I acknowledge receipt of the LARLIN ENTERPRISE, INC. (“Company”) Policies and Procedures Manual (“Manual”), and the policies established therein. 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 that 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 the Company or I 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 expressly or impliedly, by anyone except the owner of the company (“Owner”) in writing.

I agree to abide by the Company's policies and procedures set forth 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. If my employment with the Company should terminate at any time for any reason, I agree to return my copy of the employee manual on or before my last day of employment.

Employee Name (Print): ________________________________

Employee Signature: ________________________________

Date Signed: ________________________________
Policies and Procedures Manual

LARLIN ENTERPRISE, INC.

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.
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Chapter 1
Introduction

1.1 Welcome

Welcome to LARLIN ENTERPRISE, INC. (“Company”). We believe that our most important assets are 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 and cooperation, and on each of our contributions to the Company’s objectives. Again, welcome!

1.2 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 will 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.

1.3 The Franchisee

Franchisees hire their own employees. These employees are employed by the organization, but are expected to follow the systems of Great Clips, Inc. LARLIN ENTERPRISE, INC. is the name of the franchise organization you work for. Lawrence (Larry) Hufty is the name of your franchisee (“Franchisee”) and owner of the company (“Owner”).
1.4 **Our Brand**

Our brand is our reputation. Customers define our brand and 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. Larlin Enterprise, Inc.’s goal is to implement, nurture and reinforce a culture of high standards and accountability where the employee’s number one job is to get the customer to return.

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.*

Actions that can help to achieve this goal include providing a warm welcoming greeting to all customers, spending extra time communicating and reassuring new customers, and having a positive, energetic, and friendly attitude while providing service to the customers. We also must make sure to invite customers to return for their next haircut and use front stations to make our customers feel like they are a guest when they walk into the salon.

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

Larlin Enterprise, Inc.’s goal is that no customer will wait more than 15 minutes, particularly on weekends. The actions that will help us to accomplish this include being flexible in our schedule and working weekends and evenings, because that's when our customers come to us. Employees will meet scheduling expectations by working at least two weekend and two evening shifts per week and by remaining flexible to cover unexpected peaks or needs.

**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.*

Larlin Enterprise, Inc.’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 consistently delivering consultations and receiving confirmations before beginning the haircut, listening to the customer and providing recommendations, and focusing on the customer and making sure the conversation revolves around them while they are in the salon. Remember, you are our more important asset and the customer is your most important asset.
1.5 Our Commitment

Our commitment is to create customer loyalty to Great Clips 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.

1.6 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. LARLIN ENTERPRISE, INC. 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.

1.7 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 deviation from the policies and procedures stated in this Manual is within the sole discretion of the Company, and shall not be construed to constitute precedent that would affect any future action, nor shall any such deviation alter the employment at-will relationship. No employee or any representative of the Company has the authority to deviate from the policies and procedures set forth in this Manual without approval, in writing, by the Franchisee.
1.9 **Scope**

Where specific matters are addressed in any written employment contract signed by the Franchisee, they are governed by the contract to the extent it applies. In all other situations, this Manual supersedes and replaces any and all previously or contemporaneously 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, memoranda, or oral discussions, which are hereby expressly revoked.

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 reaffirms its commitment to equal employment opportunity and advancement toward all qualified applicants and employees regardless of race, religion, color, creed, gender, national origin, age, disability, veteran status, or any other basis prohibited by local, state, or federal law.

The Company’s commitment pertains to the entire personnel system: recruiting, hiring, transfer, promotion, training, discipline, layoffs, separation, compensation, benefits, and all other privileges, terms, and conditions of employment. This policy applies to all employees.

Any employee who believes there has been a violation of this policy should report the violation immediately as outlined in the “Complaint Procedures” section of this chapter. The Company will not tolerate retaliation against any employee who reports a violation of this policy in good faith. Any instances of retaliation should also be reported immediately as outlined in the “Complaint Procedures” section of this chapter.

2.3 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 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, explicitly or implicitly, 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 effect of unreasonably interfering with the employee's work performance or creating an intimidating, 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. Sexual harassment can also come from another employee, a vendor, a customer, or any other person encountered in the course of employment. While it is not the Company’s intent to regulate employees' social interactions or relationships freely entered into, sexual harassment in any form is prohibited.

Any employee who believes they are being subjected to sexual harassment should feel free to object to the behavior, although it is not necessary for the employee to handle it alone. Sexual harassment complaints should be made immediately as outlined in the "Complaint Procedures" section of this chapter. All complaints of sexual harassment will be promptly investigated and if warranted, swift, appropriate corrective action will be taken. No retaliation will be taken against any employee making a complaint in good faith.

Management Responsibilities

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

• Ensure that an allegation of sexual harassment or inappropriate sexually oriented conduct is immediately reported to the Franchisee.

• Cooperatively work with the Franchisee, per its direction, in the investigation of allegations of sexual harassment or inappropriate sexually oriented conduct.

• Take corrective action to prevent prohibited conduct from reoccurring.

Management staff who knowingly allow or tolerate sexual 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.
2.4 Harassment

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

- Has the purpose of 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, degrading nicknames, slurs, threatening or intimidating acts, and written or graphic material. This may include written, oral, or physical acts that claim to be jokes or pranks. Harassment complaints should be made immediately as outlined in the “Complaint Procedures” section of this chapter. The Company will not tolerate retaliation against any employee making a complaint in good faith. Any instances of retaliation should be reported immediately as outlined in the “Complaint Procedures” section of this chapter.

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 reprisal. 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 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 and wants 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, Area Manager or Franchisee.

All complaints will be investigated promptly and appropriately. The facts shall 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.
3.1 **Purpose**

The purpose of this policy is to outline procedures that 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 **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 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 and procedures 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; cover 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.
3.3 **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.

3.4 **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.

3.5 **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.
3.6 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.

3.7 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 may request and receive a copy of any document in their personnel file. 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.

3.8 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 that may affect their employee status. Any changes in the above should be immediately reported to management.
3.9 **Termination of Employment**

Employees are encouraged to provide a two-week written notice to management stating the reason for the resignation. At that time, management will determine if the resignation will be effective immediately, or if the employee will be requested to remain the full term 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.

3.10 **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.

3.11 **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 set forth 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.

If it is necessary to make a personal long distance call from the salon phone, the employee must charge the call to their home phone. Personal long distance calls charged to the Company without prior approval from management are not allowed.

4.3 Cell Phones and Pagers

All cell phones must be kept on vibrate, silent or turned off and kept in the break room during work hours. Employees can check for messages during approved breaks. At no time should an employee accept a cell phone call while working on the floor or serving a customer. No cell phones are to be used on the cutting floor at anytime.
4.4 **Employee Purchases**

Employees of the Company receive a 40% discount on the retail products that 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 that 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 non-immediate family. This assures that everyone is treated fairly and consistently.

Employees may provide free services to immediate family and 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.

Talk to your manager to make sure all guidelines are met before beginning services for employees.

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, and carrying lighted smoking materials in the salon.

Employees are only allowed to smoke in the designated outside smoking area during approved breaks and lunches. This designated area will always be in the back of the store whenever possible. At no time will an employee be allowed to smoke outside the front of the store.

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 and 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 or illegal drugs or the sale of 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 (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 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, your primary focus should be on getting any necessary medical attention and remaining calm and professional.

You should 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. You should 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 you are unsure of the seriousness of the situation, you should dial 911 and let the medical personnel help you make this assessment.

In the case of any emergency situation, you should 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 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 you park in a lighted area if you are working after dark. 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 Larlin Enterprise, Inc. In addition, all business information, operational data, and customer lists and information are the property of Great Clips, Inc. and Larlin Enterprise, Inc. Employees shall 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. Larlin Enterprise, Inc. will not tolerate the theft of company information, and any employees in violation of this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.16 **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 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 literature or solicit for any purpose at any time on Larlin Enterprise, Inc. 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. Violation of this policy will be subject to appropriate disciplinary action, up to and including termination of employment.

4.17 **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.
4.18 **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.
- All footwear worn while working shall have characteristics that minimize the risk of slipping, tripping and ankle twisting. At a minimum, footwear should have non-slip soles, heels no higher than 3 inches and project a professional image.
4.19 **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 moneys must be immediately and appropriately processed through the Company accounting systems.
- 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 any employee's personal property.
- Upon leaving the salon after dark, leave at the same time as a co-worker whenever possible.

4.20 **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 will 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 shall 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 delight and WOW the customer. 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 our customers like they are a guest in our home.
• Providing more freedom to our customers by minimizing their wait because their time is valuable.
• Listening and making connections with our customers to give them the haircut they want because they want to look like themselves, only better.
• Accepting customers up until the posted closing time of the salon, even if it requires you to stay a little longer than you had hoped for.

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 accepted up to the scheduled closing time.

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.
5.3 Using the Great Clips Customer Service System

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**
1. Approach the customer immediately and greet them using the Great Clips greeting.
2. Smile and use eye contact.
3. Enter the customer information into the computer. If it is a new customer, add their telephone number, name and address. Always explain the benefits are providing us the information, such as discount coupons being mailed to their home, and noting cut preferences for future visits. Be sure to let them know that we will NEVER share their information with any other company.
4. If the customer will be waiting, say approximately how long the wait time will be.
5. When you are ready for the next customer, go to the front desk, enter the next customer into the service screen, and call the customer’s name.
6. Introduce yourself, then walk the customer to the cutting station (have your chair facing the aisle and lowered.)

**Step 2: Connect through Consultation**
1. Find out the style of haircut or shape the customer is looking for.
2. Determine if the style will work for the customer’s lifestyle and hair type.
3. Gather information from the customer about current product usage.
4. Establish the customer’s preferred hair length and shape of the outline. Follow the order (Back/Front/Sides).
5. Establish the customer’s preferred interior length, such as layers, weightline, taper, clipper. Follow the order (Top/Back/Sides).
6. Check for the customer’s understanding and approval using hand mirror, before starting the haircut.

Use a hand mirror throughout the consultation to confirm with the customer.

**Step 3: Create the Cut and Talk Product**
1. Keep your attention, including all conversations, focused on the customer.
2. Discuss features and benefits of current products used or recommended products.
3. Apply current or recommended product, with permission, to the customer’s hair.
4. Create the haircut as agreed during the Consultation using the Great Clips Cutting or Clipper System:

**Cutting System:**
1. Prepare the Hair
2. Outline
3. Interior
4. Check the Cut
5. Finish the Cut

**Clipper System:**
1. Interior
2. Prepare the Hair
3. Interior
4. Check the Cut
5. Finish the Cut

**Step 4: Confirm Satisfaction**
1. Use a hand mirror upon completion of the haircut to confirm the customer’s satisfaction.
2. 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.
3. Remind the customer, before they leave the chair, their satisfaction is important and if they are not satisfied with their product or service, they should feel free to come back.

*Use a hand mirror throughout the final review to confirm with the customer.*

**Step 5: Thank and Invite Back**
1. Walk the customer to the product shelf and/or desk.
2. Enter technical notes.
3. Cash out and put the customer’s payment in the drawer.
4. Give the customer the receipt with guarantee, to the customer.
5. Say, "Thank you" in a friendly manner and invite the customer to return.
   - Smile and provide a pleasant "Good-bye."

*Employees are required to use the Great Clips Customer Service System every time, with every customer.*

5.4 **Using the Styleware Software**

Proper tracking of customer information allows us a greater ability to properly schedule for customer flow. 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 invaded, they should notify their salon manager immediately so a new one can be assigned.

**Customer Check-In:**
All customers must be entered immediately into the Styleware software. Employees should verify that the address and name are correct with every customer that is checked in. In rare instances, customers may be resistant to give their full name, address and phone number. In these situations, enter the customer under the salon phone number and address by adding a new family member and the customer’s first name. 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.

Detailed instructions for using the software can be found in the Styleware Manual that is kept in each salon. Failure to follow procedures and properly gather and safeguard customer information may result in disciplinary action, up to and including termination of employment.

### 5.5 Cashing in Tips

It is common practice at the end of a shift for an employee to cash in their tips. 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 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 out 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.
5.7 Professional Appearance

One way to make sure the salon presents a professional appearance to customers is through behavior and conversation. Another is in how employees present themselves. Customers return to a place they believe to be staffed by people who take their work seriously, look confident and neat, and create the overall impression of a friendly, professional staff.

Employees are expected to come to work dressed and groomed neatly and professionally. The company has guidelines for apparel that is appropriate, comfortable and professional looking.

Employees are required to dress in accordance with the established professional image and appearance guidelines when working in the salon, attending training, workshops and meetings, and at mandatory Company functions.

The following items are not permitted to be worn: hats, denim of any color this includes black, tennis shoes or sneaker, casual sandals such as flip flops, tank tops, all shirts must have a sleeve, t-shirts, sweatshirts, zipper ups with a hood, spandex type clothing. Dress or skirts must be at as long as the employee’s fingertips as their arms hang from their side.

Standard dress code is black, white, and grey. Hair and makeup is to be done and professional before the start of your shift. No one should be clocked in for a scheduled shift and doing hair and makeup. Pony tails are only allowed to be worn if it is a styled pony tail. You may wear a colored shoe or accessory i.e. jewelry, belt, scarf etc.

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

Additionally, you may wear a colored top ONLY if it is embroidered with the official Great Clips logo. These shirts can be found at www.greatclipswear.com or by having your own personal top embroidered locally. Currently, the cost of embroidery is $5 per top, in which Larlin Enterprise will cover the entire cost of each embroidery for the first five tops that you have embroidered. You can use a blouse or golf type shirt for this purpose. We reserve the right to approve any top that is to be embroidered.

5.8 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 customers 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.

5.9 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

Employees also generally 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.

5.10 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.

5.11 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.

5.12 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. It is also expected that stylists will help each other out, and sweep a co-worker’s station while sweeping their own.

Prior to employees leaving the salon at the end of their shifts, they are always 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. License must be laminated with proper size picture displayed. Other than the license, personal items of any kind are not allowed on or at the stations.

5.13 Quality and Speed

Employees are expected to perform 13-17 minute haircuts, maintain a minimum of 2.5 cuts per hour and average 120 minutes or less for perm services. It is expected that employees will have no more than one customer complaint or redo per month. Failure to maintain these requirements will be subject to disciplinary action, and/or up to termination.

5.14 Product Sales

It shall be the policy of Larlin Enterprise Corporation that the sale of a minimum amount of hair care products shall be a CONDITION OF EMPLOYMENT for all stylists, assistant managers and managers. Shop goals are expressed as a percentage of service sales, and are set to each period as part of the shop goal package. It is the responsibility of the shop manager and all of the stylists as a team to meet these product sales goals. As leaders, the salon manager and assistant managers will be expected to be at the shop goal or above. In order to ensure uniform participation in the selling process, all stylists are encouraged to meet a minimum product percent goal of no less than two percent below the current shop goal.

Recognizing that individual product percent may vary from week to week, performance will be measured as the average over a four-week period. This shall be the general policy, but it does not preclude salon managers from setting higher goals for their team. New employees are expected to meet minimum product sales goals within six weeks after certification. At Larlin Enterprise, Inc. there is the strong expectation that every stylist can meet the minimum product sales goals, and each stylist is expected to make whatever effort is necessary to do so. The product selling process will be an important part of a stylist’s job performance review, and will be taken into account when considering any increase in salary.

In the event that a stylist does not meet the product sales goals in any four week period, the following steps will be taken:

1. First four weeks below goal: stylist will attend a product retailing workshop
2. Second four weeks below goal: quality observations will be increased to provide feedback and training to help stylist achieve goals
3. Third four weeks below goal: a formal documentation will be written outlining the assistance provided to the stylist, and the effort or lack of it by the stylist to improve his/her performance. The documentation will also identify the need for continuing improvement by the stylist. The management team will continue to monitor the stylist’s sales technique to determine if a sincere effort to improve is being made by the stylist, and to provide feedback to help the stylist reach his/her
goal. A warning of a three-day suspension will result if a fourth four-week period is missed.

4. Fourth four weeks below goal: documentation of stylist performance and a three day suspension may occur.

5. If the stylist falls below guidelines for any subsequent four week period, documentations will continue and further suspensions will be at the discretion of the management team.

This process can ultimately lead to termination if, in the judgment of the management team, the stylist is not making suitable effort to achieve the product sales goals, or if the stylist’s lack of performance is affecting the morale and team spirit in the salon.

As an incentive to assist stylist in the selling of product, a graduated pay scale will be used. Once you have reached the designated goal, the percentage earned will be increased as stipulated in the salary discussion.

5.15 **Training and Certification**

All employees must successfully attend and complete The Great Clips Academy for Hair© within 60 days of their start of employment. 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.

5.16 **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 properly completed receipt, and mentioning the guarantee.

5.17 **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 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.
5.18 **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 expressed permission of the management team.

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

5.19 **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 information and records.
- Workers’ Compensation fraud (false report of injury).
- Giving service or 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 or 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 disparaging remarks about, or to, any other employee or customer.
• Enter a Larlin Enterprise salon after hours for any reason without permission from your Area Manager or Franchisee. After hours is defined as the time period from one hour after closing to one hour prior to opening. Entering a salon without approval will be grounds for termination.
• Refusing service with the exception of violating state law (ie. head lice, open sore or wound on scalp).

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 hours requirements. Employees who work an average of 32 hours or more hours per week and are level 1 or 2 on the scheduling commitment form are considered to be at full-time status. Employees who work an average of less than 32 hours per week on a regular basis are considered to be at part-time status. Each employee's status is reviewed at the end of the calendar quarter to determine employment status and continued eligibility for any benefits that may be provided.

6.3 Schedules

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 function together as a team, and it is unfair to co-workers when somebody does not show up for their scheduled shift. Employees will be provided with a list of the home telephone numbers of 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.

All Stylists are required to work extra hours and full weekends during published vacation blackout periods.

   Level 1 + 2 – six days per week-must include full weekend
   Level 3 – one additional shift above normal weekly schedule-must include full weekend
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 print out and sign their Stylist Daily Report at the end of every shift. Employees are also required to accurately record the tips earned that day on the printout. Employees must sign their daily report, indicating their agreement with the information contained on the report. Both the employee and management must initial any corrections. 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. You are expected to arrive in time to be set up and ready to work at your designated start 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 2 hours 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. An employee’s schedule may change for the rest of the week to accommodate covering of the missed shift.

Employees must be willing to stay past their scheduled shifts to complete services on customers or when the salon is busy resulting in excessive wait times for customers.

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.

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

A salon manager has the right to request a physician’s statement for any absence due to illness. However, it will be the general policy, that a physician’s verification of absence due to illness, will be required as follows:

1. After the third consecutive day of any illness.
2. For any absence due to illness after an employee has accumulated three or more sick days during the past twelve months, which have not been verified by a physician’s statement.
3. Always for a Saturday or Sunday.
4. During any published blackout dates
5. During any shift scheduled at another salon.

This statement must include a verification of the illness or injury and 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 think it is important for employees to take a break during their shift, and tries to provide breaks when possible.

Management or the person in charge of the salon approves all breaks at the time. Employees will generally receive one 15-minute paid break if working four to six hours. Employees will generally receive one 30-minute unpaid break if working six or more hours.
6.8 **Paid Vacation Benefit**

Employees accrue vacation hours according to the following schedule:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Vacation Hour Accrual Rate Per Hour Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 0 – 2</td>
<td>0.019231 (approx. 5 days for fulltime 40hr/wk. Employee)</td>
</tr>
<tr>
<td>Year 2+ – 4</td>
<td>0.026923 (approx. 7 days for fulltime 40hr/wk. Employee)</td>
</tr>
<tr>
<td>Year 4+ – 6</td>
<td>0.034615 (approx. 9 days for fulltime 40hr/wk. Employee)</td>
</tr>
<tr>
<td>Year 6+ – 10</td>
<td>0.038462 (approx. 10 days for fulltime 40hr/wk. Employee)</td>
</tr>
<tr>
<td>Year 10 +</td>
<td>0.057692 (approx. 15 days for fulltime 40hr/wk. Employee)</td>
</tr>
</tbody>
</table>

For each vacation day taken receptionists, stylists, assistant managers and managers will be paid their current wage times 6 vacation hours per day.

Vacation must be taken as full days (6 hours).

Vacation accrual begins with your first day of employment with Larlin Enterprise, Inc. and this is your anniversary date while you are a Larlin Enterprise employee. However, you are not entitled to vacation pay until you have been employed for a period of twelve months. Employees who quit or are discharged prior to being employed a full year are not entitled to any vacation benefits.

For employees transferring directly from employment at other Great Clips shops, Larlin Enterprise, Inc. will recognize prior service in the Great Clips chain in determining eligibility. The starting vacation accrual rate will be determined by the number of full years of employment with the Great Clips chain. As an example, employees who had worked in the Great Clips chain for less than a full year would be considered “new” employees. They would accrue vacation hours at a rate of 0.019231 per hour worked during their first year with Larlin Enterprise but they would not be entitled to vacation pay until they had worked for Larlin Enterprise a full twelve months. Employees who had worked in the Great Clips chain for more than a full year but less than two full years would be considered one year employees by Larlin Enterprise. They would accrue vacation hours at a rate of 0.009231 per hour worked during their first year and if they quit or were discharged during their first year, they would be entitled to the vacation benefits they had accrued to date.

Larlin Enterprise, Inc. is not responsible for paying any vacation benefits earned while working for another Great Clips shop. Transferring employees should settle their vacation account with their previous shop owner before making the transfer.

6.9 **Using Vacation Hours**

All vacations must be scheduled and approved by your supervisor. Employee’s must fill out a vacation request form and submit it to your direct supervisor. Do not make any
reservations or plans until your supervisor has approved your request. No two employees from one salon can take vacation at the same time. Conflicts will be resolved based on approval date. We will attempt to accommodate all vacations requests within guidelines.

Vacations days may be taken together or a single day at a time. However, they must be scheduled with the approval of your manager a minimum of two weeks in advance for vacations of one to two days, and four weeks in advance for vacations of three days or more. Single vacation days may not be scheduled on Saturdays. Employees scheduling longer vacations cannot take two consecutive Saturdays off as vacation or personal days unless special arrangements have been made with their manager (we will try to accommodate special requests but permission cannot always be granted). Employees may accumulate vacation days from one year to the next. However, vacations longer than two weeks should be discussed with your managers well in advance so that they can make arrangements to cover your absence.

There are several peak periods during the year when our services are in high demand and it is important that our entire staff is available to work. Please do not schedule vacations during the vacation blackout periods. The best months to schedule vacations are January, February, July, September, and October.

Larlin Enterprise, Inc. discourages the taking of unearned vacations by their employees. It is difficult for managers to schedule their employees effectively if the shop is either understaffed or overstaffed. We try to achieve an optimum level of staffing where the employees can all work a satisfactory number of hours and have the opportunity to earn productivity bonuses while still maintaining acceptable waiting times for our customers. Unearned vacations by our employees tend to upset these optimum-staffing levels. If you find it necessary to take unearned time away from your job, you must have your manager’s permission to do so or you will be considered absent and subject to the same disciplinary procedures as any other unexcused absence.

Employees who voluntarily terminate their employment will be paid any unused accumulated personal or vacation hours, providing they have worked for Larlin Enterprise a minimum of 12 consecutive months, they give a 2 week notice and they work the full 2 week notice period with no unexcused absences.

### 6.10 Paid Holidays

All stylists that have worked continuously for 2 or more years are eligible for holiday pay. The following are recognized as paid holidays:

- 4th of July
- Labor Day
- Thanksgiving Day
- Christmas Day
Eligible employees will be paid six 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.

6.11 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.

6.12 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.
6.13 **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.

6.14 **School Conferences and Activities**

Any employee who has been employed for at least 12 consecutive months preceding the requested leave and works an average of 20 or more hours per week during that period of time, is eligible for up to 16 hours of unpaid leave during any school year to attend school conferences or classroom activities related to the employee’s child, if such conferences or classroom activities cannot be scheduled during non-work hours. The employee does have the option to use any accrued vacation hours for this purpose.

When the need for such school conferences and classroom activities leave is foreseeable, the employee must provide the Company with reasonable prior notice of the leave and make a reasonable effort to schedule the leave so as not to disrupt salon operations.

6.15 **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.

When practical, employees should 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 practicable. 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.

6.16 Family and Medical Leave of Absence

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

These 12 weeks includes any time the employee is medically disabled, and any other time they take off under the Family and Medical Leave Act. 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. The 12-month period starts on the first day of the leave of absence.

A Family and Medical Leave of Absence may be requested for situations relating to:

• The birth of a son or daughter, and to care for the newborn child;
• For placement with the employee of a son or daughter for adoption or foster care
• To care for the employee's spouse, son, daughter, or parent with a serious health condition; or,
• Because of a serious health condition that makes the employee unable to perform the functions of the employee's job.

A serious health condition typically requires either inpatient care or continuing treatment by or under the supervision of a health care provider and a period of incapacity of (3) or more days. 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 to verify the serious health condition.

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

The leave will be unpaid. The employee may use 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; 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 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 not able or 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 health insurance premiums paid by the Company during their leave except under the following circumstances.

The employee has been granted a continuation of their leave.
The employee experiences a recurrence that affects their medical condition.
The employee experiences the onset of a serious health condition.

Extension of a Family and Medical Leave of Absence beyond the 12-week period is at the Company’s discretion. To request an extension of a family or medical 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. In the event of a conflict of variation, applicable law will apply.