

**EMPLOYEE
HANDBOOK
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**TEMPLE
SEWING & SUPPLY
INC.**

INTRODUCTION

WELCOME

On behalf of your colleagues, I welcome you to our Company, and wish you every success in your work.

At Temple Sewing And Supply, Inc. and the Sew And Quilt Store chain, we believe that each employee contributes to the Company's growth and success, and we hope you take pride in being a member of our team. We like to think of ourselves as friendly and informal. We are still small enough so that practically everyone knows everyone else.

As an employee of Temple Sewing And Supply, Inc. and the Sew And Quilt Stores, you will want to know what to expect from us, and what we expect of you. That is why we developed this Handbook, which describes the benefits, practices and Policies important to both of us.

You should familiarize yourself with this Handbook, and refer to it whenever you have questions regarding your employment. If you have any questions as you read through this Handbook, please discuss them with your immediate supervisor.

As you review this Handbook, you will see several sections which contain bold, capitalized statements. The Company's professional advisors require that these sections be included in the Handbook because they contain important statements about your legal rights and those of the Company. Please read them fully and carefully.

Again, welcome, and I hope your employment with Temple Sewing And Supply, Inc will be challenging, rewarding and enjoyable.

Stephen Weather, President

EMPLOYEE BILL OF RIGHTS

Temple Sewing and Supply, Inc. hereby recognizes the following rights of its employees.

- Employees have the right to work.
- Employees have the right to fair and reasonable compensation.
- Employees have the right to equal pay for equal work.
- Employees have the right to humane and respectful treatment.
- Employees have the right to emergency unpaid leave to care for personal, health, and family needs in keeping with the federal Family Leave Act.
- Employees have the right to a work environment free of discrimination on the basis of sex, race, religious preference, or ethnic background.
- Employees have the right to appropriately communicate their grievances.

- Employees have the right to adequate job training, supervision, feedback, and guidance.
- Employees have the right to advance notice before major changes are made in job requirements, and/or criteria for evaluation.
- Employees have the right to objective evaluation and periodic reviews.
- Employees have the right to disciplinary notice.
- Employees have the right to full and fair compensation for overtime, other time worked that is not part of a regular workweek schedule, and pay for hazardous work assignments.

IMPORTANT INFORMATION ABOUT THIS HANDBOOK

This Handbook has been prepared to provide information on an advisory basis about your employment at Temple Sewing and Supply, Inc. and to serve as a guide to the working conditions, employee benefits, programs and some of the important Policies affecting your employment at the Company. Every employee is expected to understand and comply with the guidelines in this Handbook.

THIS HANDBOOK IS NOT NOR SHOULD ANY EMPLOYEE CONSIDER IT TO BE AN EMPLOYMENT CONTRACT (WHETHER EXPRESS OR IMPLIED) BETWEEN TEMPLE SEWING AND SUPPLY, INC. AND ANY EMPLOYEE. OR AN AGREEMENT WITH RESPECT TO ALL OR ANY PORTION OF YOUR EMPLOYMENT WITH THE COMPANY. ANY ORAL OR WRITTEN STATEMENTS OR PROMISES TO THE CONTRARY (OR CONTRARY TO ANY POLICY IN THIS HANDBOOK) ARE EXPRESSLY DISAVOWED, AND SHOULD NOT BE RELIED ON BY ANY PROSPECTIVE, CURRENT OR FORMER EMPLOYEE OF TEMPLE SEWING AND SUPPLY, INC.

NONE OF THE GUIDELINES, PROGRAMS AND BENEFITS DESCRIBED IN THIS MANUAL ARE GUARANTEED NOR DOES IT GUARANTEE EMPLOYMENT FOR ANY SPECIFIC TIME. EMPLOYMENT SECURITY OR ANY SPECIFIC EMPLOYEE BENEFIT. WE RESERVE THE RIGHT TO DEVIATE FROM THE GUIDELINES SET OUT IN THIS HANDBOOK IF WE DEEM IT APPROPRIATE. OUR PROGRAMS AND BENEFITS ARE UNDER CONSTANT REVIEW AND WE RESERVE THE RIGHT TO REVISE, ELIMINATE OR REPLACE ANY OR ALL OF THESE GUIDELINES, PROGRAMS OR BENEFITS AT ANY TIME. WITH OR WITHOUT NOTICE.

This Handbook supersedes and replaces all prior handbooks and other understandings of each employee's terms and conditions of employment.

Additional work rules and procedures may be contained in other materials applicable to your employment or learned through on-the-job training. In addition to any such work rules, and the Policies contained in this Handbook, all employees are expected to comply with applicable local, state and federal laws.

BRIEF HISTORY

Of

Temple Sewing And Supply, Inc.

In 1992, Donna Trumble opened The Sewing Studio in Georgetown, Texas. The business initially provided custom sewing services including design, clothing construction, and alterations. Home Décor services were added including draperies, curtains, and decorative items. Services were provided for individuals and commercial contracts as well. Sewing Machine repair was added to the list of services, and eventually a store was opened (1993) offering fabric, notions, and sewing machine sales as well as the services.

Temple Sewing And Supply, Inc was established in 1997 with the purchase of the Bernina sewing machine dealership in Temple, Texas by Mr. Stephen Weathers a sewing machine technician from Austin, Texas with many years of experience in different shops and with different sewing machine lines. Killeen Sew And Quilt opened the following year followed by the Waco store the next year.

In April, 2000, The Sewing Studio and Temple Sewing And Supply, Inc. merged operations. The owners of the company are Stephen and Pat Weathers and David, Donna, and Jeremiah Trumble.

Currently, we have three stores: Killeen Sew & Quilt and Waco Sew & Quilt managed by Jeremiah Trumble; Temple Sew & Quilt managed by Stephen Weathers.

MISSION STATEMENT

The Mission of Temple Sewing And Supply, Inc and its Sew And Quilt Stores is to sell sewing machines and associated products and services, while empowering customers and staff to enjoy sewing, quilting, and related activities; to promote a supportive center for fun, creativity, and sharing prompting long-term customer relationships, employee job satisfaction, and an acceptable return on and safety of investment.

➤ **Sell Sewing Machines And Associated Products And Services**

- Empower customers and staff to enjoy sewing, quilting, and related activities
- Promote a supportive center for fun, creativity, and sharing
- Promote long-term customer relationships
- Promote employee job satisfaction
- Produce acceptable return on and safety of investment

OUR CUSTOMERS

While Temple Sewing And Supply, Inc. believes that our employees are our greatest asset, the cornerstone of our business is our commitment to deliver quality products and services to our customers through an organization whose number one priority is customer satisfaction. In short, our customers are the most important people in our business, and we are dependent on them.

Whether we are dealing with them in person or over the telephone, they should never be considered an interruption of our work, but rather the purpose for our organization. They are deserving of the most courteous and attentive treatment that we can give them, and are not someone with whom you should argue or match wits. Please remember that our customers are human beings with feelings and emotions like our own and should be treated accordingly. [CUSTOMERS ARE THE LIFE BLOOD OF OUR BUSINESS.](#)

APPLICATION FOR EMPLOYMENT

The local store manager shall recruit, interview, and hire personnel as deemed appropriate for the needs of that local store.

All applications for employment, W4, and other employment forms must be submitted to the central office at 502 San Gabriel Blvd. Georgetown, Tx. 78628, gsewquilts@suddenlink.net, or fax (512) 868-6703 upon hire.

All other applications for employment will be and maintained on file for a period of not less than 30 days nor more than 180 days. When deemed appropriate, the applicant will be invited to participate in a interview process, testing, and consideration process.

Any falsification, misrepresentation or material omission in any of this information may result in exclusion of an individual from consideration for employment, or if it comes to light after you are employed, may be grounds for disciplinary action, up to and including the immediate termination of your employment.

Immigration Law Compliance: Temple Sewing And Supply, Inc. complies with the Immigration Reform and ~ Control Act of 1986, and is committed to employing only United States citizens and aliens who are legally authorized to work in the United States.

To comply with the law, and as a condition to employment, each new employee must within

three (3) days of being hired properly complete, sign, and date an Immigration and Naturalization Service Form 1-9, and produce documents establishing the employee's identity and work eligibility as required by the law. Before commencing work, newly re-hired employees must also complete the form if they have not already done so, if their previous 1-9 is more than three (3) years old, or if their previous 1-9 is no longer valid.

Investigation Policy: Temple Sewing And Supply, Inc has adopted a background investigation policy to ensure the safety, integrity, and professionalism of our employees. To accomplish this objective, the Company will verify and certify the information provided in your employment application. Our investigation may include an examination of job experience, education, work performance, training, education, criminal convictions, credit history, or motor vehicle records.

Temple Sewing And Supply, Inc respects the privacy of applicants and employees and will only perform investigations that are job-related, in a manner in accordance with federal and state laws. The information we obtain from these investigations is considered highly confidential and sensitive, and will not be further disseminated by the Company.

Medical Examinations: Each individual who has made an application to, and has been conditionally accepted by, Temple Sewing And Supply, Inc for employment may be required to submit to a medical examination (including testing for alcohol or illegal substances) administered by one of the Company's physicians or designated clinics prior to and as a condition of obtaining employment at the Company. Once employed, you may also be required to submit to a medical examination (or provide medical information) if job related and consistent with business necessity. All required examinations will be paid for by the company.

All new employees shall be hired on a **trial basis** as sales associates for a period of 90 days.

The store manager shall be responsible for providing a detailed training program consisting of general retail sales instruction, store operations, company policies, techniques of sewing machine demonstration, and other pertinent matters.

Hourly Workers may be full time or part time employees.

Salaried Employees serve under contract. These employees serve as members of the management or office team and carry specific responsibilities detailed contractually.

Contract Workers or Independent Contractors such as Teachers are generally hired by contract with the local store. Others may on a limited basis be engaged as independent contractors.

Employees shall be classified as standard employees for purposes of IRS consideration and must fill out and sign a W 4 form prior to being hired and every year in January. A W2 will be issued to employees in January the following year.

Independent Contractors such as Teachers shall complete a W9 form. Upon hire, all state and federal reports must be filed within 20 days of hire. , A 1099 will be issued to independent contractors (earning over \$600.00 during the year.).

Regular Full Time Employees

- An employee who is employed on a regular (consistent) basis for a minimum of 75 hours per pay period. Regular full time employees successfully completing the trial period are eligible for all Company benefits including vacation, holiday pay and other benefit programs as appropriate.

Part Time Employees

- An employee who is employed on a regular basis, but whose scheduled work week is less than 75 hours per pay period. Occasionally working a full week will not change an employee's status to full time. Part time employees are not generally eligible for full time Company benefits.

EMPLOYEE COMPENSATION & BENEFITS

SALES PERFORMANCE BASED COMPENSATION

Personal Compensation: (Base) Each employee is paid a guaranteed base pay based on actual hours worked.

Calculating the value of an employee. The U.S. government guarantees a minimum wage for all employees irrespective of their worth to the company or business. However, an employee should understand that employment is based on the value provided to the business. To calculate the employee's expected productivity: the employee should multiply their hourly rate of pay times 8.3. For example if an employee earns \$10.00 an hour; they should produce \$83.00 per hour in sales revenue for the company. Those employees producing significantly higher levels of revenue will be rewarded with increased pay. Those producing less will potentially put their employment at risk.

Personal Raises: Employees may receive pay increases based on their performance, consistent achievement of their personal Compensation Quota, and other considerations.

Personal Bonuses. Employees who exceed their quota and demonstrate performance above and beyond their base or minimum expectations may be granted a Manager's bonus (periodically) at the discretion of the store manager.

Bonuses are subject to Manager's approval and may be taken in store credit or financial compensation and approved by the Manager with the employee.

PAY DEDUCTIONS AND SETOFFS

Each payday, the Company is required by law to withhold a specified amount from the

employee's paycheck for federal income taxes. The amount deducted is determined by a tax table prepared by Federal Government, which is based upon your current earnings and exemptions. Temple Sewing And Supply, Inc. also makes a separate deduction from each paycheck for the Federal Social Security and Medicare programs. You are responsible for informing the Payroll Department of any change in your tax status (number of dependents, change in marital status, or address or phone changes.)

In the event that garnishment or similar proceedings are instituted against an employee, the Company will deduct the required amount from the employee's paycheck. Upon receipt by Temple Sewing And Supply, Inc of a properly served court-ordered garnishment, support order or wage deduction summons, Temple Sewing And Supply, Inc has an obligation to deduct appropriate funds from subsequent paychecks issued to an employee in accordance with applicable law. The amount deducted from an employee's earnings will not exceed that permitted by law, and the Company will comply with any additional legal obligations in the event that garnishment or similar proceedings are initiated against the employee.

EMPLOYEE BENEFITS – ALL EMPLOYEES

Temple Sewing & Supply, Inc. offers a variety of employee benefit programs to enhance your employment with the Company. A number of these programs (such as Social Security and unemployment insurance) cover all employees in the manner prescribed by law. Other benefits (such as vacation and holiday benefits, training benefits, leaves of absence) are provided at the Company's expense, but some may require monetary contributions from the employee.

OVER TIME.

In rare instances, management may request that an hourly worker work more hours than usual to meet some critical store need. No hourly employee may work more than forty hours in any week without specific request of the management. Any approved hours worked over forty hours (or 80 hours per pay period) may be classified as overtime hours. The pay rate for overtime shall consist of one and one half the employee's standard hourly rate.

EMPLOYEE DISCOUNT PROGRAM:

You are a highly valuable employee and your interest in sewing and quilting is a true asset to our business. Once an employee has satisfactorily completed the trial period (at least 90 days or 350 clock hours), the following discount program will be in effect to encourage your sewing development.

- a. For All Full Time Employees Working Over 75 hours per pay period.
 - 1) **30% Discount off MSRP** of Any Sewing Machine
 - 2) **20% Discount off MSRP** of All Other In Store Products
- b. For all Employees Working Less than 75 hours per pay period and Teachers.
 - 1) **20% Discount off MSRP** of Any Sewing Machine
 - 2) **15% Discount off MSRP** of All Other In Store Products
- c. Other Special Discount Programs may also be offered from time to time.

- d. The Management Team believes each full time sales representative should own and use at least one of the machines they sell. Therefore, from time to time, the owners may extend a special offer on the purchase of a new or used machine to an employee, who may accept or reject the offer at their discretion.

TRAINING:

All employees are expected to continually expand their knowledge and skills as part of their personal professional pride. However, whenever the management requires employees to attend trainings or meetings, locally or away, the employee will be paid for the actual hours in training to a maximum of 8 hours per day based on their current base pay. Voluntary trainings in which the employee chooses to participate will not be paid.

REGIONAL AND NATIONAL CONVENTIONS:

It is a privilege to attend industry trainings, conferences, and conventions. The public is generally excluded from these special events, but upon approval of the management, an employee may be honored by being permitted to attend and participate in one or more of these special events. **Such events are not required by the company and therefore: generally, the employee is responsible for the costs (travel, meals, conference fees, etc.), and is not paid normal work pay while attending such events. Employees may use their vacation time to attend a conference and thereby receive normal pay during this exciting opportunity.**

When an employee is specifically sent (required as part of job assignment) as a contractual representative of Temple Sewing and Supply, Inc. the company pays normal work hours and associated expenses. The Chief Operations Officer manages these arrangements on a case by case basis.

FULL TIME EMPLOYEE BENEFITS

HOLIDAY PAY:

Regular Full Time workers who have satisfactorily completed the 90 day trial period and work at least thirty five hours per week shall be paid (up to 8 hours standard pay) for up to five holidays annually (To receive holiday pay the holiday must be a day the employee would normally work if it were not a holiday. Also, the employee must work adjacent days (normally scheduled) in order to receive holiday pay.):

Thanksgiving, Christmas Day, New Years Day, Labor Day, July 4.

Sundays are excluded from holiday pay because the stores are closed on Sunday. All other determinations of pay shall depend on actual hours worked, discretion of the board, and/or contractual arrangements. Part time staff are not paid holiday pay.

SICK PAY:

Regular Full Time workers who have satisfactorily completed 6 months (100 work days) will earn 1 sick day for each two months of continued full time service (1.5 hours per pay period). Sick days may accumulate up to a maximum total of 5 sick days. This benefit will only be paid upon the occasion of actual illness or accident. It is not to be paid for incidental personal business. Sick pay is paid at the usually hourly rate for the typical scheduled work day up to 8 hours (6 hours Saturday). Upon termination, this benefit is forfeit entirely (including any accumulated sick days) with no associated compensation. Part time staff are not paid sick leave.

VACATION PAY:

Regular Full Time workers who have satisfactorily completed 12 months (260 work days), will receive five days paid vacation (at their base pay). Vacation pay shall accrue beginning the 13th month at the rate of 1.5 hours per pay period. All vacations must be requested at least three weeks in advance in writing to the central office with specific dates in order for management to provide proper coverage. Vacation Leave may accumulate to a maximum of 10 days or 80 hours. Upon termination, all vacation pay is forfeit. No cash payment of vacation benefits will be made except for actual vacation leave. Part time employees are not eligible for paid vacation leave.

COMPANY EXPECTATIONS

DESIRED EMPLOYEE QUALITIES:

The company looks for enthusiastic people-oriented sales associates with the following qualities: effective sales skills, love of sewing (machines, fabric, creative expression); cooperative attitudes; integrity, self-control, self-motivation, respectful, caring and considerate; and eager to learn.

Represent the company in a positive and professional manner at all times. Never gossip, complain, gripe, or down grade the store, its inventory, fellow workers, management, or other customers. Wherever you go inside the store and out, you are a representative of the Sew and Quilt Store. Broadcast the positive and eliminate the negative.

MISSION OF EVERY EMPLOYEE

The mission of every employee is to sell sewing machines and associated products; to motivate customers to expand their horizons and enjoy their sewing and quilting; to provide a positive caring support and encouragement for sewing; and to provide continuing customer service.

Definition: A Sewing Machine Sale involves building a positive relationship with the buyer, establishing and maintaining a prospect profile, demonstrating machines, using all appropriate sales tools, providing follow up materials and contacts, closing the sale, collecting funds through sales transaction, and following up the sale with customer service.

GENERAL EXPECTATIONS

Be Professional. Dress professionally. The more professional you look, the more you will sell. Each employee is provided a uniform shirt to be worn whenever working in the store. Comfortable slacks and blue jeans are recommended. Clothing should be neat, clean, attractive, and representative of the high quality store we have. (Business quality pant suits are acceptable, however, shabby jeans, tank tops, shorts, or revealing garments (B-B-B) are not.)

Represent the store in a **positive manner** at all times.

Punctuality and dependability are essentials. Never leave the store unattended during standard store hours without specific instruction from a Manager. Always be early and ready to open on time.

Maintain appropriate personal hygiene. No form of swearing, cursing, harsh talk, or gossip is permitted. No bizarre body art, hair color, or other extreme or distracting clothing will be permitted. No smoking, alcoholic beverages, or pets are allowed in the stores. Leave personal problems and frustrations at home.

Do not discuss your pay with other staff. Compensation is considered extremely private.

All employees are expected to keep the stores neat, clean, orderly, and attractive. Regular cleaning of restrooms, vacuuming of floors, dusting of machines (displays, furniture, etc.), and emptying garbage shall be a part of the job in every store for every employee.

Maintain an atmosphere ideal for selling. Maintain a positive friendly environment.

Always greet customers in an enthusiastic and positive manner and remain available to assist customers as needed. Represent the store in a loyal and positive manner. Treat customers and other staff with respect. All employee complaints shall be properly processed through the grievance policy below. Every staff member should aim to uplift and encourage each other.

Maintain an attractive clean and functional store. It is vital for selling. Each sewing machine should be set up for optimum display value with samples, and sewing supplies at the ready for quick and easy demonstrations.

Each sales associate is expected to sell sewing machines and associated products. (See Compensation Structure).

Selling is empowering another person to get what they really want. Selling is listening to the interests, desires, and needs of the prospect. Selling is informing the prospect of what you have to offer. Selling is helping prospects process their pros and cons to make the best decision for them. Selling is achieving a mutually acceptable basis for doing business. The selling process has six key steps. Virtually every sales interaction will follow these steps, whether it lasts several minutes or several months: Prospect - Find New Customers, Cultivate Prospects, Make Sales Presentation, Provide Essential Information, Handle Objections, Close the Sale, Follow-Up, and Service After the Sale.

All staff members must show proper respect for each other. If any employee publicly loses their temper, engages in a verbal or physical fight with another employee; that employee(s) shall be suspended immediately without pay for a period of not less than one week. Repeated offenses in this regard shall be deemed as grounds for dismissal.

TEAMWORK

Each employee is part of a sales team. Everyone must work together for the best interests of the company. Together we serve the customer. When multiple sales associates are present in the store, they need to be ready to support one another at all times in all areas of store operations without becoming intrusive. Greet customers, listen, develop signals between staff to indicate when you need help, be there for each other. When you are not selling or working directly with a customer, set up sales opportunities by keeping the store clean, neat, orderly; check in the inventory, merchandise effectively, practice your demos, sew samples, do follow up, do prospecting, make every minute count.

Sales associates are expected to **take every opportunity to sell and promote.** One of the most effective settings for sales (when done properly) is the classroom. When you have a captive audience, sell them everything they need or want. Example, in August, 2007, one of our sales people taught a two hour class with just two students. By the end of the class, over \$300 of merchandise had been sold to those two students, and that did not include a sewing machine. Sales associates who teach classes are paid their normal rate of pay while teaching. Part time employees who do their preparation at home (away from the store), may request compensation for one (1) hour of preparation time.

Product ordering, pricing, and inventory control are crucial concerns. These are the sole responsibility of the store manager. While the manager may delegate aspects of the process, all orders and pricing must be approved, prioritized, and managed by management. **Employees will participate in these activities under the direction and supervision of the manager. No employee may order, price, or alter product controls without express approval of the store manager. Simply, all orders and pricing must be approved by the store manager.**

COG (Actual Costs) = Wholesale Cost + Freight + Shrinkage + Merchandising + Theft + Display Space + Excess Inventories + Dated Goods + Damaged Goods + Depreciation + Property Taxes + ??? The longer an item is in the store the more it costs. COG (Currently Tracked) = Wholesale Cost + Freight

General practice for inventory management: 1. Establish Budget First. Maximum orders by department should not exceed 45% of prior month's net sales for that department. 2. Shop First. Compare Pricing Between Vendors. Buy Low. Consider shipping. Small orders ship at a premium. 3. TRACK from Point of Order through Invoicing & POS ENTRY. 4. Monitor and Repair POS Inventory Tracking Regularly. 5. Have a Specific Plan to sell the entire order within 30-60 days. 6. One Third of all orders should be promotional goods. 7. BUY LOW!

Prices are to be set by the management, however, the following guidelines apply:

1. **MINIMUM MARKUP:** Notions: 2.2X COG (Wholesale Price + Freight)
For Notions ** General Merchandise: 2.68X COG **, On Repair Parts
3X+ ** Fabrics: 3X New Fabrics, No Fabrics Priced Less Than \$10.00 per yard.
Machines: 1.9X COG Machines Goal 90% MSRP (Reference Sales Sheet)
Overall COG must not exceed 50% of Gross Sales - Sell Bundles To Improve
2. NO Maximum Markups!

3. Margin Mix is necessary to keep COG under 50%. Some products may only offer a 1.5X markup, but those must be balanced with products with 4X, 6X, even 10X to insure proper ROI.
4. New Promotional Products should be priced as premium and intermixed with premium products to offset low margin products.
5. Overcome pricing with merchandising and salesmanship to maximize Market Receptivity.
6. SELL HIGH!

FOLLOW UP EXPECTATIONS

When a customer's first transaction is being made, be sure to **collect and enter all needed contact information**. Name, address, phone number, EMAIL ADDRESS, etc. Be sure to properly capitalize names. If the customer lives out of state or over 200 miles away, delete the address line and the email line. Otherwise, the contact information will be vital to our continued service to the customer.

During the every sewing machine sales presentation, **use the sales tools** (Sales Book, Sales Offer Form, Etc.). After every sewing machine sales presentation: A.) Give the customer either a Follow Up Decision Packet (Including: sales offer copy, machine brochure, added benefit card, store brochure, business card, and any other helpful items you feel will help close the sale.) OR a copy of the Completed Sale Package designed just for them with the new machine. B.) Send THANK YOU CARD within 24 Hours – For The Sale or For Opportunity to share the Presentation. C.) Record Demonstration or Sale in TRS. D.) Set up detailed follow up plan.

NOTE: Our goal is to make a life long customer who will return at least once every two months to buy supplies, tools, classes, and products. Just completing a sale is not enough.

When a presentation is made, and the customer delays making a final purchase commitment, give the customer a **Follow Up Packet**, Offer to Maintain the Current Offer for 3 Days or 2 Weeks with a \$5.00 Deposit, Record the offer in TRS. Maintain A Prospect Profile (personally and on POS), Enter the lead information for the customer, and update as appropriate. Email addresses shall be added to the store's email listing for regular contact. A business card with info on back may secure an offer to sell for 3 days. Collect all your leads for the week and take them to the weekly staff meeting for team follow up consideration.

TIME TRACKING

All employees must be punctual. Clock in upon arrival at the store and clock out upon departure. An allowance of **15 minutes will be made for turning off lights, setting alarm, and delivery of the deposit to the bank.** Time Records: Accurately recording time worked is the responsibility of each and every employee. Applicable law requires Temple Sewing And Supply, Inc. to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is generally defined as all the time actually spent on the job performing assigned duties. Employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons.

Sales Associates are expected to work through the entire business day to insure sales floor coverage at all times, however, sales associates are permitted a thirty minute paid lunch period to be taken when during slow periods of the day as appropriate. When more than one sales associate is available, and traffic is moderate to slow, one associate may take a lunch break while the other covers the sales floor. Lunch periods or absences extending beyond the half hour will negate the half hour paid period.

Each employee must personally record his or her own time card. You should not clock in more than five minutes before the start of your shift or five minutes late, unless otherwise instructed. Any changes or late entries on your time card must be approved by your supervisor. Recording the time card of another employee, or otherwise altering, falsifying, or tampering with time cards or records will result in sanctions, up to and including termination.

Payroll must be submitted to the local manager at the end of business Wednesday at the end of each bi-weekly pay period. The manager will submit the payroll to the central office bi-weekly.

When possible, please notify the closest manager as soon as possible (preferably 2 hours) before your work shift is to begin in case of a personal emergency such as personal injury, sickness, accident, etc. Also contact the closest manager in case of any in-store emergency deemed necessary.

MACHINE PRICING POLICY

Each store is provided multiple Sales Presentation Books including detailed features and benefits listings, and MSRP Pricing. Use these during the sales presentation to give value and establish pricing for the customer. The local manager is final authority on all pricing issues and trade in values

for the store. Avoid competing with sister stores or undercutting prices quoted in Killeen, Temple, or Waco. When a customer comes in with a price from another of our stores, no clerk shall undercut such pricing.

EVALUATIONS

Employment with Temple Sewing And Supply, Inc. is performance based. **Performance standards** are monitored using two objective measures: **Overall sales** and **Sales Close Ratio** and **intangible elements** (Friendly Customer Relations, Greeting “Working” Every Customer, Level of Enthusiasm, Sales Close Ratio General Work Ethic, Maintaining a Clean Orderly Store Environment, Maintaining an Attractive Sales Appearance, Completion of Follow Up, Demonstrations, General Sales Technique). Each employee is expected to produce **sales equal to eight (8.3) times their pay rate**. This is monitored through the point of sale tracking system. Sales Close Ratio is tracked using Tracking Sheets and Leads Activity in POS. Therefore, accuracy in use of the system is essential for proper employee monitoring.

All employees are directly accountable to the local manager. All managers and owners are accountable to the Board of Directors. Financial and general employment issues may be directed to the central office (512) 819-9610 or gsewquilts@suddenlink.net.

PERFORMANCE APPRAISALS

Both employees and management are strongly encouraged to maintain open communications concerning job performance and goals on an informal, day-to-day basis. The local Manager is responsible for training, task assignments, evaluation, and appraisal of performance.

Your overall performance is evaluated on the basis of the requirements of your job, which generally include your attendance and tardiness record, job skill level and performance, work judgment, quality and volume of work, safety practices, attitude, loyalty, initiative and cooperation. Performance will also consider the employee’s sales quota and sales close ratios.

We recognize that each employee has unique talents and abilities, and will strive to nurture these qualities through open communication and frequent performance appraisals. While the appraisal process provides an opportunity for open interchange, it is important for you to continually discuss problems, progress and goals regarding your employment with your immediate supervisor.

PERSONNEL RECORDS

It is the responsibility of each employee to promptly notify the Chief Financial Officer of any change in your employment information, including if you move, change your name, address, or telephone number, or should the person whom you designated to be contacted in the event of an emergency change.

INDEPENDENT CONTRACTORS & FREELANCE TEACHERS

As a general rule, all classes will be taught by sales associates as part of their normal sales efforts, however, periodically additional classes, workshops, seminars, or events will be held requiring the additional assistance of non-employee personnel.

Planning Classes: Successful classes are well planned and well implemented. When you have an idea for a class, write down a title, brief description, list of supplies, and specifically what is to be sold through the class. All classes should produce between \$30-\$50 in sales revenue per student. Present your plan to your store manager for review, approval, and plan implementation.

From time to time the company may hire Independent Contractors including Freelance Teachers to provide specific services for the company. These Independent Contractors shall be paid according to the arrangements made at the time of their enlistment and adjusted periodically as needs arise. One time guest educators, teachers for special programs such as Kids Camp, special workshop leaders, and other freelance teachers will all be treated as Independent Contractors.

A W-9 will be required of all Independent Contractors, and any Independent Contractors earning more than \$600 in a year will be provided a form 1099 for filing with the IRS.

We offer Three models in establishing compensation for Independent Contractors to be defined, negotiated, and approved by the local manager and central office:

1.) For those who work frequently, a preferred structure is to use an **Hourly rate** for teacher plus 1 hour of preparation per session. This model should reflect the average pay rate of regular employees. (Regular employees working more than three days per week are expected to do their preparation at the store during regular work hours and therefore are not paid additional at home compensation.) Teachers are expected to produce at least 4 times their pay rate in class fees.

2.) For those teachers and workers who work occasionally and for specific projects only, the preferred way it to use a **Flat fee**. All compensation for independent contractors should be based on the enrollment of only 1.5 to 2 students for Sit and Sew Classes (4 students for Lecture Demo classes). Example: Student fee is \$15 for a two hour class. The Teacher would receive \$30 for the class as a flat fee. The teacher should produce at least 4 times their rate of pay in class fees to compensate for promoting the class, marketing to existing customers, hosting the class, providing classroom space, providing classroom equipments, providing utilities, etc. The class breaks even with two students (4 Lecture Demo), and yields income for the store with all additional enrollees. Sit and Sew classes will be targeted for six students, and lecture demo

classes will target 15 students. The store has the right to set class fees, and to cancel a class if there are less than two students (4 Lecture Demo).

3.) Some teachers may prefer to receive a percentage of the gate or class fees collected. In all such cases, the teacher may receive up to 25% of the class fees (split with any assisting teachers), while the store receives 75%. Teachers are expected to produce at least 4 times their pay rate in class fees and in class sales.

Responsibilities:

The Teacher (staff or freelance) is responsible for:

Providing the Store a promotional description of the class according to store deadlines.

Providing Project Samples.

All project classes must have **Samples** produced by the teacher. The store will provide ample product to the teacher to produce two class samples (one to belong to the teacher and one to belong to the store as a permanent sample). No additional compensation will be paid for construction of samples since the sample is an essential part of the class.

Providing detailed supply lists (preferable to be purchased at the store) in advance.

Providing detailed product sales plan.

Promoting their own classes.

Using only our store products and promoting only our store products.

Setting up their classroom to accommodate their students.

Managing the class operations in a professional manner.

EMPLOYEE RELATIONS PHILOSOPHY

TEMPLE SEWING AND SUPPLY, INC. WORKS HARD TO TREAT ALL EMPLOYEES FAIRLY, AND WE HOPE THAT TO WORK WITH YOU FOR A LONG PERIOD. NEVERTHELESS, EMPLOYEES SEPARATE FROM EMPLOYMENT FOR A VARIETY OF REASONS, INCLUDING A MOVE, A CHANGE IN CIRCUMSTANCES OR SIMPLY A DESIRE FOR A CHANGE. AS AN EMPLOYEE OF TEMPLE SEWING AND SUPPLY, INC. YOU HAVE THE RIGHT AND OPTION AT ANY TIME TO TERMINATE YOUR EMPLOYMENT, FOR ANY OR NO REASON, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. LIKE WISE. TEMPLE SEWING AND SUPPLY, INC RETAINS THE RIGHT AND OPTION TO ENLARGE. REDUCE OR MAKE CHANGES IN. OR TERMINATIONS FROM. OUR WORK FORCE. AT ANY TIME. FOR ANY OR NO REASON. WITH OR WITHOUT CAUSE. AND WITH OR WITHOUT NOTICE. **EMPLOYMENT AT TEMPLE SEWING AND SUPPLY, INC. HAS ALWAYS BEEN CONSIDERED TO BE ON AN "AT-WILL" BASIS.** PERMITTING EITHER PARTY TO END THE RELATIONSHIP ON THEIR OWN TERMS AND AT THEIR OWN CHOICE.

TEMPLE SEWING AND SUPPLY, INC. prefers to have a direct, personal employment relationship with all of its employees, and to work with all Company personnel to address issues concerning terms and conditions of employment.

Should any employee have a problem regarding his or her employment, please let us know. We think you will find TEMPLE SEWING AND SUPPLY, INC. receptive to your concerns, as we

are always making our Company a better place to work.

You are strongly urged to bring problems (including claims of discrimination, harassment, and improper discharge) immediately to the attention of the President so that corrective action can be taken. Our goal is to find equitable solutions to all problems and we strive to treat all employees fairly and justly so that problems are corrected in a timely manner and on an individual basis.

MISCELLANEOUS POLICIES

NON-DISCLOSURE-OF CONFIDENTIAL INFORMATION

Temple Sewing And Supply, Inc. believes that protection of confidential business information, proprietary methods and trade secrets is vital to the interest and success of its business. Such information includes (but is not limited to) customer contracts, pricing information and procedures, vendor lists, customer lists and marketing information, compensation data, financial information, internal files, information regarding pending projects and proposals, technological data, computer data or files, software and telecommunications technology.

Each employee is expected to act in the best interest of the Company in connection with such information and to maintain its confidentiality. Any employee who violates this Policy (or who discloses Temple Sewing And Supply, Inc. confidential business information, proprietary information or trade secrets) may be subject to disciplinary action up to and including immediate discharge, even if the employee does not actually benefit from the disclosure of such information.

All store operations, details of finance, wholesale pricing, customer private relations, vendor information, and other such information shall be deemed confidential for authorized business use only. Any violation of this confidentiality shall be grounds for termination. Under no conditions will any employee use customer lists, store equipment, confidential materials, or order items for personal use through store vendors. Do not give out any unauthorized information to anyone. Any one using said knowledge gained, resources, customer lists, etc. from the company, misusing same, or engaging in direct competition with the company will be prosecuted to the full extent of the law.

CONFLICTS OF INTEREST (Outside Employment)

Each employee of Temple Sewing And Supply, Inc. has a legal duty to act in the best interests of the Company, and must observe the highest standard of business and workplace ethics. No employee should engage in conduct which represents (or has the appearance of) a conflict of interest with the Company.

Consistent with these duties and obligations:

1. No full or part-time employee may enter any outside employment or other contractual or financial relationship with any person or organization, or independently, **if deemed by the Company to be a competitor or to present a competitive situation.** Outside employment will be deemed to present a conflict of interest if it has an actual or potential adverse impact on Temple Sewing And Supply, Inc..
2. All employees shall avoid any activity, investment or other interest which materially diverts the employee's time, interests or talents from the Company, lessens the employee's impartiality, judgment, effectiveness or productivity in connection with his/her employment with the Company, or conflicts with the interests and business of the Company.
3. With the exception of nominal or token items, no employee shall accept from any Temple Sewing And Supply, Inc. vendor, potential vendor, customer or potential customer any gift, favor or other consideration which might influence the actions or decisions taken by such employee on behalf of the Company or in which the employee causes the Company to take.
4. Business and personal phone calls shall be limited to break times. If you receive such calls, lasting over 1 minute, be sure to reduce your claimed work time accordingly.

In the event that an employee becomes involved in activities which may present a conflict of interest, such activities should be immediately and fully disclosed to the President and CEO. Should any employee fail to comply with a decision of the Company to immediately cease in any activity prohibited by this Policy, the employee may be disciplined, up to and including immediate discharge.

EQUAL EMPLOYMENT OPPORTUNITY AND SEXUAL AND OTHER HARASSMENT

It is Temple Sewing And Supply, Inc's Policy to afford equal opportunity in employment, and to administer its employment practices in a manner which facilitates employment opportunities for all persons. Temple Sewing And Supply, Inc is dedicated to fulfilling this Policy with respect to hiring, placement, promotion, layoff, granting of benefits, disciplinary action and all other employment decisions.

The Company believes that all employment decisions should be based on bona fide occupational qualifications. All employment decisions are made without regard to race, color, age, creed, sex, religious affiliation, national origin, ancestry, marital status, sexual preference, citizenship, disability unrelated to job performance, genetic test results, service in the United States Armed Forces, or any other category protected by federal, state or local employment laws.

You are also encouraged to informally discuss and attempt to resolve any such problem

with the person who is discriminating or creating the harassment. Alternatively, we encourage you to invoke Temple Sewing And Supply, Inc 's Formal Grievance Procedure. No employee will be subject to any retaliation for making any complaint of discrimination or harassment.

AGAIN, YOUR NOTIFICATION OF ANY ALLEGED DISCRIMINATION OR HARASSMENT IS ESSENTIAL TO THE COMPANY. WE CANNOT HELP RESOLVE SUCH PROBLEMS UNLESS WE KNOW ABOUT THEM.

All such complaints will be promptly and thoroughly investigated, and Temple Sewing And Supply, Inc will determine whether the conduct complained of constitutes discrimination or harassment based on a review of all of the facts and circumstances of each situation. All efforts will be made to ensure the confidentiality of the complaint; however, information, including the identity of the individual lodging the complaint, may be divulged in order to fully investigate the matter or comply with applicable law.

All of Temple Sewing And Supply, Inc 's employees are responsible for assuring that our work environment is free of sexual or other harassment, and from discrimination. Therefore, each and every employee is responsible for the application of this Policy within their area, cooperating with any ongoing investigation, and to conduct themselves in a manner consistent with the spirit and letter of this Policy. Any violation of this Equal Employment Opportunity And Sexual And Other Harassment Policy will not be tolerated, and may result in disciplinary action, up to and including the termination of employment. An individual who makes an accusation that is found not to be substantiated, ordinarily, will not be penalized for making such an accusation, as long as it was made in good faith. However, where a person makes an accusation that is knowingly and willfully false, that individual will be subject to disciplinary action.

The Company will also make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This aspect of this Policy governs all facets of employment, including selection, job assignment, compensation, discipline, employment termination and access to benefits, training and other employment opportunities.

It is Temple Sewing And Supply, Inc 's policy that all employees have a right to work in an environment free of harassment, either verbal or physical, that is based on sex, age, ancestry, race, national origin, religion, disability, citizenship, marital status, veteran status, sexual preference, genetic test result or any other basis protected by law. In keeping with this commitment, the Company will not tolerate harassment of our employees by anyone, including any immediate supervisor, co-worker, vendor, or customer of Temple Sewing And Supply, Inc.

While it is not always easy to define harassment, it certainly includes conduct (either verbal or physical) that substantially interferes with an individual's work performance or creates an intimidating, hostile or offensive working environment. Isolated verbal comments, ethnic slurs, racial epithets, abusive language, degrading comments, sexual flirtation or innuendo, swearing and use of slang descriptions may constitute harassment, particularly when such conduct continues over a period of time.

Sexual harassment deserves special mention. Sexual harassment includes, but is not limited to:

Unwelcome sexual advances, requests for sexual acts or favors, or other verbal or physical

conduct of a sexual nature; Any statement or implication that a individual's submission to or rejection of such sexual conduct could be used as a condition of employment, or as the basis for any employment decision affecting such individual; and Any conduct, whether physical or verbal, which has the purpose or effect of substantially interfering with the individual's work performance or creating an intimidating, hostile or offensive work environment. This includes but is not limited to slurs, jokes or degrading comments of a sexual nature; offensive sexual flirtation, advances or propositions; abuse of a sexual nature; sexually oriented "kidding" or "teasing;" unwanted physical touching, such as patting or pinching another's body; and the display in the workplace of sexually suggestive printed or visual materials, objects or pictures.

ANYONE WHO FEELS THAT HE OR SHE HAS BEEN DISCRIMINATED AGAINST. OR IS A VICTIM OF SEXUAL OR OTHER HARASSMENT. MUST IMMEDIATELY REPORT IN WRITING (USING A COMPANY APPROVED HARASSMENT FORM) ALL SUCH DISCRIMINATION AND ALL INCIDENTS OF HARASSMENT TO YOUR IMMEDIATE SUPERVISOR OR THE HUMAN RESOURCES DEPARTMENT OR. IF EITHER PERSON IS THE SUBJECT OF THE COMPLAINT. TO THE PRESIDENT.

DRUG AND ALCOHOL POLICY (Drug-Free Workplace)

Temple Sewing And Supply, Inc. is strongly committed to the goal of maintaining a drug and alcohol free workplace. Achieving this goal is necessary to ensure the safety and quality of the work environment, the safety and health. of our employees, and the overall integrity of the service we provide to our customers. Our commitment to maintaining a safe workplace requires a clear policy of preventing, detecting and treating employee substance abuse.

This policy is applicable to all Company employees while on the job and in situations where an employee's off-the-job or off-premises conduct affects work performance, other employees, or customer confidence in the Company. Further, while Temple Sewing And Supply, Inc. has no intention of intruding into the private lives of its employees, we expect that they will report to work with no illegal drugs or alcohol in their bodies. Compliance with this requirement is an essential qualification for all job assignments.

Temple Sewing And Supply, Inc. hopes that all employees will recognize that a co-worker impaired by drugs or alcohol can pose a significant threat to his or her own safety, as well as the safety of all people around him or her. We look to you to support the Drug and Alcohol Policy. Employees are expected to discourage coworkers from violating the policy, and are asked to cooperate with the Company's efforts to enforce the policy.

Discussed below is a statement of the general rules - that will be enforced to maintain an environment free from the effects of substance abuse.

GENERAL RULES

1. The use, sale, possession or distribution of illegal drugs, being under the influence of illegal drugs, or having illegal drugs in one's system while on the job or on the company premises is prohibited. An employee who violates this provision will be subject to discipline up to and including immediate termination. Illegal substances shall be taken into the custody of management,

and appropriate law enforcement agencies shall be notified.

2. Temple Sewing And Supply, Inc. prohibits the misuse of any prescription or over-the-counter medication while working or while on the company premises. Employees who are taking prescribed medication or over-the-counter medication which may create impaired judgment, substandard performance, or inappropriate conduct must report the use of the medication to the Company. In certain cases, appropriate job restrictions may be imposed to ensure the safety of the employee, co-workers and customers. An employee who fails to disclose the use of medication, especially when a safety risk is created, is subject to discipline, up to and including termination.
3. The Company prohibits any employee from the use or possession of alcohol while working, or from reporting to work under the influence of alcohol. An initial violation of this provision is subject to appropriate discipline up to and including termination. A second violation within a five (5) year period will result in immediate termination.
4. Upon reasonable suspicion, Temple Sewing And Supply, Inc. has the right to search at any time an employee's personal effects and/or person, including, but not limited to, an employee's lockers, desks, tool boxes, purses, briefcases, or vehicles parked on company property. An employee's refusal to consent or cooperate with a search may result in disciplinary action, up to and including termination.
5. Temple Sewing And Supply, Inc. reserves the right to order employees to undergo drug and/or alcohol testing whenever supervisors or management has a reasonable suspicion that an employee is under the influence of drugs and/or alcohol.

Applicants for employment with the Company may be required to submit to urinalysis screening, and those who fail or refuse to take the test will be denied employment. All employees may be subject to random drug/alcohol or other diagnostic tests.

Employees who test positive will be subject to immediate discharge, unless they are granted a "last chance" by the Company. Employees who are not discharged shall be placed on probation and required to sign a last chance agreement (i) acknowledging their violation of this Policy, and (ii) agreeing that in exchange for not being discharged, they will undergo counseling and/or treatment as prescribed by a physician acceptable to the Company, to be subject to unannounced testing for a set period, and to be subject to immediate discharge for any violation of this Policy or the last chance agreement between them and the Company.

6. Any employee who voluntarily identifies him or herself to the Company as having a problem with drug and/or alcohol use will not be disciplined for admitting that problem, but he or she may be granted a "last chance" at the discretion of the Company. However, a voluntary request for assistance will not prevent discipline for any violations of the Drug and Alcohol Policy. Temple Sewing And Supply, Inc. will keep any disclosures of drug and/or alcohol dependence confidential, with no information being shared within or outside the

company without the prior written consent of the employee. The Company will attempt to refer the employee to appropriate community-based programs for help, which will be at the employee's sole cost and expense, unless the charge is specifically covered by the Company's health insurance program.

7. An employee who successfully completes a rehabilitation program will be allowed to return to work on a probationary status, provided the employee complies with any follow-up requirements of the program. For two years after an employee's return from a rehabilitation program, he or she will be subject to random drug and alcohol testing. A positive test during that period will result in disciplinary action, up to and including termination.
8. Any third party (a friend or relative of an employee) will be subject to this Drug and Alcohol Policy. If found in violation of the policy, he or she will be removed from the premises. In appropriate circumstances, law enforcement officials will be notified.
9. Neither the adoption or implementation of this policy should be construed as modifying the employee-at-will relationship between you and Temple Sewing And Supply, Inc.. The Company reserves the right to modify or rescind this policy in whole or in part at any time with or without notice.

DEFINITIONS

Company Premises includes all of the property, buildings, structures, grounds, parking lots and project work sites, as well as cars, trucks, and other vehicles owned, leased or used by Temple Sewing And Supply, Inc., or any vehicle brought onto the Company Premises by an employee.

Drug and Alcohol Testing means the use of any test selected by the Company at its sole discretion to detect or infer the past or present use of alcohol or drugs.

Illegal Drug means any drug that is not legally obtainable, a drug that is legally obtainable but which has been illegally obtained, or a legal drug which is being used in a manner or for a purpose other than that prescribed.

Reasonable Suspicion means circumstances, conditions, or employee behavior indicating drug or alcohol use. It includes, but is not limited to direct observation of the physical symptoms of being under the influence, an unexplained pattern of abnormal conduct, an arrest or conviction for an offense or for driving while under the influence of an illegal drug or alcohol, information provided by reliable and credible sources, or evidence that an employee tampered with a previously administered drug test.

Under the Influence means that (1) an employee is affected in any detectable manner by alcohol, drugs, or any combination thereof; and/or (2) after an appropriate drug and alcohol test, an employee is determined to have a blood alcohol content of .02% or any amount of illegal drugs. Symptoms may be demonstrated by misbehavior, impairment of physical or mental ability, such as slurred speech or difficulty in maintaining balance, or other observable factors like a hangover.

WORKPLACE AND OTHER VIOLENCE

Temple Sewing And Supply, Inc. has zero tolerance for violent acts or threats of violence towards our employees, applicants, customers or vendors.

Any employee who commits or threatens to commit any violent act toward a co-worker, applicant, customer or vendor, or any other person, will be subject to discipline up to and including immediate discharge. This includes fighting, on or off Company premises, regardless of who initiates the altercation.

Any employee who is subjected to or threatened with any violent act by a co-worker, or any other person, or who is aware of any other individual who is similarly subjected to or threatened with violence, should immediately report this information to his or her immediate supervisor. ALL THREATS OR ACTS OF VIOLENCE, NO MATTER HOW SMALL THEY MAY SEEM, SHOULD BE BROUGHT TO THE IMMEDIATE ATTENTION OF THE COMPANY.

All threats will be thoroughly investigated, and the Company will strive to preserve the confidentiality of its investigation and all reports made to management.

E-MAIL POLICY

Temple Sewing And Supply, Inc. allows its employees to communicate with other persons both internally (e.g., coworkers) and externally (e.g., customers), using an electronic mail (e-mail) system. All e-mail terminals and devices are the property of Temple Sewing And Supply, Inc.. As such, employees may only use the e-mail system for Company business. No employee shall use the e-mail system access for personal use (subject to the Company's Solicitation and Distribution Policy), nor shall any employee use the system in a manner which is disruptive, offensive to others or potentially harmful to workplace morale. Although not intended as a complete list, and in accordance with the Company's Equal Opportunity Employment, Sexual and Other Harassment, And Personal Behavior Policy, employees may not use Temple Sewing And Supply, Inc. 's e-mail system to: (i) display or transmit any sexually explicit images, messages, or cartoons; (ii) display or transmit any ethnic slurs, racial epithets, or anything that may be construed as harassment or disparagement of others based on their race, national origin, sex, sexual orientation, age, disability, military status, religious or political beliefs, or any other category protected by federal, state or local employment laws; (iii) communicate with Internet users or groups of any kind; (iv) solicit or address others for commercial, religious or political causes, or for anything not related to company business; (v) access another employee's personal e-mail account without that other employee's express prior consent; or (vi) access confidential Company records (including, but not limited to, payroll information and personnel files).

Temple Sewing And Supply, Inc. expressly reserves the right to access and monitor any employee's e-mail account if there is a business reason to do so. Temple Sewing And Supply, Inc. may monitor any employee's messages to ensure that they are appropriate. Monitoring may occur at any time, for any business reason, and without notice or prior consent of the employee. All messages to or from any employee are the property of Temple Sewing And Supply, Inc., and may be accessed and disclosed for any reason.

All employees of Temple Sewing And Supply, Inc. will need a password to gain access

to the e-mail system. These passwords are the property of Temple Sewing And Supply, Inc.. All employees must disclose their passwords to the store manager. Use of a password that is unknown to the Company is strictly prohibited. Any employee failing to disclose a password to the Company or using an unknown password may be subject to discipline, up to and including immediate termination.

Any misuse or abuse of the e-mail system will be investigated by the Company and will be treated as confidential. A violation of this Policy will result in disciplinary action, up to and including immediate discharge.

All questions concerning this Policy should be directed to central office.

WIRELESS TELEPHONE USAGE

Personal Wireless Calls: [Use of personal cell phones is discouraged during business hours.](#) Telephones are available at work stations for conducting company business. Personal calls, although they should be kept to a minimum, may also be conducted on workstation telephones.

If you must keep your cell phone turned on during business hours, please put it on silent or vibrate mode. It is never appropriate for a personal cell phone to ring in front of a customer, and an employee should never answer a cell phone when he/she is with a customer. Personal calls should never interrupt customer service. The customer comes first at all times.

Any violation of this Policy may result in disciplinary action, up to and including the immediate termination of employment.

SMOKING POLICY

In keeping with Temple Sewing And Supply, Inc. 's desire to provide a safe and healthful work environment, smoking in the retail store buildings, the warehouse, in front or behind the stores, or near the trash bins [(as well as in customer's homes and establishments and in Company vehicles)] is prohibited. Smoking will be allowed only during designated times or breaks. In situations where the preferences of smokers and non-smokers are in conflict, the preferences of nonsmokers shall prevail. A violation of this smoking Policy is a disciplinary offense. This Policy is intended to apply not only to employees, but customers and visitors as well.

WORKPLACE AND OTHER SAFETY

It is Temple Sewing And Supply, Inc. 's desire to provide a safe and healthful work environment to all employees, customers and visitors. Each employee is expected to obey safety rules, to exercise caution in all work activities, and to conduct themselves in a manner that does not endanger themselves, their fellow employees or our customers.

Employees must immediately report any unsafe condition or practice to their immediate supervisor or manager. In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify their immediate

supervisor or manager.

If your job requires that you use any hazardous or toxic materials, you are expected to comply with all applicable laws, including those concerning their safe handling and disposal. If you have any questions regarding the materials you work with, or the proper safety methods to follow, you should speak with your immediate supervisor or manager.

We also expect you to use common sense while working. You should not operate machinery with which you are not familiar. All electric cords need to be placed so they do not cause a tripping hazard. All materials and products should be stored in a safe and careful manner. All aisles and exit~ need to be kept clear throughout the day.

Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or where appropriate remedy such situations, may be subject to discipline, up to and including immediate discharge •..

SOLICITATION AND DISTRIBUTION

Temple Sewing And Supply, Inc. discourages collections and solicitations by employees because business should not be disrupted, its employees should not be disturbed in the performance of their duties and responsibilities, and because other employees sometimes feel obligated to make contributions which they may not wish to make. For these reasons Temple Sewing And Supply, Inc. has adopted two rules relating to collections and solicitations.

First, persons who are not Company employees are not permitted to solicit employees or distribute literature or commercial products on company property, nor are such non-employees permitted to enter or remain on Company property for the purpose of solicitation, distribution or collections.

Second, unless they have written permission from the Store Manager, employees are prohibited from soliciting fellow employees or distributing literature or commercial products to them in working areas and on working time. Employees may solicit fellow employees in non-working areas and on nonworking time, as long as such solicitation, collection or distribution does not effect the orderly conduct of Company business.

For purposes of this Policy, solicitation includes the use of electronic mail or similar electronic media for purposes prohibited by this Policy.

ATTENDANCE AND TARDINESS POLICY

To maintain an orderly and efficient business, we expect you to be reliable and punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on the Company, other employees and generally disrupts the work schedules for all of our employees. The Company considers any late arrivals or early departures, as well as absence for the entire day, to be a violation of this policy. An absence rate of 5% or greater is considered excessive, and can lead to disciplinary action, up to and including termination.

In the rare instance when you cannot avoid being late to work, or are unable to

work as scheduled, you should personally notify your immediate supervisor as soon as possible in advance of the anticipated tardiness or absence, but in any event before the start of your scheduled work day.

Leaving a message does not qualify as personal notification. Should you seek to leave work early, you must likewise personally notify your immediate supervisor and obtain his or her permission.

THEFT

Any employee who catches a customer stealing merchandise will receive a \$100.00 reward. Any employee who reports a theft by another employee, which information results in a conviction of that employee, will receive a \$1,000.00 reward. Theft will not be tolerated, and the Company will prosecute no matter what the cost.

UNAUTHORIZED INTERVIEWS

As a means of protecting yourself and the Company, no unauthorized interviews are permitted to be conducted by individuals representing themselves as attorneys, peace officers, investigators, reporters or just someone who "wants to ask a few questions." If you are approached, refer any individual to your immediate supervisor or manager. A decision will be made as to whether that individual may conduct any interview, and (if necessary) they will be introduced to you by an appropriate Company representative.

HOUSEKEEPING

Employees are responsible for maintaining their work areas in an organized and presentable manner. All equipment used during the workday should be cleaned and placed back in the appropriate place. Please keep your work area in a fashion that you would like to see if you were one of our customers.

Work areas should also be maintained in a clean, healthy and orderly fashion so as to prevent unsafe conditions, accidents and injuries. Tools and equipment should be properly maintained, stored and guarded, and all floor areas must be kept free of grease, oil and other substances. If you observe conditions or equipment posing a threat of any kind, immediately report them to your immediate supervisor or manager. You should ensure that your work area meets these criteria at the end of your scheduled work shift.

EMPLOYEE CONDUCT AND WORK RULES

To ensure the general welfare of all employees, Temple Sewing And Supply Inc. expects all employees to follow current Company work rules and Policies. Temple Sewing And Supply Inc. believes that its employees -need not be told that certain workplace behavior is unacceptable and subject to discipline. Nevertheless, to be certain that there is no mis-

understanding, the following are examples of conduct that is prohibited in connection with your employment with Temple Sewing And Supply Inc.:

Other Handbook Policies: A violation of any Policy in this Handbook, including those regarding harassment and equal opportunity, conflicts of interest, smoking, drug and alcohol use and testing, personal appearance and grooming, attendance and tardiness, confidential information, time off from work, workplace violence and life threatening workplace illnesses.

Personal Behavior: Conduct that projects an unprofessional or un-business like image for the Company, such as sexually related conversations, inappropriate touching or making racial or other improper slurs or epithets.

Insubordination: Disobedience and/or insubordination to Company management representatives; refusal to comply with lawful instructions from your immediate supervisor or other management personnel; or refusal to adhere to Company rules or Policies.

Courtesy: Being disrespectful to a customer or co-worker; or use of profanity or other language which may injure the image or reputation of the Company.

Fraud. Dishonesty. False Statements: Falsification of any Company records, including employment applications, insurance claims, time records and expense reports; or altering or changing any time card/record, or punching or preparing the time card/record of another employee (where such action is arranged between employees, both employees are subject to discipline).

Fighting. Threats. Weapons: Disorderly conduct, fighting, threatening bodily injury; or possession of any weapon or bringing any weapon onto Company property.

Inattention To Duties: Loafing or sleeping on the job or elsewhere during working hours; or other inattention to your job duties and responsibilities.

Theft. Damage To Property. Gambling: Any dishonesty, fraud, deception, or theft in connection with your employment; stealing or unauthorized possession of Company, employee or vendor property; damage to or defacing Company property; using Company property, equipment or materials for any use (e.g., commercial, personal, etc.) without the consent of the Company; or gambling on Company property or on Company time.

Safety And Horseplay: Violation of established safety or health rules; engaging in horseplay, practical jokes or other activities which can cause accidents or injury to others.

Parking: Violation of established parking rules.

Poor Performance or Attitude: Having a poor attitude in connection with your employment, or failing to perform your job duties and responsibilities at a level consistent with Company expectations.

Other Detrimental Activity: Engaging in any activity, either on or off the job, which reflects detrimentally or adversely on the Company's reputation; making misleading, false or defamatory statements regarding co-workers, vendors or to or about customers or others connected with our business.

Employee Cooperation With Investigations: To ensure careful investigations and determinations of work rule and Policy violations, each employee must cooperate, in whatever reasonable manner necessary, with management in investigating discrimination, harassment, drug/alcohol use, theft or other violations of these conduct and work rules or any other Policy in this Handbook.

These standards of employee conduct and work rules are not all-inclusive, but serve merely as a guideline. Although it is not possible to list all the forms of behavior that are considered unacceptable in the workplace, the foregoing are examples of prohibited employee conduct that may result in disciplinary action, up to and including immediate termination of employment.

THE LEVEL OF DISCIPLINE USED WILL BE DETERMINED BY THE SEVERITY OF THE VIOLATION (IN THE JUDGMENT OF MANAGEMENT), AND OTHER FACTORS SUCH AS PRIOR OFFENSES, WHETHER OR NOT THE SPECIFIC OFFENSE IS LISTED ABOVE. TEMPLE SEWING AND SUPPLY, INC. HAS FULL DISCRETION TO DETERMINE WHAT POLICY IS APPROPRIATE, AND IT MAY DECIDE IN ITS SOLE DISCRETION THAT A FIRST OFFENSE IN A SPECIFIC SITUATION WILL RESULT IN DISCHARGE. AS WITH ALL COMPANY POLICIES, TEMPLE SEWING AND SUPPLY, INC. RESERVES THE RIGHT TO MODIFY OR SUPPLEMENT THESE RULES FROM TIME TO TIME.

BUSINESS TRAVEL AND EXPENSES

Temple Sewing And Supply, Inc. will reimburse employees for reasonable out-of-pocket business expenses incurred by employees representing the Company on business assignments.

To receive reimbursement, employees must submit a completed expense report within 15 days of incurring the expense, accompanied by receipts to support each expense. Each report must then be approved by your immediate supervisor.

Employees must maintain records of expenses, including the amount spent, date of expense or travel, destination, who was involved and the business reason for the expense.

Expenses not supported by an appropriate receipt or not properly approved will not be subject to reimbursement. All air travel arrangements, or expenses in excess of \$100, must be pre-approved by the office.

Abuse of this Policy, including falsifying expense reports, will result in disciplinary action, up to and including immediate discharge.

PUBLICITY

In the course of advertising, public relations or marketing activities, or for similar

business purposes, the Company may utilize media resources. Temple Sewing And Supply, Inc may use your photograph, picture and/or voice transcription for promotion, advertising or similar purposes without compensation.

OFF-DUTY SOCIAL ACTIVITIES

From time-to-time, the Company may host social or recreational activities for its employees. Your attendance at these outings is completely voluntary, is not work-related and no adverse action will be taken against any employee who does not attend. Neither the Company nor its insurer will assume any liability for any injury which you might suffer as a result of your voluntary attendance at any off-duty social, athletic or recreational activity that in no event shall be considered to be part of the employee's work-related responsibilities.

PERSONAL MAIL, TELEPHONE CALLS AND VISITS

All mail received at Temple Sewing And Supply, Inc is presumed to be related to our business. No employee should expect personal mail addressed to him or her at the Company to remain private. Company postage meters and letterhead may not be used for personal correspondence.

Employees should also refrain from using Company telephones for personal calls. Such usage by employees can become expensive for the Company, and can lead to diminished time away from job responsibilities. The Company recognizes that all employees, from time-to-time, have emergencies and other pressing matters that require the use of Company phones. Employees will be personally liable for unauthorized and/or personal long distance or cellular telephone calls.

Any employee who answers a Company telephone is expected to use an appropriate, courteous greeting, and to speak in a polite and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

Visits by friends or relatives during working hours can be disruptive to our operations and are strongly discouraged. A violation of this Policy is a disciplinary offense.

EMPLOYEE REFERENCES AND INQUIRIES

Any inquiry concerning any present or former employee of the Company from another employer or any third-party should be immediately directed to the Store Manager. No employee can give any information, or respond to any request for a reference concerning any current or former employee of the Company. This Policy applies not only to employment references, but also to credit references, requests relating to mortgage or loan applications, and any other information relating to current employees.

LOANS AND PAY ADVANCES

It is the Company's Policy not to make any loans or advances against earnings to employees. As such, we generally believe it to be in the best interests of our employees, to assist them in managing their financial obligations, not to make Company loans or pay advances. This Policy also allows the Company to avoid the sometimes unpleasant task of having to collect a past due loan.

EMPLOYMENT TERMINATION (Termination. Resignation. Exit Interview)

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Unless you have entered into a written employment agreement with Temple Sewing And Supply, Inc, both you and us have the right to terminate employment for any reason or no reason at any time, with or without notice. Employment at Temple Sewing And Supply, Inc is for no set time period. This is more fully explained in the Policy statement entitled Employee Relations Philosophy.

Resignation is a voluntary act instituted by the employee to terminate his or her employment with Temple Sewing And Supply, Inc. Although advanced notice of resignation is not required, if you choose to resign your position with the Company, we ask that you give us (at least) two weeks written notice. We also require all employees who resign to sign a Notice of Resignation, which is available from the Store Manager. You must promptly return all Company property in your possession or for which you are responsible (e.g., pagers, cellular telephones, tools, manuals, etc.). [SPECIAL EQUIPMENT]

For those individuals whose employment is terminated, you may file a written grievance with [Store Manager] or the President not later than ten (10) days after notification of termination, to review the basis for your discharge. The grievance must set forth the reasons you feel your discharge was unwarranted. The grievance shall be reviewed by the President, whose decision shall be final and binding on all parties involved.

Temple Sewing And Supply, Inc will use all reasonable efforts to protect the confidentiality of all parties involved in any termination situation.

Upon termination or separation from employment with Temple Sewing And Supply, Inc. each employee will be entitled and is encouraged to participate in an exit interview with store manager or Store Owner where the separation or termination and any benefits to which the employee is entitled may be discussed. The purpose of the exit interview is to learn the employee's point-of-view and to allow for the employee's honest expression concerning the strengths and weaknesses of the Company. [Employees must also sign an Exit Interview affirmation Acknowledgment form.

Any employee whose employment is terminated (whether voluntarily or involuntarily), and who desires to have Temple Sewing And Supply, Inc supply him or her, or a prospective employer, with a reference and/or information regarding his or her employment with the Company, must sign a Post-Employment Authorization or Release of Information.

Terminated employees are required to return all property and equipment issued to them by the Company. Employees will receive their final pay in accordance with applicable state law. Final paychecks will be available no later than the next regularly scheduled pay period following the employee's termination if you voluntarily terminate employment, and within six

days after an involuntary termination.

Terminated employees are required to return all property and equipment issued to them by the Company. Final paychecks will be available no later than the next regularly scheduled pay period following the employee's termination.

CONCLUSION

EMPLOYEE HANDBOOK
ACKNOWLEDGMENT

I acknowledge that I have received a copy of Temple Sewing And Supply, Inc 's Employee Handbook, that I have read and familiarized myself with the Handbook, and that I have had an opportunity to ask questions regarding the Handbook.

I AGREE TO ABIDE AND BE BOUND BY THE RULES, REGULATIONS AND POLICIES OF THIS AND ANY SUBSEQUENT HANDBOOK. I UNDERSTAND THAT THE STATEMENTS AND POLICIES CONTAINED IN THE HANDBOOK DO NOT CREATE A BINDING CONTRACT OF EMPLOYMENT BETWEEN ME AND [Temple Sewing And Supply, Inc], THAT THEY CONSTITUTE ONLY THE COMPANY'S CURRENT POLICIES, PROCEDURES AND BENEFITS, THAT THEY MAY BE REVISED AT ANY TIME WITHOUT NOTICE AS (SOLELY) DEEMED APPROPRIATE BY [Temple Sewing And Supply, Inc], AND THAT MY CONTINUED EMPLOYMENT WILL CONSTITUTE MY ACCEPTANCE OF SUCH CHANGES.

I FURTHER ACKNOWLEDGE MY UNDERSTANDING THAT MY EMPLOYMENT WITH [Temple Sewing And Supply, Inc] IS NOT FOR ANY DEFINITE PERIOD OF TIME, AND THAT I HAVE THE RIGHT TO TERMINATE MY EMPLOYMENT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT NOTICE, AND THAT [Temple Sewing And Supply, Inc] HAS A SIMILAR RIGHT WITH REGARD TO MYEMPLOYMENT. I FURTHER RECOGNIZE AND UNDERSTAND THAT MY STATUS AS AN "AT-WILL" EMPLOYEE MAY NOT BE CHANGED, EXCEPT IF IN WRITING AND SIGNED BY THE PRESIDENT [AND - INSERT OTHER PERSON IF NECESSARY] OF TEMPLE SEWING AND SUPPLY, INC.

EMPLOYEE SIGNATURE

Date: _____

SIGNATURE OF WITNESS

SIGNATURE OF WITNESS