believes in an environment that promotes work and provides a great customer experience. It is inappropriate for friends or relatives of employees to be loitering in the workplace and common areas such as outside the salon or in the parking lot during working hours. This policy is intended to decrease employee distractions and disruptions, enhance the customer experience, and minimize potential liability to the Company.

4.20 Hazard Safety

The OSHA Hazard Communication Standard was created to ensure that all chemicals would be evaluated and information regarding hazards would be communicated to employees. The goal of the standard is to reduce the potential of chemically-related occupational illnesses and injuries.

Hazardous Chemical Inventory List

Below is a list of all known hazardous chemicals (products) that may be found at any TNE Clips LLC salon location. Only these cleaning products are approved for use in the salons.

- Windex
- Scrubbing Bubbles
- Barbicide
- Ship Shape
- Clippicide
- Perm chemicals

Hazard Determination

Hazardous chemicals in our salons are purchased materials. TNE Clips LLC will rely on the hazard determination made by the chemical manufacturer as indicated on the Material Safety Data Sheet.

Material Safety Data Sheets for hazardous chemicals are kept in the employee breakroom for review by every employee and will be reviewed annually by the Salon Manager. Should there be any MSDSs that have not been updated within the past year, a new MSDS should be requested. After three documented requests for an MSDS by an employee have been unsuccessful, the problem should be reported to the Franchisee. If the documents are still not updated within 14 days of contacting the Franchisee, the employee should file a report with the nearest Occupations Safety and Health (OSH) office.

Labels and Other Forms of Warning

The Hazard Communication Standard requires that hazardous chemicals be labeled by their manufacturers. The label must contain the following:

- Chemical identity
- Appropriate hazard warnings
- Name & address of chemical manufacturer, importer, or other responsible party

The entire labeling procedure will be reviewed annually by the Franchisee and changed as necessary.

Employee Information and Training

Prior to starting work, new employees of TNE Clips LLC will review health and safety information during their orientation program. Each Salon Manager is responsible for ensuring every new employee attends orientation prior to working in the salon. Orientation is approximately 3 hours. The Hazard Communication portion of this orientation will consist of the following:

- An overview of the requirements of the Hazard Communication Standard
- The labeling system and how to use it
- How to review MSDSs and where they are kept
- Chemicals present in work operations
- Physical and health effects of hazardous chemicals
- Methods and observation techniques used to determine the presence or release of hazardous chemicals in the area
- Steps the company has taken to lessen or prevent exposure to chemicals
- Safety/emergency procedures to follow if exposure occurs
- Location and availability of the written program

Additional training will be provided with the introduction of each new hazard. Records of the additional training will be maintained.

4.21 General Safety

The Company asks that employees cooperate in helping to promote safety and to prevent accidents to themselves as well as to other employees, customers, and visitors. Safety is an important

concern for all employees. All employees are required to learn and apply the following basic safety rules in the salon:

- Learn the procedures for handling cuts and nicks and apply these procedures if a cut or nick should occur.
- Learn the procedures for handling a customer with lice and apply these procedures as needed.
- When leaving the premises at the conclusion of the workday, check the salon for lights left burning, running machinery, coffee makers and tea pots left on, electric space heaters/portable fans left on, and other potential hazards. Management reserves the right to deny the privilege of operating such appliances if proper precautions are not observed.
- Learn the Company's fire rules, the location of fire alarm boxes, and your own duties in case of fire.
- Promptly report all unsafe or potentially hazardous conditions, such as the following, to management: wet or slippery floors, equipment left in halls or walkways, exposed wiring, careless handling of equipment, and defective equipment.
- Help to avoid all accidents by eliminating fire hazards wherever you find them.
- Clean up spills as soon as they occur to prevent slips and falls.
- Use proper lifting procedures.
- Always be alert for safety hazards. Keep individual work areas clean and orderly. Untidiness and clutter invite accidents.
- Do not operate electrical equipment with wet hands.
- Store all materials and equipment in their proper area.
- Know the location of the first aid kit.
- Refer to the Material Safety Data Sheets when using a chemical or cleaner and follow the safety guidelines listed on them.

4.22 Security

Employees are responsible for the protection of Company property and assets under their supervision and control. Following are security measures enforced in the salon:

- Any money must be immediately and appropriately processed through the Company accounting systems.
- When closing the salon, the till should be counted in the back.
- Established data security standards and guidelines must be followed. Company hardware and software must be used for business purposes only and are not to be used for any personal business.
- The back door should be kept closed and locked at all times. Do not open the back door to anyone without a key unless you absolutely know who is there. This includes co-workers, delivery personnel, corporate staff, and your franchisee.
- Employees are responsible for any personal property, valuables, and money. Personal property is the employee's risk; the Company will not secure or be responsible for employee's personal property.
- Upon leaving the salon after dark, leave at the same time as a co-worker whenever possible.

4.23 Work-Related Injury or Illness

If an employee should sustain an injury or suspected injury while on the job, they are required to notify management immediately. Management will then evaluate the injury or suspected injury and assist the employee in securing appropriate medical assistance. A First Report of Injury form may also be completed at this time for the insurance company. Failure to report accidents can result in a violation of legal requirements and can lead to difficulties in processing insurance benefit claims.

Compensation for a work-related injury or illness will be made in accordance with the provisions of the workers' compensation program. Proper notification must be given to management of the expected duration of all such absences. Employees will be required to provide a release from a physician upon their return to work. The Company reserves the right to require employees to be seen by a physician of its choice.

Chapter 5

Employee Responsibilities

5.1 Purpose

The purpose of this policy is to provide clear communications to employees about performance expectations and responsibilities.

5.2 Customer Service

At Great Clips, we don't want to just service the customer, we want to create customer loyalty to Great Clips by connecting with their comfort zone. All employees have a primary responsibility to provide a high level of customer service that will make the customer want to return. This is done by:

- Treating customers like they are a guest in our home, because comfort is important to them.
- Providing freedom to our customers by minimizing their wait, because their time is valuable.
- Listening and making a connection with our customers to give them the haircut they want, because they want to look like themselves – only better.

We reaffirm our commitment to equal treatment of all customers regardless of race, religion, color, creed, gender, national origin, age, disability, veteran status, or any other basis prohibited by federal, state, or local law.

All customers are to be served in the order they are checked in. Employees must take customers in order, and may not skip over a customer for any reason.

Employees are required to maintain the highest level of customer service and professionalism at all times when working in the salon and when representing Great Clips. Employees shall not contact customers via SMS or text message for commercial solicitation purposes, or the transmission of any promotional messages.

5.3 Using the Great Clips 5-Step Customer Connection

Great Clips has designed a customer service system that helps employees provide the very best customer service in the industry. The steps to the Great Clips Customer Service System are as follows:

Step 1: Greet and Introduce

- Approach the customer immediately, smiling and using eye contact, and greet them using the Great Clips greeting in a warm and welcoming manner.
- Enter the customer information into the computer; if they used Online Check-In, thank them.
- Clearly communicate the estimated wait time to the customer.
- Go to the front desk when you are ready for your next customer, enter the customer into the service screen, and call the customer's name.
- Introduce yourself, then walk with the customer to the cutting station (have the chair lowered and facing the aisle).

Step 2: Connect through Consultation

- Review Clip Notes with customer from their last visit to Great Clips.
- Find out the style of haircut or shape the customer desires and determine if the style will work for the customer's lifestyle and hair type.
- Gather information from the customer about their current product usage.
- Establish the customer's preferred hair length and shape of the outline. Follow the order: Back/Front/Sides.
- Establish the customer's preferred interior length, such as layers, weight line, taper, and clipper. Follow the order: Top/Back/Sides.
- Check for the customer's understanding and approval using a hand mirror before starting the haircut.

Step 3: Create the Cut and Talk Product

- Create the haircut, as agreed during the Consultation, using the Great Clips Cutting or Clipper system.
- Keep your attention, including all conversations, focused on the customer during the service.
- Discuss features and benefits of current products used or recommended products.
- Apply current or recommended product, with permission, to the customer's hair.

Step 4: Confirm Satisfaction

- Use a hand mirror upon completion of the haircut to confirm the customer's satisfaction.
- Ask the customer if they have any questions about how to use products or style their hair, and if they would like to buy any currently used or recommended products.
- Remind the customer before they leave the chair that their satisfaction is important, and if they are not satisfied with their product or service, they should feel free to come back.

Step 5: Thank and Invite Back

- Walk the customer to the product shelves and/or front desk.
- Enter or update Clip Notes for the customer.
- Cash out and present receipt, with guarantee, to the customer.
- Say, "Thank you" in a friendly manner and invite the customer to return.

Employees are required to use the Great Clips 5-Step Customer Connection every time, with every customer.

5.4 Using the Styleware Software

Proper tracking of customer information in the Point-of-Sale system (Styleware) allows us a greater ability to properly schedule for average customer flow and be prepared for peaks. It allows us to maximize the service to each customer as it helps us to remember what services and products the customer received the last time they visited the salon. It also allows us to track who has skipped one or more haircut cycles with us so we can invite them to try us again. Using this system properly can help us increase our customer counts, which can have a positive impact on stylist earnings.

Passwords

Employees receive a password to access the Styleware software. These passwords are included for the employees' protection. Employees should not share passwords with anyone in the salon, including management. If an employee believes their password has been discovered, they should notify their salon manager immediately so a new one can be assigned.

Customer Check-In

There are two ways that customers can check in. The first is as a walk-in customer when they enter the salon, and the second is by using Online Check-In. Walk-in customers are added to the wait list in Styleware right when they enter the salon. For returning customers, employees should be sure to locate the customer's record, and verify that name, address and phone numbers (primary, work, and cell) are correct with every customer. For new customers, employees should follow the New Customer Orientation process; explain to customers why we create a profile for them and gather and enter this information into Styleware.

Customers who check in online using Online Check-In are added to the wait list but must have their check-in completed when they enter the salon. Regardless of the method of check-in, the process explained above for either returning customers or new customers should be used.

At times, a customer waiting in the lobby will become upset because they do not understand why an Online Check-In customer would be served ahead of them. The best way to avoid this is by doing a good job of communicating to every customer how many customers are checked in ahead of them.

While most customers are used to providing information to businesses and will readily provide this data, in rare instances customers may be hesitant to give their full name, address, and phone number. In these situations, try to minimally have the customer provide a phone number and name so that a profile can be created and the customer can be tracked for return. In this case, type "Declined" along with the date in the address field. Then, each time the customer comes into the salon, try to ask for one more piece of data. Once customers become more comfortable with the salon, they may be more willing to share their contact information. If the customer is not comfortable providing any information, use the "Bypass" function.

After the customer has been added to the wait list, they are to be informed of the estimated wait time, where they are on the list by saying "You are 3rd on the list, and there are 2 customers ahead of you," and what to do next (have a seat in the lobby, hang up your coat, etc.).

Note: Customer records that contain the salon address or the word "Refused" will not be counted as captured. However, using this method provides a consistent way for staff to enter this information so you can locate these inaccurate records more easily when doing mailings and cleanup.

5.5 Cashing in Tips

It is common practice at the end of a shift for an employee to cash in their tips they have received from cash payments by customers (exchanging a number of small bills for fewer larger ones). When doing this, an employee must always hand their tips to a member of the management team to verify the amount and exchange funds in the drawer. If a member of management is not available, or if the employee is management, hand the tips to a co-worker and have them verify the amount and exchange funds in the drawer. Employees are never to cash in their own tips.

5.6 Electronic Tip Payment

TNE Clips LLC may implement electronic tip payment for tips received when customers pay for services using a credit or debit card. This program is important for cash management in the salon and your participation in this program is mandatory. Employees will receive payment of tips charged to a credit or debit card during their shift through an Aline debit card that is provided by ADP. If employees choose to not use the Aline debit card, they have the option to use a paper check program to access their charge tips. This payment is made at the end of the working day when the cash drawer is settled and the data is uploaded to ADP. You should expect tips to post to your account by the morning following your shift, noting that there may be times when an internet connection could cause a delay in processing. All employees will be issued an initial VISA® debit card as part of this program and this card is the sole responsibility of the employee. Any costs to replace a lost or stolen card is at the expense of the employee.

5.7 Tip Reporting

All tips received are considered taxable income and are subject to taxes. All employees are responsible for paying any tax that is due from tips received. The gross income reported on your annual tax return must include all tips received directly from customers, and tips from charge customers that are paid to you by your employer.

Employees are responsible for keeping accurate records of tip income. Upon checkout from Styleware, employees will be asked to enter the amount of tips received for the shift. Employees are required to enter the amount of tips earned at this time. Signing their Daily Report confirms the amount of tips on the report is accurate.

Employees who fail to properly record their tips may be subject to appropriate disciplinary action, up to and including termination.

5.8 Professional Appearance

When it comes to meeting customer expectations for comfort, freedom and connection, seeing is believing. The employee's role in the Great Clips brand is so important, and it's essential the employee looks like a polished professional. To that end, Great Clips apparel policy helps employees create an overall positive customer experience. Customers look to employees to define a look for them that makes sense, so we've defined a look for stylists that helps them do that. It's polished, yet still easy. Just like our haircuts.

Employees must be dressed according to the Great Clips Apparel Policy anytime they are in the salon or attend a Great Clips sponsored event. If casual apparel is worn for outside events (such as sporting events), matching Great Clips shirts are encouraged. All apparel should present a neat and positive Great Clips image. Great Clips can prohibit employees from displaying tattoos and body piercings not related to religion or national origin or not consistent with the organization's brand, image, values, or mission.

What to Wear:

- Tops: Pressed Shirts, Blouses, Polos, Sweaters, Tunics, Dressy Jackets, Dresses, and Approved Great Clips Logo Apparel
- Bottoms: Dress pants, Capris, Skirts, Opaque leggings (when worn with tunic style shirt or dress) with all hemlines no more than 3" above the knee
- Shoes: Polished dressy-style shoes, Boots, single color athletic shoes, and Sandals (Low to medium heels),
- Accessories: Scarves, Barrettes, Head bands, Jewelry (tasteful), Hosiery, Tights, Footless tights, and Belts

What Not to Wear:

- Tops: Sweatshirts, Hoodies or Outerwear, Spaghetti straps and Sleeveless, T-shirts with logos, Flannel and denim, Cropped or Backless, and Sports Apparel
- Bottoms: Athletic or Sweat Pants, Mini-skirts and Shorts, Cargo Pants, and Jean styles in Corduroy or Denim
- Shoes: Flip-flops or Beach Sandals, and "CROCS"-style shoes
- Accessories: Noisy bracelets, Excessive facial jewelry, Glittered make-up, and Hats or Bandanas

Employees who do not comply with these guidelines will be sent home to change and will be subject to appropriate disciplinary action.

5.9 Professional Conversation

Words are powerful and an employee's conversation with a customer will make a lasting impression. Employees must keep the conversation appropriate and professional. The conversation should focus on the customer and their haircare needs. A lively conversation, in which customers do most of the talking, can be a good customer service tool. The conversation can also help employees to remember the customer at their next visit.

Sensitive topics such as politics, religion, the competition, personal relationships, money, salon operations, and the employee's social life should not be discussed with customers. Employees should not discuss things that will make customers or anyone else in the salon uncomfortable. They should focus on positive, light topics that keep customers talking, such as the customer's hair, products to use, the customer's family, etc.

Stylists should not have personal conversations with their co-workers while customers are in the salon. It may be necessary to ask a co-worker a question about a specific haircut or product; these should be kept as brief as possible. Remember, the focus is on the customer.

5.10 Communications

It is the policy of the salon to promote diversity in its workplace. The salon does not discriminate in employment on the basis of any legally applicable protected class status, including national origin. The salon also promotes the safe and efficient operation of the business. To satisfy that policy it is necessary that only English, our commonly shared language, be spoken at certain times during the workday. These circumstances include:

- in emergencies or other safety sensitive situations
- when communicating with customers, co-workers, or supervisors who speak only English

Generally, employees should speak English when communicating with co-workers or supervisors while performing work duties in front of customers who speak only English. Speaking another language in front of English-only speaking customers can feel intimidating to them and result in customer isolation and loss of business.

In other situations during the workday, including work situations where a customer prefers communicating in a language other than English, casual conversations with co-workers during breaks, or permissible personal phone calls, employees may speak any language of choice. At no time, however, are employees permitted to use profanity or vulgar words, in any language, in the workplace. Employees violating this policy are subject to discipline, up to and including termination of employment.

5.11 Teamwork

When employees work together as a team, it shows. Customers feel comfortable in a pleasant staff environment and will return. Employees enjoy their jobs, and that contributes to increased job satisfaction. What does teamwork mean? Employees care about one another, are supportive and helpful in the work environment, and cover for each other when scheduling problems arise.

To help the salon run smoothly, all employees need to:

- use an open station that is closest to the front of the salon
- complete all assigned duties on the duty roster before leaving for the day
- take turns answering the phone and greeting customers

Employees demonstrate teamwork by working together to support the system and the policies and procedures of the system. The customers become a critical part of the team as they are the purpose of the team's existence and the reason we are in business. Each and every customer is treated professionally and respectfully. Every employee must pay attention to the salon lobby, back bar area, and the total salon environment to make certain it is clean, comfortable, and professional looking to the customers.

All employees are expected to work together as a team and demonstrate behaviors consistent with teamwork as described in this Manual.

5.12 Duty Roster

A Duty Roster is posted that lists specific tasks that will help keep the salon looking clean at all times. Each employee has responsibilities as a team member to do their fair share of those activities and contribute to the overall cleanliness of the salon. If everyone pitches in, keeping the salon clean is not a difficult task. These duties should be completed during an employee's shift when there are no customers waiting for service.

5.13 Stations

Stations are not assigned to employees; the station an employee uses may vary from day to day. When arriving for work, employees are required to identify the first open station closest to the front of the salon and use that station for that shift unless otherwise directed by management.

Stylists are required to sweep their station after each haircut and remove all implements used during the haircut that require sanitization. It is also expected that stylists will help each other out and sweep a co-worker's station while sweeping their own.

Prior to leaving the salon, employees are expected to thoroughly clean the station they used that day. This includes mirrors, chair and base, station top, and drawer/box. All implements used that day must be properly cleaned and sanitized. All personal equipment and supplies must be removed from the station and taken home at the end of the employee's shift.

Food, beverages, gum, and other refreshments are only allowed in the breakroom, not at the stations or in the lobby area. Stylists are required to have their license posted at the station they are using. Other than the license, personal items of any kind are not allowed on or at the stations.

5.14 Quality and Speed

Employees are expected to perform 12-17 minute haircuts. It is expected that employees will have no more than one customer complaint or redo per month.

5.15 Product Sales

The sale of haircare products is a traditional function of a hairstyling salon. It is important that all employees understand the benefits of the products we stock and assist the customer in selecting the best product for their home haircare needs.

The sale of products is an opportunity for employees to demonstrate their professionalism to customers and to show that they are familiar with all aspects of haircare. The sale of products focuses the employee/customer conversation appropriately on haircare during the service.

All employees are expected to be familiar with all product lines. Employees must strive to maintain a weekly product to adjusted service sales ratio equal to or greater than 8%.

5.16 Training and Certification

All stylists must complete all on-line Academy training and attend the first available Great Clips Academy for Hair© session within 30 days of their start date or the first available session (whichever is sooner). Employees will be paid their base wage for all hours attending training. Employees must successfully complete the certification process within six (6) weeks of completing The Great Clips Academy for Hair©. Employees will be trained prior to this certification but should feel free to ask any questions or ask for additional training if it is necessary. It is the employee's responsibility to enter their training hours into the salon computer before the last day of the payroll period.

All local licensing requirements must be met, along with all state cosmetology and individual cosmetology licensing requirements. All stylists on the cutting floor must have current licenses posted. All licenses must be posted with expiration dates clearly visible. Addresses may be blocked out.

5.17 Our Guarantee

All products and services at Great Clips are 100% guaranteed. Each customer is provided with a receipt that has the guarantee printed on it. Employees are responsible for providing each customer they serve with a printed receipt.

5.18 Customer Complaints

If a customer is dissatisfied with a product or service, our policy is to provide a "redo" on the service or refund the customer's money. All customer complaints received at the salon must be recorded on a Customer Service Form. Employees are required to provide the same level of customer service for redo customers as is provided to all Great Clips customers. Employees performing a redo service will receive credit for this towards their productivity bonus.

5.19 Employee Honesty and Integrity

While employed with the Company, employees may at times be entrusted with Company assets, such as money, coupons, equipment, products, etc. Employees are not allowed to remove any Company property, equipment, merchandise, funds, or supplies from the Company premises without the express permission of the management team or the franchisee.

Employees may also have access to confidential company information, such as sales figures, advertising and promotion plans, customer information, or other private data. Disclosure of this information to anyone, employee or not, or any unauthorized use without the express permission of the management team or the franchisee is prohibited.

All employees are required to report any dishonest act they have witnessed, whether involving a customer or co-worker. Employees should never attempt to apprehend any theft suspect alone and without informing the manager in charge of the situation.

In order to protect the rights of the Company and those of its employees, the Company will take whatever steps it deems necessary in response to dishonest acts. This includes securing the services of outside agencies to assist in apprehension and prosecution of dishonest individuals. All cases of employee or customer theft will be prosecuted; criminally, civilly, or both. Any employee who violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

5.20 Standards of Conduct

Great Clips is involved in a highly competitive business in which many individuals and companies rely on the quality and reliability of our services. Consequently, all employees are expected to provide excellent and reliable performance as outlined in this Manual. Any failure to meet these standards is typically grounds for concern, discipline, and possible termination.

In addition, there are certain kinds of actions that cannot be permitted to occur because of their unfair impact or danger to co-workers, property, customers, suppliers, or the employee themselves, including:

- Failure or refusal to carry out legitimate job assignments and management's requests.
- Unauthorized distribution or release of Company reports, policies, procedures, or other internal business-related confidential communications.
- Workers' Compensation fraud (false report of injury).
- Providing services or giving product to anyone outside of policy without proper payment to the Company.
- Fraudulent use of coupons.
- Sale of drugs, alcohol, or any other intoxicant or controlled substance.
- Swearing or being verbally abusive while on Company premises.
- Falsification of any work, personnel, or other Company records.
- Removal of Company property without permission.
- Theft or unauthorized taking of Company funds, information, or property.
- Unauthorized charges against a Company account.
- Discrimination, retaliation against, or harassment of co-workers.
- Possession, consumption, or being under the influence of alcohol or a controlled substance at work or on Company premises.
- Possession of firearms, explosives, or other weapons on Company premises at any time without proper authorization.
- Deliberate damage to Company property.
- Altercations, fights, or threatening to fight with another employee or a customer.
- Gambling or possessing unauthorized or illegal gaming devices on Company premises.
- Theft of another employee's property.
- Making belittling or mocking remarks about, or to, any other employee or customer.

The above list is not intended to be all-inclusive and to cover every situation that may arise, but to identify some areas of special concern. All such offenses will result in disciplinary action, and can result in immediate termination. Employees will be working well within the Company's

expectations if they simply use common sense and respect the rights and property of co-workers, the Company, and customers.

Chapter 6

Work Schedules, Time Off, and Leave Procedures

6.1 Purpose

The purpose of this policy is to promote consistent practices regarding work schedules, time off, and leaves of absence.

6.2 Employment Status

Certain benefits are conditional upon employees meeting certain hour requirements. Employees who work an average of 34 or more hours per week on a regular basis are considered to be at full-time status. Employees who work an average of less than 34 per week on a regular basis are considered to be at part-time status. Each employee's status is reviewed regularly to determine employment status and continued eligibility for any benefits that may be provided.

6.3 Schedules

It is necessary for all employees to be flexible to work when our customers want to come to the salon. The workweek runs from Saturday through Friday. Schedules are posted one week in advance. Employees are expected to be flexible and work with the manager who is doing the scheduling, as they try to accommodate everyone's wishes while providing the most convenience for the customer.

Once the schedule is posted, employees are responsible for working their scheduled shifts. If an employee realizes that they will be unable to work during their scheduled shift, they are expected to try to find their own replacement and to notify management as soon as possible.

Employees need to work together as a team; it is unfair to co-workers when somebody does not show up for their scheduled shift. Employees will be provided with a list of contact information for their co-workers. Management will work with employees in attempting to find replacements, but the employee should be the one making the initial effort to do so.

6.4 Timekeeping

Employees have sole responsibility for keeping an accurate record of the number of hours they work. Employees must personally record their time when they start their shift, at the beginning and end of any unpaid breaks, and when they leave work at the end of their shift.

Employees are required to electronically sign their Stylist Daily Report at the end of every shift. Employees are also required to accurately record the tips earned. Employees must sign their daily report, indicating their agreement with the information contained on the report. Any corrections must be initialed by both the employee and management. Having another employee record your time, recording another employee's time, failing to accurately record time, or any other falsification of time records may result in disciplinary action, up to and including termination.

6.5 Attendance and Punctuality

Regular attendance and punctuality are essential to the efficient operation of the salon and are essential components of solid employee performance. Furthermore, regular attendance and punctuality shows respect for your co-workers who must do your job in your absence. Being on time and working your scheduled shifts are simple courtesies to your co-workers.

Employees are required to report to work regularly and on time. If an employee is unable to report to work or will be late, they must let management know as soon as they know they will be absent or tardy, but in no case later than 30 minutes before their scheduled starting time. Employees must give the reason for the absence and indicate when they expect to return to work. All employees must call in each day they are absent or tardy.

If an employee must leave work before the end of their scheduled shift, they must personally report the nature of the absence to management as far in advance as possible, giving the reason for needing to leave early and securing permission to leave. If an employee expects to be absent the following day, they should inform management of this fact at the same time.

If an employee will be absent, they are responsible for finding a replacement to cover their shift, as discussed in section 6.3 (Schedules) in this chapter. If the absence or tardiness is due to an emergency, the employee must call in, or have someone call in for them as soon as possible.

Although the Company realizes that on occasion everyone misses work for valid reasons, even legitimate absences or tardiness may be cause for discipline or discharge if, in the opinion of management, the absenteeism or tardiness is excessive and adversely affects the employee's ability to properly perform their job.

Attendance at scheduled salon meetings is required. If employee is unable to attend a scheduled meeting, they must notify management in advance of the meeting.

If your employment with the Company is terminated and you are discharged due to attendance policy violations, unemployment benefits may be denied to you.

6.6 Non-Work-Related Injuries, Illnesses, and Emergencies

Employees must provide a physician's statement when returning to work if they have been absent for three or more consecutive workdays. This statement must include the length of time the employee was under the physician's care. If an employee must accompany an immediate family member to a physician or emergency treatment center during their scheduled shift, they may be granted a leave of absence for such time, as long as they provide management with proof of such visit from the attending physician or the emergency treatment center.

If no such proof or physician's statement is provided upon the employee's return to work, the absence will not be excused. Excessive absences and abuse of this policy will result in appropriate disciplinary action, up to and including termination of employment.

6.7 Breaks

At Great Clips, our most important job is to serve the customer. That makes it very difficult to schedule breaks, especially when the salon is busy. However, the Company does believe it is important for employees to take a break during their shift and tries to provide breaks when possible.

All breaks are approved by management or the person in charge of the salon at the time. Employees will generally receive one 20-minute unpaid break if working four to six hours. Employees will generally receive one 30-minute unpaid break if working six to eight hours. Employees will generally receive one 30-minute unpaid break and one 15-minute unpaid break if working more than eight hours. Great Clips is committed to following all state, provincial and federal laws pertaining to breaks.

6.8 Required Breaks

Generally, the required minimum amount of break time an employee must take is 30 minutes for a shift scheduled for eight (8) or more hours and 20 minutes for a shift scheduled for six (6) to eight (8) hours. If, however, management determines that the activity in the salon requires additional breaks, employees may be asked to take additional time off the clock.

If an employee is not with a customer, performing required salon tasks such as cleaning, sweeping or laundry, or doing an additional salon activity such as banking, the employee should be checked out (off the clock). Similarly, employees taking any kind of break where they are not ready to service a customer within 2 minutes (smoking, talking on the phone, etc.) should be clocked out.

Employees who do not take the minimum required breaks, or do not clock out for breaks, may have their times adjusted by management to reflect these requirements.

6.9 Paid Vacation Benefit

All full-time employees are eligible for the paid vacation benefit after six months of full-time employment. Vacation time accrues as hours are worked.

Time accrued under the paid vacation benefit is credited to an employee's vacation account each pay period. Employees who are on a leave of absence due to workers' compensation, illness, injury, or other reason will not accrue vacation hours until they return to full-time status.

Employees accrue vacation hours according to the following schedule:

<u>Length of Service</u>	<u>Accrual Rate Per Month</u>
0 months – 6 months	None
7 months – 60 months	.039 hours per hour worked
61 months +	.058 hours per hour worked

6.10 Using Vacation Hours

Vacation time should be requested, in writing, at least one week in advance of the planned time off and approved by management. Vacation hours are not available to be used until they have been accrued and credited to the employee's vacation balance.

When time off is requested, consideration will be given to all employees' schedules and staffing conditions. Although the Company will do its best to accommodate employees' needs, the manager will "black out" certain times of the year during which vacations may not be scheduled. These periods may change from time to time and exceptions may be granted in certain circumstances, but generally they will be observed. The blackout periods will typically include the busiest times of the year (e.g. back to school, Thanksgiving, Christmas, and Easter) and scheduled promotions.

Check with management to verify the dates of any blackout periods and always try to schedule vacation days as far in advance as possible.

6.11 Payment of Vacation Account

Employees may generally not receive pay instead of using the time accrued in their paid vacation account. This can be addressed on a case-by-case basis. Employee requests for vacation pay must be a minimum of 18 hours of their time accrued.

Employees who voluntarily terminate employment with the Company and provide at least a two (2) week WRITTEN notice of voluntary termination will be paid for the accrued and unused time in their vacation account. To receive the payout, the Employee must work the entirety of their (2) week notice period. Employees who voluntarily leave the Company without giving a WRITTEN two (2) week advance notice of their departure may forfeit any accrued vacation.

Accrued vacation hours can carry over from year to year on a limited basis.

6.12 Paid Holidays

All full-time employees who have been employed a minimum of three months are eligible for holiday pay. The following are recognized as paid holidays:

- New Year's Day
- Easter Day
- Independence Day (July 4th)
- Labor Day
- Thanksgiving Day
- Christmas Day

Eligible employees will be paid six (6) hours of base pay for each holiday.

Employees must work their last scheduled shift before a holiday and their first scheduled shift after the holiday to receive holiday pay.

If the salon is open on a designated paid holiday, employees who are eligible for holiday pay and work on the holiday will receive their holiday pay in addition to their pay for working that day.

Employees on a leave of absence will not receive holiday pay.

6.13 Jury Duty

All employees will be provided time off to report for jury duty or court appearances in response to an official summons or subpoena. Employees must inform management immediately upon receipt of the jury duty notice.

The Company reserves the right to request postponement of jury duty if the employee's services are deemed to be critical at that time.

6.14 Military Leave

Employees who are members of the uniformed services of the United States (including the National Guard or other reserve unit) are granted unpaid leaves of absence, in accordance with state and federal law, to perform duty on a voluntary or involuntary basis under competent authority, including active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty. Any employee performing such duties should request a leave of absence from management within a reasonable time before the leave is to begin, if possible. The Company may require proof of military service.

Employees may choose to use accrued vacation time for all or part of the period of military leave.

6.15 Funeral Leave

All employees, upon request, will receive up to three (3) days of unpaid funeral leave in the event a death occurs in their immediate family. Immediate family includes your parents, grandparents, siblings, spouse, children, and grandchildren.

This time off is intended to be used to attend memorial services, as well as to attend to associated family matters. Employees may choose to use accrued vacation time for all or part of the funeral leave.

Employees must provide appropriate documentation of the death within a reasonable period of time for their time away from work to be excused under the Funeral Leave policy.

6.16 Leaves of Absence

The Company expects continuous service from any employee as a condition of employment. However, there are several circumstances under which the Company allows employees to take

leaves of absence, without pay, for demanding personal reasons. You may request a leave of absence from your position due to disability, family medical situations, or personal reasons.

Employees must complete a Leave of Absence Request Form and submit it to management at least 30 days before the leave is to begin, or as soon as possible if 30 days is not practical. All leave of absence requests are subject to approval by management and the franchisee, and are based on the employee's length of service and job performance.

The franchisee's and management's discretion and judgment will be final in balancing the desires and needs of the employee against the staffing needs, burden on remaining employees in covering for the absence of employee, and overall burden and disruption on the salon in attempting to accommodate the absent employee.

An employee completing a leave of absence, whenever possible or when required by law, may be reinstated to their former position. If the former position is not available, the Company reserves the right to reinstate or reassign the employee as current work schedules permit. If reassigned, the employee's pay rate will be determined in accordance with applicable law.

If an employee does not or is not able to return to work at the end of an approved leave of absence, they will be considered to have voluntarily terminated employment.

An employee should contact management for information relating to benefits while on leave. Normally, the Company-paid portion of insurance benefits will only continue through the end of the month during which the leave begins.

Certain insurance benefits may be continued, as legally required, if the employee pays the required monthly premium to the Company. However, an employee should contact management to verify how all benefits may be affected during a leave of absence.

Paid vacation and paid holidays are not accrued or paid during a leave of absence.

6.17 Family and Medical Leave of Absence (for franchisees with 50 or more employees)

Employees are eligible for a Family and Medical Leave of Absence, under the federal Family and Medical Leave Act, upon meeting certain requirements. If an employee has been employed by the Company for at least 12 months, has worked at least 1,250 hours during the 12-month period immediately preceding the start of a leave of absence, and is employed at a worksite with 50 or more employees within a 75-mile radius, they are entitled to a total of 12 weeks of unpaid family and medical leave.

A total of 12 weeks of Family and Medical Leave of Absence in a given 12-month period may be requested for situations relating to:

- Incapacity due to pregnancy, prenatal medical care, or child birth;
- Care for your child after birth, or placement for adoption or foster care (the definition of "son or daughter" under the FMLA includes not only a biological or adopted child, but also a "foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis");

- Care for your spouse, son or daughter, or parent who has a serious health condition, or for a serious health condition that makes you unable to perform your job.

Employees are entitled to no more than a total of 12 weeks of leave in any 12-month period under the Family and Medical Leave Act, except for certain military-related leave noted below. The 12-month period starts on the first day of the leave of absence.

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by: a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider, one visit and a regimen of continuing treatment, incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

If an employee requests a leave for the serious health condition of the employee or the employee's spouse, child, or parent, the Company reserves the right to require the employee to submit a doctor's certificate or medical certification to verify the serious health condition.

Under some circumstances, FMLA leaves may be taken on a part-time reduced schedule or intermittent basis if the health care provider certifies that it is medically necessary. In this case, you may be transferred to a different position to accommodate your need for a part-time or intermittent schedule.

The leave will be unpaid. The employee may choose or the Company may require use of any accrued vacation hours during this time. The Company will continue to pay its share of the employee's group health insurance premiums during the leave as if the employee had continued to work; the employee is responsible for paying their portion of these benefits.

Following an approved Family and Medical Leave of Absence of no more than 12 total weeks, an employee will be reinstated to their same (or a substantially similar) position. If the employee continues to have medical restrictions at the end of the leave, the Company will review their medical condition and determine whether the work restrictions can be reasonably accommodated to allow them to return to work. The Company may require the employee to submit to a medical examination to help determine their ability to return to work. If the employee is able but chooses not to return to work at that time, they will be considered to have voluntarily terminated their employment with the Company.

If the employee does not return to work at the end of the leave, they will be required to repay the Company for the share of health insurance premiums paid by the Company during their leave, except when the employee does not return to work due to the continuation, recurrence, or onset of a serious health condition of the employee or a family member which would otherwise entitle the employee to FMLA leave, or other circumstances beyond the employee's control.

Any extension of leave beyond the maximum Family and Medical Leave of Absence will be determined by applicable law and, as appropriate, at the Company's discretion. To request an extension of leave, an employee must provide a written request and a physician's statement explaining the need for an extension, and defining the period of the extension. This policy is intended to provide rights no greater than that under applicable law.

For more information regarding Family and Medical Leaves of Absence, please see Exhibit A to this handbook (DOL FMLA General Notice).

Military Family Leave Entitlements (for franchisees with 50 or more employees)

Eligible employees with a spouse, son, daughter, or parent on covered active duty or called to covered active duty status in the Armed Forces (including the National Guard or Reserves) may use their 12-week leave entitlement to address certain qualifying requirements or needs. Qualifying requirements or needs may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a family member who is a covered service member during a single 12-month period.

A covered service member is:

- A current member of the Armed Forces (including a member of the National Guard or Reserves) who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unable to perform his or her duties for which the service member is undergoing medical treatment, recuperation, or therapy, or in outpatient status or on the temporary disability retired list.
- 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 the National Guard or Reserves) at any time during the five years preceding the date of medical treatment, recuperation, or therapy.

A serious injury or illness is:

- In the case of a member of the Armed Forces (including a member of the National Guard or Reserves), an injury or illness that was incurred by the member in the 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 the line of duty on active duty in the Armed Forces) that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating.
- 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 the five years preceding the date of medical treatment, recuperation, or therapy, a qualifying injury or illness that was incurred by the member in the 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 the line of duty on active duty in the Armed Forces) that manifested itself before or after the member became a veteran.

6.18 Other Leaves

If state or local law requires employers to provide leave under other circumstances, applicable state and local law will apply.

Great Clips®

Policies and Procedures Manual Receipt

I acknowledge being informed that the TNE Clips LLC (“Company”) Policies and Procedures Manual (“Manual”), and the policies established within are available on the Company website at www.tneclips.com (password=plugthedrain). I have been asked to read and understand its contents. Should I have any questions, I will contact management.

I understand that this Manual is not intended to be a contract, but is provided as a general explanation of policies which the Company uses as guidelines. I further understand that the Company reserves the right to change or modify the terms and conditions set forth at its discretion without prior knowledge by employees.

I have entered into my employment relationship with the Company voluntarily and acknowledge that there is no specified length of employment. Accordingly, either I or the Company can terminate the relationship at will, with or without cause, at any time with or without notice. No provision of this Manual implies a contract or guarantee of continuing employment with the Company or employment for any specific length of time. The at-will basis of employment of any employee cannot be changed or modified, either openly or implied, by anyone except the franchisee of the company in writing (“Franchisee”).

I agree to abide by the Company's policies and procedures described in this Manual, as well as all policies, practices and regulations currently in effect or that may be put into effect during my employment. I understand that this Manual contains policies regarding Equal Employment, Sexual Harassment, and Harassment and a policy outlining specific procedures for making complaints or reporting violations of these policies.

I understand that this manual is the exclusive property of the Company.

Employee Name (Print): _____

Employee Signature: _____

Date Signed: _____